

## **Inaugural Vision**

### **Professorship International Business**

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**The Internationalisation of SMEs –  
Perspectives for the Northern Netherlands**

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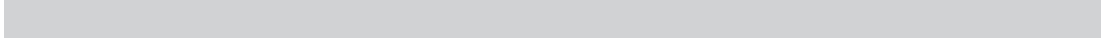
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## Colophon

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# Contents

<b>Introduction</b>	<b>5</b>
<b>The Professorship International Business</b>	<b>9</b>
1 The Impact of SMEs for the Economy	10
2 The Professorship International Business	21
3 Summary and Outlook	33
References	37
<b>The Relation Between Internationalisation and SMEs Performance</b>	<b>41</b>
1 Introduction	43
2 Literature Review and Hypotheses	44
3 Methodology	46
4 Results	48
5 Discussion and Recommendations	49
References	52
Appendix 1	55
<b>Internationalisation of European SMEs and Methods of Foreign Market Entry</b>	<b>57</b>
1 Introduction	58
2 Method of Foreign Market Entry	60
3 Conclusion	62
References	63
<b>Internationalisation and IBS Hanze Alumni</b>	<b>65</b>
1 Internationalisation at International Business School Groningen	67
2 Internationalisation within education	69
3 Internationalisation in Jobs	72
4 Internationalisation for Alumni	74
5 Recommendations	79
Bibliography	80
6 Appendices	81
<b>About the Hanze International Business School</b>	<b>86</b>
<b>About the Marian van Os Centre for Entrepreneurship</b>	<b>87</b>



## Introduction

Business can take many forms. It usually entails the exchange of goods or services for money or one another. It is often for profit, but not necessarily, and can be privately owned or state-run. Businesses can be large entities with thousands of employees or small “shops” functioning as “one-man-shows”. All of this also holds for international business. In all these cases, products have to be made, priced, advertised and distributed – but trading across borders adds economical, societal, and cultural dimensions to the enterprise. For instance, doing business in another country will require knowledge of the country’s cultural aspects such as language, values, norms, taboos and consumer lifestyles. In international business one also has to make transitions into different political and legal environments and modify operations to suit. Also, political circumstances, currency stability and exchange rates can directly determine the success of any international business activity – whether it is exporting goods within Europe or making direct foreign investments in China, for example.

The International Business School (IBS) at Hanze University of Applied Sciences Groningen has the mission to educate business professionals with a global mindset to add value to international business and society. Within IBS, the Professorship International Business (also known as Lectoraat International Business) serves as a knowledge centre for an array of topics in international business. Its main purpose is to connect the school’s educational environment with local, regional, and international business. It does so in an applied research setting aiming to solve international business problems with and for its stakeholders. In this context, two perspectives are paramount to the discussion: a) business internationalisation per se (why), and b) how to internationalise a business. Depending on the scale of operations or experience, companies may need first to learn about the goals and benefits of taking their business abroad. It would then have to be determined which are the optimal tools to go international and what skills the organisation needs for being successful in foreign markets. Geographically embedded in the Ems Dollart Region, the Professorship International Business offers the local economy necessary knowledge and support as to why and how to internationalise. Importantly, it also provides a linking point to a network of regional stakeholders and over 100 international partner universities and knowledge institutions in over 40 countries around the globe.

This publication is dedicated solely to the internationalisation of small and medium sized enterprises (SMEs). It is a joint effort by the members of the Professorship International Business, namely the professorship's knowledge circle. SMEs matter because they make a tremendous contribution to the economy. Innovation and internationalisation are the key success factors for SME growth and competitiveness. The focus turns to the situation of SMEs in the Northern Netherlands and the professorship's efforts in the pursuit of SME internationalisation in the North.

This publication contains articles that will make apparent the importance of internationalisation to regional SMEs. A meta-analysis, which was recently conducted by the Professorship International Business, highlights the benefits of internationalisation to SME company performance. This analysis is followed by a review of market entry strategies specifically for SMEs. The book concludes with a perspective on IBS graduate careers in international business and the motives that drive such international careers.







# The Professorship International Business

## The Internationalisation of SMEs – Perspectives for the Northern Netherlands

Diederich Bakker

### Contents

<b>1</b>	<b>The Impact of SMEs for the Economy</b>	<b>10</b>
1.1	Small and Medium-Sized Enterprises in the Netherlands	11
1.2	SME-Internationalisation in the Netherlands	12
1.2.1	Trade in the Northern Dutch Provinces	15
1.2.2	Internationalisation and Innovation of SMEs in the Northern Dutch Provinces	16
1.2.3	Factors Impeding the Internationalisation of SMEs – a Northern Dutch Perspective	17
<b>2</b>	<b>The Professorship International Business</b>	<b>21</b>
2.1	Mission and Vision	21
2.2	In the Region for the Region	21
2.3	The Triple Helix Concept – An Entrepreneurial Professorship	28
2.3.1	The Professorship IB – Part of the Enterprise Europe Network	28
2.3.2	The EDR – Becoming a Borderless Region between the North of the Netherlands and North-West Germany	29
2.3.3	Closing the Circle – the Professional Field	31
<b>3</b>	<b>Summary and Outlook</b>	<b>33</b>
	<b>References</b>	<b>37</b>

# 1 The Impact of SMEs for the Economy

Small and Medium-sized Enterprises (SMEs) are the backbone of any economy. The EU's 28 member states account for over 22 million SMEs, which represents 99,8% of all businesses (Eurostat, 2012). SMEs also provide the majority of jobs and contribute significantly to the economy. Table 1 highlights these economic contributions for some selected European economies. On average, 67% of the European workforce is employed by an SME, ranging from 53% in the UK to nearly 74% in Spain. SMEs are clearly set to play a key role in the future of the job market. According to the European Commission, 85% of all new jobs are likely to be created by SMEs (European Commission, 2015). This makes SMEs the job motor of the EU. The gross value added (GVA) by European SMEs also outweighs the contributions made by large companies. In some European countries, SMEs jointly make up half of the GVA, whereas in others they contribute up to 70%. The significance of these contributions to local economies has put SMEs in the spotlight of European economic policy making. The Executive Agency for Small and Medium-sized Enterprises (EASME) offers several programs including COSME, the EU programme for the Competitiveness of Small and Medium Sized Enterprises. With a total budget of € 2.3 billion and running from 2014-2020, COSME aims to implement the Small Business Act (SBA) "which reflects the Commission's political will to recognise the central role of SMEs in the EU economy" (European Commission, 2015c).

Country	Enterprises		Persons employed		GVA (million €)	
	Total	% SME	Total	% SME	Total	% SME
Belgium	566 006	99,8	2 718 355	70,1	189 086	62,2
Germany	2 189 737	99,5	26 401 395	62,5	1 385 501	53,3
Spain	2 385 077	99,9	10 923 323	73,9	434 156	63,0
France	2 882 419	-	15 495 621	-	890 597	-
Italy	3 825 458	-	14 715 132	-	646 476	-
Luxembourg	29 265	99,5	242 533	68,3	19 250	70,7
Netherlands	862 697	99,8	5 359 446	66,7	310 022	62,9
Austria	308 411	99,7	2 671 477	68,0	164 976	60,5
Poland	1 519 904	99,8	8 326 839	68,9	171 627	50,1
Finland	226 373	99,7	1 457 599	63,0	86 957	59,6
Sweden	661 822	99,8	3 025 006	65,4	210 859	58,5
United Kingdom	1 703 562	99,7	17 784 620	53,0	1 037 293	50,9
EU28	22 346 729	99,8	133 767 348	67,0	6 184 825	57,5

Table 1: Number of enterprises, persons employed (FTE) and gross value added (GVA) and the share of SMEs in 2012 for selected EU countries (Source: adapted from Eurostat, 2012)

The impact of SMEs to the Dutch economy is similar to other European economies. The following chapter will examine the Dutch SME landscape and then further on analyse the degree of internationalisation among European and Dutch SMEs.

## 1.1 Small and Medium-Sized Enterprises in the Netherlands

Before examining the Dutch SME landscape, it is well to define our central term. SMEs are defined by the European Commission “as having less than 250 persons employed. They should also have an annual turnover of up to EUR 50 million, or a balance sheet total of no more than EUR 43 million” (European Commission, 2003). These specifications apply mainly to determine whether a company can qualify to benefit from EU funding programmes. SME company size is further divided into (ibid):

- micro enterprises which employ fewer than 10 persons,
- small enterprises which employ fewer than 50 persons, and
- medium-sized enterprises which employ fewer than 250 persons

Class size	Number of enterprises			Number of persons employed			Value added		
	Netherlands		EU-28	Netherlands		EU-28	Netherlands		EU-28
	Number	Share	Share	Number	Share	Share	Billion €	Share	Share
Micro	1 001 954	95%	92.8%	1 521 931	28.1%	29.5%	63.2	19.1%	21.2%
Small	42 766	4.1%	6.0%	1 009 976	18.7%	20.2%	65.0	19.6%	18.0%
Medium-sized	8 828	0.8%	1.0%	991 993	18.3%	17.0%	79.1	23.9%	18.2%
<b>SMEs</b>	<b>1 053 548</b>	<b>99.8%</b>	<b>99.8%</b>	<b>3 523 900</b>	<b>65.2%</b>	<b>66.8%</b>	<b>207.3</b>	<b>62.7%</b>	<b>57.4%</b>
Large	1 661	0.2%	0.2%	1 884 610	34.8%	33.2%	123.6	37.3%	42.6%
<b>Total</b>	<b>1 055 209</b>	<b>100%</b>	<b>100%</b>	<b>5 408 510</b>	<b>100.0%</b>	<b>100.0%</b>	<b>330.9</b>	<b>100.0%</b>	<b>100.0%</b>

Table 2: The number of enterprises, employment and added value in the Netherlands and in the EU-28, by size classes, 2015 – estimates (source: European Commission, 2015b)

Table 2 summarizes the key data on Dutch SMEs following the above size division into micro- small- and medium-sized enterprises. The overall proportion of Dutch enterprises that are SMEs stood at 99.8% in 2015, which is precisely the average for the EU-28. There is an overrepresentation of micro-SMEs<sup>1</sup> in the Netherlands (+2.2%), and this class size underperforms in “value added” compared to the EU-28 average (19.1% vs. 21.2% in EU28). However, small and medium-sized enterprises combined contribute notably to the value added, helping the Netherlands score 5.3% higher than the EU-28 average. As shown in table 1,

1 According to the Ministerie van Economische Zaken (Dutch economics ministry), a majority (78%) of micro-SMEs are so-called „ZZP'ers“, which are self-employed individuals without personnel (source: Nederland Comité voor Ondernemerschap en Financiering: Staat van het MKB Jaarbericht 2016, Den Haag).

Dutch SMEs contribute significantly more to their economy than most of their European counterparts. Only the SMEs of Spain and Luxemburg make higher relative value added contributions. It can be concluded that the Dutch economy is more economically dominated by SMEs than most other European economies. The comparison with neighbouring Germany is particularly marked. German SMEs enjoyed a value added share of only 53.1% in 2015 - nearly 10% lower than in the Netherlands (European Commission, 2015a). Hence, large companies are more prominent in Germany where they are nearly at par with SMEs in terms of economic impact.

Looking at the regional Northern Dutch level, the value added by SMEs is significantly diverse. In the “COROP-Regio”, which divides the country into 40 sub-regions, Zuidoost-Drenthe leads the top-40 in SME value added (70%) and Overig Groningen ranks lowest in the economic contribution by SMEs in the Northern provinces (50%) (Aalders, 2014). In the other seven regions in the North SMEs add value well above national averages.

According to the Small Business Act for Europe, the near future outlook for Dutch SMEs is optimistic. SME employment is expected to grow by 2% in 2017, creating approximately 62 000 new jobs (European Commission, 2015b). Growth for SME value added is forecasted by +7%, with the largest rate of increase expected for medium-sized enterprises (ibid). Not all institutions are as optimistic for the Dutch SME outlook as the SBA. Harold Goddijn, chair of the Committee for Entrepreneurship and Microfinancing in the Netherlands, and commissioner of the recently published “MKB-Jaarbericht 2016” deems the SME sector in the Netherlands crucially important for the country’s economic and social prosperity. But he predicts suboptimal profitability and employment growth rates for them and advocates for a more flexible Dutch labour market (Sandijk, 2016). Goddijn also urges the education sector to provide more knowledgeable and better skilled personnel for SMEs (ibid).

## **1.2 SME-Internationalisation in the Netherlands**

38% of Dutch SMEs are internationally active in trade and investment (Roth, 2011). 20% of Dutch SMEs export their goods and services and 26% import from other countries (European Commission, 2015d). Foreign direct investment of SMEs is typically very low at 1% (ibid). The overall SME share of total Dutch exports in 2016 was 62% (CBS, 2016). The destination of Dutch SME exports is by majority within the EU. Approximately 70% of Dutch exports stay in Europe (CBS, 2016). The most important trade partners for Dutch SMEs are its neighbours Germany and Belgium. Germany is by far the most prominent trade partner for the Dutch economy as a whole (Lemmers et al., 2014). With Germany, the Netherlands traditionally maintains a positive trade balance (Ramaekers & Voncken, 2016).

In 2016, imports from Germany accounted for 79 billion Euro, topped by 83.5 billion Euro leaving the country for Germany (Destatis, 2017). Germany is also a popular destination for Dutch SME products and services. In 2015, nearly 25% of all Dutch SME exports went across the border to the Eastern neighbour (CBS, 2016). Wholesale (81%) and manufacturing (60%) are the most internationally active sectors among Dutch SMEs. They also lead in exporting with 50% and 40% respectively (compared to the 19% exporting average of all Dutch SMEs) (Roth, 2011).

Given the international orientation of Dutch trade, it is surprising, that Dutch SME internationalisation ranks only mid-table in the EU (Roth, 2011). Table 3 indicates the survey results of the Flash Eurobarometer on the international business activities of Dutch SMEs compared to the EU28 average (European Commission, 2015). It can be seen that compared to their European counterparts, Dutch SMEs score lower in five out of the six surveyed categories of foreign trade. This is remarkable, as the share of internationally active SMEs is generally higher in smaller economies (either measured in population or size) (European Commission, 2010). One possible reason for this outcome could be the relatively high number of micro-SMEs (ZZP'ers) in the Netherlands. It is established that firm-size correlates with international business activity. The larger the firm the more likely it is for the firm to conduct international trade<sup>2</sup> (European Commission, 2015d; Muûls & Pisu, 2009).

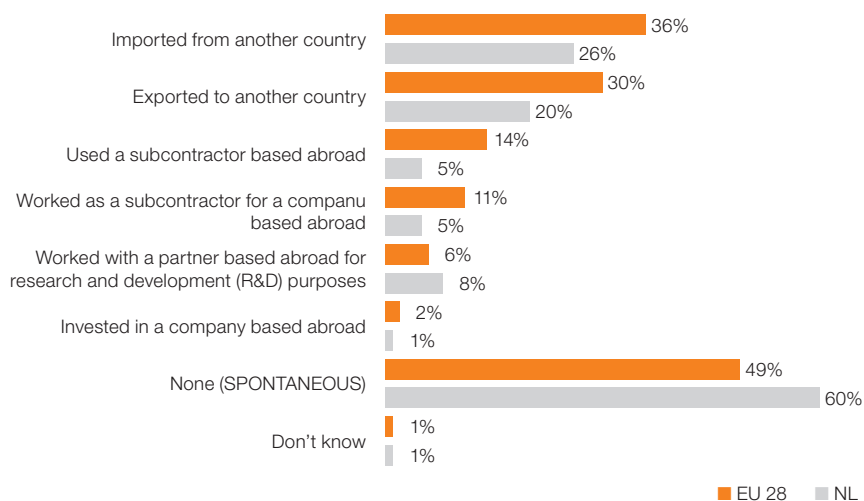


Table 3: Internationalisation of Dutch SMEs and EU28 (Source: European Commission, 2015d)

<sup>2</sup> The second article of this publication will further substantiate the effect of SME-size to internationalisation and company performance.

Qualitatively speaking, the circumstances for SME internationalisation are positive in the Netherlands. The Small Business Act for Europe (SBA) is the EU’s policy initiative to support small and medium-sized enterprises. It comprises a set of policy measures organised around ten principles ranging from Entrepreneurship and Innovation to Internationalisation (European Commission, 2015b). These measures serve as key performance indicators (KPIs) for SMEs and related national trends. The KPIs also allow for comparisons among European economies. The “Internationalisation” principle is divided further into six categories. Table 4 illustrates that the Netherlands is performing above EU-average in the 2016 SBA. The trading performance of Dutch SMEs is positive and decreases in cost and time indices mainly contribute to an overall superior performance relative to the EU as a whole. However, the relative positive measures are small and nearing stagnation<sup>3</sup>. This near-stagnation flies in the face of the significant Dutch policy programs for business internationalisation introduced in recent years (ibid).

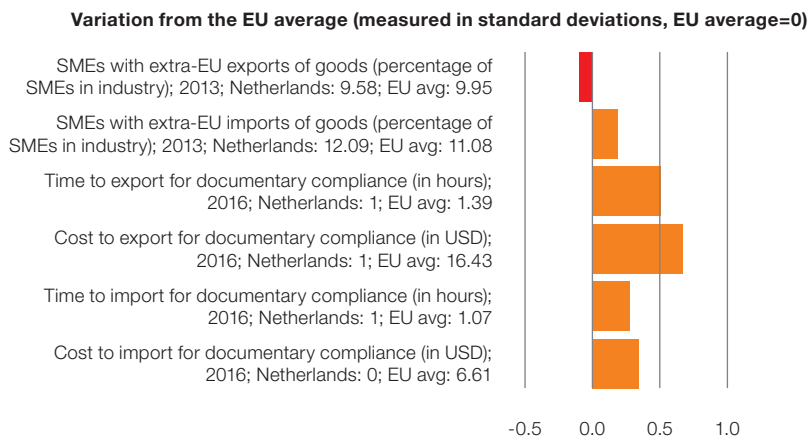


Table 4: Internationalisation Variation from the EU Average (source: adapted from European Commission, 2015b)

In summary, Dutch SME internationalisation experiences mixed results on a European level. Although doing business abroad is supported by many European and Dutch government initiatives, foreign trade among Dutch SMEs ranks relatively low on a European level. The next section takes a closer look at regional business internationalisation by examining foreign business activity of the Northern Dutch provinces. The section will first look at aggregate data of the region and then focus on SME performances.

3 Due to recent changes in the SBA methodology the results need to be treated with caution (European Commission, 2015b).

### 1.2.1 Trade in the Northern Dutch Provinces<sup>4</sup>

Overall, the penetration of international trade is relatively low in the Northern Dutch provinces of Groningen, Friesland, and Drenthe. Compared to a Dutch average of 25% of international traders, Drenthe accounts for 24%, Groningen for 22%, and Friesland for 19%. Of the 12 Dutch provinces, Friesland is the lowest performing province for international trade. The province is also unique in the destinations of its exports. As established before, Germany and Belgium are the two top trading partners for the majority of Dutch traders. Not so in Friesland, where food and live animals bound for the Middle East predominate. Overall, machinery, mineral fuels, and chemicals are the most frequently traded product groups by Dutch firms. In the Groningen province mineral fuels make up the bulk of imports (60%) and exports (74%) - but not in value. Manufacturing is the key sector in the Northern provinces. Although small in absolute numbers, the manufacturing businesses in the North contribute largely to the export value ranging from approximately 50% in Drenthe to nearly 80% in Groningen.

An interesting question to pose is whether or not the location of a province has an impact on international trade activity. Jaarsma & Smit (2013) establish that the Northern provinces are much less likely to conduct import and export than most Southern and other Dutch border provinces. According to the study, Drenthe and Groningen are the only border provinces that score below average in trade likelihood. Worst off is Friesland. For example, a business unit in Limburg – the best performing province – is 2.5 times more likely to import or export than a Frisian counterpart. Friesland also scores lowest in the export value and second lowest in the import value. Groningen and Drenthe also score below the national average in import value. Only in export value does Drenthe rank above the national average. The Northern provinces may not lead in the Dutch trading race but they do contribute to the overall export value creation on a national scale. Products from Friesland and Drenthe may not end up in direct export but instead flow along the supply chain nationally and are ultimately exported from another province in the country (Jaarsma & Smit, 2013). The real value gain related to export in these provinces is more than double the reported export values (ING, 2014).

Many internal (at firm level) and external (environment-specific) factors on trade performance have been studied in the international trade literature (Beleska-Spasova, 2014). The above results suggest that geographical location (environment-specific) supports or, in the case of the Northern Dutch provinces, distorts international trade. In the Netherlands, such environmental factors can range from the proximity to borders or major ports, agglomeration or cluster advantages,

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4 The majority of data on these regional aspects derives from the Internationalisation Monitor 2013 by Statistics Netherlands indexed with Jaarsma & Smit (2013). References are indicated if otherwise.

and firms profiting from a (foreign) knowledgeable workforce (Jaarsma & Smit, 2013). It is striking, that the two Northern Dutch provinces of Groningen and Drenthe, both bordering with Germany, score lower in trade measures compared to other Dutch provinces with the same cross-border characteristic. More regional barriers to trade will be discussed later and chapter 2.3.3 will introduce networks and clusters as ways to offset regional disadvantages for trade. Building on the overall trade data in the North, the following chapter further examines the internationalisation behaviour of the SME sector in the Northern Netherlands.

### 1.2.2 Internationalisation and Innovation of SMEs in the Northern Dutch Provinces

Overall, only a minority of Northern Dutch SMEs is internationally active. It is estimated, that approximately 20% of SMEs in the North are active in either import or export with only 2% of firms holding foreign direct investments (SER, 2014b). The province of Groningen has the biggest share of large enterprises in the Netherlands (3.5%). In Groningen, large enterprises also carry out the majority of international trade. Hence, SMEs contribute least to the import and export value of goods. Only 37% of import value and 22% of export value is carried out by SMEs in Groningen. Despite the relatively low overall trade value in Friesland mentioned above, SMEs play a greater role in international trade in this Northern province. Both imports and exports account for 86% of international trade value which is well above national average. In Drenthe, SME export is at 70% (slightly below national average) and imports account for 85% (well above national average).

	International Traders in %	Import Value by SMEs in %	Export Value by SMEs in %
Groningen	22	37	22
Friesland	19	86	86
Drenthe	24	85	70
Netherlands	25	74	71

Table 5: International Trade in the Northern Provinces in 2012 (source: adapted from Jaarsma and Smit, 2013)

Another indicator measured at regional level is ‘innovation’. Internationalisation and innovation are intrinsically connected. Both considered growth strategies they do not substitute for each other but are instead complementary (Freixanet, 2014). It is well established that internationally active companies are generally more innovative and that entering foreign markets often requires product and process innovations (Kleinknecht & Oostendorp, 2002). Justifying costly R&D investments is especially relevant for finance-poor SMEs that may see the validation of such innovations in R&D-economies of scale.



Several studies and reports come to different results and conclusions on the innovativeness of SMEs in the Northern Dutch provinces. The Regional Innovation Scoreboard (RIS), conducted on behalf of the European Commission, assesses the innovation performance mainly for SMEs in Europe on a number of indicators (European Commission, 2017). In the annual review in 2016, 214 assessed regions in Europe were classified into regional Innovation Leaders (36 regions), regional Strong Innovators (65 regions), regional Moderate Innovators (83 regions) and regional Modest Innovators (30 regions) According to the RIS 2016, all three Northern provinces were indexed as 'Strong Innovators'. Their relative strengths compared to the EU28 is evidenced in measured criteria such as 'Innovative SMEs collaborating with others', 'SMEs with product or process innovations', and 'SMEs innovating in-house' (European Commission, 2016). De Jong & Alsem (2017) come to a less positive assessment of the innovativeness of Northern Dutch SMEs, who appear to lag behind in most innovation indicators. In their recent review they indicate a trailing Northern SME sector in innovation compared to a higher national average (25% vs. 31%). The authors explain this situation, identifying in the North a shortage of network organisations capable of fostering innovation and internationalisation (Faems, 2015, as cited in de Jong and Alsem, 2017; Hessels, 2012).

### **1.2.3 Factors Impeding the Internationalisation of SMEs – a Northern Dutch Perspective**

As established above, SME internationalisation is comparatively low. Research has shown that due to the lack of resources internationally active or interested SMEs have a need for external support. Kranzusch and Holz (2013) point out that resource scarcity mainly impedes the search for finding business partners as well as legal and financial services. Companies looking to internationalise for the first time foremost require seminal information on markets abroad and ask for information on how to enter foreign markets (ibid). Reasons for a lower foreign trade activity of SMEs can be found within the firm (internal factors) and in the firm's environment (external factors). Typical internal barriers are related to firm-specific resources or capabilities and the company's approach to internationalisation (Böhmer, 2014). For instance, SMEs, and in particular small SMEs, typically have limited financial and physical resources, which in turn create barriers to internationalisation (O'Cass and Weerawardena, 2009). Typically, inexperienced managers, their approach to internationalisation, and human resource related deficiencies can also hinder SMEs from within (OECD, 2009). Potential external barriers are also manifold. SMEs report having difficulties finding and analysing foreign markets (ibid). They also struggle to find adequate representation abroad or to identify suitable business partners (Crick, 2007). Regulatory obstacles in the home and host country, poor infrastructures, and limited governmental support also account for external barriers encountered by SMEs to internationalise (Messina, 2015).

Dutch SMEs face just such barriers. The Flash Eurobarometer (2015) identified eight key issues in their survey of 500 Dutch SMEs. Problems that inhibit SME exports are mainly financial restraints (four out of the eight barriers relate to finances and costs). Other key issues are staff-related (company does not have specialised staff to deal with exports), lack of knowledge about rules and regulations in foreign markets, and relational issues (identifying business partner abroad is too difficult). Notably, the Dutch SMEs appear to see the barriers to trade as less significant than do those in many EU28 countries in the same survey. In all eight measured barriers, the appraisals among Dutch SMEs are generally below the EU28 average (ibid). When asked about which measures would help them to venture abroad, offsetting external barriers and financial advantages score highest. Table 6 indicates that the companies who participated in the Flash Eurobarometer (2015) survey would most value tax incentives to overcome trade barriers (28%). Information on rules and regulations is also relevant (25%). Relational aspects such as finding business partners and networking also score relatively high (23%).

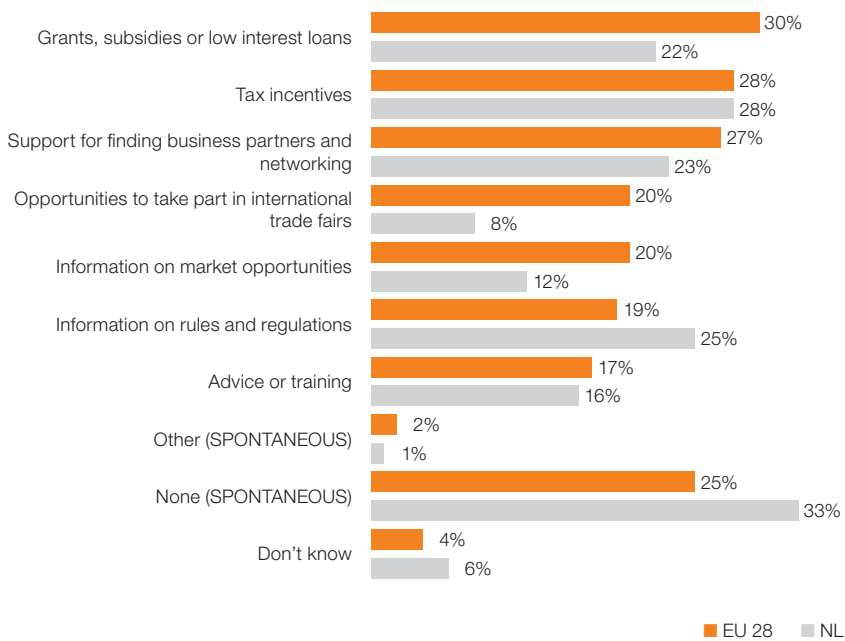


Table 6: Measures for Dutch SMEs to Overcome Trade Barriers (source: Flash Eurobarometer, 2015)

As shown in chapter 1.2.2, the SMEs in the provinces of Groningen, Friesland, and Drenthe lag behind in many internationalisation aspects. Thus, barriers for trade must be higher in the North of the Netherlands. The following is an attempt to pinpoint some of these barriers. Extant trade literature on the Northern provinces brings to light several aspects and indicators of relevant barriers. First of all, the economic strength of Northern Dutch SMEs is in many regions lower than in the rest of the country. In the 40 regions of the “COROP-Regio” only two regions make it into the top-20 and the remaining seven regions of the North are at the bottom end of the table (see table 7).

COROP-Regio	Place in the COROP Top-40 SME ranking
Zuidwest-Drenthe	18
Oost Groningen	20
Noord-Drenthe	30
Zuidoost-Friesland	31
Zuidoost-Drenthe	35
Overig Groningen	36
Noord-Friesland	38
Zuidwest-Friesland	39
Delfzijl en omgeving	40

Table 7: COROP-Regio Ranking in Economic Strength (source: Aalders, 2014)

As shown above, financial strength is for SMEs the key variable for innovation and internationalisation. The COROP Top-40 SME ranking consists mainly of financial measures such as liquidity, profit margin, and investment ratio. In this respect, seven of the nine Northern provinces are disadvantaged for innovation and internationalisation as a result of the poor financial resources (de Jong and Alsem, 2017).

SMEs in the North depend on the regional and national markets, the former above all (SER, 2014b). The population growth in the North is increasing at only 0.2%, as opposed to the national average of 0.5% (ibid). Depending on a stagnating market clearly limits the possibilities of growth for the regional SMEs. However, this inward focus of the local players should also be regarded as a barrier for international trade. Having an inward focus will most likely impede ones drive to look for things beyond the normal – for instance looking for customers across borders or innovating. The apparent inward focus could be a culturally inflicted or psychological barrier to internationalisation of SME managers in the North. To gain a better understanding of this phenomenon further research is necessary. In general, an inward focus coupled with a dependency on a stagnant market must be considered a liability of Northern SMEs.

Markets are networks of relationships and ‘insidership’ in relevant networks is necessary for successful internationalisation (Johanson and Vahlne, 2009). That networks are key drivers for SME internationalisation is undisputed and this is one of the most researched areas in this field (Martineau and Pastoriza, 2016). Given the observed relevance of a firm’s regional origin and the stimulating role of networks for internationalisation, the prevalence of networks in the Northern provinces has to be examined. In the North, networks are especially stimulated in the focus areas of Water, Sensor Technology, “Agrifood”, Energy, and Healthy Ageing (ING, 2016; SER, 2014a). However, outside of these focal areas active and effective network forming is less stimulated but largely needed (SER, 2014a). Relatively few large and innovative corporations are based in the North (ibid), and regional SMEs therefore benefit less from innovation spill-overs from such large enterprises. This innovation gap in the North can be filled by regional SMEs forming cluster initiatives with the aim of enhancing innovation and equally internationalisation.

In summary, SMEs in the Northern provinces are facing barriers for internationalisation due to poorer financial resources, a dependency on a regional economy, the associated inward (managerial) focus, and a poorer outset for innovation due to the lack of comprehensive network coverage.

It is in the light of these barriers to internationalisation and innovation the Professorship International Business will be introduced. The contributions the professorship can make to facilitating and enhancing the further internationalisation of Northern SMEs are many, and some of these will be described and explained below.

## 2 The Professorship International Business

### 2.1 Mission and Vision

The Professorship International Business (Professorship IB) has the unique potential to help advance business internationalisation in the Northern Netherlands and the bordering regions by connecting practice with applied research and teaching. The professorship's key mission is to create research opportunities for students, lecturers and researchers, and the business sector alike. Within the Hanze International Business School (IBS) the professorship helps to contribute to the development of business graduates who are ready to add value to international business and society. It is the product of the belief that this can be best achieved by keeping a close connection with the local and global business environment. Engaging with this environment has two main purposes: (1) advancing and disseminating the knowledge of international business, and (2) supporting SMEs in the Ems Dollart Region to internationalise their business. Particular stress will be placed upon the latter purpose as it highlights the professorship's "reason-for-being" as part of the Hanze University of Applied Sciences and within the Ems Dollart Region.

### 2.2 In the Region for the Region

The Ems Dollart Region (EDR) represents the most Northern part of the Dutch-German border region. It covers a surface of 20.166 km<sup>2</sup> which is almost equally divided between the two countries (EDR, 2017). The EDR encompasses on the Dutch side the provinces Groningen, Friesland, and Drenthe and on the German side the North-Western part of Lower-Saxony (see figure 1). The population in the EDR region totals approx. 2.8 million with a 60 to 40% split in favour of the Dutch side (EDR, 2016). Overall the population density in the Ems Dollart Region is below the national averages on both sides. The unemployment rates in the border regions differ significantly. On the Dutch side (Delfzijl, Oost Groningen, Zuidoost-Drenthe) 7.4% of the working population are without a job whereas only 3.3% in the German bordering regions (Aurich, Leer, Emsland, Grafschaft Bentheim) are jobless (ibid). The GDP per working capita is equal at approx. 60.000 Euro (ibid).



Figure 1: The Ems Dollart Region (source: EDR, 2014)

Within this region, the Professorship IB is located in the city of Groningen on the Dutch side of the EDR. The professorship belongs to the Marian van Os Centre for Entrepreneurship (CVO) of the Hanze University of Applied Sciences. The agenda of the CVO is influenced by the “Northern Netherlands Provinces Alliance” (known as Samenwerkingsverband Noord-Nederland – SNN). SNN represents the Northern provinces of Groningen, Drenthe and Friesland with the aim of strengthening the economy of the North by fostering innovation (SNN, n.d.). The current strategy of SNN is implemented in the Norderlijke Innovatieagenda (NIA) 2014-2020. In the NIA, SMEs of the region are the main target for innovation support. The agenda’s purpose is to further strengthen the regional innovation clusters (water, sustainable energy, agrifood, and healthy ageing) and create sustainable innovation ecosystems for a strong, entrepreneurial SME sector (“krachtig MKB”) (SNN, 2015). It is remarkable that the NIA considers “internationalisation” one of the key enabling factors in reaching these goals. Figure 2 illustrates the NIA and its vertical pillars and horizontal themes.



Figure 2: Noordelijke Innovatieagenda (source: SNN, 2015)

The Professorship IB is well positioned in the regional business development programs. The NIA's focus on innovative SMEs and the importance it attaches to internationalisation matches the professorship's strategic orientation. This thematic congruence is also necessary for on-going university-industry-government collaborations (Triple Helix – see chapter 2.3). Judging by the current situation of Northern SMEs, joint efforts by this triad are precisely what the North needs. In this light, further engagements of the Professorship IB with the business sector and other business development programs will be described further below.

At Hanze University, the professorship operates from within the International Business School (IBS). IBS, founded in 1988, was the first International Business School in the Netherlands based at a university of applied sciences. It currently hosts 1.500 students, representing over 70 different nationalities. This cosmopolitan environment is complemented by a diverse and experienced IBS faculty, which guides the students towards successful careers in international business. The study programs of IBS are practice oriented and offer many opportunities for interactions with the work field. For example, students go on international company placements, work with companies on projects in the classroom and conduct applied research during their final thesis projects. This offers many entry points for the professorship to work with students and integrate applied research projects. For example, final thesis projects for bachelor and master students are either commissioned by the professorship or co-developed with regional companies. Furthermore, internationalisation projects for local SMEs are supported by IBS students during a 5 months period in the company.

During such placements, students typically work on market research projects or build foundations for possible market entries. Companies can rely on a large pool of international students with very diverse cultural backgrounds. The GenYLab, operated by the Professorship IB is just one resource companies can make use of the intercultural diversity at IBS (see figure 3).

### **The GenYLab – Intercultural Consumer Behaviour Research**

The student population of IBS is very diverse. Students from over 70 different countries, when pooled together, offer a unique possibility to conduct intercultural and international research projects. The purpose of the GenYLab<sup>5</sup> is to bring together companies, researchers and international students to work on research issues, which have an international and intercultural context. In the GenYLab, companies can gain access to distinctive consumer insights and cultural knowledge from all around the world. Such a pool of knowledge is unparalleled in the North of the Netherlands.

The GenYLab facilitates

- International consumer panels
- International focus group discussions
- One to one interviews
- Advertising and copy tests
- User experience projects (e.g. websites, apps)
- International trend discovery
- Taste tests
- Language and culture checks
- International market research



Selection of countries currently represented in the GenYLab:

Austria, Brazil, Bulgaria, China, Finland, France, Germany, India, Indonesia, Iran, Italy, Japan, Latvia, Lithuania, Netherlands, Nigeria, Poland, Romania, Russia, South Korea, Spain, Taiwan, Thailand, Turkey, Ukraine, United Kingdom, USA, Vietnam.

Figure 3: The GenYLab (source: own)

5 Generation Y (also known as Gen Y or Millennials) are the demographic group with birth years ranging from the early 1990s to the early 2000s.

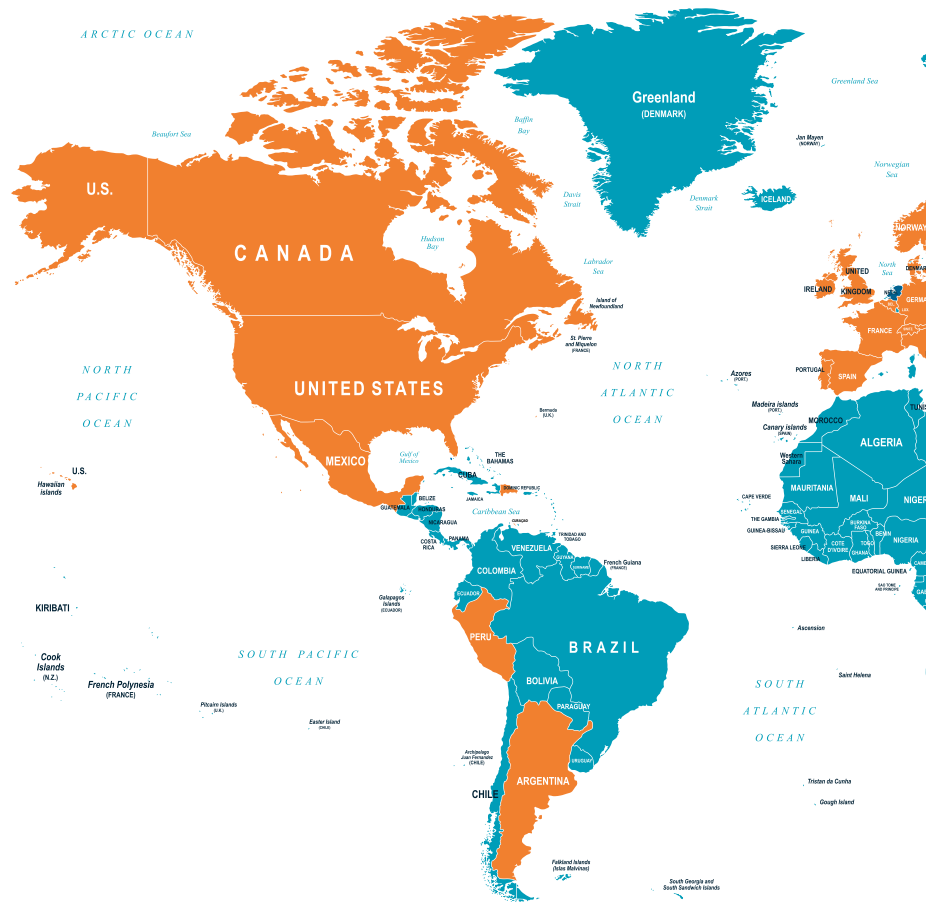


The research landscape at IBS is further enhanced by so called ‘research strands’. The five strands are led by a research strand leader covering a diverse array of topics:

- International Business Education (research strand leader: Ning Ding)
- Intercultural Leadership (Marcel van der Poel)
- New Business Models (Egbert Dommerholt)
- International Business and Politics (Hein Matthee)
- International Energy Business (Anu Manickam)

The school, its stakeholders and the Professorship IB can draw on the expertise and knowledge created by these strands. With several of the strands the professorship collaborates and conducts joint research projects. For example, with the International Business Education strand a research project about the effectiveness of company placements on student competency development with size and type of the company as moderators is currently under way. Further, the expertise from the International Energy Business strand in cluster development (i.e. Energy Valley) is being utilised in the ongoing Professorship IB project on cluster management for the Export Club Groningen (see chapter 2.3.3). The Intercultural Leadership strand finds great acceptance in the school’s environment. The team of this strand keeps active in training companies and organisations on intercultural competences – a topic also highly relevant for successful internationalisations of SMEs. Further intra-strand collaborations are desirable. In summary, the research culture at IBS is diverse and vibrant. The impact it has on applied research is clearly apparent, whether it is for teaching and learning, or for the added value it offers to the school’s stakeholders and external environment.

The International Business School is also a part of a large international partner school network. IBS currently maintains contractual relationships with nearly 100 partner universities in over 40 countries. The network constitutes an important asset for the entire school. Students find attractive destinations for their periods of study abroad and staff are also able to exchange or give guest lectures abroad. The network is moreover of great value to the Professorship IB. All partnership agreements include a mutual understanding for research collaborations. Such collaborations are highly desirable because most international research subsidies are limited to international research consortia. The Professorship IB maintains close relationships with many of its partner schools and associated researchers. Via these relationships, foreign market knowledge and expert advice is readily available. With the Professorship IB, the regional economy and businesses can gain exclusive access to the global network of IBS partner schools and international research expertise around the globe.



**Argentina:**

- Universidad de Congreso, Mendoza
- Universidad Nacional de Tres de Febrero, Ciudad de Buenos Aires

**Australia:**

- La Trobe University, Melbourne
- Curtin University, Perth

**Austria**

- Fachhochschule Kufstein University of Applied Science, Kufstein
- University of Applied Sciences, Steyr
- Fachhochschule des bfi Wien, Vienna

**Belgium**

- University College Leuven-Limburg, Leuven

**Canada:**

- Université du Québec, Montreal
- University of Guelph-Humber, Toronto
- Douglas College, Vancouver

**China**

- Beijing Technology and Business University, Beijing
- Beijing University of Technology, Beijing
- Communication University of China, Beijing
- Hebei Finance University, Hebei Province
- The University of Macau, Macau

**Curaçao:**

- University of Curaçao, Willemstad

**Cyprus**

- The Cyprus Institute of Marketing, Nicosia

**Denmark**

- International Business Academy, Kolding

**Dominican Republic**

- Universidad Iberoamericana, Santo Domingo

**Finland**

- Haaga-Helia University of Applied Sciences, Helsinki
- HAMK University of Applied Sciences, Valkeakoski

**France**

- INSEEC Bordeaux, Bordeaux
- ESSEC Business School Cergy, Cergy
- ESC Rennes School of Business, Rennes
- Ecole Supérieure de Commerce International, Marine-la-Vallee
- Institut Commercial de Nancy (ICN), Nancy
- INSEEC Paris, Paris

**Georgia**

- Caucasus University, Tbilisi

**Germany**

- Fachhochschule für Wirtschaft Berlin, Berlin
- Hochschule Bremen, Bremen
- Fachhochschule Emden/Leer, Emden
- Hochschule Furtwangen, Furtwangen
- Hochschule Heidelberg, Heidelberg
- Fachhochschule Münster, Münster
- Fachhochschule Regensburg, Regensburg
- Fachhochschule Würzburg, Würzburg

**Hong Kong**

- The Hong Kong Polytechnic University
- Lingnan University

**Hungary**

- Budapest Business School, Budapest
- International Business School Budapest, Budapest

**India**

- IILM Institute for Higher Education, New Delhi

**Indonesia**

- Binus University, Jakarta
- Universitas Gadjah Mada, Yogyakarta

**Ireland**

- Letterkenny Institute of Technology, Letterkenny

**Italy**

- Università Carlo Cattaneo, Castellanza Varese

**Japan**

- International University, Akita
- Kindai University, Osaka

**Latvia**

- Biznesa Augstskola Turība, Riga

**Malaysia**

- Taylor's University, Selangor



#### Mexico

- Instituto Tecnológica de Monterrey, Cuernavaca
- Escuela Bancaria y Comercial, Mexico City
- Universidad del Valle de Mexico, Hermosillo

#### Norway

- Universitet i Agder, Agder
- Høgskole i Østfold, Halden

#### Peru

- Universidad Católica de Santa María, Arequipa

#### Philippines

- Atenio de Manila, Quezon City

#### Poland

- WSB University of Poznan, Poznan

#### Portugal

- Universidade Tecnica de Lisboa, Lisbon

#### Romania

- Universitatea Babeş-Bolyai, Cluj

#### Russia

- The Russian Economic Academy, Moscow
- The Belgorod National Research University, Belgorod
- Saint Petersburg University of Management and Economics

#### South Korea

- Keimyung University, Daegu
- Incheon National University, Incheon
- Hanyang University, Seoul
- Seoul Soongsil University, Seoul
- Solbridge International School of Business, Daejeon

#### Spain

- Centro Universitario EAE, Barcelona
- Tecno Campus, Barcelona
- Universidad del Pais Vasco, Bilbao
- Universidad de Granada, Granada
- Universidad de Las Palmas de Gran Canaria
- Universidad Alfonso X el Sabio, Madrid
- Universidad Complutense de Madrid, Madrid
- Universidad de Málaga, Malaga

#### Sweden

- Malardalen University, Vasteras

#### Switzerland

- Lucerne University of Applied Sciences and Arts, Luzern
- FHS St. Gallen, St. Gallen

#### Taiwan

- National Central University, Jhongli City
- Feng Chia University, Taichung
- National Chengchi University, Taipei
- National Taipei University of Business, Taipei
- Shih Chien University, Taipei
- Soochow University, Taipei

#### Thailand

- University International College, Bangkok
- University of the Thai Chamber of Commerce, Bangkok
- Rajamangala University of Technology Phra Nakhon, Bangkok
- Rangsit University, Bangkok

#### Turkey

- Bahcesehir University, Istanbul
- Bilgi University, Istanbul

#### United Kingdom

- Robert Gordon University, Aberdeen
- Anglia Ruskin University, Cambridge
- Kingston University, London
- University of West Scotland, Paisley
- University of Portsmouth, Portsmouth

#### United States

- University of Akron, Akron
- University of New York, Oneonta State
- University of the Incarnate Word, Texas
- Valdosta State University, Valdosta

Figure 4: The IBS International Partner University Network (source: own)

### **2.3 The Triple Helix Concept – An Entrepreneurial Professorship**

As enterprises become more innovative and international, their training and knowledge needs to increase as well. The Professorship IB is committed to taking a pro-active stance in putting knowledge to use and creating new knowledge together with the (regional) business and government community. Therefore, the academic “third mission” (Stanford, n.d.) of the professorship is a strong involvement in the development of SME internationalisation alongside the traditional academic missions of teaching and research. In the triadic relationship between university-business-government (Triple Helix), the professorship is in a unique position in helping to build collaborative links among the other internationalisation players. The beneficiaries of these collaborations include the regional economy as much as the students in their pursuit of international business careers. Just how such links are provided is explained below.

#### **2.3.1 The Professorship IB – Part of the Enterprise Europe Network**

The Enterprise Europe Network (EEN) is the world’s largest support network for SMEs with international ambitions. The network was launched in 2008 by the European Commission and is co-financed under the EU’s programme for the competitiveness of SMEs (COSME) (EEN, n.d.). Over 3000 experts in 600 member organisations and 60 countries offer SMEs support in making international partnerships, give advice for international growth and offer support in business innovation (ibid). The Netherlands, which is an EEN partner country, has regional network contact points in The Hague, Groningen, Leeuwarden, and Utrecht, enabling SMEs in these regions to seek advice from a local office. In the Northern Netherlands, EEN is organised as a consortium consisting of the Stichting Business Development Friesland, the Healthy Ageing Campus BV, Stichting Energy Valley, Water Alliance, and the Hanze University of Applied Sciences, namely the Centre for Entrepreneurship and the Professorship IB. From within the professorship, one EEN business advisor is active in helping local SMEs to internationalise. Via the “Hanze EEN office” companies can gain access to the entire EEN network and its large database of potential business partners all over Europe and many other countries and markets. Together with the Professorship International Business EEN provides expertise and services in international partnerships, advisory support, and innovation support (see figure 5). Companies that get in touch with the EEN office will get the expert advice free of charge and may work out an action plan together with the EEN business advisor from start to finish.

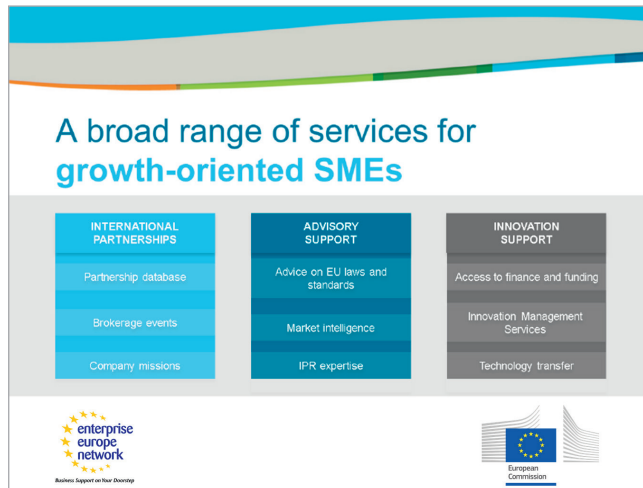


Figure 5: Services of the Enterprise Europe Network (source: EEN, 2016)

The thematic match between EEN and the Professorship IB is ideal. Both deal to a large extent with the internationalisation of SMEs. The focus of EEN is on Europe and particularly on the matchmaking between business partners. The Professorship IB on the other hand has a global reach and emphasises on the content development of SME internationalisation. With EEN, the Professorship IB, and the regional business landscape, the Triple Helix concept comes to life.

### 2.3.2 The EDR – Becoming a Borderless Region between the North of the Netherlands and North-West Germany

The Ems Dollart Region (EDR) is a public corporation<sup>6</sup>, founded in Bad Nieuweschan in 1977 right on the Dutch-German border with the aim of bringing together socially and economically the bordering regions of the Northern Netherlands and North-West Germany. The EDR is funded by its members and receives project funding from the provinces of Groningen, Drenthe, and Friesland and the German “Bundesland” Lower Saxony (EDR, 2017). The EDR receives further funding from the European Union’s INTERREG-Programme, which is part of the EU’s structural and investment policy. Within INTERREG, the EU supports infrastructure, job market integration, and cultural exchange in European cross-border regions.

6 In Dutch: Openbaar Lichaam, in German: öffentlich-rechtlicher Zweckverband.

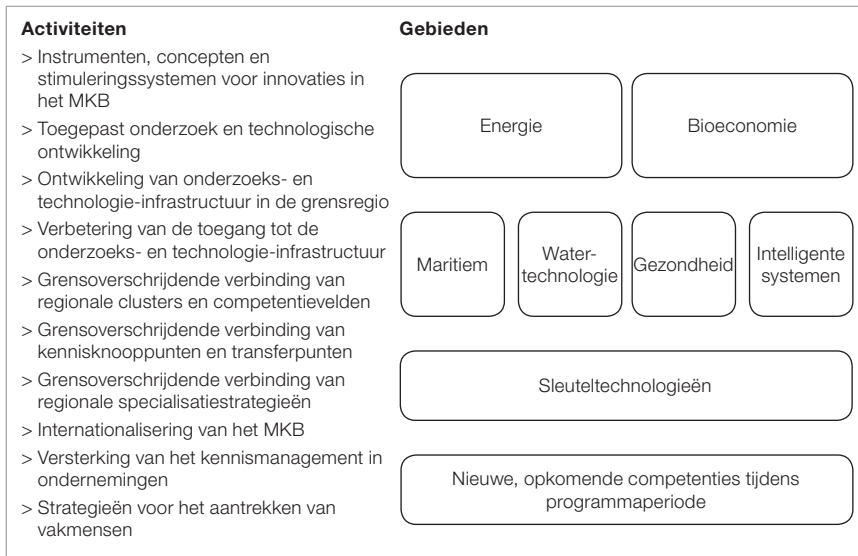


Figure 6: Strategy North: Cross-border Research, Technology and Innovation Development for Economic Development in the North for 2014-2020 (source: EDR, 2014)

The EDR is currently part of the INTERREG V cycle, which runs from 2014 to 2020. INTERREG V is based on the Europe 2020 strategy which itself is focused on jobs and growth. Building on the European strategy, the EDR formulated its own “Northern Strategy” (“Strategie No(o)rd”), which has identified numerous challenges in the cross-border cooperation until 2020. Economic stimulation in particular is seen as an important factor in the development of the cross-border region (EDR, 2014). Figure 6 illustrates the areas of economic stimulation in the Strategy North. First of all, the emphasis on regional SME innovation and internationalisation is seen as an important factor for more growth. The stimulation of cross-border knowledge development and research-collaborations are also dominant strategic items. The Strategy North also focuses on key-technology areas and seeks to connect regional cluster organisations in the Northern Netherlands and North-West Germany.

The Professorship IB is closely connected to the EDR organisation as an active member of the steering group in the umbrella project “Arbeidsmarkt No(o)rd”. The project is part of EDR’s “Strategy North” and financially supported by INTERREG V. Several ongoing projects aim to create a more border-less education system and job market by stimulating the cross-border mobility of the working population and regional companies. As member of the steering group, the professorship has direct influence in shaping the project’s direction and success. Overall, the network concept of EDR and its strategic positioning in

the Northern Dutch-German border region are complementary to the aims and goals of the Professorship IB, i.e. the economic development of the region by SME internationalisation and innovation. Similar to the EDR's emphasis on the Dutch-German relationship, the Professorship IB recommends the cross-border perspective as the first and most natural internationalisation move for regional SMEs.

### **2.3.3 Closing the Circle – the Professional Field**

Quality business education can best be achieved when academic and professional engagements intersect in meaningful ways. The Professorship IB maintains close ties with the regional and international professional field. The professorship is a member of the Export Club Groningen on the Dutch side and a member of the Ems Achse in North-West Germany. The Export Club Groningen unites international SMEs in the province of Groningen and promotes the domain of international trade among its stakeholders. The Ems Achse is an alliance consisting of companies, universities, municipalities, and business associations in the German border regions of Ostfriesland, Emsland, and Grafschaft Bentheim. The alliance further reaches out to the Northern Netherlands for memberships. The primary goal of the Ems Achse is to promote the economic growth of this region. It is a lobbying organisation and maintains several job market projects to overcome the ongoing skilled worker shortage in the region<sup>7</sup>. The Ems Achse is further structured in eight industry cluster networks: Automotive, Energy, IT, Plastics, Logistics, Maritime, Metal- and Machinery, and Tourism (Ems Achse, n.d.). With both the Export Club Groningen and the Ems Achse the Professorship IB collaborates on several projects. An ongoing cluster project will be described to exemplify this.

#### **Cluster Project Export Club Groningen – Grouping for More Competitiveness**

The Export Club Groningen currently consists of 120 internationally active companies in the province of Groningen. The membership is diverse, coming from all sectors and in all sizes. SMEs dominate the club's membership. The organisation's key purpose is to improve the international market position of its affiliates. To gain more focus, the club is currently setting up a cluster structure of sectors from within its membership. A cluster is a concentration of enterprises from a specific geographic area that operate in the same or related industry or service sector mutually seeking the improvement of competitiveness (as seen in Bylok, et al., 2016; Drejer et al., 1997; Porter, 1998; Rosenfeld, 1997). The enterprises are typically complemented by local authorities and knowledge institutions. The 'Dutch model of clusters' in particular places an emphasis on the role of universities in the organization of clusters (Bylok et al., 2016).

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<sup>7</sup> As mentioned in chapter 2.2, the region of the Ems Achse is currently under near full employment with a significantly low unemployment rate of approx. 3.3% (as opposed to over 7% in the bordering Northern Dutch provinces).

In the Groningen Export Club cluster project, the Professorship IB is taking the lead role in close contact with the club's board. Firstly, the governance structure of the clusters and the definition of the management system for the groups have to be planned. Several clusters will be formed, i.e. in the metal, IT, agricultural, food, packaging sector, and others. The metal sector has been chosen to be the first to start the club's cluster program. It will consist of a group of enterprises in the metal industry and associated sectors, members from the municipality, the local chamber of commerce, the regional metal interest organisation (Metaalunie district Noord), and the Professorship IB. At a later stage it is intended to integrate the Export Clubs from the bordering provinces in Friesland and Drenthe into the project.

The Groningen Export Club cluster project wholly reflects the situation laid out in this research. The effectiveness of clusters for more SME competitiveness and innovativeness is undisputed. Wide spread cluster structures are absent in the Northern Netherlands. Furthermore, the political landscape is calling for cluster formations in the North (see EDR Strategy North and 'innovation ecosystems' by SNN). Even the WRR, the Netherlands Scientific Council for Government Policy, has long strongly recommended international trade networks for SMEs to protect and promote the importance of the Netherlands as a trading nation (Hessels, 2005).

Due to the interconnectedness of the Professorship IB, first contacts between the Export Club Groningen and the Ems Achse's' cluster managers have been initiated by the professorship. Bringing the two sides together can have many benefits for both. Several of the German clusters have wanted to expand into the Northern Netherlands for a while and are taking this opportunity to do so. Cluster sectors overlap in both regions (e.g. metal and IT) and direct matchmaking can take place. A knowledge discourse between the two sides can be initiated and resources may also be shared. From a borderless point of view, a common Northern region fuelled by clusters may be a future outlook to strive for.

In summary, such cluster projects illustrate well how the Triple Helix concept can bring meaningful benefits to its stakeholders. In the Groningen Export Club cluster project, the tertiary sector, i.e. the Professorship IB, maintains its relevance by making an impact on regional internationalisation practice. The professional field, i.e. the international SMEs in the Northern Netherlands, receives expert advice and support on cluster-forming in the necessary quest for sustainable competitiveness in a globalised world. Lastly, the government, i.e. the municipalities and public corporations, can rely on the renowned cluster formula when providing funding support. It is evident, that within the Triple Helix Triad, the Professorship's strategic direction is closely aligned with the economic strategies of the region's governmental stakeholders and the needs of the professional field.



### 3 Summary and Outlook

The text at hand analyses the impact of Small and Medium-sized Enterprises (SMEs) on the economy and places special emphasis on the internationalisation of SMEs. SMEs in the Netherlands perform well in a European context. However, the sector in the Northern provinces lags behind in terms of the import and export of goods and services. The reasons for this have to do with structure, location, and inadequate network provisions in the North. The benefits of internationalisation for SMEs are manifold. Being active in importing or exporting has a significant positive impact on a firm's innovativeness and its intentions to invest in new products or services. Internationalised SMEs regularly outperform their non-internationalised peers, are more productive and pay higher wages (Baldwin and Gu, 2003). But not all SMEs have to internationalise. Particularly small enterprises may not be able to put enough trust into their own capabilities and resources to venture abroad. Nonetheless, research has also verified that even small and resource-restrained firms can succeed in international markets (Knight and Cavusgil, 2004). The professorship's challenge is to bring them to a point at which they are able seriously to consider internationalising, assessing the benefits and risks that it may bring, and then making their own, informed decision. The conditions for this are ideal. The European Commission puts SMEs at the centre of their economic stimulation programs and provides many support mechanisms for SMEs in innovation and internationalisation. One of these is the Enterprise Europe Network with a regional office in Groningen embedded in the Professorship IB. Furthermore, the professorship offers regional SMEs many other ways to collaborate, including joint research projects with students and researchers from the Hanze International Business School or joint set-ups of international clusters with regional stakeholders of the Ems Dollart Region.

Whether companies are already experienced in international trade or looking to internationalise for the first time, they can make further use of the professorship as a springboard to international markets. This can happen at a global stage, via the extensive network of international partner universities, or regionally through the professorship's membership with the EDR and the Ems Achse. Germany in particular offers great opportunities for Dutch SMEs to internationalise. The trade volume between Germany and the Netherlands tops 160 billion Euro and over 25% of all Dutch exports end up in Germany. Geographic proximity, established trade relations, and cultural similarity are all aspects favouring Dutch-German trade. Beyond that, the current INTERREG Germany-Netherlands program will provide 440 million Euro support funding from 2014-2020. The money is predominantly destined for collaboration projects of SMEs in the bordering regions (Euregio, 2014). All relevant stakeholders in the Ems Dollart Region are eligible for these funds.

While this text has hitherto concerned itself with internationalisation of Northern Dutch SMEs, the focus has to turn to a broader scale: Europe. Most of the trading benefits we enjoy today are the result of the Single European Market. The way we do business in Europe nowadays is based on the decisions made in the Treaty of Rome from 1957. The central element of the treaty was the creation of the European Economic Community (EEC) – universally known as the ‘Common Market’ – members of which have enjoyed the free movement of goods and services, persons, and capital ever since. Next to the progressive removal of tariffs and trade restrictions, a political integration was also intended between the signing nations of the Netherlands, Belgium, Luxembourg, France, Italy and West Germany. The suppression of any form of discrimination based on nationality was a key part of the treaty (Tsoukalis, 1997). What started out as the EC-6 (the six signing nations of the EEC in the Treaty of Rome), has gradually grown from the EU-12 of 1993 (the 12 founding nations of the European Union) to the EU-28 of today. The European Union and its common market is the largest foreign trader and economy in the world, with a market of over 500 million consumers (European Commission, 2014). It is a political union based on solidarity and common values guaranteeing its people freedom and peace. All of this is currently at stake because Europe is at risk. In many EU countries, populist sentiment against the Union is gaining ground. Political right wing parties have significantly increased their support base in Germany, the Netherlands, Austria and France by bashing the EU. Furthermore, Brexit has shown us that the unthinkable – a member state leaving the European Union – can become reality. The significance of Brexit cannot be underestimated. Economically speaking, the damage will be significant. Britain’s economy is as big as the 20 smallest member states combined. Brexit will be the economic equivalent of 20 members leaving the EU at the same time (Sinn, 2017). Politically, it shows us that populism in Europe is fuelled by protectionist movements, as was the case in the UK where the ‘Leave’ campaigners prevailed. Quite possibly, the core elements of the common market, free trade and the free movement of labour, the foundations of the European Union, are the exact reasons why Europe is in such bad shape at this time. Or in other words: globalisation.

It appears that globalisation – or the borderless economy – finds much more support in developing and emerging countries than in mature economies, where globalisation discontents have translated into a populist backlash. Populist leaders have unleashed anger against the outside world telling those left behind that protectionist policy will improve their lives. They promise protection against an enemy called globalisation. For them, it is globalisation that causes poverty, it is globalisation that causes inequality and it is globalisation that drives migration. But it is not globalisation that causes the grievances of the people who are losing their jobs and who are afraid of the rapid changes around them. Globalisation, free trade, or the Single European Market are easier targets than the actual reasons for all of this: technology, productivity, and automation. Clearly, many manufacturing

jobs went further East, but factories took a much bigger hit from automation. These jobs will never come back no matter how hard populists continue to rebel against economic openness. You cannot prosper and nurture and evolve in an isolated setting. Europe and its open market is not the enemy, it is rather the answer to poverty. Doing international business is the glue that keeps Europe together rather than tearing it apart.

But only hope trumps fear, and that hope can be found in the rapidity of change in the nature of the modern economy itself. International business used to be about physical stuff and cash crossing borders. Today it is more about the flow of ideas. 21<sup>st</sup> century globalisation is to a large extent knowledge driven. Putting up tariffs will not stop that knowledge flow. This new economic reality will continue to tie countries together. We cannot stop automation. But what we can do is being better and more competitive – also in the North of the Netherlands. Building on knowledge and skills can be the answer to the challenges that we experience. Internationalising a business has the ability for more innovation and that is what this region needs to be more competitive and fit for the future.

**Speech by Esteban González Pons, MEP on 22.3.2017 in the European Parliament, on the occasion of the 60<sup>th</sup> anniversary of the Treaty of Rome:**

“Europe is currently bound to the North by populism and to the South by refugees drowned in the sea, to the East by Putin’s tanks, to the West by the Trump Wall. In the past by war, in the future with Brexit. Today, Europe is alone more than ever, but its citizens do not know it. Europe is, however for that reason, the best solution and we do not know how to explain that to our citizens.

Globalisation teaches us that today Europe is inevitable, there is no alternative. But Brexit also teaches us that Europe is reversible, that you can walk backwards in history even though, outside Europe, it is very cold. (...) Europe is not a market; it is the will to live together. Leaving Europe is not leaving a market, it is leaving shared dreams. We can have a common market, but if we do not have common dreams, we have nothing. Europe is the peace that came after the

disaster of war. Europe is the pardon between French and Germans. Europe is the return to freedom of Greece, Spain and Portugal. Europe is the fall of the Berlin Wall. Europe is the end of communism. Europe is the welfare state, it is democracy. Europe is fundamental rights. Can we live without all this? Can we give this all up? For a market we are going to leave all that behind?”



Figure 7: Esteban González Pons on the Treaty of Rome 60<sup>th</sup> Anniversary (source: © European Parliament, Pons, 2017)

We tend to forget that peace and freedom are the ultimate achievement in and of Europe. Europe is, as Esteban González Pons reminds us, the peace that came after the disaster of war. If, as he argues, a united Europe is the best answer to the tragedies of the past and the best solution to the problems of today, then convincing our fellow Europeans of that, through our interactions as much as our words, is the best way to that solution. Sustained globalisation and a united Europe remain the key to a safe and prosperous future.

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# The Relation Between Internationalisation and SMEs Performance

## A Meta-Analysis

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### Contents

1 Introduction	43
2 Literature review and hypotheses	44
3 Methodology	46
4 Results	48
5 Discussion and recommendations	49
References	52
Appendix	55

## Abstract

The purpose of this study was to meta-analyse articles which explore the relationship between internationalisation and performance, while investigating the moderating effects of size and domain of SMEs. Published articles up to November 2016 were included. The data set comprised of 14 papers, analysing a total of 4,303 SMEs. Measures of performance were only included if they were reported in an objective way. The findings indicate an overall positive relationship between the level of internationalisation of SMEs and the level of their performance. Moreover, relative to smaller enterprises, this relationship was stronger for larger enterprises; also, relative to enterprises operating in a single domain, the relationship was stronger for enterprises in a multi-industry domain. Directions for future research and implications for SMEs that wish to internationalise in the Northern part of the Netherlands are discussed.

# 1 Introduction

Internationalisation can be defined as the expansion of a firm's economic activities beyond the borders of the home country, which is reflected by quantitative changes which then further lead to more extensive geographical organization of economic activity (Dicken, 2003, as cited in Mikic et al., 2016). Internationalisation is also one of the basic elements of globalization (Milanovic, 2012) and includes the functional integration of internationally dislocated activities, being primarily visible in qualitative changes in the organization of economic activity.

While the relation between internationalisation and performance is rarely disputed for large multinational organisations, especially those coming from developed countries (Amal et al., 2010), this same relation is less obvious for small and medium-sized enterprises (SMEs). SMEs are important as they are the backbone of most economies. The European Commission estimated that in 2014, SMEs represented 99% of all European businesses, providing more than 85% of all new jobs (Flash Eurobarometer, 2015). As in Europe, this also counts for other major economies such as the United States, Japan, etc. Since the more liberal opening of global markets - marked among others by the establishment of the World Trade Organization in 1995 - SMEs have been facing both *challenges* and *opportunities*. *Challenges* in the form of increased competition from cheaper and labour intensive countries in Asia; *opportunities* in the form of reduced obstacles to international trade going hand in hand with technological advancements (Mikic et al, 2016).

In line with the above changes, one would expect that SMEs that wanted to survive this wave of globalization would have to adapt by engaging in international competition to keep their current level of performance, or more preferably to increase their performance. While this relation between internationalisation and performance for SMEs has been studied in empirical research, to date this relation is rather inconclusive. Thus, the purpose of the current study was to systematically explore through *meta-analysis* the relation between internationalisation and SMEs performance, including the moderating effect of potentially relevant variables. The advantages of using meta-analysis to explore this relation is that by summarizing the pooled results on the same topic (*i.e.* internationalisation and performance), more meaningful results can be drawn than from an individual study on its own (Lipsey & Wilson, 2001).

## 2 Literature Review and Hypotheses

Meta-analyses to date have explored links between internationalisation and various outcome variables. For example, one meta-analysis has explored the link between internationalisation and innovation (Rosenbusch et al., 2011) and found this link to be dependent on the type of innovation and cultural contexts. Another more recent meta-analysis (Rausch & Hatak, 2016) has looked into the link between internationalisation and human resource practices the firms had in place. These authors have found that HR enhancing practices are important for SMEs performance, especially for younger firms. In addition to these meta-analyses, review articles have looked into antecedents, outcomes and moderators of internationalisation (Martineau & Pastoriza, 2016), as well as the choices made by SMEs when deciding on how to internationalise (Laufs & Schwens, 2014). All in all, these meta-analyses and systematic reviews have offered valuable insights into the processes of internationalisation and outcomes related to these processes.

However, a very important outcome for every business venture, namely *performance* has to our knowledge not been systematically reviewed to date. Gaining such insight is especially appealing, since empirical articles that investigated the links between internationalisation and performance in SMEs have come to mixed and inconclusive results. For example, one common point of difficulty is the type of performance that can be measured: objectively or subjectively reported. Objective measures of performance include parameters such as turnover, export profits, and return on total assets. Subjective measures of performance often include parameters which are indirectly derived from objective measures of performance that are not readily disclosed by companies. For example, by asking SMEs how satisfied they are with their current internationalisation performance on different assessment criteria. For the purpose of the current meta-analyses, we have only included articles that reported objective measures of performance in order to minimize self-reporting bias.

We first expect a positive relationship between internationalisation and performance. This is because of the many benefits of internationalisation, ranging from enhanced organizational learning (Ruigrok & Wagner, 2003), increased innovation (Rosenbusch et al., 2011), increased probability of forming alliances with foreign partners and subsequently increasing foreign direct investments (Lu & Beamish, 2001), as well as overall positive benefits accrued from internationalisation (Contractor, 2007). Thus we propose:

*Hypothesis 1:* The relationship between internationalisation and performance is positive.

In addition, we propose that the links between internationalisation and performance can better be understood if looking at two contingent or moderating variables. These are: size of the SME and domain of operation.

### **Size of SMEs as Moderator**

The European Union looks at several factors when determining if a business qualifies as an SME. The most common factor is size, usually 250 or fewer employees (European Commission, 2017). This approach is somewhat different for regulatory bodies outside Europe. For example, the North American Industry Classification System (NAICS, 2017) defines an SME as having fewer than 500 employees.

In this sense, we consider size a potential moderator of the relation between internationalisation and performance. We propose that “larger” SMEs (i.e. fewer than 500 employees) may have fewer resource constraints than “smaller” SMEs (i.e. fewer than 250 employees). In this sense, literature on export marketing suggests that firm size is positively related to export intensity (for a detailed discussion see Bonaccorsi, 1992). In addition, indirect evidence for this claim is supported by relationships found between firm size and product innovation (Ettlie & Rubenstein, 1987), with larger firms having more resource to innovate and to potentially enter international markets with these new products sooner than their smaller counterparts.

Thus we propose the following hypothesis:

*Hypothesis 2:* The positive relationship between internationalisation and performance is stronger for SMEs with a larger number of employees.

### **Domain of SMEs as Moderator**

Domain of SMEs refers to the sector in which a specific business is active. For example, firms that exclusively operate in the manufacturing industry are defined as single domain; while firms that expand their portfolio to include not only manufacturing, but also for example services are defined as multi-domain. Previous authors (Ulrich & Lake, 1990, as cited in Chaston et al., 1999) have in this sense discussed the concept of “organisational capability” to refer to core competencies that make some SMEs capable to acquire more inimitable assets (both tangible and intangible), by for example expanding and operating in a multi-domain industry. Operating in multi-domain industries should in turn enhance organizational learning and performance of product market activities (Collis, 1996) compared to operating in single domains, as the former should be more difficult and expensive to “imitate” than the latter. In this sense, we propose the following hypothesis:

*Hypothesis 3:* The positive relationship between internationalisation and performance is stronger for SMEs which operate in a multi-domain industry compared to a single-domain industry.

## 3 Methodology

### 3.1 Study Sample Identification

We identified eligible studies for inclusion by using a variety of established search methods for meta-analyses. Firstly, a computerized search of keywords (*internationalisation*, *international performance*, *performance*, and *SMEs*) was performed in the databases Business Source Premier and Web of Science up to November 1<sup>st</sup>, 2016. Second, we examined the references lists of recent meta-analyses (Rausch & Hatak, 2016; Rosenbusch, Brinckmann, & Bausch, 2011) and relevant review articles (Laufs & Schwens, 2014; Martineau & Pastoriza, 2016). Third, we manually searched additional important journals in SMEs internationalisation (e.g., Journal of Business Venturing, International Business Review).

A study was included in the meta-analysis if it met the following inclusion criteria:

- The study needed to focus on the link between internationalisation and performance in SMEs. SMEs in the studies were either categorized as having fewer than 250 employees (the upper limit mostly used in European countries) or fewer than 500 employees (the upper limit in the U.S.). We coded this variable as “size” and tested it as moderator;
- The study specified the domain in which the SMEs under scrutiny operated. We coded this as either “manufacturing” or “multi-industry” and tested it as moderator;
- There was a clear indicator of the independent variable, internationalisation, such as “internationalisation”, “export intensity”, “entry to foreign markets”, “speed of internationalisation”;
- There was a clear and objective measure of the dependent variable, performance, such as “turnover”, “export performance”, “sales”, “profitability”;
- The study had to report the necessary statistics to be used for the analysis, specifically the sample size, as well as Pearsons product moment correlation  $r$ , or an equivalent for conversion to  $r$ .

### 3.2 Final Sample of Studies

The final sample of studies consisted of  $k = 14$  independent samples analyzing 4,303 SMEs ( $N = 4,303$ ). This represents a strong empirical base for a meta-analysis (Brinckmann et al., 2010; Lispey and Wilson, 2001). The 14 independent samples were extracted from 14 empirical articles. When an article linked an internationalisation practice to several performance indicators, we calculated an average effect size for performance and included this average in the analysis in order to meet the statistical assumption of effect size independence. Articles that reported subjective measures of performance (e.g. Mikic et al., 2016) were excluded from the final sample in order to avoid same-source bias.

### **3.3 Moderators**

#### **3.3.1 Size**

Each study was coded for how it defined SMEs size, which led to two categories (fewer than 250 employees vs. fewer than 500 employees).

#### **3.3.2 Domain**

Each study was coded for the domain in which the SMEs under scrutiny were active in. Most studies investigated SMEs in a multitude of different sectors. For this category of studies we created the code “multi-industry”. In addition, we created the code “manufacturing” to reflect SMEs that were active in this single domain.

### **3.4 Statistical Method**

All data were analyzed in SPSS version 23 using Wilson’s macros for meta-analysis (Lipsey & Wilson, 2001). For each of the 14 studies included an effect size was obtained between a specific internationalisation measurement (the independent variable) and a specific objective performance indicator (the dependent variable). Positive and negative relationships between the independent and dependent variable are reflected by positive and negative effect sizes, respectively (see Appendix 1 for a detailed overview).

In line with recommendations by Lipsey and Wilson (2001), and Wilson (2010), effect sizes were Fisher-Z transformed and inverse variance weights were used. All statistical analyses were performed under a random effects model (as opposed to a fixed effect model), which assumes that all effect sizes are sampled randomly from a population of possible effect sizes, with sampling error being the variance of both random effects and estimated variance (Hedges & Vevea, 1998). With this approach, inference tests tend to be more conservative.

The overall rate of agreement between the two independent coders with respect to effect size statistics and moderators was high. Important to note is that the data were analyzed after possible disagreements between coders had been resolved through discussion to reach a consensus.

## 4 Results

### 4.1 Descriptive Statistics

The final data set comprised of 14 papers, of which 6 defined SMEs as employing fewer than 250 people, 7 defined SMEs as employing fewer than 500 people and 1 study which did not report a clear number (Gerschewski et al., 2015). Six studies were from the manufacturing domain and 8 studies were from a multi-industry domain. In addition, studies in countries ranging from The Netherlands and Greece (Brouthers & Nakos, 2004), to Turkey (Serder et al., 2011), Spain (Fernandez-Ortiz & Lombardo, 2009), U.S. (Jin & Jung, 2016, Knight & Kim, 2009) and Korea (Lee et al., 2013) were included in the final sample.

### 4.2 Main Effects

In line with recommendations by Wilson (2010), we first conducted tests for relevant basic central tendency statistics, such as mean effect size, Z-tests, and homogeneity testing. A positive correlation was found between internationalisation and performance ( $r = .26$ ,  $Z = 3.15$ ,  $p = .0016$ ). Since the confidence interval for this main effect does not contain zero, we can further conclude that the found effect size differs from zero (see Table 1). These results provide empirical support for hypothesis 1 that posited a positive relationship between internationalisation and performance.

### 4.3 Moderators Analyses

#### 4.3.1 Moderation by Size

The overall positive correlation between internationalisation and performance was qualified by size of the SMEs ( $Q_b(1) = 51.46$ ,  $p < .001$ ). Specifically, we can conclude that the correlation between internationalisation and performance was significantly higher in “larger” SMEs (fewer than 500 employees,  $r = .33$ ,  $p < .001$ ) than in “smaller” SMEs (fewer than 250 employees,  $r = .08$ ,  $p < .001$ ). These results provide empirical support for hypothesis 2.

#### 4.3.2 Moderation by Domain

The overall positive correlation between internationalisation and performance was also qualified by the domain in which the SME's were active in ( $Q_b(1) = 68.07$ ,  $p < .001$ ). Specifically, we can conclude that the correlation between internationalisation and performance was significantly higher for SMEs with a multi-industry focus ( $r = .35$ ,  $p < .001$ ) than for SMEs with a manufacturing focus ( $r = .08$ ,  $p < .001$ ). Finally, these results also provide empirical support for hypothesis 3.



## 5 Discussion and Recommendations

The purpose of this study was to systematically explore through meta-analysis the relation between internationalisation and SMEs performance, including the moderating effect of size and domain of SMEs. The advantages of using meta-analysis to explore this relation was that by summarizing the pooled results on the same topic (i.e. internationalisation and performance), more meaningful results were drawn than from individual studies on their own (Lipsey & Wilson, 2001).

The results provided empirical support for all three hypotheses proposed by the authors. Firstly, we found a strong positive relationship between internationalisation and performance. Our results suggest that across a variety of firms, industries, countries, and SME sizes, performance seems to be a positive outcome of the internationalisation process. Furthermore, we found this main relationship to be qualified by both size of the SMEs (larger SMEs benefit more from internationalisation activities compared to smaller SMEs) and domain of the SMEs (SME's operating in a multi-industry sector benefit more from internationalisation activities compared to SMEs operating in a single-industry sector). Our results have several managerial implications.

Firstly, based on our main finding - that internationalisation is beneficial for performance - we invite SMEs that wish to maximize business opportunity to first and foremost engage on the path of pursuing more international activities. A key task for these SMEs in their pursuit of internationalisation would be to acquire capabilities in branding and marketing, technological development, financing and other managerial capacities needed for international expansion (Pangarkar, 2008). The performance benefits that come with this internationalisation could then be invested in developing new products and technologies that in turn enhance learning and make the firm more competitive, both domestically and abroad. We believe this should be especially appealing to Dutch SMEs, since compared to import/export EU averages (33%), Dutch averages (23%) are markedly lower (Flash Eurobarometer, 2015). Our findings in this sense should hopefully provide the incentives for Dutch SMEs to set this first step to internationalisation.

Secondly, anticipated barriers that are often cited by Dutch SMEs when it comes to internationalisation are trained staff needed to deal with the internalisation activities as well as the identification of business partners abroad (Flash Eurobarometer, 2015). Our results suggest that investment in growing the numbers of employees in the firm, as well as in diversifying the domain of operation can be beneficial for the internationalisation-performance link. A small scale hands-on example that may inspire Dutch SMEs (especially in the northern

part of the Netherlands) is already successfully operating in the form of so called export clubs. For example, the Groningen Export Club operates as a platform that connects about 120 SMEs and facilitates the exchange of knowledge and experience among its partners. Similarly, a large scale grouping of specialized SMEs and their economic activities around clusters is stimulated and supported by the European Commission (European Cluster Collaboration Platform). Across Europe, this cluster collaboration network counts over 950 registered partners. Joining such clubs and clusters should be especially attractive to SMEs that cannot afford hiring more staff or diversifying their operations. This is because memberships are either free or relatively cheap and members are granted access to a number of matching events, as well as a large network of SMEs with similar international ambitions. By capitalizing on this pool of shared knowledge, SMEs that wish to internationalise should be in a rather good starting position. Last but not least, another avenue for SMEs in the Northern part of the Netherlands to pursue would be engagement and collaboration with professorships and research centers (for an overview see [Hanze.nl/research](http://Hanze.nl/research)). This way SMEs could benefit from tailored advice ranging on a variety of topics (e.g., market entry strategies, cultural differences between host and home countries, employer attractiveness of potential graduates) making a successful internationalization process more likely.

A few possible limitations of this meta-analysis have to be addressed. Firstly, although the authors tried to include non-published findings, the access to such empirical work was limited. However, this limitation was minimized by performing all analyses under the random effects model.

Secondly, the relatively low number of empirical articles included in this research ( $k = 14$ ) limited the number of potential moderators to be coded. For example, country of origin would have been an interesting moderator to test. For example, if cultural differences between the country of origin and country of internationalisation have an effect on performance. We are hopeful that as more research on the topic of internationalisation and performance will be added in the future, this and further moderators will be explored in more detail.

Finally, our sample of studies was overrepresented by studies published in either the Western World or developed countries. This “Western bias” has been extensively identified and discussed by scholars in a variety of research domains (Doucouliagos, 2005; Yousefi-Nooraie et al., 2006). While the immediate solution was not within reach for our current article, we encourage researchers from all continents to contribute to the study of SMEs internationalisation in the future.

All in all, the current meta-analysis identified some contextual factors that further qualified the positive link between internationalisation and performance. In

doing so, we hope to have added both theoretical and practical knowledge to the expanding field of SMEs research. We do believe that other factors may also influence this link and we invite future research to uncover further moderators and further refining the mechanism of how internationalisation may affect firm performance.

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## Appendix 1

### Overview of studies

Authors (year)	Journal	Sample size	Effect size	Size of SMEs	Domain of SMEs
Brouthers & Nakos, (2004)	Entrepreneurship Theory and Practice	165	.09	<500	multi-industry
Durmusoglu et al. (2012)	Industrial Marketing Management	143	.78	<500	multi-industry
Fernandez-Ortiz & Fuentes-Lombardo (2009)	Entrepreneurship and Regional Development	219	.64	<250	multi-industry
Fuchs & Kostner (2016)	Management Research Review	200	-.07	<250	multi-industry
Gerschewski et al. (2015)	Journal of World Business	310	.32	N/A	multi-industry
Hilmersson & Johanson, (2016)	Management International Review	183	-.09	<250	manufacturing
Jin & Jung (2016)	Journal of Small Business and Enterprise Development	105	.56	<500	manufacturing
Knight & Kim (2009)	Journal of International Business Studies	354	.15	<500	manufacturing
Lee et al. (2013)	Journal of Korea Trade	142	.07	<500	multi-industry
Love et al. (2016)	International Business Review	1900	.08	<150	Manufacturing
Authors (year)	Journal	Sample size	Effect size	Size of SMEs	Domain of SMEs
O'Cass & Weerawardena, (2009)	European Journal of Marketing	302	.22	<250	manufacturing
Oura et al. (2016)	International Business Review	112	.04	<500	manufacturing
Smolarski & Kut (2011)	International Entrepreneurship and Management Journal	43	.11	<250	multi-industry

Note: N/A = not available.





# Internationalisation of European SMEs and Methods of Foreign Market Entry

Ian L. Fitzgerald

## Contents

1	Introduction	58
2	Method of Foreign Market Entry (FME)	60
3	Conclusion	62
	References	63

# 1 Introduction

Small and Medium-sized Enterprises (SMEs), companies with fewer than 250 employees, are the driving force behind the European economy with over 20 million SMEs representing 99% of all businesses within Europe which are responsible for 85% of all new jobs (Flash Eurobarometer 421, 2015). SMEs contribute 57% of value added within the European Union while in The Netherlands SMEs contribute over 60% of value added within the Dutch economy (Eurostat, 2015).

Globalization of business in recent decades fuelled by advances in information technology, communication, transportation, logistics and political cooperation has forced companies to actively consider internationalisation not only as a pathway to success but for survival (De Burca, Fletcher & Brown, 2004). Companies, including SMEs, are forced to develop strategies for identifying and entering new (foreign) markets and one of the most important decisions in the internationalisation process is the choice of Foreign Market Entry mode (FME) (Ostland, Taylor & Zou, 2001; Terpstra & Sarathy, 2000). Lewis III and Richardson (2001) contend that companies that export grow faster, are more productive and have employees that earn more when compared to companies that concentrate their activities solely on the domestic market. This was also confirmed by a study commissioned by the EU, Directorate-General for Enterprise and Industry in 2015 (Internationalisation of European SMEs, 2015).

Empirical research on the internationalisation process and Foreign Market Entry strategy has generally tended to be conducted on successful Multinational Companies (MNCs) and larger SMEs analysing their historical performance in order to map the process of internationalisation and identify successful strategies. Czinkota & Ronkainen (2004) suggest that internationalisation is a gradual process where a domestically operating firm passes through the stages of infrequent exporting followed by regular exporting which progresses to the international marketing stage culminating in a global marketing strategy. Few companies conduct international marketing activities from their inception indicating that “born global” companies are a rare occurrence.

EU studies have also documented the barriers to internationalisation both experienced and anticipated by European SMEs. The most commonly mentioned difficulties were complicated administrative procedures, difficulties in finding foreign business partners, high investment costs, difficulties in obtaining foreign market information at reasonable cost, difficulties dealing with foreign legal and taxation systems and lack of staff expertise in the areas of export and international trade. While these concerns have been recognised before 2008 and local governments and the EU have introduced over 300 support measures to

overcome these difficulties for SMEs the level of internationalisation has remained low and no real change has been experienced by SMEs. This is a strong indication that the high number of measures taken to encourage and facilitate SME internationalisation and the diversity of organisations and institutions involved in the administration and proliferation of these support measures has led to confusion and a lack of awareness amongst their potential SME clients.

Further surveys among EU SMEs have indicated that these small companies find it difficult to access the required information and that they would greatly appreciate a “one stop shop” policy for information and assistance with the internationalisation process. The Enterprise Europe Network along with its regional presence is such a contact point. Here, the network’s connection with the Professorship International Business has the great potential to create more awareness and convenience for regional SMEs wishing to internationalise.

Before developing a Foreign Market Entry (FME) strategy or selecting the FME method to use SMEs must first select the foreign market that they wish to target. In 2015 of the 20% of EU SMEs who had exported in the past 3 years, 81% only exported to other markets within the EU (Flash Eurobarometer 421, 2015). This market selection decision requires information and expertise, especially if markets outside the EU are being considered. The most common Foreign Market Entry strategies for SMEs are discussed in the following.

## 2 Method of Foreign Market Entry

Methods of Foreign Market Entry can be grouped into three general categories, namely Export Entry Modes, Contractual Entry Modes and Investment Entry Modes (Bradley, 2002).

Export entry methods include both indirect export modes, using domestic intermediaries representing foreign buyers or selling to domestic companies who then export the original manufacturers goods to foreign markets (Cateora, 2016). Direct export entry modes can be pro-active, where the exporting company identifies the target foreign market and selects the most suitable method of direct export such as using an agent in the foreign market, an importer, distributor, wholesaler, retailer or dealing direct with the end customer. Direct export can also be reactive as a result of a direct enquiry from a potential foreign customer which leads to not only the export of the products but also to the creation of interest in internationalisation on the part of the exporter (Stewart & McAuley, 1999). Hollensen (1998) also identifies a link between inward internationalisation (importing) and outward internationalisation (exporting) with the former providing a stimulus for the latter.

Direct export methods of foreign market entry demand more from the exporting company as they are responsible for gathering and analysing information on the foreign market in order to facilitate targeting and entry decisions. In addition they need to find and assess foreign intermediaries and or potential customers as well as becoming involved in international transportation, export, import and customs documentation, exchange rate issues, foreign taxation, foreign product specification and compliance legislation amongst other things. Foreign market product specification and compliance legislation may force the exporting to modify its product in order to meet the foreign requirements further increasing the costs and complexity of the internationalisation process. Many SMEs, lacking in resources, knowledge and support, find this a daunting process resulting the decision not to internationalise. Direct export requires much more commitment from the exporting company when compared to indirect methods, which have lower risk coupled with lower rewards (Cateora, 2016).

The distinguishing factor between export modes of entry and contractual and investment entry modes is that with export modes the final product is produced outside the target (foreign) market (Root, 1994). Contractual entry modes include licensing, franchising and contract manufacture which all require the transfer of knowledge to the foreign market where the products will be produced by a foreign contractual partner (Bradley, 2002). Finally, investment entry modes, including joint ventures, foreign direct investment (FDI) and the acquisition of assets in the foreign market have the opportunity of much greater control over the foreign operations but require the highest level of resource allocation, carry the highest

levels of risk but also have the greatest potential reward as the company controls more aspects of the value chain (Cateora, 2016).

It is not surprising, considering the commitment and resources required, that most European Internationalised SMEs use methods of direct export which have lower levels of capital investment and they accept lower levels of control and reward that are associated with these particular types of FME (Hollenstein, 2005). This is supported by the EU survey of SMEs in 2015 that showed that less than 2% of internationally operating European SMEs has used investment entry modes, 31% had used some form of contractual entry mode while the majority, 66%, were using export modes of FME (Flash Eurobarometer 421, 2015). SMEs initially often use export as a method of foreign market entry as it is relatively low risk, does not demand large capital resources or investments and withdrawal from the foreign market is relatively easy (Deresky, 2000).

According to Young et al. (1989), making the correct FME decision requires a systematic analysis of all FME-methods, the specific goals of the company, the company resources, attitude towards risk and the required level of control as well as the market related environmental factors. This needs to be carried out for each market, as each market is unique (Young et al., 1989). Applying this “strategy rule” for FME selection aims at selecting the FME method that is the best fit between company goals, available resources, profit and non-profit objectives and company attitude to risk. However this process itself requires a high level of expertise, knowledge and resources that most SMEs, especially the smaller ones, do not possess.

For the above reasons SMEs tend to use the “naive rule” for FME selection. This means that they use the same method of foreign market entry irrespective of the foreign market, usually direct export, which may result in sub-optimal foreign market performance (Albaum et al., 1998). This may explain the 66% of internationally operating EU SMEs using export exclusively as their method of foreign market entry (Flash Eurobarometer 421, 2015). Due to the resource and other limitations of SMEs the above is not likely to change until resources, knowledge, experience and expertise in international trade increase. As it has been shown that the benefits of internationalisation are clear in terms of growth, profitability and job creation, then the most important objective should be to increase the percentage of SMEs involved in international trade rather than focusing on making the optimum FME decisions.

### 3 Conclusion

The most important factor in encouraging the internationalisation of SMEs in the Netherlands is access to information on markets, potential business partners and public assistance/support initiatives. The most commonly used method of foreign market entry among SMEs is direct export and evidence indicates that this is unlikely to change for SMEs making the initial steps towards internationalisation. Their lack of resources, expertise and information demands a relatively low risk initial strategy to enter foreign markets. Most SMEs, not just in the EU but also in Japan and USA, see obtaining reliable information on and help in finding foreign market business partners/intermediaries as the biggest barriers to the internationalisation process. The Professorship International Business can play a key role in creating awareness amongst SMEs of the benefits of internationalisation, providing market information, information on the support programmes available, guidance on foreign legal and taxation issues, help in setting up or gaining access to expertise clusters, the services of the Enterprise Europe Network and providing tailored advice on market entry methods.

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# Internationalisation and IBS Hanze Alumni

## An Exploration of International Business Careers

Jan Liefers

### Contents

<b>1 Internationalisation at International Business School Groningen</b>	<b>67</b>
1.1 Introduction	67
<b>2 Internationalisation within education</b>	<b>69</b>
<b>3 Internationalisation in Jobs</b>	<b>72</b>
<b>4 Internationalisation for Alumni</b>	<b>74</b>
4.1 Method	74
4.2 Where do alumni live	75
4.3 Motives for Internationalisation	76
4.4 Conclusion on the Internationalisation for Alumni	78
<b>5 Recommendations</b>	<b>79</b>
<b>Bibliography</b>	<b>80</b>
<b>6 Appendices</b>	<b>81</b>
6.1 Appendix 1	81
6.2 Appendix 2	81
6.3 Appendix 3	82
6.4 Appendix 4	83
6.5 Appendix 5	85
6.6 Appendix 6	85

## List of figures

<b>Figure 1:</b>	International students in Dutch higher education (source: Huberts, 2017)	67
<b>Figure 2:</b>	graph from intakes table 1 (source: own)	69
<b>Figure 3:</b>	IBS Master and Bachelor graduates per year (source Liefers & Sukaitis, 2017)	70
<b>Figure 4:</b>	National intakes and IBS intakes compared (source Huberts combined with own)	70
<b>Figure 5:</b>	Job positions of IBS alumni (source: Liefers & Šukaitis, 2017)	72
<b>Figure 6:</b>	Country of residence of IBS alumni (source: Liefers & Sukaitis, 2017)	75
<b>Figure 7:</b>	Calculation of Chi2 settlement – nationality (source: own)	76
<b>Figure 8:</b>	Relevance of Internationalisation (source: own)	77
<b>Figure 9:</b>	Word cloud on motives for internationalisation (source: own)	78
<b>Table 4:</b>	Co-occurrence table on the coded internationalisation motives (source: own)	78

# 1 Internationalisation at International Business School Groningen

## 1.1 Introduction

IBS was the first international and fully English-taught school at the Hanze University of Applied Sciences. Established in 1990, its first Bachelor students graduated four years later. IBS has since conferred 3700 Bachelor and Master degrees (Liefers & Sukaitis, 2017).

Meanwhile the educational landscape has changed. It has become the norm for Dutch educational institutions to offer international education, and the Netherlands has managed to attract an ever-growing number of international students. A publication by the Nuffic (Huberts, 2017) shows the numbers for the Netherlands.

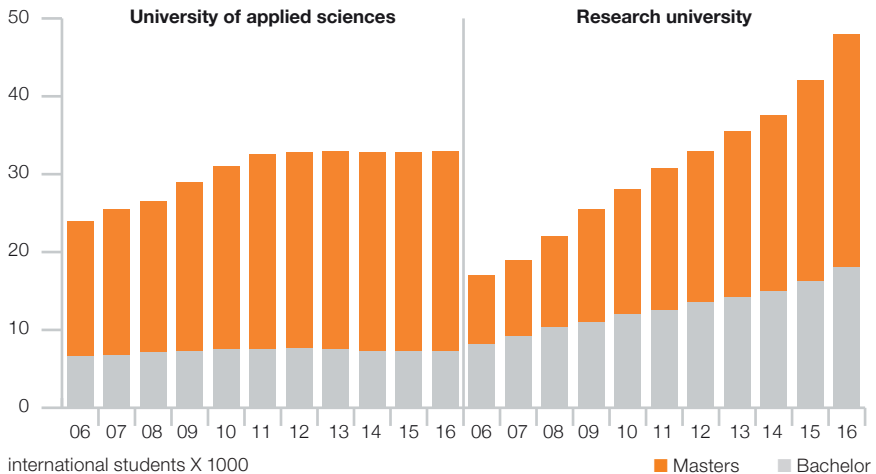


Figure 1: International students in Dutch higher education (source: Huberts, 2017)

Huberts duly notes that Research Universities are internationalising faster than the University of Applied Sciences programs. A large proportion of international UAS students, over 15,500, chose the field of Economics and Business, mostly in IBMS programs (Huberts, 2017). Since ever more schools have chosen to develop international programs, competition between the UAS international programs may be expected to intensify. Success in so competitive environments depends significantly on a full understanding of internationalisation and its effects on education. To that end, this research seeks to address the following questions: What are the descriptive variables of Internationalisation and when can Internationalisation be called successful?

In this paper the concept of internationalisation is explored from various viewpoints. An educational perspective is taken and career developments and motives from IBS alumni are explored. One of the most cited authors in this field is Jane Knight who defines internationalisation in education as “the process of integrating an international, intercultural or global dimension into the purpose, functions or delivery of post-secondary education” (Knight, 2004). This is a broad definition, covering a great variety. The literature evinces substantial differences in what educational institutions mean when they talk about internationalisation. It varies from offering some courses in English, or paying attention to international topics in the curriculum, to completely English taught programs by multicultural staff to a multicultural community of students (Wit, 2010). In this paper data and reference points are taken solely taken from the Hanze International Business School.

## 2 Internationalisation within education

A straightforward way to measure the success of a program is to look at the number of incoming students and the number of graduating students. The following quotation, taken from the Hanze IBS's internal document "Vision on Internationalisation" also evinces a numerical approach: "With 1500 students in Bachelor and Master programs, Hanze-IBS offers education to students from more than 70 different nationalities with faculty members from 17 nationalities. Hanze-IBS is proud of its current international profile." (IBS, 2016, p. 3). Success here is associated with student and staff diversity in terms of the total number of nationalities. But the numbers refer to all students enrolled in that particular year. These numbers refer to all incoming IBS Bachelor students, not specifically the non-Dutch. From a longitudinal perspective the number of graduating students over a longer period of time is more relevant.

Cohort	2009	2010	2011	2012	2013	2014	2015	2016
Number of intakes	409	405	481	443	471	422	413	459
after 1 year	318	314	345	322	321	254	275	
Propaedeutic output after 1 year	110	105	114	98	105	84	104	
Propaedeutic output in %	34,6%	33,4%	33,0%	30%	32,7%	33,1%	37,8%	
Bachelor output after 5 years	209	209	215					
Bachelor output in %	65,7%	66,6%	62,3%					

Table 1: Intake of IBS Bachelor students (source: own)

Table 1 shows significant fluctuation in the number of intakes. The 8-year average is 437 without any clear explanation for the variation. 2011 shows a peak for IBS, while the national numbers peaked in 2012.

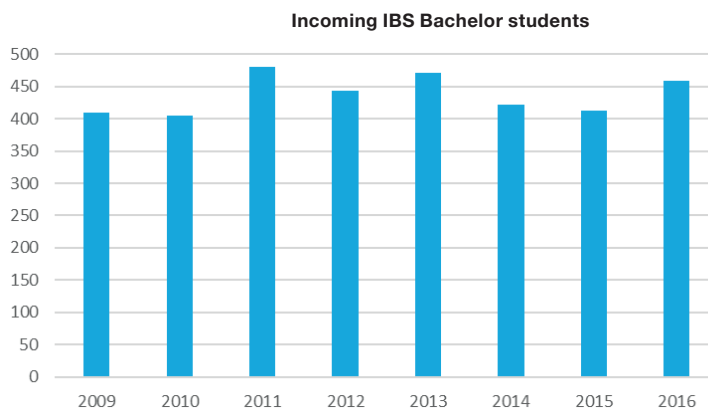


Figure 2: Graph from intakes table 1 (source: own)

In Figure 3 the output data of an even longer period are displayed.

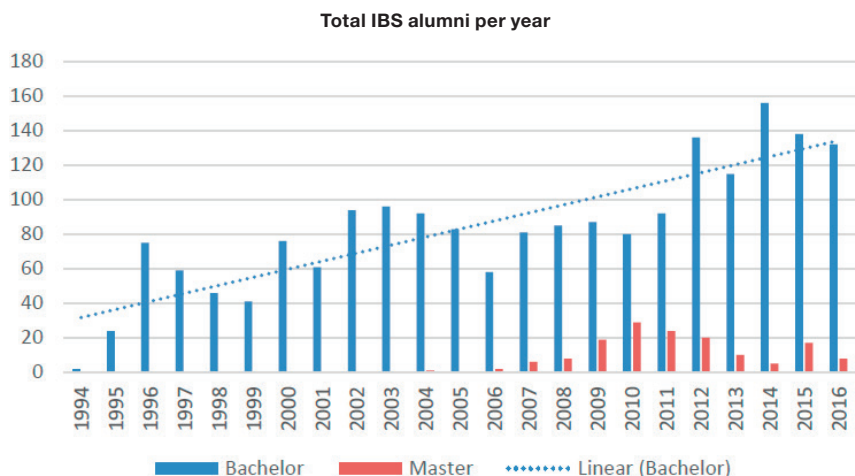


Figure 3: IBS Master and Bachelor graduates per year (source: Liefers & Sukaitis, 2017)

The positive trend line in Figure 3 seems to indicate a rather constant growth. Looking at a shorter period of the last eight years the trend in Figure 2 is however in line with the more stable national trend of Figure 1. Figure 4 combines the national numbers from Figure 1 with Figure 2. The numbers were first corrected for the means, but the scales differ. The fluctuation at IBS is stronger than the national numbers.

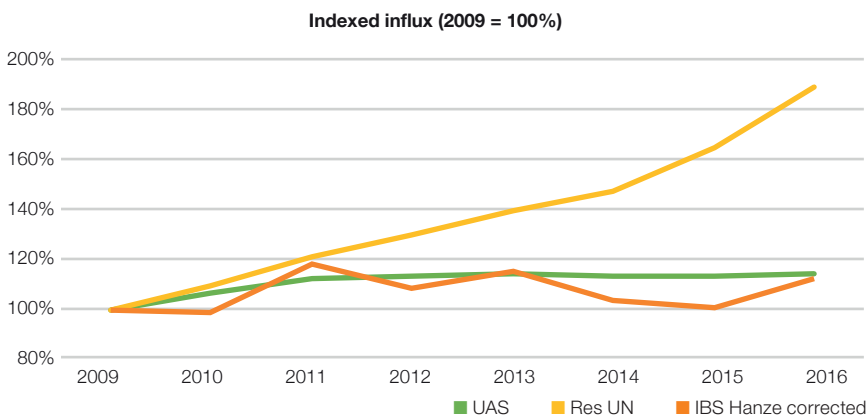


Figure 4: National intakes and IBS intakes compared (source: Huberts, 2017 combined with own)

A correlation coefficient of 0,545 indicates a positive but weak relation. The IBS intakes can thus be partially explained by national intakes, but the school's own dynamics also have an effect. Further research is necessary to determine the discrepancy between the national and school specific intakes.

Various organisations (Nuffic, CHE, EAIE, DAAD, SIU) have developed lists with criteria to measure or benchmark internationalisation. The Nuffic has developed an extensive online self-assessment tool called MINT (Mapping Internationalisation) (Nuffic, 2012).

A comprehensive study, subsidised by the EU, was the IMPI (“Indicators for Mapping & Profiling Internationalisation”) project (impi toolbox, sd). Inventories and lists from various countries were combined and processed into one major list. The IMPI list comprises of 25 pages with in total 488 criteria, divided into 22 different categories (Beerkens, 2010).

To obtain a more descriptive and comparative idea of internationalisation, the Hanze University conducted a survey in 2014 on internationalisation among all its schools.

Four criteria were applied:

- “The school has a policy on internationalisation and the preparation of the student for professional life in an international perspective;
- The vision on internationalisation has been translated into learning outcomes at graduate level;
- There is an explicit learning track within the curriculum, leading to the learning outcomes at graduate level;
- The internationalisation policy has been translated into a plan for the professional development of (teaching) staff.”

(Source: Staff Office Education & Applied Research, 2015).

A questionnaire of 18 questions, 11 on internationalisation and 7 on language policy, was used. Hanze IBS appears to be the most international of the surveyed schools based on these criteria (Staff Office Education & Applied Research, 2015). The benchmark instrument used by the Hanze UAS was the institution's first attempt to measure internationalisation. Compared to other instruments designed to benchmark internationalisation, this is relatively simple in terms of the number of questions and data collected, and it is likely to be expanded as the increasing stress placed on internationalisation builds demand for more detail.

To summarize one can say there are ample methods to describe the internationalisation of an educational program in terms of input and throughput. The survey used by the Hanze University to benchmark its programs has some descriptive power, but many more relevant details should be gathered to get a more complete benchmark. The fluctuation of intakes at IBS does not deviate significantly from the national intakes.

### 3 Internationalisation in Jobs

The plethora of measurement criteria on internationalisation, such as the IMPI, MINT and the Hanze UAS is striking. Yet relatively few criteria address the output in terms of how alumni ultimately fare. From the IMPI list 10 out of all 488 mention alumni (see Appendix 1). These questions refer mainly to events organised for alumni and if alumni are registered in a database so the emphasis seems to be on keeping track and being in contact. A way to establish how effective the internationalisation of graduates is and to identify the international scope of graduate careers, is to see if they have actually pursued a career in international business, for example, if they live abroad. Another interesting question is to find out if the companies these alumni work for have typical international features such as international subsidiaries or conduct international trade like import and export. Internal IBS research traced two thousand and fifty of 3704 alumni on LinkedIn (Liefers & Sukaitis, 2017). Two thousand and fifty alumni were traced on LinkedIn from the total population of 3704 alumni. The four most popular job categories were management, marketing, finance and sales (see Appendix 2 for details).

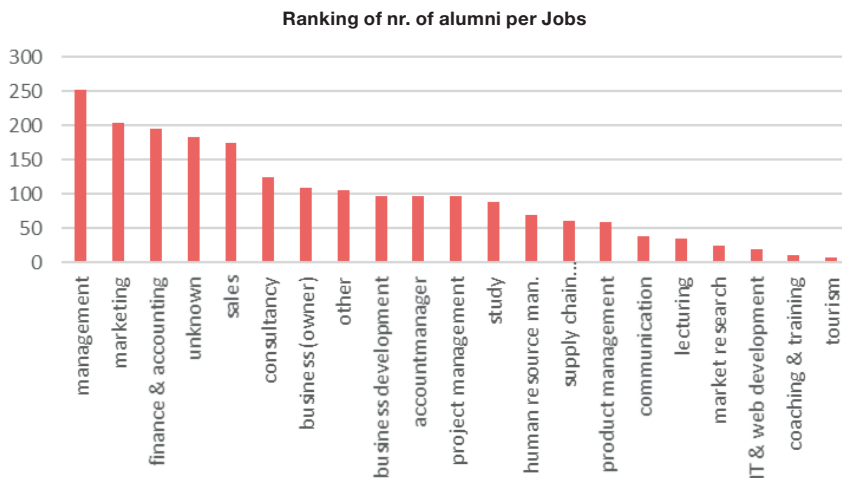


Figure 5: Job positions of IBS alumni (source: Liefers & Šukaitis, 2017)

The companies employing the largest number of alumni are multinational enterprises (MNEs) both in the business-to-business and business-to-consumer sectors. Finance, Consultancy, and large IT providers are also popular destinations for IBS alumni. (see appendix 3).



The 1148 sampled companies that employ IBS alumni were classified according to the EU classification of enterprise size. The data can be found in Figure 6.

Company Size	count	%
Large (> 250)	603	52,5
Medium (50-249)	240	21
Small (10-49)	184	16,0
Micro (<10)	121	10,5
	1148	

Table 2: Enterprise size of IBS alumni employing companies (source: Liefers & Šukaitis, 2017)

These numbers show that the majority of IBS alumni can be found in medium to larger companies. Most of these larger companies have an international profile. In total 47,5% are employed in SMEs.

The companies were classified using the SIC Standard Industry Category (siccode, sd). This clearly shows the majority of companies are found in Services (37,3%, followed by Manufacturing (23,3%), Transportation, Communications, Electric, Gas and Sanitary service (13,7%) and Finance, Insurance and Real Estate sector (12,9%). Wholesale trade and retail trade are less well represented, and agriculture, mining, construction and public administration almost not at all.

	Standard Industry category (SIC - US)	count	in %
0100-0999	Agriculture, Forestry and Fishing	11	0,9
1000-1499	Mining	1	0,1
1500-1799	Construction	11	0,9
2000-3999	Manufacturing	291	23,3
4000-4999	Transportation, Communications, Electric, Gas and Sanitary service	172	13,7
5000-5199	Wholesale Trade	46	3,7
5200-5999	Retail Trade	73	5,8
6000-6799	Finance, Insurance and Real Estate	161	12,9
7000-8999	Services	466	37,3
9100-9729	Public Administration	19	1,5
9900-9999	Nonclassifiable	0	0,0
		1251	100

Table 3: SIC code of companies employing IBS alumni (source: own)

To summarize, the typical IBS job is to be found in the larger companies in the services, manufacturing, transportation and finance sectors. The type of jobs IBS alumni have are in the typical functional business domains such as management, finance and accounting, marketing and sales. The career profiles align with the content areas of the school's curriculum. This can be seen as a success of the program.

## 4 Internationalisation for Alumni

Internationalisation can also be approached from the perspective of the alumni. What are the motives of alumni to pursue an international career, and are these aspirations then supported by an actual international career? To determine whether a position qualifies as an international career, four data points seem essential. Firstly, the country of settlement of the alumnus (1) may be matched with their nationality (2). An alumnus not working in the country of their nationality can be considered to have an international career. A third factor could be to gather data on each company and find out if they operate internationally (3). If an alumnus works for a company that trades internationally, their career could justifiably be deemed an international one. Unfortunately, time constraints prevented the incorporation of this point. A fourth factor to be considered is the home base of the employing company (4). The thought behind this is an alumnus can live in their country of nationality but work for an international company, which surely qualifies theirs as an international career, not least because management culture will be influenced by the international parent company. For the purposes of this research factors 1, 2 and 4 were collected. The alumni's motives were identified by way of a qualitative survey conducted on IBS alumni.

### 4.1 Method

To begin with the country of settlement was gathered from the LinkedIn dataset (1, see Appendix 4). Additional information on the nationality was gathered from the internal "Osiris" system and combined with the LinkedIn dataset. The nationality and settlement information were anonymised (1 and 2, see Appendix 6). The aim was to find out if there is a relation between the nationality and the location of settlement. The  $H_0$  hypothesis, which was to be tested was phrased "the country of settlement is not related to nationality".

The country of settlement was also combined with the main seat of the company (2 and 4, see Appendix 5).

Additional research into the motives on internationalisation was done by emailing alumni 2 questions. The first was: "Which reason describes best **why** internationalisation is relevant to you?" The second was "**How** is internationalisation relevant for you?".

487 questionnaires were emailed, producing 62 replies (12.7%). 255 email addresses came from the LinkedIn dataset, another 232 came from the Internal Osiris search. Since the Osiris database only contained alumni who graduated after 2014 the younger alumni are slightly overrepresented.

## Where do the IBS Alumni work?



Figure 6: Country of residence of IBS alumni (source: Liefers & Sukaitis, 2017)

### 4.2 Where do alumni live

The 2050 alumni found on LinkedIn live, work or study in 74 different countries (Liefers & Sukaitis, 2017), (see Appendix 4). The Netherlands is the country where the largest group lives (40,73%) and Germany second (21,32%), meaning the remaining 37,95% is divided over 72 countries.

In order to map the nationality of an alumnus to the current country of residence data on the nationality was gathered from Osiris. The Osiris system, which holds students' personal information such as name, address and grades, has replaced the earlier Progress system, meaning not all alumni's nationalities could be traced back. From this dataset 258 alumni could be retrieved that match the LinkedIn database (see Appendix 5). After the match the data was anonymised.

These 258 alumni have 17 different nationalities and live in 30 different countries (see Appendix 6). 43% lives in a non-nationality country. 68% of the German and 70% of the Dutch alumni live inside the country of their nationality. Hence 32% of the Germans and 30% of the Dutch live outside their home countries.

The  $H_0$  hypothesis was phrased as "country of settlement is not related to nationality".

A  $\chi^2$  was calculated for all nationalities that had sufficient entries (CN, DE, LV, NL, UA). With  $\alpha = ,05$ ;  $df=4$ ; critical value 9,49;  $\chi^2 36,43$ .

The results of the  $\chi^2$  test provide no empirical support for  $H_0$ .

		observed					calculated				
		CN	DE	LV	NL	UA	CN	DE	LV	NL	UA
own		5	102	0	37	1	12	91	2	32	8
foreign		15	48	3	15	12	8	59	1	20	5
		20	150	3	52	13					
		0,08	0,63	0,01	0,22	0,05					
							$\chi^2$				
							4,237	1,233	1,828	0,893	6,046
H <sub>0</sub>	settlement not related to nationality						6,605	1,922	2,85	1,393	9,427
H <sub>1</sub>	settlement related to nationality										$\Sigma \chi^2$ 36,43324
							df =	4			
							$\alpha =$	0,05			
							cr.val =	9,49			
							$\Sigma \chi^2 =$	36,4332			

Figure 7: Calculation of Chi<sup>2</sup> settlement – nationality (source: own)

The 48 sampled Germans who live abroad live in 15 different countries, the 15 Dutch in 12 countries. German alumni are more likely to live in the Netherlands (9%), than Dutch alumni in Germany (4%). For the other nationalities the Netherlands is clearly a nation of settlement, 42 alumni from eleven countries choosing it.

The combination of the country of residence with the main seat of the company is displayed in Appendix 5. Since the dataset of companies (1253) is smaller than the number of alumni that could be traced through LinkedIn (2050) the number of alumni was corrected to that of the companies. It supports various interesting conclusions. The number of alumni living in Germany (312) is almost equal to the number of companies also having their main seat in Germany (314). The number of alumni living in the Netherlands (522) is higher than the number of companies having their main seat in the Netherlands (405). A striking finding is that a large amount of alumni work for American companies (158) while only 23 actually live there. The United Kingdom, France and Switzerland also employ more alumni than actually live in these countries. The opposite is true for China and Russia.

### 4.3 Motives for Internationalisation

When interviewing students, a commonly heard motive for them to start an education at an international program is “they like to meet new people from different cultures”, or “they like to travel and expand their horizon”. Some already see a bright international career before them.

To see if these motives change a survey was sent out to 487 alumni whose email addresses were available in the Osiris system. Two questions were asked: “Which reason describes best **why** internationalisation is relevant to you?” with four answer possibilities and an open question “**How** is internationalisation relevant for you?”. The research was executed through Enalyzer, an online survey.

The multiple-choice answers were followed by a brief explanation to reduce possible variations in interpretation.

- A. Career opportunities (more international business means more interesting job opportunities)
- B. Business opportunities (my company or business grows through international expansion)
- C. Personal growth opportunities (by meeting people from other cultures I develop)
- D. Political stability (the more cultures meet and mix, the more they understand each other)

62 respondents answered the first question showing the majority (52%) thinks personal growth the most important motive and personal career opportunities as the second with 28%. Still 5% choose the more altruistic motive of the societal or political benefits.

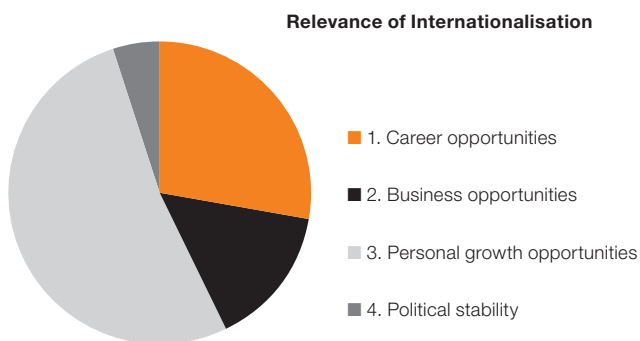


Figure 8: Relevance of Internationalisation (source: own)

The open question was answered by 46 of the 62 respondents. To process the open question all 46 answers were loaded into AtlasTi and manually coded. In preparation of the coding first all the text was put into a word cloud to see which words were used most often. The result is shown in Figure 11.

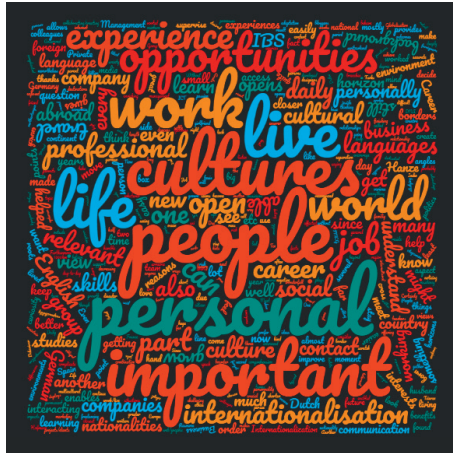


Figure 9: Word cloud on motives for internationalisation (source: own)

Co-occurrence table	Career opportunities	communication	company interest	cosmopolitan	improve humanity	international background	language	love & friendship	meet new people	openness to new experience	personal development	professional development	travelling	understanding cultural difference	TOTALS
meet new people	0,13	0,21	0,17	0,12	0,19	0,04	0,07	0,15	0	0,25	0,14	0,09	0,27	0,41	2,22
understanding cultural difference	0,14	0,15	0,3	0,04	0,12	0	0,12	0,04	0,41	0,28	0,19	0,18	0,07	0	2,02
company interest	0,15	0,12	0	0,1	0,08	0,05	0,14	0	0,17	0,1	0,13	0,25	0,08	0,3	1,66
openness to new experience	0,17	0,13	0,11	0,05	0,09	0	0,05	0,1	0,25	0	0,22	0,04	0,14	0,28	1,6
personal development	0,23	0,04	0,13	0,16	0,09	0,05	0,14	0,05	0,14	0,22	0	0,16	0	0,19	1,57
Career opportunities	0	0	0,15	0	0,05	0	0,19	0,06	0,13	0,17	0,21	0,14	0,17	0,14	1,4
language	0,19	0,13	0,14	0,2	0,07	0,11	0	0	0,07	0,05	0,14	0,06	0,07	0,12	1,34
travelling	0,17	0,12	0,08	0,08	0,06	0	0,07	0,25	0,27	0,14	0	0	0	0,07	1,3
cosmopolitan	0	0,07	0,1	0	0,08	0,33	0,2	0	0,12	0,05	0,16	0	0,08	0,04	1,22
communication	0	0	0,12	0,07	0,06	0	0,13	0,07	0,21	0,13	0,04	0,1	0,12	0,15	1,2
professional development	0,14	0,1	0,25	0	0,11	0	0,06	0	0,09	0,04	0,16	0	0	0,18	1,13
improve humanity	0,05	0,06	0,08	0,08	0	0,07	0,08	0,19	0,09	0,09	0,11	0,06	0,12	0,08	1,08
love & friendship	0,06	0,07	0	0	0,08	0	0	0	0,15	0,1	0,05	0	0,25	0,04	0,79
international background	0	0	0,05	0,33	0	0	0,11	0	0,04	0	0,05	0	0	0	0,59

Table 4: Co-occurrence table on the coded internationalisation motives (source: own)

The co-occurrence table from AtlasTi was exported to Excel and ordered in most occurring codes (in red) and in most frequent co-occurrences with other codes (in green). The results support the findings from Figure 10 that the most relevant motive for an international career -personal growth - comes from meeting new people and understanding their cultural backgrounds. The extent to which this social experience is useful for companies is a very interesting side effect, but does not appear to be a main reason.

#### 4.4 Conclusion on the Internationalisation for Alumni

A rather tentative conclusion is that for German and Dutch students IBS is a stepping stone to an international career at international companies, yet the majority lives in the country of their nationality. A considerable group lives and works abroad however. For the students of other nationalities a majority seeks employment in the Netherlands.

The opportunity for personal growth is the key reason people give for choosing an international career. This is supported by the variety of motives mentioned in the open coded answers. Meeting people from different cultures, being open to new experiences and benefitting from this in their professional lives are the most mentioned motives.

For companies that are internationally active this can have an impact on their recruiting strategies. For example, when hiring new employees it can be pointed out, that the company provides such personal growth opportunities due to its international activities.

## 5 Recommendations

It is recommended IBS investigates its internal and external competitors in a benchmark on internationalisation focussing more on understanding what the success factors are. Mere descriptive analyses provide insufficient support for policy decisions in a world where international competition on incoming international students will increase.

It is recommended IBS uses the knowledge obtained from the research in its promotions to help tailor the message to the motives. Furthermore it is recommended to the careers of alumni continue to be tracked and the findings to be linked to curricular development.

Furthermore, international companies can use the findings of this research when hiring new staff. In the “war for talent” some of these insights into graduate motives for working in international business can easily be put to use. The limitations of this research consist in its focus on IBS Groningen. Generalisations cannot be made without further research.

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## 6 Appendices

### 6.1 Appendix 1

#### Alumni related questions from IMPI list

01-023	Does the unit maintain an international alumni database?
01-080	What proportion of international students is registered in an international alumni database?
01-081	Out of all international students graduating in the unit in a given year, what proportion is registered in an international alumni database?
02-050	In a given year, what proportion of FTEs does the unit employ for international alumni activities?
02-063	Number of posts (full time equivalent=FTE) in the international core business(international strategy and basic questions, scientific cooperation, counselling and tutoring of students, alumni, admission) in relation to the total number of administrative p
03-005	Does the unit have a clearly defined international alumni strategy?
07-011	Out of all international alumni of the unit, what proportion participates in the unit's student recruitment activities in a given year?
08-056	In a given year, has your unit organised international alumni activities?
08-057	Does your unit publish a newsletter for international alumni?
08-059	In a given year, how many meetings/events does your unit organise for international alumni?

### 6.2 Appendix 2

Job category	count	%
account manager	184	9,0
business (owner)	7	0,3
business development	66	3,2
coaching & training	88	4,3
communication	178	8,7
consultancy	103	5,0
finance & accounting	58	2,8
human resource man.	22	1,1
IT & web development	212	10,3
lecturing	30	1,5
management	269	13,1
market research	34	1,7
marketing	20	1,0
other	71	3,5
product management	205	10,0
project management	126	6,1
sales	45	2,2
study	22	1,1
supply chain management	99	4,8
tourism	109	5,3
unknown	102	5,0
	<b>2050</b>	<b>100,0</b>

### 6.3 Appendix 3

<b>Company</b>	<b>nr. of alumni employed</b>
Rabobank	15
ABN Amro	14
Philips	10
PriceWaterhouseCoopers	10
Accenture	9
Google	9
Microsoft	7
EY	6
KMPG	6
Akzo Nobel	5
Beiersdorf	4
Booking.com	4
Holland Trading Group	4
Hanze UAS	4
BearingPoint	4
Bosch	4
IBM	4
Adidas group	4
University of Groningen	4
TUI Cruises GmbH	4
ING Commercial Banking	4
Shell	4
KPN	4
Lidl	4
PostNL	4

## 6.4 Appendix 4

All 2050 alumni on LinkedIn live, work or study in 74 different countries

Country	No.	Country	No.	Country	No.
Afghanistan	1	Hong Kong	4	Portugal	2
Aruba	8	India	4	Qatar	1
Australia	16	Indonesia	9	Romania	1
Belgium	10	Ireland	19	Russia	17
Bolivia	2	Japan	3	Singapore	6
Brazil	4	Kenya	1	Sint Martin	1
Bulgaria	16	Korea	2	South Africa	1
Cameroon	1	Lithuania	1	Spain	39
Canada	11	Luxemburg	9	Sweden	30
Chile	5	Mali	1	Switzerland	31
China	44	Mexico	6	Taiwan	3
Colombia	1	Mozambique	2	Tanzania	2
Cyprus	3	Netherlands	855	Thailand	3
Czech republic	1	Netherlands Antilles	6	Turkey	4
Denmark	18	New Zealand	4	Uganda	2
Ecuador	2	Nigeria	4	Ukraine	17
Ethiopia	2	Norway	11	United Arab Emirates	12
Fiji Islands	1	Not mentioned	68	United Kingdom	77
Finland	9	Pakistan	2	United States	37
France	26	Palestine territory	1	Vietnam	3
Georgia	7	Panama	3	Yemen	1
Germany	512	Peru	1	Zambia	1
Ghana	3	Philippines	2	Zimbabwe	2
Guatemala	2	Poland	5		

## 6.5 Appendix 5

Country seat of company	count company	alumni living in
Netherlands	405	522
Germany	314	312
USA	158	23
United Kingdom	72	47
France	35	16
Switzerland	35	19
Spain	19	24
Australia	14	10
China	13	27
Denmark	12	11
Sweden	12	18
Ukraine	10	10
India	9	2
United Arab Emirates	9	7
Belgium	7	6
Canada	7	7
Italy	7	2
Japan	7	2
Bulgaria	6	10
Norway	6	7
Chile	5	3
Hong kong	5	2
Russia	5	10

## 6.6 Appendix 6

Working studying country	Nationality																Grand Total	% non-nat in country		
	BG	CN	DE	FR	KG	KZ	LT	LV	MD	MK	MN	NL	PE	PL	RO	RU			UA	
Austria				1								1						2	100%	
Bhutan																1		1	100%	
Bolivia												1						1	100%	
Bulgaria	1																	1	0%	
Chile												1						1	100%	
China		5																5	0%	
Cyprus												1						1	100%	
France				2	1				1							1		5	80%	
Germany			1	102								2			2		3	110	7%	
India																	1	1	100%	
Ireland		1		4								1						7	100%	
Japan			1															1	100%	
Kazakhstan											1							1	0%	
Korea				1														1	100%	
Luxemburg				3					2									5	100%	
Mexico									1									1	100%	
Netherlands		1	11	14		1		2		1	1	1	37	1	1			8	79	53%
Not mentioned				1	1							1						3		
Portugal																		2	100%	
Spain				1									3					4	100%	
Sweden																		9	100%	
Switzerland				1														1	100%	
Taiwan												1						1	100%	
Thailand				1														1	100%	
uganda				1														1	100%	
ukraine																	1	1	0%	
united arab emirates												1						1	100%	
United Kingdom				5									2					7	100%	
United States			1	1								1						3	100%	
<b>Grand Total</b>	<b>3</b>	<b>20</b>	<b>150</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>53</b>	<b>1</b>	<b>1</b>	<b>4</b>	<b>1</b>	<b>13</b>	<b>258</b>		
<b>perc in countr of nat.</b>	<b>33%</b>	<b>25%</b>	<b>68%</b>	<b>100%</b>	<b>0%</b>	<b>100%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>70%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>			
<b>count out country of nat</b>	<b>2</b>	<b>15</b>	<b>48</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>16</b>	<b>1</b>	<b>1</b>	<b>4</b>	<b>1</b>	<b>13</b>	<b>111</b>	<b>43%</b>	

Horizontally the nationalities are presented, vertically the countries of residence. In yellow the numbers are shown of alumni that reside in the country of their nationality.



**Hanze**  
**International Business School**  
University of Applied Sciences

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The mission of the International Business School (IBS) is: to prepare business professionals with a global mind-set, who are ready to add value to international business and society. Founded in 1988, IBS was the first International Business School in the Netherlands based at a university of applied sciences. The school has more than 1.500 students in undergraduate and master programmes. Over 70 nationalities are represented within the student community. The IBS faculty boasts extensive experience working in the professional field and guides the students and graduates towards successful and rewarding careers in international business.

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The Marian van Os Centre for Entrepreneurship of Hanze UAS Groningen focuses on applied research, entrepreneurship in education and valorisation of knowledge. Entrepreneurs, researchers and companies collaborate in realizing practicable solutions to current issues. The research topics match the challenges the Northern provinces in the Netherlands are facing: a strong SME sector, human capital, digitalisation and internationalisation. The Centre for Entrepreneurship contributes to international projects with partners in and outside Europe. Entrepreneurship is inextricably linked to the practical orientation which is so characteristic of the education offered by universities of applied sciences.

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