"Towards A New Understanding of Managerial Competencies: In-depth Study of SME Internationalisation"

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Declaration

'I, POURIA PANAHI, confirm that the work presented in this thesis is my own. Where information has been derived from other sources, I confirm that this has been indicated in the thesis.'

Abstract

Due to the increasing involvement of enterprises in international markets, the strategic management of the transition of an organisation from purely domestic into a multinational organisation has become increasingly important. The literature shows that a significant number of the organisation that choose to internationalise are SMEs which command little resources to enable this transition. Increased diversity, ambiguity and complexity as well as uncertainty, instability and high levels of competition are considered to be the characteristics of the context of SME internationalisation and the root cause of some of the challenges that SME managers face.

This thesis focuses on the ever-growing emphasis on the management of small and medium sized enterprises (SMEs) specifically by exploring the managerial competencies required for SME internationalisation. It aims to identify the managerial competencies required for SME internationalisation. This qualitative study is informed by the grounded theory methodology. Using semi-structured interviews, primary data was collected from interviewing 52 SME managers who were directly involved in the internationalisation of their respective SME.

In contrast to existing thinking in strategic management, which outlines a set of competencies (a functionalist perspective) which can be dynamically arranged (dynamic capabilities/entrepreneurship perspective), this study highlights that managerial competency is a unique, individual and dynamic experience. The study highlights that, in practice, SMEs do not engage in a great deal of systematic strategic planning and their managers have significantly different experiences of the SME internationalisation process. This becomes evident in how they perceived themselves and their different individual experiences during the internationalisation of their SMEs. Additionally, the findings indicate that managerial competency may involve an

interaction and interrelation with information and the dynamic arrangement of functional competencies, but the focus of academics and practitioners needs to shift to understanding internationalisation as an experience. This thesis investigates the importance of agency and structure and how competency is a negotiation with the environment that is driven by the SME agent (i.e., the manager) via the managerial experience of SME internationalisation.

The implication of the thesis is that there is a need for a paradigm shift in existing thinking from theorising managerial competencies required for SME internationalisation (functionalist perspective) to theorising individual managerial experiences of SME internationalisation i.e., agential experience (agency theory perspective). These are experiences which support SME managers in managing their organisations throughout the transitional period and when their organisation has been fully internationalised and is competing in the diverse international environment. Thus, the study highlights that the ontology of SME managerial competency is not understood in full currently. It identifies the paradigm shift that is needed and has developed the theoretical understanding of managerial competencies as an agential experience. The empirical approach reflects future research.

Impact Statement

The study has important implications for the way that SME managers prepare for internationalising and highlights that conventional training and development which focuses on skill acquisition is insufficient. SME managers are better positioned to internationalise their SMEs by being aware that the internationalisation process is an experience in which their agency will play a key role.

The findings of this study are particularly important for SME managers who similarly to the SME managers interviewed in this study can frequently invest their lifetime savings or extensive debt in internationalising their SMEs. Apart from the financial implications, SME managers, in particular those of micro and small sized SMEs are often personally invested in their organisations which frequently reflect their passion and personal vision. In cases of failure the well-being of the manager is likely to be severely impacted, leading to poor physical and mental health and possibly the disruption of family and social life.

Smaller SMEs in particular often have limited financial resources and thus unsuccessful internationalisation can overstretch the firm's investment and can potentially lead to the firm's bankruptcy thus also impacting their operations in the domestic market too, therefore SME managers also have an ethical responsibility to the people they employ and whose livelihoods and well-being depend on the success of the SME internationalisation process as well.

The findings of the study can have policy implications for initiatives meant to support SME internationalisation, these initiatives include, the UK government initiative to develop the entrepreneurial ecosystem in order to encourage greater growth ambition

among SMEs, national and local government initiatives aimed at supporting and encouraging SMEs, such as the government's Business Growth Service and UK Trade & Investment as well as initiatives to develop government funded support programmes such as business school schemes to provide practical and effective business education for SMEs in order to help them expand internationally and to innovate and initiatives such as the promotion of long-term education strategies to build the next generation of entrepreneurs, incorporating training across the education system.

More specifically the study can enhance the intellectual framework and our understanding of SME managerial competency, encourage a more nuanced approach to managerial competency, and 'sensitise' SME managers to SME internationalisation as an experience. This can help policy decision makers and SME managers better understand the SME internationalisation process by turning 'blind areas' into policy and SME manager priorities.

The findings will be disseminated to SME managers through small business magazines such as Forbes, Fast company, Inc., The Wall Street Journal's Entrepreneurship Section and Entrepreneur. The PhD candidate is a SME owner/manager himself with a keen interest in internationalising his companies. To date this has led to the development of extensive network of contacts of SME managers which acts as a support network and which will be used for the dissemination of the findings of the study into practice directly.

Acknowledgment

Undertaking this PhD has been a truly remarkable experience and it would not have been possible without the support and guidance of many people.

Firstly, I would like to express my sincere gratitude to my supervisor, Dr Efrosyni Konstantinou, who supported me throughout this research with her patient guidance, encouragement and advice. I have been extremely fortunate to have a supervisor who cared so much about my work and I could not have imagined having a better mentor for my PhD.

I thank Dr Stefano Miraglia and everyone else at the Bartlett School of Construction and Project Management at UCL for their insightful comments and encouragements. I would also like to thank my incredible fellow researchers for the stimulating discussions and great experiences we shared in the last few years. I would like to further my gratitude to the many people, across many countries, who so generously participated and contributed to the work presented in this thesis.

Lastly, I want to thank my amazing parents for their love and inspiration throughout my life, my brothers and sister for always being there for me and for always believing in me and my ideas.

DEDICATED TO MY BELOVED PARENTS

Dedicated to my parents for their love, endless support and encouragement. You have been with me every step of the way and are my role models; I am forever grateful for having such incredible parents. Thank you for everything.

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Acronyms and Abbreviations

Following is a list of acronyms and abbreviations used in this thesis.

BG: Born Global

CEO: Chief Executive Officer

FDI: Foreign Direct Investment

IET: International Entrepreneurship Theory

INT: Internationalised

INV: International New Ventures

KBV: Knowledge Based View

MNE: Multinational Enterprises

Non-INT: Non-Internationalised

RBV: Resource Based View

SME: Small and Medium Sized Enterprises

UK: United Kingdom

U-Model: Uppsala Internationalisation Model

USA: United States of America

Chapter 1- Introduction

1.1. Introduction

This chapter provides an introductory overview of this study. Firstly, the background and the context of the research is provided in order to put the overall narrative of the study into perspective. Secondly, the research rationale is outlined to clarify why this study has been conducted and where it would be placed within the wider literature and followed by the elaboration of research aims and objectives. Lastly, the chapter concludes with an overview of the structure of the rest of the thesis.

1.2. Background and Context of the Problem

Small and medium sized enterprises (SMEs) are defined as non-subsidiary, independent firms with fewer than 250 employees and a turnover of less than €50 million (Ref to section: 2.1.2.2. for details). The approximately 500 million SMEs are considered to be the backbone of economies around the world (WBG, 2017). SMEs are emphasised as the main source of job creation globally (OECD, 2020), in most national economies SMEs account for more than 95% of market participants, contribute to around 50% of direct value added or production and 60%-70% of total employment globally (BEIS, 2020).

Moreover, SMEs generate a large share of new jobs in OECD[1] economies, and even more in the EU, where they represent approximately more than 98% of all businesses, creating around 85% of new jobs and provide two-thirds of the total private sector employment (OECD, 2020). Across the OECD, almost one person out of three people

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[1] The Organisation for Economic Co-operation and Development (OECD) is an intergovernmental economic organisation with 38 member countries, founded in 1961 to stimulate economic progress and world trade.

are employed in a micro firm with less than 10 employees and two out of three in an SME, highlighting the significance of SMEs to global economy (OECD, 2019).

In many countries around the world and in particular in the EU region, SMEs are considered as the main drivers of job creation, they often contribute to the identity and social cohesion of local communities (Korsakiene & Diskiene, 2015). SMEs often operate in service sectors, wholesale and retail trade and construction which commonly require lower entry costs and resources. Notably there is relatively a lower number of SMEs in the manufacturing industry particularly larger scale productions which are capital or knowledge intensive (BEIS, 2020). However, there are some knowledge-intensive services that are primarily dominated by SME businesses. Such knowledge intensive services include, advertising, market research and other professional, scientific and technical activities, as well as legal, accounting and management services (BEIS, 2020). A holistic view of SMEs highlights that SMEs are considered as an extremely heterogeneous population whose performance in terms of productivity and international competitiveness varies considerably across sectors, regions and firms (BEIS, 2020; OECD 2020, Korsakiene & Diskiene, 2015). Several factors can explain these differences, including the size of the economy, availability of resource, market structures, institutions and the business environment.

The internationalisation process (Refer to section 2.1.2.1 for detail) for SMEs defined by Hitt et al., (1994, p. 298) as "expanding operations across country borders into geographic locations that are new to the firm", can be accomplished through a range of different cross border activities, including trade (such as direct and indirect exports), international investment (such as foreign direct investments), and participation in strategic alliances, partnerships and networking arrangements (such as joint ventures) (Lee et al., 2012). These range of international activities can have an impact on variety of the SMEs business functions including research, product development and distribution. Whilst generally SMEs have increased their participation in the international environments, and relative to their vast contribution to their domestic

economies (local and national economies) evidence (OECD 2018; 2020) suggest generally SMEs, remain under-represented in the international economy (Korsakiene & Diskiene, 2015). For instance, although SMEs in the EU provide around two-thirds of the total private sector employment, 60% of employment in domestic economies and around 50% of GDP, evidence indicates that they only contribute to around 30% of exports, and even less of international investment. SMEs only contribute to around 10% of foreign direct investment (FDI) (Schreyer, 1996; Hall, 2002; Sakai, 2002).

Lack of available financial and human resources, managerial competencies as well managerial knowledge and awareness of the international environment are considered as some of the several reasons for why SMEs as discussed earlier make a smaller contribution to value added in global markets and are less active in the international markets (Cerrato & Piva, 2012). The root cause of their less active participation is often linked to the fact that operating in the international environments exposes SMEs to a more complex and risky business environment, for which, compared to larger firms, SMEs are relatively unprepared and less well-resourced (Zahra et al., 2003). Some of the risks associated with the complexities of the international environment can be addressed on a governmental level through policy amendments and implementations as they often relate to the differing regulatory, administrative and policy environments that governments create (Wright et al., 2007). Addressing these issues can lead to the integration of the economy at an international level and can encourage SMEs to participate more in the international environment as a result of creation of a more business friendly environment for SMEs (Collombo & Grilli,2005; Korsakiene & Diskiene, 2015). However, internal challenges such as managerial competency, organisational structure and availability of resources (Boyatzis, 2008) also need to be addressed in order to encourage SMEs to participate in the international markets.

For many SMEs internationalisation is a strategic choice which is often led by manager of the SME, operating internationally is considered as long-term strategy and a means to develop their markets (increased market size and customer base enlargement) and

enhance their competitiveness (Lindic et al., 2012). Many entrepreneurs and SME managers are recognising the opportunities offered by internationalisation and are becoming more involved in operating internationally (Man et al., 2005; Lans et al., 2008), thus as with the aim of this research which focuses on identifying and gaining a better understanding of managerial competencies required for SME internationalisation can help SMEs to internationalise more effectively. Operating internationally can provide SMEs with a range of business opportunities, such as access to new niche markets; possibilities to exploit economies of scale, scope, volume and technological advantages; the upgrading of technological capability; ways of spreading risks; lowering and sharing costs, including R&D costs (OECD, 2002). However, in addition to many opportunities, highlighted internationalisation can also pose challenges and threats for SMEs by exposing them to heightened international competition from foreign firms and the associated adjustment and exit costs incurred; the issues of standards and international compatibility; intellectual property concerns; political risks, corruption and rule of law concerns (Man et al., 2002; OECD, 2006). Internationalisation can have important implications for business and organisation models, managerial and technological capability, and innovative capacity (Zahra et al., 2003). SMEs from a resource viewpoint are less well-equipped and prepared than larger firms to face the challenges that are a result of the complexities and uncertainty present in the international environments (OECD, 2019).

The following part of the background and context of the study will provide information which will help demonstrate the significance of the topic of research and will provide an insight to the context of the study by providing information regarding the increasing number of SMEs in the UK and their proportion in the UK private sector followed by the estimated number of SMEs in the world, the estimated percentage of SMEs operating internationally and the contribution of SMEs to GDP as well as information regarding the different industries in which UK SMEs operate and finally the percentage of the UK SMEs involved in international business.

The following chart (figure.1) demonstrates the steadily growing number of SME business in the UK from 2000-2020 which shows a 72% increase in the total number of SMEs in the UK. There are currently 6 Million SMEs operating in the UK which makes up 99.9% of the total private sector business in the UK (BEIS, 2020). This high percentage and growing number highlight the significant role that SMEs play in the economy and stresses the importance of focusing on such firms in order to promote economic growth.
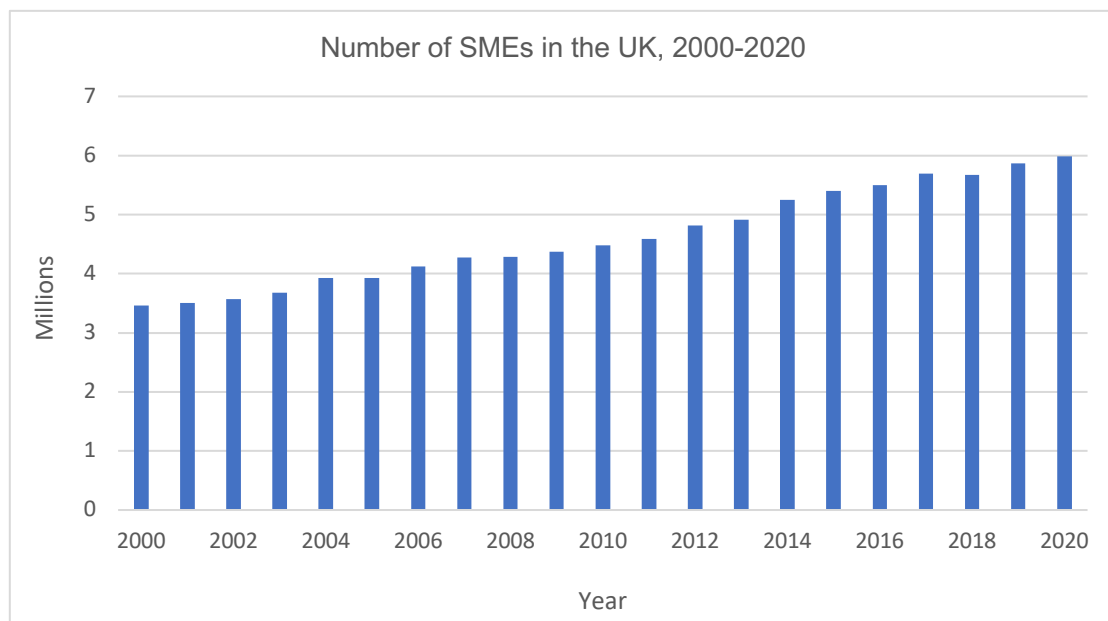
Figure 1: Number of SMEs in the UK: 2000-2020 period (BEIS, 2020)

The following table (table.1) shows the breakdown of the numbers of businesses in the UK, the number of employments, the and the turnover. The table and the chart demonstrate that 99.9% of the total number of all business in the UK are SMEs out of which 95.7% are micro sized (0-9 employees), 3.5% are small business (10-49 employees) and lastly 0.6% are medium sized (50-249 employees), only 0.1% of the total of number of the UK private sector business are made up of large businesses (250+ employees). The table (table.1) also shows that the SMEs in the UK 61% of employment in the UK and 52% of total turnover. Furthermore, there are over 5.7 million micro sized enterprises in the UK in 2020, accounting for almost 96% of all businesses. Although the vast majority of businesses in the UK employ fewer than 10 people, this sort of business only accounts for 33% of employment and 21% of turnover which further emphasise the importance of SMEs (BEIS, 2020).

Private sector businesses in the UK by number of employees, 2020						
	Businesses (000s)	Employment (000s)	Turnover £ billions	Businesses %	Employment %	Turnover %
with no employees	4568	4966	316	76	18	7
SMEs (0-250 employees)	5973	16836	2270	99.9	61	52
of which: Micro (0-9 employees)	5725	9162	931	95.7	33	21
Small (10-49 employees)	212	4140	646	3.5	15	15
Medium (50-249 employees)	36	3535	694	0.6	13	16
Large (250+ employees)	8	10896	2077	0.1	39	48
Total all businesses	5981	27732	4347	100	100	100
Source: BEIS, Business Population Estimates, 2020						

Table 1: Private sector businesses in the UK by number of employees, 2020 (BEIS, 2020)

The following chart (figure.2) demonstrates a comparison of micro, small, medium and large enterprises in the UK in terms of the percentage share of businesses, employment and turnover.

Comparison of the share of businesses in the UK by size - 2020
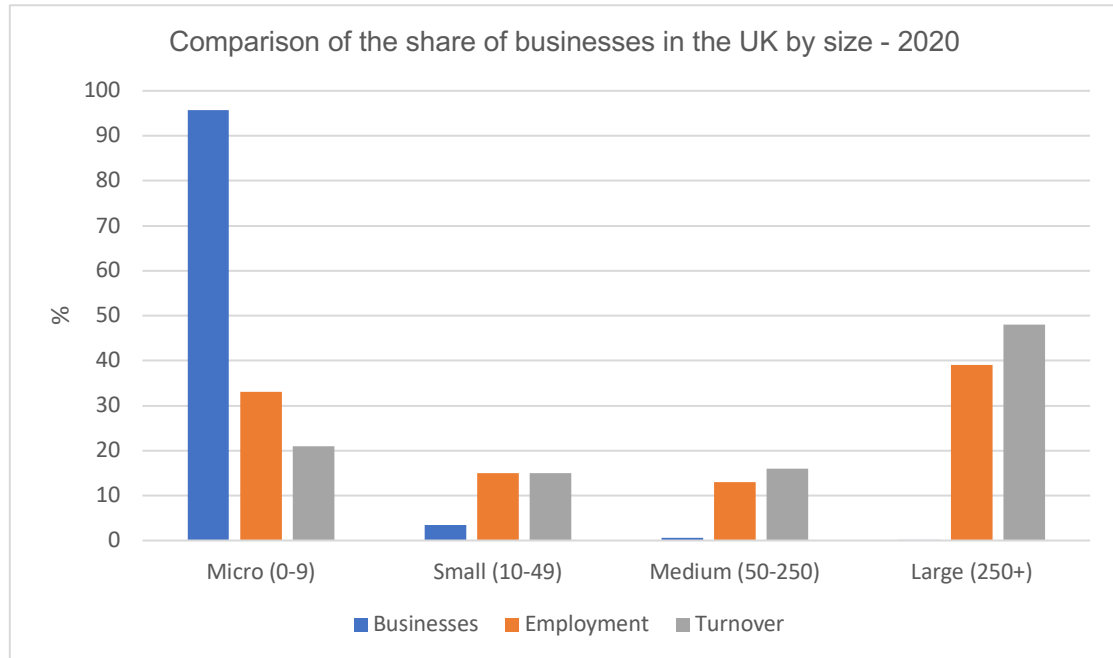
Figure 2: Comparison of the share of businesses in the UK by size – 2020 (BEIS, 2020)

The following table (table.2) and chart (figure.3) provide a comparison of the estimated number of small and medium sized enterprises in the world categorised by their domestic region. The data suggests that East and South Asia regions have the highest number of number of SMEs which make up 245 – 295 million SMEs worldwide out of which an average of 60% operate internationally. Furthermore, high income OECD countries make up 56-67 million SMEs out of which only 30% are involved in some level of international operations (BEIS, 2020). The table also highlights that are estimated 421-508 million SMEs in the world which is a significant number and highlights the considerable impact of SMEs on the world economy.

Estimated number of SMEs by region and estimated % of international operations

Region	Low Estimate (Millions)	High Estimate (Millions)	Estimated % of SMEs operating Internationally
East Asia	170	205	65
South Asia	75	90	55
High-income OECD countries	56	67	30
Latin America	47	57	20
Sub-Saharan Africa	36	44	15
Middle East & North Africa	19	23	23
Central Asia & Eastern Europe	18	22	15
Total	421	508	-

Table 2: Estimated number of SMEs by region and the estimated percentage of international operations (OECD, 2018)

The following chart (figure.3) highlights the regions with the highest estimated number of SMEs. With East Asia region comprising of countries such as China, Japan, Hongkong, South Korea and Taiwan, having the highest number of SMEs (estimated average of 187 million SMEs out of which 65% are involved in international operations) whilst, central Asia & Eastern Europe making up the lowest with an estimated average of 20 million SMEs (OECD, 2018).
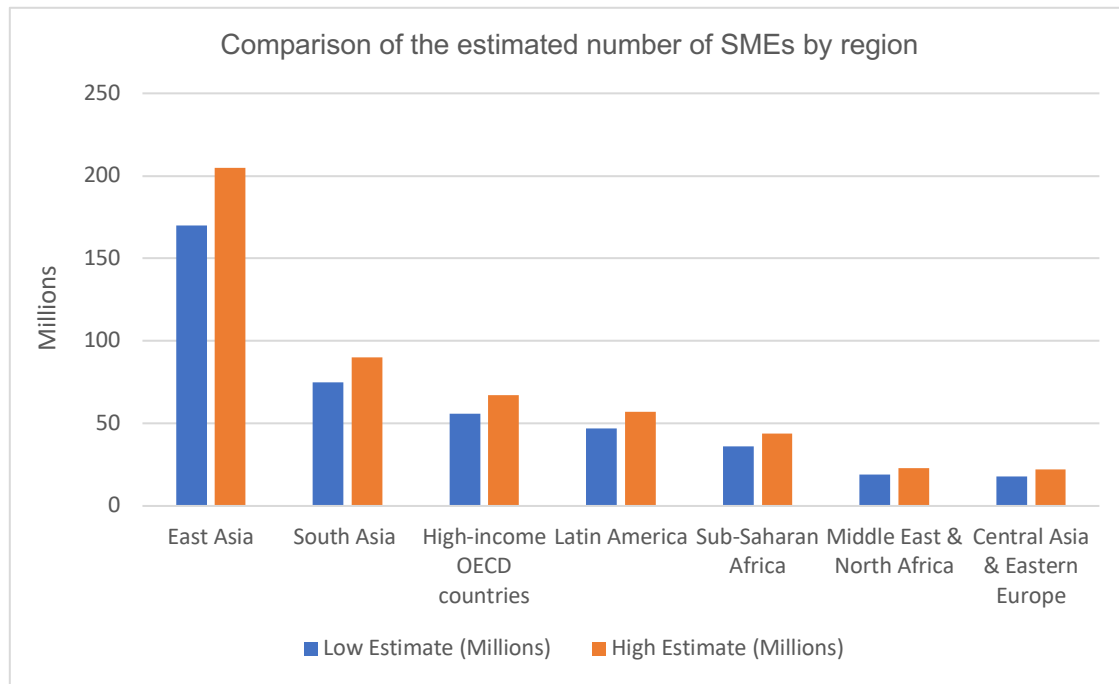
Figure 3: Comparison of the estimated number of SMEs by region (WBG, 2017)

The following table (table.3) and chart (figure.4) highlight the contribution of SMEs to GDP amongst different groups of countries according to their income category. The table demonstrates that in high income OECD countries, SMEs contribute to around 61% of GDP in comparison to lower income countries in which SMEs contribute to only 23% of the GDP. Moreover, in most OECD countries, SMEs contribute to more than 50% of the GDP, and some global estimates put this figure as high as 70% (WBG, 2017). This contribution varies across sectors and is particularly is particularly high in the service industry, where SMEs account for 60% or more of GDP in nearly all OECD countries. These statistics indicate that across all countries, SMEs do more than just create employment, they are also engines of economic growth and social development.

Contribution of SMEs to GDP (% of total)	
Group of countries according to income category	% of total GDP
High Income OECD Countries	61
High Income Non-OECD Countries	55
Upper-middle Income Countries	45
Lower-middle Income Countries	29
Lower Income Countries	23

Table 3: Contribution of SMEs to GDP (% of total) (OECD,2018)
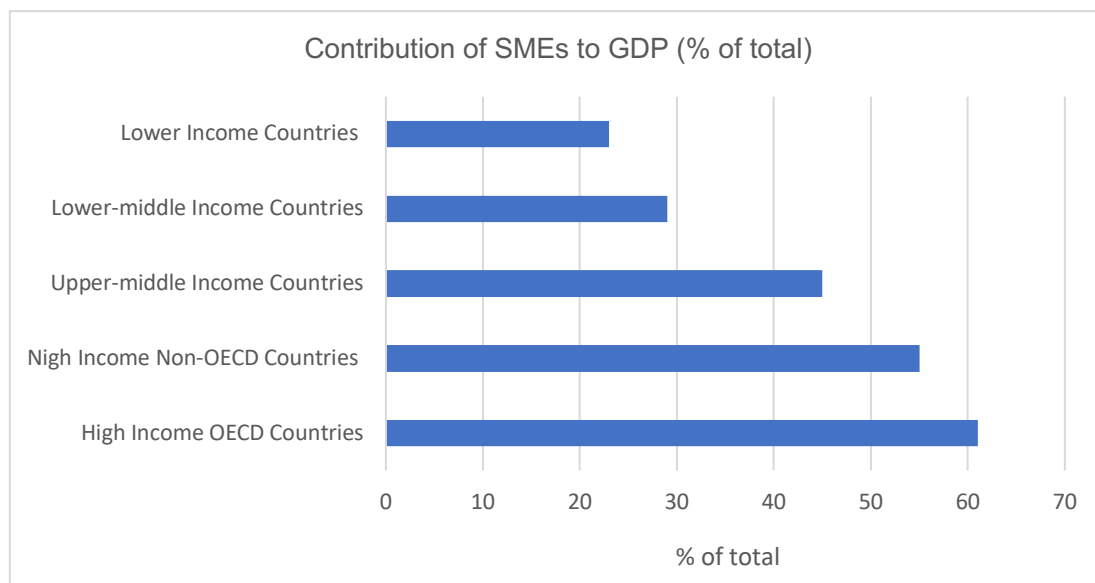
Figure 4: Contribution of SMEs to GDP (% of total) (OECD, 2018)

The following table (table.4) and chart (figure.5) show the categorisation of the different SMEs in the UK according to their industry. In 2020, SMEs in the service industry account for three quarters of all businesses in the UK, and there are over 4.5 million businesses in the services industries. In the UK the biggest of the service industries in terms of the number of businesses is the professional, scientific and technical sector which accounts for 15% of all businesses, closely followed by the retail sector and the administrative and support services sector each accounting for around 9% of all businesses (BEIS, 2020). Additionally, the statistics highlighted in the table highlight that the service industry accounts for 71% of the turnover and 79% of employment in the UK whilst construction accounts for 17% of the total number of businesses and 8% employment and 8% turnover, however it is important to note that in the UK a large

number of construction workers are self-employed, which increases the number of enterprises (17%), but not the number employed in the sector (8%). Notably, businesses in the retail sector alone accounted for 18% of employment and 35% of all turnover in 2020. Manufacturing firms accounted for 5% of businesses, 10% of employment and 14% of turnover (BEIS, 2020).

Industry	Number of businesses (000s)	Number of Business (%)	Employment (%)	Turnover (%)
Agriculture, mining and utilities	195	3	3	6
Manufacturing	288	5	10	14
Construction	992	17	8	8
Total Services (of which):	4505	75	79	71
Retail	553	9	18	35
Transportation	347	6	6	5
Accommodation & Food	223	4	9	3
ICT	382	6	5	7
Financial & Insurance	92	2	4	0
Real estate activities	127	2	2	2
Professional and scientific	873	15	10	8
Administrative & Support Services	526	9	11	7
Education	325	5	2	1
Health and social work	380	6	7	2
Arts and recreation	312	5	3	2
Other service activities	364	6	3	1
Source: BEIS, Business Population Estimates, 2020				

Table 4: Number of UK SMEs and their respective industries (BEIS, 2020)
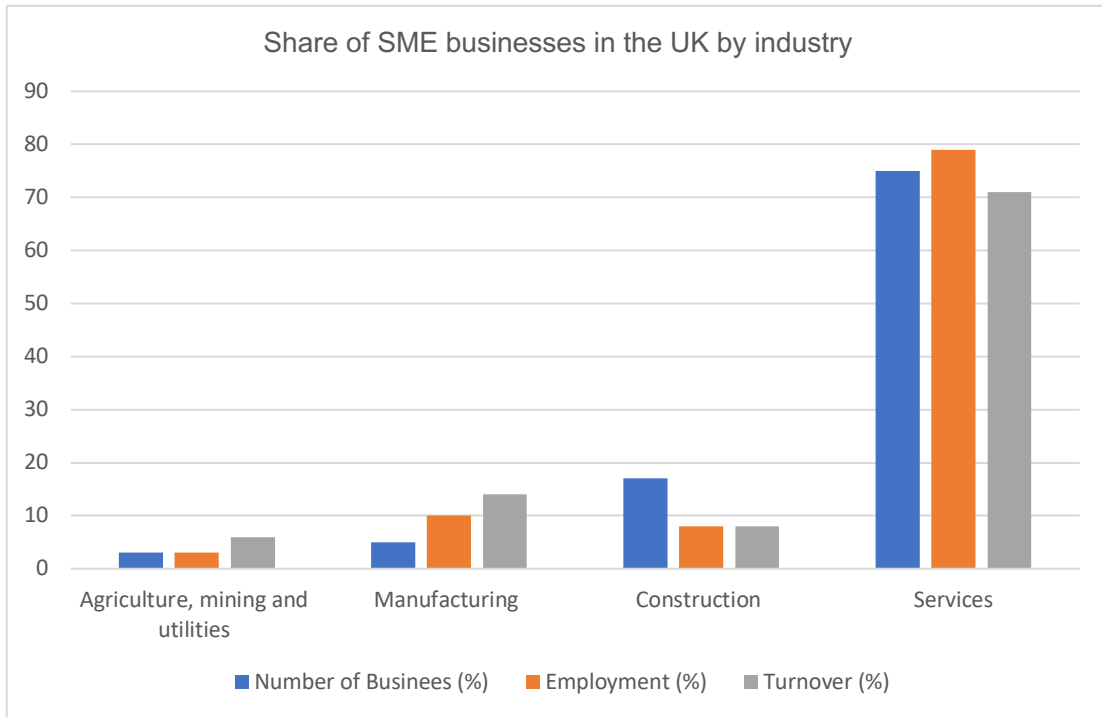
Figure 5: Share of SME businesses in the UK by industry (BEIS, 2020)

Lastly the following pie chart (figure.6) demonstrates the percentage of UK SMEs involved in international business which proposes that a total of 36% of the total number of SMEs in the UK are involved in some level of international business (BEIS,2020), whilst the majority (64%) only operate in the UK domestic market (IOEIT, 2018).
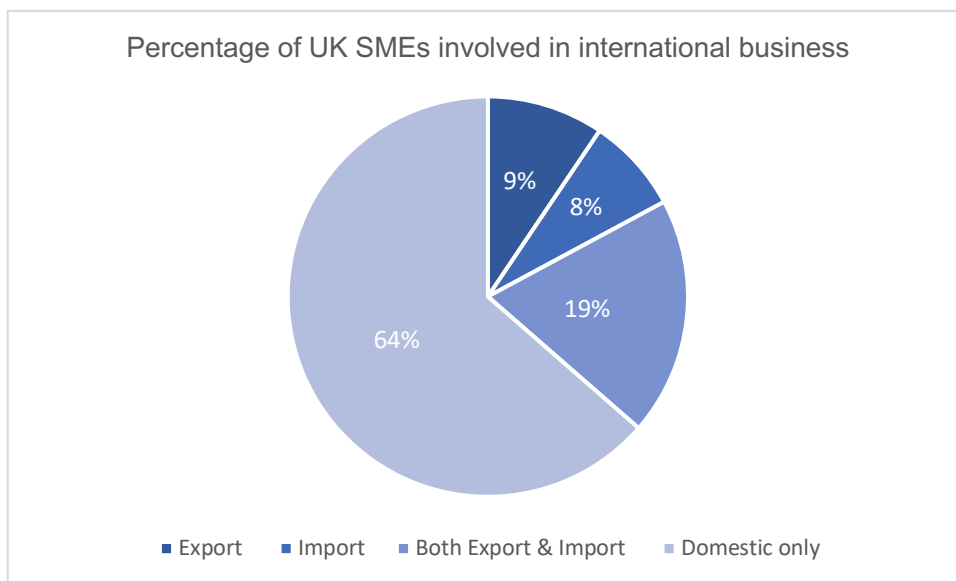
Figure 6: Percentage breakdown of UK SMEs involved in international business (IOEIT, 2018)

To conclude, this part of the introduction provided an in-depth overview of SMEs both in the UK and in the world using statistical data in order to highlight the significance of SMEs in both the domestic and international markets, in terms of their vast contribution to the economy, highlighting the need to encourage more SME managers to participate in the international market in order help further boost the economy (OECD, 2018). As majority of SMEs around the world and in particular in the UK tend to be either small or micro sized (95.7% in the UK) they are often founded and managed by owner-managers (BEIS, 2018), thus the management style of the SMEs tends to be closely linked to that of the manager, and this emphasises the central role of human resources and the managerial competencies in internationalisation of the SME. These information highlights that this study is particularly important for SME managers as it can provide them with information regarding managerial competencies required for SME internationalisation which can assist them to internationalise their SMEs effectively.

Additionally, research focused on SME internationalisation has gained considerable attention in the last few decades. Cerrato & Piva (2012), as discussed earlier suggests that the phenomenon of internationalisation contributes significantly to the SME's long-term growth and survival. SME managers and entrepreneurs believe that international markets can provide SMEs with crucial opportunities which can lead to increased profitability and growth (Renata & Danuta, 2015).   SMEs play a significant role in the contribution to the domestic and international economy in terms of creating employment as well as revenue generation (Bellone et al. 2010). SMEs often look to expand their operations in order to capture the opportunities available in the international market, this is sometimes led by the managers' personal motivation (desire, drive and enthusiasm) and positive attitude towards international business (Ruzzier et al., 2006). Internationalisation can often provide SMEs with greater opportunities such as increased profit, reduced costs, enhanced competitiveness and

can lead to long term growth and survival (Cerrato and Piva 2012). However, factors such as increased investment requirements, international competition and lack of market knowledge can be seen as a threat to the overall SME business and can discourage firms from expanding abroad (Ruzzier et al., 2006; Oviatt & McDougall, 2018). The limitations of SMEs in terms of capital resources and capabilities are considered as disadvantage and can limit the SMEs ability to capture business opportunities in foreign markets. Therefore SMEs, aiming to internationalise, often rely on human resources, in particular on competencies of the managers (Manolova et al., 2007). Number of studies such Collombo & Grilli (2005), Ruzzier et al. (2006), Manolova et al. (2007) and Buzavaite & Korsakiene (2019) have focused and addressed issues related to the human capital of the SMEs and as a result have highlighted the significant role of the SME managers in the internationalisation of SMEs. Moreover, Cerrato & Piva (2012) have emphasised that management characteristics is an area which requires further investigation in order to gain an in-depth understanding of the significant role of SME managers in the success of their firms. Man & Lau (2002) further highlighted the importance of management competencies in SME internationalisation and identified that acquiring and leveraging managerial competencies can lead to SME internationalisation as a result of identification of new market opportunities. Similarly, Collombo & Grilli (2005), proposed that human capital and competencies can lead to firm growth whilst other similar studies (Chandler & Hanks, 1994; Brinckmann, 2008; Mitchelmore & Rowley, 2013; Bird, 2019) investigated entrepreneurial and managerial competencies in developed markets.

The ever increasingly integration of the world economy and the constant decline of various barriers imposed by governments, barriers of bureaucracy, enhanced access to international market knowledge and advances in technology have all considerably contributed to the increased inclination of SME internationalisation. As a result,

investigations of SMEs internationalisation have gained popularity in last few decades. Whereas some scholars such as, Buckley & Ghauri (1993; 2014), proposed that firm growth and internationalisation are interrelated concepts others underlined the unique features to internationalisation and revealed the difference between firm growth at home and growth internationally (Ruzzier et al. 2006). As a result of the increasing popularity of the internationalisation phenomenon, other studies (Collombo & Grilli, 2005; Cerrato & Piva, 2012; Calabro & Mussolino, 2013; Pukall & Calabro, 2014) were carried out which focused on examining the various barriers and limitations, restricting international expansion of SMEs, revealing, external barriers varying from industry to domestic and foreign market characteristics and internal barriers, related to organisational resources and the management competencies, this further highlights the significance of this study and emphasis the need to move towards gaining a new understanding of managerial competencies required for SME internationalisation.

An OECD (2006) investigation reported that internal barriers such as resource availability, lack of market knowledge and particularly management capabilities are the most important barriers distracting SMEs from operating internationally (OECD, 2006). Consequently, a number of studies focused on exploring the different effects of particular resources such as assets, capabilities, processes and information on SMEs export activities and the ways in which these resources can lead to competitive advantage (Westhead et al., 2001; Zahra et al., 2003; Costa et al., 2016). Majority of the mentioned studies were grounded on resource-based perspective therefore highlighting, that unique, inimitable and specific to firm resources lead to higher competitiveness and subsequently to higher performance of firm.

Building on the resource-based perspective and viewing the firm as a collection of resources, the researchers (Westhead et al., 2001; Zahra et al., 2003; Kazlauskaite et al., 2015), proposed that availability of resources, such as financial, human and

physical resources are essential for internationalisation of SMEs (Hitt et al. 2006). However, SMEs due to liability of newness and liability of smallness (Lee et al. 2012) are at a significant disadvantage in comparison to large and established firms. Consequently, SMEs often have to rely on the available human resources as a result of their limitation of other resources in order to internationalise their SME (Korsakiene & Diskiene, 2015).

As a result of the increasingly growing recognition of human resources of SMEs and its impact on internationalisation (Korsakiene & Diskiene, 2015), literature concerning international entrepreneurship puts a great emphasis on human and social capital of the entrepreneur and proposes that it can lead to industry and management know-how (Wright et al. 2007). Furthermore, Wright et al. (2007), propose that accumulated resources, capabilities and knowledge of entrepreneur lead to discovery, evaluation and exploitation of opportunities in both national and international markets, this further signifies the importance of focusing on managerial competencies required for SME internationalisation. Thus, various activities related to the identification and exploitation of international opportunities should be carried out by the entrepreneur. For instance, such activities as setting objectives, collecting information about international markets, deployment of resources and implementation of strategies are the most often cited in scientific literature (Ruzzier et al. 2007), however the resource-based approach is somewhat functional and lacks and does not fully take into account the context of the environment in which Internationalising SMEs operate. Currently, the understanding of the managerial competencies required for SME internationalisation has been limited to the studies which have adopted ideas of human capital theory and investigated factors explaining success of SMEs (Collombo and Grilli 2005; Manolova et al. 2007). Focusing on the internationalisation of SMEs, Ruzzier et al. (2007) identified, international business skills, international orientation, perception of environmental risk, and management know-how as the most important aspects of human capital which

can affect SME internationalisation. Additionally, they identified that the human capital accumulated by managers enable the SMEs to acquire further physical, financial and organisational capital which can in turn accommodate SME growth. Nonetheless, SME internationalisation are still generally considered as a risky activity demonstrating higher rates of failure (Giovannetti et al. 2011). Thus, effective internationalisation of SMEs is considered to be interrelated to the managerial competencies of the SME managers or the entrepreneurs (Korsakiene & Diskiene, 2015). Cerrato and Piva (2012) suggest that appropriate managerial competencies play a significant role SME internationalisation as they enable the firm and the manager to reap the opportunities available internationally, manage processes and relationships in the new environment as well as to create routines that facilitate the undertaking of international operations. Moreover, the research carried out by American Management Association (Tobin & Pettingell, 2008) proposed that successful managers exhibit competencies that are different from those not so successful and include competencies such as motivating people, developing people and entrepreneurial mindset as well as effective communication, optimism, enthusiasm, perseverance and adaptability (Korsakiene & Diskiene, 2015). The concept of competency and competence which is a core concept of this study which will be discussed in detail (Refer to Section 2.2.2) has become widely investigated in scientific literature particularly in the studies of entrepreneurship and management (Mitchelmore and Rowley 2010). The different approaches toward competency and competence are provided by USA and UK scholars and have variety of different meanings (Lans et al. 2008) (Refer to literature review section on managerial competencies for more detail). Boyatzis (2008) highlighted the concept of competency as a critical differentiator of performance. Hayes (1979, p. 3) grounded on the extensive research of managerial competencies, proposed competency as a generic knowledge, motive, trait, self-image, social role, or skill of a person that is causally related to superior performance on a job (Hayes 1979:3). This approach was supported by Boyatzis (1982) who defined competency as an underlying characteristic

of a person which results in effective and superior performance in a job. Furthermore, Lans et al. (2008) and Ploum et al. (2018) suggest that the behavioural approach to competency has high validity due to large scale testing and wide range of psychometric techniques. However, the assumption of the competency model about the requirement of a common set of individual capabilities independent of the context is defined as a major disadvantage (Korsakiene & Diskiene, 2015) as it ignores the complex international environment in which internationalising SME managers operate in.

International strategic management is defined as the planning process of developing international strategy to achieve strategic fit between the firm's competencies, resources and the international environment in which the firm operates (Lane, Maznevski, & Mendenhall, 2006; Keupp & Gassmann, 2009; Jones et al., 2011). Strategic management of organisation is considered as an essential element for competing in any business environment, especially in an international environment where there are increased complexities and fiercer competition, as it is through well thought strategies that organisations can compete effectively and expand their boundaries (Keupp & Gassmann, 2009; Zahra & George, 2017). The transitions of SME from purely domestic environments to international environments has presented them with the challenge of managing global complexity which consists of obstacles such as multiplicity, interdependence, ambiguity and flux (Lane et al., 2006; Liesch et al., 2014). Cole (2003), highlights the importance of acknowledging the complexity and uncertainty manifested in the international environment as a way to enable the SME managers to apprehend what is necessary to successfully manage the internationalisation process of SMEs intending to operate internationally.

Operational transitions results in increasing complexity of the structural, social and cultural environment of the organisation and the way in which the firms are managed (Kaufmann, 1995). Researchers (Lane et al., 2006; Wang et al., 2007; Liesch et al., 2014) suggest that it is near impossible to predict the future in complex environments

and therefore using traditional managerial methods and rigid controls are deemed as dysfunctional and inappropriate (Shenhar & Dvir, 2013). This supports the findings of Tang (2011) that proposes that traditional strategies and approaches which are commonly used by the managers of SMEs are becoming less relevant and are no longer appropriate as international organisation are becoming ever more geographically scattered and diverse (Tang, 2011; Hajro & Pudelko, 2010; Morais et al., 2020) thus leading to increased ambiguity, increased number of competition and challenges as well as more stakeholders and challenging ethical dilemmas to consider (Hajro & Pudelko, 2010; Bowen, 2019).

Mazzarol (2004) suggests that despite the focus on the importance of management, one of the major causes of SMEs failing to achieve their objectives is the manager's failure to plan and to control the uncertainties. Such failures are said to be the direct result of SME manager's lack of consideration towards strategic management and their lack of long-term vision as well as competencies required to turn their organisations into international organisations (Mazzarol, 2004; Hilmersson & Johanson, 2016). Ennis (1998) and Hinterkuber (1996) indicate that a long-term vision is essential in order to develop and support the transition in order to compete effectively and survive in the international environment. Moreover, even with the growing awareness of the influence and impacts of complexity, chaos and uncertainty, evidence suggests that managers of SMEs do not engage in a great deal of strategic planning (Hogarth-Scott & Riding, 2000 and Sandberg & Robinson, 2001; Liesch et al., 2014; Ngoma, 2016) and therefore are often unprepared to deal with the dynamic and complex international environments.

However, it is absolutely essential to understand that complexity of this type cannot be controlled, but it can be managed, managing complexity requires a new way of thinking as well as learning to manage organisational processes (Lane et al., 2006).

There are several fundamental motivations for SME Internationalisation. Research (Hansson & Hedin 2007; OECD, 2008; Garcia-Cabrera et al., 2016) reveal that growth opportunities associated with international markets (growth motives) play an important role in motivating the managers to make the transition. There are also some resources-based motivations such as knowledge-related Motives, which means that knowledge assets both push and pull SMEs into international markets (Hansson & Hedin, 2007; Hilmersson & Johanson, 2020). Investigations such as OECD (2008) and Gonzalez & Sorescu (2019) have highlighted the importance of network/social ties and supply chain links in triggering SMEs first internationalisation steps and extending internationalisation processes as well as domestic and regional market drivers such as increased export in regions with less favourable domestic conditions, local incentives and good export infrastructure. However, SMEs intending to operate internationally face many barriers. There is often a shortage of working capital to finance internationalisation, as there tends to be imitations in available related physical resources and in finance available to invest on the internationalisation process (Deprey & Ibeh, 2007; Ribau et al., 2018). SMEs often lack the adequate information required to locate and analyse foreign markets and are often unable to contact potential overseas customers due to difficulties of gaining access to a suitable distribution channel in the international markets. Lastly, lack of managerial time, skills and knowledge is also identified as one of the major barriers in the internationalisation of SMEs, due to the difficulties arising from limited managerial knowledge base (Deprey & Ibeh, 2007; OECD, 2008; Ribau et al., 2018; Belhoste et al., 2019).

To conclude, while the concept of internationalisation has undergone many rigorous research in depth and from a variety of perspectives, including the more established theories such as the organisation theory, marketing, strategic management, international management as well as fundamental issues such as decision-making in international environments, development of international activities and entering foreign

markets and factors supporting, or undermining internationalisation, the internationalisation of SMEs in particular the focus on managerial competencies is a rather an underdeveloped area in comparison to the rest of the management literature and has only really come into considerable attention recently (Brinckmann, 2008; Korsakiene & Diskiene, 2015). Considering the ever-increasing competitive international market SMEs are increasingly facing similar international problems that the larger firms have become accustomed to (Lane et al., 2006), due to the fast changing market conditions, it has become almost impossible for SME to operate without considering the many great challenges and opportunities present in the international markets. Subsequently, SME managers intending to internationalise need to considering the risks and opportunities presented in the international environments (OECD, 2009). Researchers such as Mazzarol (2004), Hajro & Pudelko, (2010), Hénard, Diamond, & Roseveare (2012) and Buzavaite & Korsakiene (2019) highlight the lack of research and investigation on the managerial competencies required in order to successfully operate in international markets. Managers operating in foreign markets tend to face greater complexity challenges (Cole, 2003; Hogan, 2011; Lahiri et al., 2020). Furthermore, operating internationally also leads to increased diversity and hence the need for greater cultural understanding and awareness (Wang et al., 2007). Therefore it is critical to focus on managerial competencies required for SME internationalisation in order to assist SMEs to achieve their full performance and growth potentials.

1.3. Research Rationale

SMEs as a growth strategy often seek opportunities to increase their market size and enlarge their customer base, and thus internationalisation is often considered as one of the most common strategies for SME growth (Cerrato and Piva 2012). Enabled by globalisation, SMEs internationalise their business activities in order to access the

market opportunities present in the international markets (Fabian et al. 2009; Raymond et al. 2014). As this is an in-depth study of SME internationalisation it is important to focus on its influential factors. SME internationalisation is motivated and driven by many factors including internationalisation as a response to the small, mature, or highly competitive domestic markets, or because of the perceived greater opportunities in foreign markets (Fletcher 2004; Evangelista 2005). Though, SMEs operating in the international environments do not just have the benefits of the opportunities and can face numerous challenges relating to their lack of resources (such as financial and human resources) and capabilities (Xie and Suh 2014), similarly, Peng (2001), also highlights the struggles in allocation of resources as one of the major challenges that SMEs face during their internationalisation. Research concerning the internationalisation of SMEs has outlined the importance of SMEs' resources for successful internationalisation (Zhou et al. 2012). SMEs are typically characterised by their limited resources (Buckley 1989; Etemad 2004) and in majority of internationalising SMEs such resources are often either limited or non-excitant (Etemad 2004). McNaughton and Bell (2004) argue that financial and human resources are particularly important for the implementation of internationalisation strategies in order to effectively compete in the highly competitive foreign markets (Kuivalainen et al. 2010). Bellone et al. (2010), highlights the need for SMEs to look for ways to overcome these resource limitations in order to internationalise. Cerrato and Piva (2012) suggests that due to lack of resources, in particular financial resources, SMEs aiming to internationalise, often rely on human resources, in particular on competencies of the managers. Additionally, Andersson (2000) proposes that SME manager play a crucial role in implementing growth strategies by internationalising the firm and can be regarded as the main factor explaining the SME's international behaviour. These all highlight the importance of focusing on managerial competencies in order to enable SME internationalisation. While competence refers

to the areas of work at which a person is competent, competency refers to the dimensions of behaviour lying behind competent performance (Mitchelmore & Rowley, 2010; Woodruffe, 1993) and competencies are considered as the attributes underpinning behaviour such as knowledge, skill and attitudes (Mitchelmore & Rowley, 2010). Man & Lau (2005) claim that the most important issue is to integrate these knowledge, skills and abilities with certain values and attitudes towards competency in performing the jobs. However, despite the efforts to clarify the definitions of these terms, new attitudes have been emerging which promote the need for a way of thinking about managerial competencies. For instance, Le Deist & Winterton (2005) have argued that one-dimensional competency frameworks have to be replaced by multi-dimensional frameworks. Meanwhile, other scholars claim that it is not useful to define competency as only knowledge, skill and personality (Hayton and Kelley 2006) as other influencing factors also need to be accounted for. Martin & Staines (1994) and Mitchelmore et al. (2014) highlighted that SME managers often adopt informal management practices and are less keen to be involved into sophisticated planning and control practices. Hence, the notion, that the range of skills and competencies required to run SMEs are different from those required to run big companies. Chandler & Hanks (1994) and Lans et al. (2008) also proposed that the founders of businesses are usually concerned with different roles at different stages of their organisation, such as entrepreneurial roles related to observation of the environment, selection of promising opportunities and formulation of appropriate strategies. This highlight the significant need to develop an in depth theoretically based understanding of managerial competencies in order to increase the chances of SME managers to internationalise more effectively, which is the main of this study.

Lans et al. (2008) highlighted the importance of the managers ability to identify and exploit opportunity within a specific context. Such observation led to the conclusion that different competencies are required at different stages of business development and thus a static and functionalist approach currently available in the literature

(Woodruffe, 1992; Boyatzis, 1982; Schroder, 1982) are no longer appropriate. Solesvik, (2012) argues that whilst entrepreneurial competencies are considered to be of the higher importance in the business start -up stage, managerial competencies are considered to be of the higher importance in business growth stage. Which again highlights the complex nature of the managerial competencies required for SME internationalisation. Brinckmann, (2008), proposed that the discussions related to SMEs and managerial competency still remains in the early stages and some knowledge gaps relating to these topics should be addressed.

Investigating the issues related to the transition of SMEs, it became apparent that the vast majority of the current internationalisation research focuses on larger firms (Knight, 2010; Costa & Soares, 2015). Management of both SMEs and the larger enterprises are built on the foundations of organisational theory, however there are many significant underlying differences that makes direct application of theories developed for larger firms to SMEs, inappropriate (Brinckmann, 2008; Mayer-Haug, 2013; Ribau & Moreira, 2018; Garcia-Alvarez de Perea et al., 2019). Chen and Hambrick (1995) and Ahokangas (1998) state that there are core differences between SMEs and larger firms and hence applying theories developed for or based on large firms are not necessarily applicable to SMEs. These core differences include financial and resource limitation in SMEs, inadequate knowledge of overseas market, difficulties of gaining access to a suitable distribution channel in international markets and most importantly complications arising from limited managerial knowledge base and managerial competencies once the organisation starts to transition from a domestic environment to an international one (Ruzzier et al., 2006; Veliu & Manxhari, 2017). Furthermore, there are relatively a small number of studies which focus on identifying managerial competencies required for SME internationalisation (Cavusgil and Naor, 1987; Manolova et al, 2002; Brinckmann, 2008; Korsakiene & Diskiene, 2015) in which majority focus on the resource-based perspective of SME internationalisation. The

current SME literature is mostly concerned with the various stages of internationalisation, which is often referred to as the export development model (Leonidou & Katsikeas, 1996) and the firm perspective, which includes the stage models of internationalisation, provides the bulk of available literature on SME internationalisation. This further emphasis the need to develop an in depth theoretically based understanding of managerial competencies in order to increase the chances of SME managers to internationalise more effectively.

Possessing a holistic international strategy, an entrepreneurial vision, and a great networking capability are frequently highlighted as the fundamental keys to a successful SME internationalisation (Achtenhagen, 2011; Anzengruber, 2015). As a result of such focus on the mentioned competencies, a rather large proportion of the studies carried out in the field of SME internationalisation have focused their attention on examining and exploring the aforementioned characteristics in order to identify the best approach to guide SMEs in expanding their borders and operation internationally. Ruzzier et al. (2006) refers to this phenomenon as competencies for "the geographical expansion of activities over a nation's borders" (Ruzzier , et al., 2006, p. 477), however such approaches are rather static and disregard the complex and dynamic nature of the internationalisation process.

During the last few decades, a number of different perspective and approaches to SME internationalisation has emerged in which the focus is on the comparably less ambiguous aspects such as finance for internationalisation, know-how and how SMEs can utilise their resources and adjust their management style in order to address such challenges (Forsman et al., 2002; Anzengruber, 2015). Achtenhagen (2011), suggests that addressing such challenges are considerably easier, but the main challenge lies in the lack of willingness, lack of managerial competency as well as the managers apprehension and resistance to change in the established practices, this fear can be fundamentally traced back to the little experience SME management teams often have

in terms of operating internationally (Achtenhagen, 2011). Anzengruber (2015), highlights the lack of research and evidence on the extent and the ways in which managerial competencies can affect the internationalisation of SMEs .

So far, attempts to address the lack of research on managerial competencies required for SME internationalisation has resulted in research focusing mostly on the more process focused aspects as well as research on areas such as networking, communication and cooperation skills which are the more functional aspects of SME internationalisation (Zhou, et al., 2007; Ruzzier , et al., 2006; Musteen, et al., 2014). Research carried out by Laghzaoui (2011), Lin (2010) and Lara & Salas-Vallina (2017) focus on the internal competencies of SMEs and their effects on the internationalisation process has made attempts to shed some light on the gaps in the research. However, the attempts to address the concept of competencies as a driver of the internationalisation process in SMEs has resulted in further questions being raised and this research aims to support the attempts to fill the gap in research by identifying the managerial competencies required for SME internationalisation (Lin, 2010; Lara & Salas-Vallina, 2017).

There are many factors in that effect the SME internationalisation including: the SME manager, the enterprise and the environment (Manolova et al, 2002; Brinckmann, 2008; Korsakiene & Diskiene, 2015). Therefore, emphasising the significant role that SME managers play in internationalisation of their SME, by exercising their competency to understand, integrate and combine the information from the environments (internal and external) in a manner to advance the internationalisation of the enterprise. Therefore, this study will look to further the knowledge on managerial competencies and SME internalisation and will look to develop an in depth theoretically based understanding of managerial competencies in order to increase the chances of SME managers to internationalise more effectively.

developing an in depth understanding of managerial competencies in SME internationalisation could assist SMEs to allocate their efforts and resources more efficiently and effectively. Therefore, leading to the redirection of unproductive investments and efforts to more promising areas which actually require attention, and could potentially generate the desired results, which can in turn help the SME to internationalise.

The gap in the research on managerial competencies required for SME internationalisation is currently underestimated by managers and scholars (Ruzzier et al., 2006; Oviatt & McDougall, 2018), and the discussions related to SME internationalisation and managerial competency still remains in the early stages (Brinckmann, 2008; Hilmersson & Johanson, 2016; Kraus et al., 2017; Freixanet & Renart, 2020). Therefore, this PhD research aims to contribute to the international management knowledge focusing on the managerial competencies required for SME internationalisation as well as contributing to the knowledge concerning the management of organisations in international markets by developing an in depth theoretically based understanding of managerial competencies. The findings of this thesis will be relevant and useful to most internationalising SMEs and will provide a useful approach to SME internationalisation.

1.4. Research Aims & Objectives

There are many instances where SME managers fail to successfully internationalise their SMEs as they fail to prepare adequately for the challenges that SME internationalisation holds (Ruzzier et al. 2006). Research suggests that a long-term vision is essential in order to develop and support the transition whilst competing in the international environment (Ennis, 1998; Hinterkuber, 1996). However, most SMEs do not engage in a great deal of strategic planning (Robinson & Pearce, 1984; Orser, Hogarth-Scott, & Riding, 2000; Sandberg & Robinson, 2001) and they tend to neglect strategic management actions, which consist of effective external and internal analysis, strategy formation, execution and control (Lane, Maznevski, & Mendenhall, 2006). Moreover, increased diversity, ambiguity and complexity as well as uncertainty, instability and high levels of competition are considered to be the characteristics of the context of SME internationalisation (Hogan, 2011; Cole, 2003). These characteristics are reported to be one of the main reasons for why many SMEs fail to internationalise and the root of the challenges that SME managers face (Giovannetti et al. 2011). The current understanding of managerial competencies as highlighted in the literature is based on a highly functionalist perspective which often entails a list of functional competencies (Gammelgaard & Larson, 2001; Abraham et al., 2001), this is a highly static approach and does not take into consideration the managers' negotiation and interaction with the external environment (Hébert, 2002; Dhanaraja & Beamish, 2003; Rasheed, 2005) in order to understand and deal with the complexity and uncertainty manifested in the international context (Wang, et al., 2007; Lane, et al., 2006).

This study aims to develop an in depth theoretically based understanding of managerial competencies in order to increase the chances of SME managers to internationalise more effectively.

This study intends to accomplish this aim by following a grounded theory approach and carryout and in-depth study of SME internationalisation by Interviewing SME managers who have internationalised or are directly involved in SME internationalisation, in order to identify the managerial competencies required for SME internationalisation which would provide a more accurate picture of the phenomenon.

This thesis aims to address these issues by identifying the managerial competencies required for SME internationalisation through the following objectives:

- Exploring the motives and competencies that allow the initiation of SME internationalisation
- Exploring the competencies that managers develop during their internationalisation and whether the SME managers look to actively develop any certain competencies during internationalisation.
- Exploring whether the competencies change as the firm progresses during internationalisation.

1.5. Thesis Structure

The aim of this chapter was to provide an introductory overview of the research which has been reported in this thesis. The background and the context of the research was mentioned and the rationale justifying the need for such study was highlighted. Moreover, the main aim and key research objectives were stated. The rest of this thesis is structured across five additional main chapters.

Chapter 2 - Provides a comprehensive literature review and outlines the theoretical foundations of the research in more details. The literature review is divided into two parts, the first part covers the SME internationalisation related literature including the different approaches of SME internationalisation and the second part of the literature review covers managerial competencies related literature and is divided into three parts (functional perspective of managerial competencies, dynamic perspective of managerial competencies and lastly the agency theory related literature).

Chapter 3 - Provides a thorough account of the methodological aspects of the research. This includes clarifying the research philosophy guiding the research and methodological choices that have been made in order to conduct this research. Also, methods of data collection and data analysis are discussed in this chapter.

Chapter 4 - Covers the presentation of gathered data in form of an overview of the context of each individual SME manager interviewed in this study including the motives, enablers and the challenges they faced during internationalisation. This is followed by the presentation of the motives and barriers of SME internationalisation as highlighted by the interviewed managers. The last part of this chapter is the presentation of the managerial competencies as highlighted by the managers during the interviews.

Chapter 5 - Covers the findings and discussions, which highlights and discusses the novel findings of this research.

Chapter 6 - Concludes the main part of the thesis, here concluding remarks such as key contributions and direction for future research are provided. Lastly, the list of references is followed by an appendix where further complementary information is provided.

Chapter 2 - Literature Review

The purpose of this chapter is to outline the theoretical scope of the research. It provides a review of literature in relation to the main concepts that underpin the theoretical framework of this study. This literature review is structured across two main sections.

The first part covers the SME internationalisation related literature including the different approaches of SME internationalisation; the incremental, resource-based, the network, the international entrepreneurship and the knowledge-based perspective. This is followed by a literature review of the organisational and human capital factors influencing the SME internationalisation.

The second part of the literature review covers the managerial competencies related literature and is divided into three parts which follows a logical structure of the development of the managerial competencies related literature: the first part covers the relevant literature which hold a functionalist perspective of managerial competencies, this is then followed by literature that hold a dynamic arrangement perspective of managerial competencies and the last part covers the agency theory related literature. The literature covering the agency theory provides a detailed review of the literature which underpins the theoretical framework of this study, and therefore is considered as the main concept that informs the theoretical framework of the research. Finally, both sections of the literature are completed with a conclusion section which provides an overview of the critical factors that need to be considered when the research is to take place.

2.1. SME Internationalisation Related Literature

2.1.1. Introduction

This section of the literature review aims to cover the internationalisation of small and medium-sized enterprises (SMEs), It is important to note that despite this literature being only recent, it has already become considerably extensive and fragmented, taking different approaches and contributing across diverse facets of internationalisation (Morais & Ferreira, 2019). This thesis focuses on identifying the managerial competencies required for SME internationalisation, in order to gain a more in-depth insight regarding this topic of research it is essential to review the literature concerning the SME internationalisation process and the many factors and variables including the role of the managers, that can influence SME internationalisation. As this research aims to contribute to the body of knowledge in SME internationalisation and international management knowledge as well as to existing knowledge about the management of organisations in international environments. In this section of the literature review we will begin by presenting the relevant definitions followed by the discussion and analysis of the relevant internationalisation theories, Uppsala model, network approach and international entrepreneurship, that are considered to be influential in explaining the internationalisation of SMEs.

Internationalisation as a process has long been a topic of research covering various subjects and topics and it still continues to be an important topic for the scientific community due to its many practical implications (Kotabe & Kothari, 2016), moreover, SME internationalisation is a particularly significant topic as small and medium enterprises are argued to be the backbone of the economy in most of the countries around the world (Costa, Soares, & Sousa, 2015). The last two decades have witnessed a gradual intensification of research into the contexts revolving SME internationalisation which include examples of research such as Gassmann & Keupp

(2015) research regarding the competitive advantage of early and rapidly internationalising SMEs and Narooz & Child (2017) which focused on the comparison of internationalising SMEs in Egypt and the UK. Tarek, Adel & Sami (2016) argue that the rise in research on SMEs is due to the growing evidence which suggests a rising increase in the involvement of SMEs in international marketplaces.

SMEs often experience a greater shock of entry in foreign markets than larger firms (Carr, Haggard, Hmieleski, & Zahra, 2010), this is due to the many liabilities that that SMEs face. As SMEs are smaller in size, they therefore often have fewer resources referred to as the liability of smallness (Aldrich & Auster, 1986), they also tend to have much smaller market shares and subsequently lower profiles and reputation levels, liability of newness, (Freeman, Carroll, & Hannan, 1983). Furthermore, SMEs commonly tend to possess lower levels of knowledge about international markets, liability of foreignness, (Mezias, 2002; Zaheer, 1995) and with difficulties in taking up key positions in international networks referred to as the liability of outsidership (Johanson & Vahlne, 2009). Consequently, these liabilities make internationalisation a considerably more challenging task for SMEs (Knight, 2001). However, even considering the many limitations that SMEs face there are ever more SMEs that internationalise their activities, even targeting unknown markets and at increasingly faster speeds, and also diverging ever further from traditional patterns (Morais & Ferreira, 2019). This highlights the significance of SMEs in not only the domestic (host) but also in the regional and global economy (Dominguez & Mayrhofer, 2017), this also further emphasises the importance of this topic of research and thus gaining a more in-depth understanding of the literature concerning SME internationalisation.

Despite the existence of literature on internationalisation related topics such as international entrepreneurship (Kiss, Danis, & Cavusgil, 2012; Servantie, Cabrol, Guieu, & Boissin, 2016; Terjesen, Hessels, & Li, 2016), international market entry

mode (Schellenberg, Harker, & Jafari, 2017), early internationalising firms (Bals, Berry, Hartmann, & Raettich, 2013), and reviews of the internationalisation of companies from a specific sectors or regions (Caputo, Pellegrini, Dabic, & Dana, 2016; Dike & Rose, 2017). Morais & Ferreira (2019) argue that research on SME internationalisation have adopted diverse approaches, generating different strands of research resulting in a body of literature that has taken on extensive and fragmented dimensions due to the range of subjects and issues under study. This has led to a lack of clarity in the literature regarding SME internationalisation due to the lack of clarity on how the literature has evolved, topics covered as well as the core discoveries and contributions. Furthermore, they argued that by structuring the literature, grounds for grasping the gaps existing in the literature can be established, thus, proposing the categorisation of the existing literature into three main areas of research: internationalisation process, specific factors/variables influencing internationalisation and internationalisation and performance. This categorisation is similar to the structure of this literature review on SME internationalisation. Through, analysing, summarising, presenting and discussing the research that have in some way contributed to the literature on SME internationalisation process, this section of the thesis aims to provide a more comprehensive understanding of the related theories and a more in-depth background concerning the context in which SME managers operate. Which in turn can assist in identifying the managerial competencies required for SME internationalisation. In practical terms, in reviewing this literature, this thesis assists SME managers who have not yet expanded their organisations into international market to better understand the mode of internationalisation, the barriers and obstacles faced on the way and the potential impacts on their performance.

2.1.2. Definitions

2.1.2.1. Definitions of Internationalisation

Scholars in the field of management have attempted to define internationalisation using different perspectives and variables. The term 'internationalisation' is considered to be ambiguous, and definitions often vary depending on the perspective and the phenomenon they include. Penrose's (2009) definition of internationalisation reflects the traditional marketing focus on the firm's core competences combined with opportunities in the foreign environment. Penrose's perspective, views growth as an entrepreneurial, self-reinforcing process, that is driven by entrepreneurs seeking to exploit productive opportunities. "Growth is essentially an evolutionary process and based on the collective knowledge, in the context of a purposive firm" (Penrose, 2009, p. 238). Penrose (2009) conceptualises a firm as a bundle of physical and human resources in which productive services are released and made cohesive within and by a specific administrative framework. Therefore, according to Penrose (2009) expansion is based on the identification and exploitation of productive opportunities by entrepreneurs which is limited in particular by the managerial resources available to the firm. Furthermore, the incentives and direction are determined by the unique collection of unused resources which allows firms to take advantage of economies of growth. Johanson and Vahlne (1990, p.11) defined internationalisation as "enterprise gradually increasing its international involvement". Furthermore, Calof and Beamish (1995) developed the definition by defining internationalisation as "the process of adapting firms' operations (strategy, structure, resource, etc) to international environments" (Calof & Beamish, 1995, p.116). Similarly, Hitt et al., (1994, p. 298) proposed internalisation as "expanding across country borders into geographic locations that are new to the firm" which is similar to Ruigrok (2000) definition which defines the term as the outward movement of international operations. All the above discussed definitions are applicable and in line with the definition which will be used in

this thesis which incorporates the above definitions to define internationalisation as the adaptation of firms' operations to the international environments as the firm expands across domestic borders into geographical locations that are new to the firm driven by the SME managers seeking to exploit opportunities presented in the international environment.

2.1.2.2. Definition of Small and Medium Sized Enterprises (SMEs)

Small and medium-sized enterprises is a category of business or a company that is defined by a certain level of revenues, assets or number of employees. There are different quantitative criteria in order to determine what constitutes as a small and medium enterprise (SME) and the set of characteristics for a business to be seen as a SME can vary for different countries. According to the UK's Companies Act (2006), a small company is defined as one that does not have a turnover of more than £6.5 million, a balance sheet total of more than £3.26 million and does not have more than 50 employees. A medium-sized company is defined as having less than 250 employees and a turnover of under £12.9 million (Companies Acts, 2006). Many organisations and bodies in the UK, though, have different quantitative criteria in order to determine was constitutes as a small and medium enterprise, they agree that the firms can be in any sector as long as they do not exceed the particular number. The identifying indicators often include profits, total capital, market position, number of employees and turnover in order to define the size of SMEs. For example, the Bank of England and the British Bankers Association (BBA) define SMEs as those with less than a £25 million annual turnover on their main business account. Therefore, often the number of employees and turnovers are used as the most appropriate quantitative criteria.

For the purpose of this research, the EU definition (Recommendation 2003/361/EC adopted on 1st January 2005) will be used, which is similar to the UK's companies Act

definition except the inclusion of the micro category (Enterprises which have less than 10 employees or a Turnover or balance sheet of less than € 2m). The research will include the Micro category as according to BEIS, Department for Business, Energy and Industrial Strategy (2020), there were 5.93 million small businesses (with 0 to 49 employees) in the UK private sector, 99.2% of the total business population. The micro category (0-9 employees) accounted for 95.7% (5.7 million businesses) of the total business population and accounted for 33% of employment in the UK in 2020. Therefore, the micro category makes up a significant part of the UK businesses. Additionally, for the purpose of this research the firms can be in any sector as long as they do not exceed the particular numbers demonstrated in the table below.

Enterprise Size	Number of Employees	Turnover	Balance Sheet
Medium	<250	< €50 m	< €43 m
Small	<50	< € 10 m	< €10 m
Micro	<10	< € 2 m	< € 2 m

Table 5: Table demonstrating the EU SME definition used in this thesis

2.1.3. Theoretical Perspectives of SME Internationalisation

2.1.3.1. Overview

This section will provide an overview of the relevant theoretical perspectives of SME internationalisation. Followed by a detailed discussion of the theories, which will provide a more in-depth understanding of the relevant SME internationalisation theories for the purpose of this thesis.

There are number of different theoretical perspectives that aim to describe internationalisation however there are a number of perspectives that are considered as the most dominant approaches to SME internationalisation in the literature (Wach, 2014). These theoretical perspectives of SME internationalisation include: the incremental (stage) perspective, the resource-based view of internationalisation, the network perspective and the international entrepreneurship perspective. Additionally, the research carried out by Costa, Soares, and Sousa (2017) adopted a similar approach to that of the research done by Wach (2014) in which he identified; a vast set of theoretical perspectives serve to describe internationalisation. Both studies also identified the incremental perspective, the network perspective and the international entrepreneurship perspective as the most dominant approaches and consequently proposed that the incremental perspective, also known as traditional theories of internationalisation, commonly applicable to the internationalisation of SMEs through the Uppsala model and the Innovation model; the International Entrepreneurship perspective through applying the Born-Global (BG) and International New Ventures (INV) models; and the Networks perspectives through the application of Network model/theory (Morais & Ferreira, 2019).

The traditional theories of internationalisation, which is linked to the incremental perspective, considers internationalisation as an incremental process in which companies decide to target international markets in countries displaying cultural and

geographic proximity. The two main models of this theory are considered to be the, the Uppsala Model (Johanson & Vahlne, 1977; Johanson & Wiedersheim-Paul, 1975) and the Innovation Model (Bilkey & Tesar, 1977; Cavusgil, 1980) which will be discussed in more detail in the following sections of the chapter. Moreover, the international entrepreneurship perspective which features the BG model (Knight & Cavusgil, 1996) and INVs model (Oviatt & McDougall, 1994) is considered to be a theoretical alternative to the traditional theories. The international entrepreneurship perspective suggests that SMEs, right from their formation, look to gain competitive advantages through the use of resources and the sales of products to various countries (Oviatt & McDougall, 1994). These early internationalisation companies generally tend to be smaller scale companies that adopt fewer formal structures than their large-scale peers as they often find it easier to implement strategies that target the international market (Romanello & Chiarvesio, 2019). According to this model, SMEs typically take root in their domestic market and quite suddenly embark on internationalisation related activities. This process generally arises out of a response to some incident, which may be either internal or external in origin (Bell et al., 2003; Romanello & Chiarvesio, 2019). Lastly, the network theory (Coviello & Munro, 1997) suggests that SMEs draw on their own already established networks, relationships and partnerships to embark on internationalisation (Ibeh & Kasem, 2011). This perspective has received widespread application and acceptance in the field of SME internationalisation (Oehme & Bort, 2015) and it is considered to be a complementary to both the incremental perspective and to the international entrepreneurship perspective.

To conclude the introduction, all the theoretical perspectives mentioned above receive strong empirical support from the literature (Morais & Ferreira, 2019). However, there is no existing model that can explain and capture the entirety of the process in a single, unique approach to internationalisation. Therefore, as Spence and Crick (2006) and Morais & Ferreira (2019) proposed there is an increasing need for the adoption of a

holistic vision of internationalisation process, which would incorporate the various aspects of the existing models. Therefore, highlighting the importance of recognising the need to combine the propositions of the diverse existing models.

The following sections will provide an in-depth review and discussion of the highlighted theoretical perspectives of SME internationalisation. Covering the different approaches towards SME internationalisation, the incremental (stage) perspective, the resource-based view (RBV) of internationalisation, the International entrepreneurship perspective (BG and INV) and the internationalisation of SMEs through networks.

2.1.3.2. The Incremental (Stage) Perspective of Internationalisation

The stage theory of internationalisation is considered as the oldest and still substantial stream of research examining SME internationalisation. The theory assumes that a firm initially operates on the domestic market and only later, after achieving stable position, gradually expands its international activities undergoing through a couple of stages (Korsakiene & Tvaronaviciene, 2012; Abdi & Aulakh, 2018). This theory assumes that primarily the companies only operate in the domestic market, with no export activity. Moreover, firms initiate exporting activity in small steps, acquiring information, experience and know-how, what allows them to further develop this type of activity. From this perspective, internationalisation is accomplished by establishing an export capability through a development and sequential process (Welch & Paavilainen, 2014).

The assignment of firm to different stages of internationalisation suggests that the stage theory holds static characteristics. Furthermore, the stage theory itself, as well as the empirical evidence (Sui & Baum, 2014; Lajpras, 2015), are based mostly on the export as criteria of internationalisation. Even though export is considered as a key element of internationalisation, however, identification of internationalisation with the export only is a significant simplification of the subject. However, the most prominent stage model of internationalisation (Uppsala Model), often regarded as the pioneering one, is considered to be Johanson's and Vahlne's proposal from 1977 which will be discussed in detail in the following section.

2.1.3.2.1. Uppsala Model of Internationalisation

The Uppsala model (Johanson & Vahlne, 1977, 2009, 2017), suggests that internationalisation is an evolutionary process consisting of stages. These stages explain how the firm becomes more and more involved in the international

environment. The model explains that initially due to limited resources and the firm's limited knowledge of markets overseas, they tend to initially only engage in foreign operations indirectly which can include methods such as the use and involvement of exporting agents and trading companies to mostly markets that are considered to be culturally and psychically close to the one of the domestic markets (Ellis & Pecotich, 2001; Senik et al., 2011). As the firm becomes more engaged in the international business it starts accumulating on international knowledge and increases its commitments to foreign markets, this leads to gradually moving to more psychically distant markets and thus resulting in changing to more direct export methods such as oversea sales offices and distributors. The psychic distance is considered as the perception of the differences between the home and the foreign country (Johnson & Turner, 2003; Safari & Chetty, 2019). Moreover, if knowledge can be transferred from one foreign country to another then the firms are likely to identify a much shorter psychic distance to the new target country that the previous ones, thus, market knowledge and commitment can directly affect the allocations of current resources and the way decisions are made and carried out (Kontinen & Ojala, 2010; Safari & Chetty, 2019).

The Uppsala model assumes that the more the firm knows about the foreign market, the lower the perceived market risk will be, and the higher the level of investment in that market (Forsgren, 2002; Eriksson et al., 2015). So over time as the firm gains foreign market commitment and venture into countries that are increasingly dissimilar to their own, market knowledge is enhanced which leads to further commitment in more distant markets (Frynaz & Mellahi, 2015). Therefore, even though the stages of the stage theory holds static characteristics, the Uppsala model itself is thought to be a dynamic model (Johanson & Vahlne, 2009) in which the outcomes of an earlier stage can and constitutes the inputs for the following stage (Forsgren, 2015).

However, the stage models of internationalisation have received many criticisms. Reid (1983) argues that the Uppsala stage model is too deterministic, as it suggests that there is only one single path to internationalisation for all firms. Empirical evidence (Ruzzier et al. 2006; Barkema & Drogendijk 2007) suggest that firms do not follow this deterministic path. Reid (1983) also further criticises the concept of psychic distance as too limited to explain the internationalisation of a firm and goes on to suggest that many firms often bypass psychically close markets because their small sizes often do not justify the effort required (Eriksson et al., 2015; Hertenstein, 2017). Furthermore, the advances in technologies such as the advances in communications has led to cultural barriers becoming less limiting, thus allowing even the novice exporters to enter psychically distant markets (Czinkota & Ursic, 2015). Whitelock (2002) argues that the Uppsala model disregards the prospect that firms might use a combination of entry modes to enter a single market, and sometimes move in contrary to what is proposed by the theory (from direct to indirect involvement).

Some argue that focus should be shifted on internationalisation 'epochs' (Eckert & Mayrhofer, 2005) and 'states' (Bell et al. 2003) rather than the deterministic stages (Wright et al. 2007). Additionally, there is evidence that some firms tend to skip some of the prescribed stages in order to accelerate the process (Dow et al., 2018), and there is often a significant misalignment between theory and practice (Vahlne & Johanson, 2017; Coviello et al., 2017). Bell et al. (2004) acknowledges that the model does not adequately reflect internationalisation of small and high-tech firms and therefore suggests that the more traditional manufacturing firms are generally more likely to follow the incremental stage approach, whereas "knowledge-intensive" firms are likely to skip these stages and to internationalise as a faster rate. These demonstrates a substantial difference in the path, speed, and strategies for internationalisation between firms (Vahlne & Johanson, 2017), thus, the deterministic assumptions made by the stage model are not appropriate in the case of some SME

internationalisations. Studies carried out amongst knowledge-intensive firms established that some enter domestic and international markets simultaneously, or even in some cases completely ignore the domestic market entirely, leading to the so called 'born global' firms (Crick & Jones, 2000; Paul & Rosando-Serrano, 2019).

In conclusion, the criticism of the model suggest that the Uppsala model is too deterministic because its principles are predicted by the evolution of time. All its advances are based and controlled by the environment of which the firm exist or planning to internalise. The model does not consider the interdependencies between different countries' markets of which a firm operates under. This model is mostly relevant to the physical product industries but usually very slow in entering distant markets in terms of psychic distance at an early stage and its frequently not valid for the service industries as services can be dynamic and more time compressed also requires initial commitments. Subsequently, there are many models and strategies that facilitate the faster and easier paths to internationalise which will be discussed later in the chapter.

2.1.3.2.2. Innovation-Related Models (I-Models) of Internationalisation

The term "innovation-related" is derived from the work of Rogers (1962) cited in Gankema et al. (2000), in which each subsequent stage of internationalisation is considered as an innovation for the firm. The focus of this model is exclusively on the SMEs export development process. The review of the models (Bilkey & Tesar, 1977; Cavusgil, 1980; Reid, 1981) highlighted the similarities of the models, noting that there are several fixed, sequential stages. Consequently, identifying three generic stages: the pre-export stage; the initial export stage, and the advanced export stage (Kosala, 2015). Similarly, Gankema et al. (2019) also emphasised that generally the

models are relatively similar, and the differences tend to be in the number of stages and terminology used. Being behaviourally oriented to a significant extent, these models treat individual learning and top managers as important aspects in understanding a firm's international behaviour (Andersson, 2000) thus, further highlighting the significant role of the SME managers in internationalisation.

However similarly to the U-model discussed earlier, this stage model of internationalisation (I-model) has also received some criticism. Andersen, 1993, argues that the models are quite vague in theoretical terms. And that the differentiation criteria for distinguishing between stages are also problematic and not enough attention is given to the time of the different stages as well as to the operationalisation of the stages. Therefore, proposing that determining the stage differences with reference to activities appears to be more a matter of subjective opinion rather than discovering real differences between the stages. Furthermore, from a process perspective, these models are somewhat inadequate, in that they only describe the process of change but not its dimensions nor the various approaches used by firms in developing their activities (McAuley, 2010).

The Innovation-related models as well as the Uppsala as discussed earlier, have been utilised in the analysis of SMEs, but also large, firms with the focus on explaining the development of internationalisation and international activities. The basis of these models is the incremental nature of internationalisation, both in terms of their activities and resources which make up the basic foundation of the behaviour of firms (Ruzzier et al., 2006).

2.1.3.3. Resource Based View (RBV) Perspective of Internationalisation

The resource-based view (RBV) which explores how firms can build, access, control, and leverage firm-specific resources for sustainable competitive advantage (Barney,

1991) is recognised as one of the relevant theories which explains firm strategy in SME internationalisation (Hoskisson et al., 2000; Kazlauskaite et al., 2015). RBV of the firm is acknowledged as a strong theoretical base and framework for understanding strategic management (Barney et al., 2001; Jafari-Sadeghi et al., 2021) and entrepreneurship (Alvarez, Busenitz, 2001). Since the predominant theories of internationalisation has mostly proposed models and theories (e.g., the stage theory of internationalisation, network approach to internationalisation) which somewhat neglect the strategic view of decision-makers and their companies. The RBV could be a useful theoretical framework for expansion to incorporate the internationalisation of SMEs and their specific resources representing competitive advantages allowing SMEs to develop to successfully enter and operate in international markets.

RBV focuses on the heterogeneous and firm-specific characteristics, and it considers foreign expansion primarily as a means by which firms can appropriate rents in overseas markets from the exploitation of valuable idiosyncratic resources. RBV focuses on the valuable, rare, costly to imitate and non-substitutable resources (VRIN Resources) (Nason & Wiklund, 2018) of the firm as the sources of economic rents (as the fundamental drivers of the performance and sustainable competitive advantage needed for SME internationalisation) (Kazlauskaite, 2015). Tseng et al. (2007) propose that the transfer of such resources to the international market can assist the firm to buffer additional costs and risks incurred from operating internationally due to greater managerial complexity and liability of foreignness (inherent disadvantage that foreign companies experience in host countries because of their non-native status) (Tseng et al., 2007; Kim et al., 2013). Furthermore, such resources can allow the organisation to achieve economies of scale, scope and production rationalisation (Galati et al., 2015). Therefore, RBV can offer a promising alternative to the dominant deterministic approach of the internationalisation

RBV models highlights the importance of intangible knowledge-based resources in providing a competitive advantage. They address not only the ownership of resources but also the dynamic ability for organisational learning required to develop new resources. Given the heterogeneity of small firms and their operating environment, fundamental difficulties arise when seeking to identify and define the critical resources needed for internationalisation. Scholars (Barney, 1991; Peteraf, 1993; Wernerfelt, 1997; Mahoney & Pandian, 1997) have attempted to propose various resource attributes that can help the organisations to sustain long term sustainable advantage. Such attributes include Barney's (1991) who proposed resources must be valuable, rare, imperfectly imitable and not substitutable. However, this highlights the issue that these attributes are often considered as relatively broad and unclear (Winter, 1995) and that there are not clear boundaries between them (Andersen, Kheam, 1998).

Furthermore, various resource classifications have been proposed (Hall, 1993; Grant, 1991). Amit and Schoemaker (1993) suggested seven main categories of resources: financial (size and type of capital); physical (location, plant, access to raw materials, etc); human (management and team); technological (product and process-related); reputation (image, brands, loyalty, trust, goodwill); and organisational resources (management systems).

The inclusion of the human resource category highlights the significant role of SME managers in internationalisation and emphasises the importance of the manager's human capital (Gerhart & Feng, 2021). The experiences, skills, and competencies of an entrepreneur (often the manager in SMEs) are, generally regarded as key factors influencing business survival and development (Dabic et al., 2020). Managers provide tangible and intangible resources to a firm. These resources are properties of individuals who have accumulated them through education and experience. Managers with more diverse levels of human capital are supposed to have the ability to develop relevant skills and contacts and can tap into dense resource and information networks

(Anderson & Eshima, 2013). Moreover, during Internationalisation SMEs tend to leverage their existing stocks of knowledge (Prashantham & Dhanaraj, 2010; Wach, 2014). Thus, SMEs often capitalise on their international market knowledge and technological know-how (Peng, 2001). This kind of knowledge is usually gained through the Managers' international experience in the form of education and work experience abroad.

However, RBV is often criticised for the lack of substantial managerial implications and operational validity (Priem & Butler, 2001; Zubac et al., 2010). The theory seems to tell managers to develop and obtain VRIN resources and develop an appropriate organisation, but it is silent on how this should be done (Connor, 2002; Miller, 2003). Furthermore, the RBV invokes the illusion of total control, exaggerating the extent to which managers can control resources or predict their future value (McGuinness & Morgan, 2000; Kraaijenbrink et al., 2010)). Similarly, Lado et al. (2006) suggested that the RBV suffers a tension between descriptive and prescriptive theorising. However (Van de Ven, 2007) argued that as this tension is unresolved and is present throughout management research and therefore such critique should not be directed exclusively at the RBV. Barney (2005) argued that RBV theory was never intended to provide managerial prescriptions, however, for the purpose of this thesis by focusing on the managerial competencies (human resource) it can to some extent explain the sustainable competitive advantage of some firms over others. Therefore, even though the RBV theory may only provide indicative explanation to SME internationalisation, yet it still has value to managers, as it provides a perspective to better understand the effects of managerial competencies on SME internationalisation.

2.1.3.4. The Network Perspective of Internationalisation

Enterprises including SMEs increasingly more choose not to operate on a market truly independently, but rather establish a network of relations with entities from their sector, therefore, forming a network of connections (Tomaszuk 2017). McFadyen and Cannella (2004) highlighted that a network involves sets of two or more connected exchange relationships. Following this, markets are portrayed as the systems of social and industrial relations among various groups such as customers, suppliers, competitors and family. According to the network's perspective, the nature of the relationship established between the different parties will influence strategic decisions, highlighting those relations are the determining factor in the network approach and that the network involves the exchange of resources between its members (Ibeh et al., 2011).

Due to the complex nature of SME internationalisation and the many factors that influence internationalisation, many theories have been put forward that aim to better capture and explain this phenomenon. Amongst the theories is the network model of internationalisation. According to the network model, the internationalisation process is determined by the establishment of formal and informal relationships with network participants in foreign markets and maintaining and developing these relationships to gain access to external resources (Johanson & Mattsson, 2013). This implies a structure of interdependency which requires coordination of operations and management of ties. Johanson and Mattsson (2013) propose that internationalisation can be achieved either by international extension, penetration or integration.

Johanson and Mattsson (2013) identified four states of businesses within the internationalisation context: the early starter, the late starter, the lonely international and lastly international among others.

In this model the organisation is viewed as an actor embedded in business networks which is linked to its suppliers, distributors, customers, and other collaborators and competitors (Johanson & Mattsson, 1993; McAuley, 1999; Johanson & Vahlne 2009, 2017). This perspective focuses on theories of social exchange and resource dependency (Johanson & Mattsson, 1992; Dana & Wright, 2004; Hessels & Parker, 2013) to propose that internationalisation happens as a direct result of the organisation's network of relationships with its customers, suppliers, government and private support agencies, and even competitors, which can all result in the expansion of the boundaries of the firm's relationships.

More recently the authors (Johanson & Vahlne 2009) of the Upsala model proposed the business network model of internationalisation, which integrates the two models (Network model and Uppsala stage model). According to this, the process of company internationalisation is defined as the establishment, maintenance and development of relations with network participants on foreign markets (Johanson & Kao, 2010; Kampouri et al., 2017; Idris & Saridakis, 2018). In this model the concept of networks is introduced in which network participants develop and share knowledge through a learning driven trust building process. The model explains that during this process the firms involved in the process learn about resources and capabilities of their counterparts and gradually increase their ties (Johanson & Vahlne, 2009). As discussed in the earlier section, the resource-based perspective (RBV) recognises this approach as a competitive capability in which a company is able to establish relationships with another party in order to carry out its objectives as a source of competitive advantage over those that do not possess such ties (Makhija, 2003). This approach to internationalisation focuses on the gradual development of market knowledge through direct interactions which can include interactions with firms that are partners in the same network and indirect interactions which include firms that are not in the direct network of the main firm. Wright et al (2007) argued that being part of a

network provides external tangible and intangible resources that can support internationalisation. The network perspective argues that the firm is initially linked to a domestic network, which further becomes linked to networks in other countries through the business relationships of its members.

The network approach has received criticism for having limitations in explaining the pattern of internationalisation due to not offering very precise conclusions, including too many variables (Björkman & Forsgren, 2000) and not offering satisfactory models for predictions (Björkman & Forsgren, 2000). Furthermore, the model is criticised for focusing predominantly on larger companies as it very rarely attempts to describe how SMEs use networks in their internationalisation (Nummela, 2002). Moreover, it neglects several external factors and actors: for example, relationships with competitors (Chetty & Wilson, 2003), intense domestic competition and government export promotion agendas leading to or accelerating internationalisation (Chetty & Blankenburg Holm 2000). Lastly, it does not consider the importance of inter-personal relations (Agndal & Axelsson, 2002) decision-maker and firm characteristics in taking up opportunities for international penetration, extension and integration that emerge from the networks (Chetty & Blankenburg Holm 2000). As the focus of this thesis is on the SME managers, such characteristics are considered as very important: for example, despite a stimulus for internationalisation, the manager might not respond due to unwillingness to internationalise, fear of losing control over the enterprise or other personal grounds (Vissak, 2004).

2.1.3.5. International Entrepreneurship Perspective of Internationalisation

International entrepreneurship is defined as "a combination of innovative, proactive, and risk-seeking behaviour that crosses national borders and is intended to create value in organisations" (McDougall & Oviatt, 2000, p. 903). According Zahra and Gerard (2002), the term international entrepreneurship was first mentioned by Morrow (1988) in his research in which he proposed that rising cultural awareness, fading cultural barriers and technological advancements has unlocked the foreign markets to all kinds of companies including small firms, new ventures as well as established companies. Years later McDougall and Oviatt (2005) adapted a more in-depth approach to the concept of entrepreneurship, in which they defined it as a combination of "discovery, enactment, evaluation, and exploitation of opportunities across national borders to create future goods and services" McDougall and Oviatt (2005, p. 540). They developed their definition to explain that entrepreneurship can be defined as finding innovative opportunities and by proactively putting these opportunities into use in order to achieve competitive advantage. The evaluation part of the definition demonstrates the need to interpret the actions taken to develop experience and knowledge and by exploiting such experience and knowledge, future opportunities can be development.

International entrepreneurship theory argues that individual and firm entrepreneurial behaviour is the basis of foreign market entry" (Mtigwe, 2006, p. 16). SME managers often tend to be owner-managers who can also be entrepreneurs or act as one in the context of internationalisation (McDougall & Oviatt, 2000). These individuals are required to act strategically and find a match between the firms' strengths and weaknesses within the environmental opportunities and threats (Keupp & Gassmann, 2009; Zahra & George, 2017). This approach to SMEs' internationalisation is considered as an emerging research area of entrepreneurship and internationalisation

and is commonly referred to as the 'international entrepreneurship' (Zahra & George, 2017).

Alvarez and Busenitz (2001) built a bridge between the resource-based theory of internationalisation and entrepreneurship which resulted in implicitly suggesting entrepreneurs as the source of sustained competitive advantage which helped to shift the focus of analysis of the resource-based view from the firm level (Foss et al., 2008) to a more individual level, therefore shifting the focus to the managers of the SMEs (Kraaijenbrink et al., 2010) which is aligned with the aim of this thesis which focuses on managerial competencies required for SME internationalisation. Moreover, it is argued that entrepreneurs have individual resources that allow them to effectively recognise areas of new opportunities and thus allowing them to assemble the resources for the venture (Alvarez & Busenitz, 2001; Penrose, 2009). Resources such as entrepreneurial knowledge, relationships, experience, training, skills, and judgment are all viewed as resources themselves (Barney, 2001, 2004). Similarly, to the RBV perspective the international entrepreneurship perspective argued that competitive advantage can be gained as a result of such resources as they are considered to be socially complex and add value to the firm because they are often very difficult to imitate (Alvarez & Busenitz, 2001). Furthermore, Liesch et al. (2014) proposes that entrepreneurs are the most important agents of change with the capacity and willingness to take risks in their decision making, they are open to innovation and look to exploit business opportunities in a market environment and they believe such opportunities can be found in international markets and through the exploitation of such opportunities, entrepreneurs are able to establish international ventures.

2.1.3.5.1. Born Global and International New Ventures

A rising number of organisations do not follow the traditional pattern of internationalisation presented by the stage theory of internationalisation (Knight & Cavusgil, 2015). In contrary, such organisations have an international mindset or even global vision to enter the foreign markets right after the inception (Kenny, 2009). These organisations are named born globals (BG) (Knight & Cavusgil, 1996) and international new ventures (INV) (Oviatt & McDougall, 1994). This study looks to move towards a new understanding of managerial competencies in the context of SME internationalisation and therefore it is important to explore BGs and INVs as these organisations do not follow the traditional patterns of internationalisation which can be the case of some SMEs (Crick, 2009; Mort et al., 2012; Cancino; 2014). Therefore, exploring them can be beneficial in gaining a broader understanding of the ways in which SMEs internationalise. The terms (international new venture and born global) have often been used interchangeably to characterise firms that internationalise rapidly (Coviello, McDougall, & Oviatt , 2011) typically but not exclusively within three years of their business start-up (Crick, 2009).

The main research stream regarding internationalisation proposes that SMEs internationalise their activities through a series of progressive stages (stage model of internationalisation) (Johanson & Vahne, 1977). However, Oviatt and McDougall (1994) suggested that at least some SMEs are international at founding meaning that they are involved in significant cross-border business activities (Oviatt & McDougall, 1994). They highlighted that these firms do not follow the stages suggested in stage model of internationalisation. Therefore, distinguishing between the common ways SMEs internationalise; international at founding (born global) (Oviatt and McDougall, 1994) and international-by-stage (Johanson and Vahlne, 1977). The born global has been defined as "a business organisation that, from inception, seeks to derive

significant competitive advantage from the use of resources and the sale of outputs in multiple countries" (Oviatt and McDougal, 1994: p.49). Consequently, this view of the internationalisation phenomenon differs from the stage theories of internationalisation in that, while the stage models of internationalisation adopt a sequential and progressive view of the firm's expansion into new countries/markets whereby domestic success is considered an antecedent to international expansion, the born global definition suggests that expansion can even occur simultaneously to the domestic phase of the firm's growth, or at least soon after, in an accelerated manner.

Zahra et al. (2005) argues that in order for the born global approach to become a more comprehensive framework that can explain internationalisation phenomenon it needs to address a number of gaps. The born global approach presents some gaps with regards to the antecedents of the born global phenomenon in terms of managerial behaviour and preferences, and with regards to the outcomes in terms of the born global's strategic (as opposed to purely financial) performance. Therefore, highlighting the internationalising management's motivations as well as cognitive abilities as key determinants of the internationalisation decisions and processes. Additionally, in regard to the performance of the born global firm, Cavusgil and Zou (1994) argue that internationalising firms often have multiple goals that are not just financial but also strategic, such as, establishing a presence in a strategically important market, or ensuring the product is known outside of the existing markets.

The founders of BGs and INVs are often claimed to be individuals who seek out opportunities by establishing ventures that operate internationally and across national borders. They are thought to be considered as alert to the prospects of combining resources from different national markets because of their competencies and utilisation of their networks, knowledge and even their background which are often developed as a result of their earlier activities (Zahra, 2005; Crick, 2009). What gives such firms

competitive advantage over the competition based on the understanding that has been developed following the resource-based perspective (RBV) logic of the firm, is the possession of competencies that can't be matched or imitated by other entrepreneurs. Only the entrepreneur possessing these competencies are able to combine a particular set of resources across national borders and establish such organisations. These organisations are the result of international awareness, achieved through the ability to link resources from other countries to meet the demand of international markets (Coviello & Munro, 1992). Furthermore Madsen & Servais (1997) argue that factors such new market conditions, technological developments and the capabilities of managerial team and/or entrepreneurs as well as the international network relationships are the factors that help firms become international from inception (Madsen & Servais, 1997).

Foreign market commitments and decisions in case of INVs and born global are far less influenced by organisational routines and internal politics that are often the case in larger firms and MNES (McDougall & Oviatt, 1997). The flexible operating procedures in these organisations allow them to respond faster to changing environments and in many cases the managers of such firms engage in business deals personally and thus have the authority to make strategic decisions on the spot considering the many factors in play at any given situation (Madsen, 2013), thus further signifying the role of SME managers in internationalising their SMEs and consequently the importance of identifying the managerial competencies which are required for internationalisation. These organisations derive their competitive advantage and enter international markets utilising the knowledge and technological know-how they possess as well as the manager's competencies and experience in the international market. The knowledge as well the competencies and the manager's experience allow them to make faster and more effective decisions and by selecting the appropriate

entry modes, they are able to internationalise at a much faster rate (Crick, 2009; Madsen, 2013).

Overall, the born global phenomenon can be considered as a response to the Uppsala model and its incremental stage approach to internationalisation (Wentrup, 2016). However, researchers, Luostarinen & Gabrielsson (2006) and Gabrielsson & Pelkonen (2008) discovered that the born global companies can also follow the stages approach of internationalisation after establishing operations in the foreign markets. The main differing feature of stage approach and born-global is the orientation toward internationalisation. The stage approach focuses on domestic markets and learn more about specific markets by investing resources in order to get stability and recognise the business opportunities in the domestic market (Chetty & Campbell-Hunt, 2004). Only after establishing a strong base in the domestic market, the firms expand their business internationally. Particularly, in terms of international markets, the stage approach has a preference towards psychically close markets (Johanson & Vahlne, 2003) as they tend to have similar culture, business practices and political systems. The born global firms perceive the world as a one market. The stage approach which focuses on a strong base in the domestic market, the born-global firms have often small domestic markets or no domestic markets at all. (Chetty & Campbell-Hunt, 2004). The born-global firms also tend to have a more positive attitude toward internationalisation as they intend to internationalise since their inception or shortly after their firms' establishment. Chetty and Campbell-Hunt (2004) argued that the experiential experience is one of the essential resources for the born-global firms when they attempt to identify the business opportunity in the new markets. (Chetty & Campbell-Hunt, 2004)

2.1.3.5.2. Holistic Examination of BGs - Integration of Theories

the RBV focuses on the firm's internal resources and capabilities, the network perspective emphasises the development of knowledge through external relationships. Combining them allows a more holistic examination of BGs' international performance, which is consistent with the literature (e.g., McDougall and Oviatt, 2000, Rialp et al., 2005). RBV due to its extensive application has emerged as a dominant perspective in international entrepreneurship (IE) research (Young et al., 2003), it is recognised as applicable for explaining the international activities of BGs (McDougall, Shane, & Oviatt, 1994). RBV focuses on the firm and its internal resources and capabilities (Barney, 1991, Grant, 1991, Wernerfelt, 1997). Based on the assumptions that resources are distributed heterogeneously among firms within an industry and not fully mobile across firm borders, a key precept of the RBV is that differences in resource endowments can lead to competitive advantage and superior firm performance in the context of internationalisation. RBV as discussed earlier, proposes that in order to create competitive advantage, a firm must possess resources that are valuable, rare, inimitable, and non-substitutable (Barney, 1991), with inimitability arguably the most important of these attributes (Newbert, 2007). Thus, the focus on intangible resources, due to their difficulty in duplication by competitors and their relevance for achieving sustained competitive advantage (Hall, 1993).

Complementing the inward focus of the RBV, the outward focussed network perspective on internationalisation is also considered a key theoretical basis in the IE literature (Coviello, 2006), and is commonly utilised in BG research (Freeman, Edwards, & Schroder, 2006). The network perspective as discussed in detail earlier views the market as a collection of relationships among firms, suggesting that organisations are interconnected and dependent on each other (Johanson & Mattsson, 2013). Therefore, in the network approach, firms are viewed as being dependent on

resources that are controlled by others, and access to these resources is gained as a function of the firm's position in the network. Relationships among firms evolve over time and are characterised by mutual orientation and social exchange processes (Johanson and Mattsson, 2013, Johanson and Vahlne, 1992).

The integration of the RBV and network approaches is consistent with Ciabuschi, Perna, and Snehota (2012), that discussed that the development of a new venture is a collective process that involves the re-assembling of resources from a variety of sources and under varying degrees of the firm's control, they emphasised the dynamic interactions and interdependencies of young businesses and their network relationships, and noted that the process of resource recombination influences both the network and the associated resources (Gerschewski, Rose, & Lindsay, 2015).

2.1.3.5.3. International Entrepreneurial Orientation

As the focus of this thesis in on the managers and their competencies in internationalisation of the SMEs it is important to focus on the individuals (managers) when considering the firm's internationalisation. The international entrepreneurial orientation can provide a perspective which can capture the importance of the individuals in SME internationalisation. The entrepreneurship literature can highlight the importance of individuals in firm's internationalisation (Andersson, 2000). Oviatt & McDougall (1994) argued that BGs can be viewed as entrepreneurial in nature (Oviatt & McDougall, 1994), Therefore the international entrepreneurship literature, especially its consideration of entrepreneurial orientation (Oviatt & McDougall, 2005) is valuable in explaining the internationalisation of SMEs.

The notion of entrepreneurial orientation relates to a firm's strategic orientation and decision-making style, practices and methods, and can be viewed as a combination of proactiveness, innovativeness, and risk-taking (Covin & Slevin, 1989), plus autonomy and competitive aggressiveness (Lumpkin & Dess, 1996). Lee, Lee, and Pennings (2001) from a RBV perspective referred to entrepreneurial orientation as a valuable intangible organisational resource that offers sustained competitive advantage; as they proposed firms are unable to obtain or purchase entrepreneurial orientation from the market, so they must invest considerable time to cultivate it. International entrepreneurial orientation involves a proactive approach to identifying overseas markets and is linked to managers' global vision and competitive posture (Covin and Miller, 2014, Knight and Cavusgil, 2004). Furthermore Zhang et al. (2009), in consistency with the RBV introduced the concept of international entrepreneurship capability, arguing that it enables firms to leverage resources and exploit opportunities in international markets. Particularly, in the context of BGs, Knight and Cavusgil (2004) also proposed that international entrepreneurial orientation tends to stimulate

business strategies (e.g., quality focus) that are positively related to international performance. Similarly, Jantunen et al. (2008) reported that an entrepreneurial orientation is associated with better performance in international markets. Kuivalainen et al. (2007) also acknowledged the positive association and suggested that international entrepreneurial orientation can be regarded as a driver of the scale and scope of BG strategy.

The positive association between international entrepreneurial orientation and international performance is consistent with the RBV, which posits that performance is related to the firm's resource endowments; in the context of BG firms, entrepreneurial qualities constitute important intangible human and organisational capital resources (Barney, 1991, Conner, 1991). Consequently, grounded on the existing BG literature and the RBV, we assume that international entrepreneurial orientation is positively related to the international performance of born global firms.

Johanson & Mattsson (1988, 2013) using the network perspective on internationalisation argue that a firm cannot be analysed in isolation and the wider context of the market environment in which they operate must also be considered (Johanson & Mattsson, 1988) emphasising the importance of networks for BGs. Coviello and Munro (1997) found that BGs' foreign market choice and entry mode decisions are shaped by formal and informal network relationships, often resulting from a connection with a large international partner. This supports Johanson and Vahlne (1992), argument the development of business relationships is critical in the market entry process, while Chetty and Stangl (2010) found that firms with more diverse network relationships were more likely to undertake radical internationalisation and innovation. Furthermore, Chetty and Agndal (2007) argued that social capital can trigger and enable entry mode change (e.g., from low- to high-commitment) in the context of internationalisation, and Zhou, Wu, and Luo (2007) highlighted the

importance of social capital for BGs, noting the attendant information benefits, such as advice about foreign market opportunities and the potential for experiential learning. Similarly, Blomstermo, Eriksson, Lindstrand, and Sharma (2004) found that firms gain knowledge about local and international networks primarily through their international experiences.

The role of BG managers' personal networks is also highlighted in the international entrepreneurial literature (Freeman et al. 2006) by emphasising the role of managers' extensive personal network contacts in BGs' development and rapid internationalisation. Additionally, Freeman et al. (2006) argue that the manager's personal networks is positively related to the international performance of born global firms. McDougall et al. (1994) found that the personal contacts of BG managers facilitated international expansion. Development of inter-organisational networks (Chetty & Agndal, 2008), driving early internationalisation (Zucchella, Palamara, & Denicolai, 2007), serving as a main source of network knowledge (Zou & Ghauri, 2010), and contributing to firms' international market venturing (Eberhard & Craig, 2013) have all been identified as major benefits of BG managers' personal networks (Gerschewski, Rose, & Lindsay, 2015).

2.1.3.6. Knowledge-Based Perspective of Internationalisation

There are many theories and approaches which are utilised to explain and describe the internationalisation of SMEs, however there is one common element amongst them all and that is the importance of knowledge resources during SME internationalisation (Yli-Renko, Autio, & Tontti, 2002; Safari & Saleh, 2020). Erkko et al. (2005) highlighted the importance of knowledge in both the stage theory of internationalisation as well as the more recent theories such as the international new venture, born global and

international entrepreneurship theories of internationalisation. The knowledge-based perspective has mostly commonly appeared in the strategic management literature (Cole 1998; Spender 1996a, 1996b; Alavi & Leidner, 2001; Szymaniec-Mlicka, 2014; Bromiley & Rau, 2016; Ipek, 2018). This approach is considered to be a development on the resource-based theory which was proposed by Penrose (2009) and further developed by other scholars (Barney, 1991; Conner, 1991; Wernerfelt, 1984). This perspective focuses on essentially, the knowhow knowledge and assumes that the services delivered by tangible resources depend on how they are combined and applied.

Literature (Grant 1996; Spender 1996 and Alavi & Leidner, 2001; Kazlauskaite et al., 2015; Safari & Saleh, 2020) highlights that knowledge is embedded in and carried through multiple entities which can include the organisation strategies, culture, routines as well as individual within the firm. Knowledge due to its inherent characteristics such as the difficulty to imitate and social complexity is believed to be a sustainable competitive advantage for the firm in possession. This highlights the importance of the ability to effectively apply the existing knowledge in order to create new knowledge which can result in actions that lead to competitive advantage, therefore, even though knowledge itself is considered as essential in the growth of the firm it is more how it is utilised and applied that can lead to achieving competitive advantage through the utilisation of knowledge-based assets (Alavi & Leidner, 2001, p. 108). As internationalisation is a phenomenon influenced by many elements such as decision making, network, firm characteristics, culture, environment etc. The knowledge-based

perspective includes several 'knowledge factors' (Daszkiewicz & Wach, 2012) which

includes: market, experiential, network, cultural, and entrepreneurial knowledge. The

knowledge-based model of internationalisation is an approach that allows for a more

in-depth understanding of the role of knowledge in SME internationalisation (Mejri &

Umemoto, 2010; Safari & Saleh, 2020). Moreover, in line with the topic of this thesis,

number of researchers (Tassabehji, 2018; Alawneh & Abuali, 2009) argue that often

in case of SMEs the knowledge in imbedded in the individuals within the firm and

specially the key players.

The knowledge-based model is an innovative proposal that acknowledges the role of

knowledge in SME internationalisation. The scope of this model is one particular and

not all the markets in which the firm is involved in. The level of experience: pre-

internationalisation (no experience), novice internationalisation (short experience), and

experienced internationalisation (long experience) are proposed as criteria for the

phases.
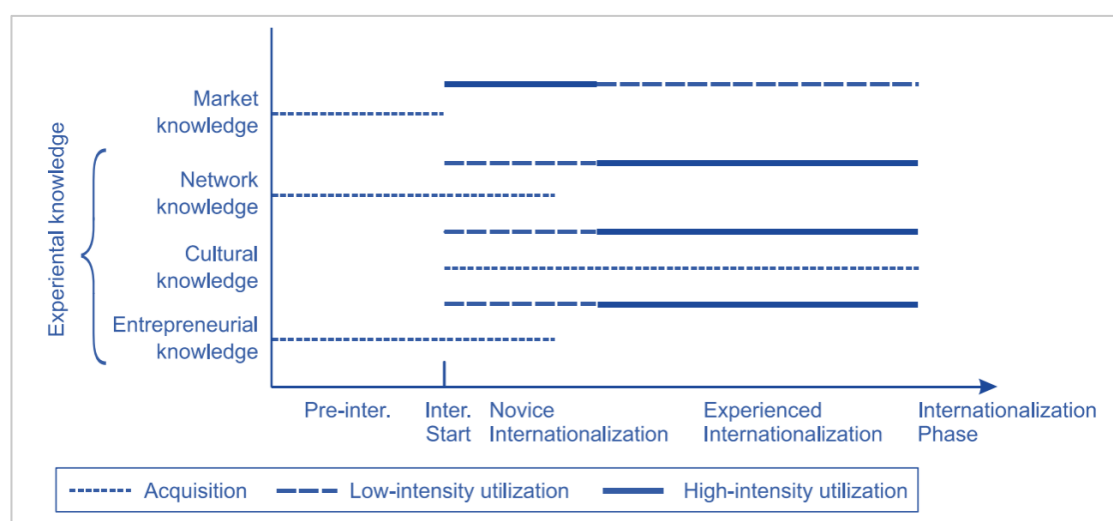
Figure 7: Knowledge Based Model of SME Internationalisation Developed by Mejri & Umemoto (2010)

the knowledge-based model of internationalisation is considered as an extension of the resource-based view (RBV) which originated from the work of Penrose (2009). Within this stream, knowledge constitutes the most critical resource for existence and development of a firm. In this model of internationalisation, the choice of knowledge perspective is rationalised by three reasons. Firstly, compared with larger firms, SME have relatively less resources. Therefore, the lack of tangible resources should be compensated by intangible resources (knowledge) highlighting the importance of knowledge for firm survival and growth. Secondly, knowledge has always been the core of human competencies. Thus, when considering the individual, internationalisation can be considered as a consequence of knowledge. Lastly, all theories have highlighted the importance of knowledge in internationalisation of SMEs thus, knowledge is crucial for understanding SME internationalisation (Daszkiewicz & Wach, 2012).

Following is a discussion of the different 'knowledge factors' as discussed in the knowledge-based model of SME internationalisation which perceives internationalisation from a knowledge perspective.

2.1.3.6.1. Market Knowledge

Market knowledge refers to objective or explicit information about foreign markets which include examples such as: market size, the competition, the regulations. Market knowledge is usually acquired by the firm during the pre-internationalisation phase, and it is critical for internationalisation start and its first phase (Cui, Griffith & Cavusgil 2005; Nguyen & Barrett 2006; Roth, Jayachandran, Dakhli, & Colton 2009). Similarly, to the stage model of internationalisation (U-model) market knowledge is considered the starting point of internationalisation (Mejri & Umemoto, 2010).

2.1.3.6.2. Experiential Knowledge

This type of knowledge results from practise and can only be learnt through personal experience (Daszkiewicz & Wach, 2012), this type of knowledge is considered as essential for SME internationalisation (Sharma et al., 2004). Experiential knowledge includes network knowledge, cultural knowledge and entrepreneurial knowledge. The acquisition of experiential knowledge starts in pre-internationalisation stage and continues when the firm starts its internationalisation (Mejri & Umemoto, 2010).

2.1.3.6.3. Network Knowledge

Network knowledge involves both social and business networks. In knowledge-based model, network knowledge refers the network itself (as the locus of knowledge). According to the model, network knowledge acquisition starts in the pre-internationalisation stage and continues during the novice internationalisation phase. Networks are used in different phases of internationalisation (Johanson & Vahlne, 2009), however, the degree of use of this knowledge varies in each stage. Network built in pre-internationalisation stage is critical for internationalisation to start as the network can force and support firms to further internationalisation.

2.1.3.6.4. Cultural Knowledge

In the context of foreign markets this knowledge refers to the knowledge of values, manners and ways of thinking of people in that market (Torkkeli, Nummela, & Saarenketo, 2018). The acquisition of cultural knowledge starts with the beginning of internationalisation. The firm gradually knows how to behave from a cultural perspective, with partners in the foreign markets. The utilization of this knowledge

increases together with its acquiring. According to the mode, there is a low intensity of utilisation of cultural knowledge during the novice-internationalisation stage, however the intensity increases as the firm becomes more experienced in a foreign market. The model similarly to the stage model acknowledges that psychics distance (Johanson & Wiedersheim, 1975) is important when choosing a foreign country to enter.

2.1.3.6.5. Entrepreneurial Knowledge

This refers to knowledge of the existence of opportunities and how to use them. Opportunity recognition and its exploitation is a common reason why some SMEs internationalise (Ruzzier , Hisrich, & Antoncic, 2006). The opportunity recognition and its exploitation are acquired from the start of the firm. During the novice-internationalisation phase, the firm gradually applies the acquired opportunity recognition and exploitation ability (Mejri & Umemoto, 2010).

2.1.4. Organisational Factors Influencing SME Internationalisation

In this section the organisational structures and characteristics of SMEs and the problems frequently faced by them as well as their internationalisation strategies, modes of foreign market entry and internationalisation barriers, motives and drives will be discussed.

2.1.4.1. Organisational Structures and Characteristics of SMEs

Gaining an insight regarding the characteristics of the SMEs, enables us to acknowledge the common underlying features that are inherent in SMEs. This will enable a greater understanding of these type of firms to be developed which can in turn assist in building a more in-depth understanding of their internationalisation and thus the managerial competencies that are required.

The organisational structures in SMEs are organic in comparison to the ones found in larger firms which often display a more bureaucratic structure (Zaridis & Mousiolis, 2014). Ghobadian & Gallear (1996) proposed that a noticeable feature in such firms is the lack of standardisation and the informal relationships within the firm, "A salient feature of such organisation is the absence of standardization and the prevalence of loose and informal working relationships" (Ghobadian & Gallear, 1996). The advantage of possessing such characteristics is that it makes SMEs more flexible to environmental changes and which is in line with the work of Levy & Powel (1998) that suggested small firms are significantly more flexible than large firms and therefore as result they are more likely to survive in turbulent environments than large bureaucratic organisations, where innovation and flexibility to adapt to the changing environments are essential (Garcia-Alvarez et al., 2019). However, it is important to differentiate between the smaller scaler SMEs and the larger SMEs as it is very likely that a larger

organisation of for example 200-249 employees will have similar standardisation and informal working relationships to that of an MNE.

Furthermore, the flat structure of SMEs and absence of strict hierarchical structure allows them to have a more adaptable work environment and enables the managers to build a strong personal relationship with employees (Ghobadian & Gallear, 1996) all this together can lead to a much more flexible firms that is more aligned with the main actors especially the managers personal goals and strategies (Levy & Powell, 1998; Steenkamp & Kashyap, 2010).

Hollensen (2013) summarised the main characteristics of SMEs as flat structured organisations with the absence of standardisation, formal working environment and relationships in which staff development and progression is often limited. Furthermore, he indicates that in SMEs the organisation is structured in a way that the employees are often close to the key plays which many cases tend to be the entrepreneur or the manager and thus their perceptions are easily influenced by these main actors (Steenkamp & Kashyap, 2010).

Literature (Hollensen, 2001; 2013) present evidence that suggests another evident characteristic is said to be the lack of experience and information about foreign markets in case of new internationalising SMEs which often results in the managers taking risks when making decision due to the limited available information. In such organisations risk taking occurs in situations where the survival of the firm is threatened, this can be a result of competition or the environment. Lastly, SMEs are said to be able to react faster to changes due to their close relationships with their internal and external environment, which makes them inherently more flexible (Hollensen, 2013).

2.1.4.2. Internationalisation Barriers, Motives and Drivers of SMEs

SME managers play a central role in internationalisation, the choice of the foreign markets is often influenced by them (Korsakiene & Tvaronaviciene, 2012). Their knowledge and experience of the market as well as the firms' geographical proximity determines the market selection. The selection is also influenced by factors such as the existence of social and business relationships with partners in these countries (Ibeh & Kasem, 2011; Korsakiene & Tvaronaviciene, 2012; Ciravegna et al., 2014). According to Kesper (2000) SME managers are believed to be most knowledgeable about their enterprises however they often fail to identify the factors that impact their enterprises activities or often tend to exaggerate the significance of external factors, whilst underestimating internal weaknesses.

SME managers face numerous internal or external internationalisation barriers (Paul et al., 2017). Similarly, Carbo-Valverde & Rodriguez-Fernandez (2016) identified that barriers experienced by SMEs can be categorised in two groups; economic-based and enterprise-based barriers. Gardo et al. (2015) propose that the main barriers to SME internationalisation are often endogenous, suggesting that the barriers often have an internal cause or origin. Korsakiene & Tvaronaviciene (2012) argue that the internal barriers often vary in accordance with the country in which the SME operates in. Some of these internal barriers include, lack of market competitiveness (competitive pricing), lack of financial resources (Vide et al., 2010), high costs of initiation of internationalisation (Korsakiene & Tvaronaviciene, 2012), lack of internationalisation management and international experience as well as lack foreign market knowledge and human resource limitations (Including poor staff planning, multi-functional management, high employee turnover rate, inadequate trained employees, poor employee development and training) (Watt, 2007; Sass, 2012; Hashim, 2015; Ng & Kee, 2018). The lack of support, incentive and protection from public domestic

organisations and institutions dedicated to such purposes were highlighted as the major external barriers (Narooz & Child, 2017). Barriers such as, cultural differences and lack of support infrastructures for internationalisation (Hashim, 2015), customs barriers (Colapinto et al., 2015), high levels of bureaucracy and competitiveness in external markets (Korsakiene & Tvaronaviciene, 2012; El-Said & Al-Said, 2013) are also identified as external barriers that hinder SME internationalisation.

Descotes et al. (2011) highlight the importance of the role played by domestic institutions as support to SMEs. Hashim (2015) and Morais & Ferreira (2019) maintain that the presence of such domestic institutional support can offer critical assistance in development of such international initiative. However, the lack of such domestic support can have adverse effects and can lead to the exclusion of SMEs from international markets due to their limited resources. Vide et al. (2010) reported the lack of knowledge regarding the existence of such institutional support infrastructure but most notably the negative experience of the SMEs which attempted to utilise such supports. Hauptman et al. (2011) propose that entrepreneurial policy makers need to develop and implement integrated approaches to such policies that render active support to internationalising SMEs.

Considering the many barriers, SMEs continue to engage in international market and look for ways in which they can internationalise. Colapinto et al. (2015) proposes that market opportunities emerge as the main motive for SMEs to engage in international markets. Market opportunities can be viewed as an umbrella term which include motives and drivers such as, the increase in sales and the expansion of market presence (Vide et al., 2010), boosting profits and overcoming the reduced scale of the domestic market (Sass, 2012), strengthening competitiveness (Haupman et al., 2011) and business opportunities in the foreign market (Svetlicic et al., 2007).

The intention to internationalise is influenced by the opportunities of the foreign market (Strandskov et al., 2002), however such opportunities are considered as incentives whether the firm is able to act on such opportunities are dependent on the firms' resources (Guisado 2003). Colapinto et al. (2015) highlighted that both the internal (firms' resources) and external factors (environmental factors) are imperative. When deciding to internationalise the firm considers the strength and weakness against the presented opportunities and threats, thus, the manager makes decisions on activities that they exploit in order to meet with market opportunities (Ogarcă, 2010). As a result of this SME no longer only depend on the resource and capacity investment decisions but also on the appropriateness of such decisions which is highly dependent on the SME manager's competencies (Guisado 2003). Additional factors which are identified as drivers of internationalisation, include, the role undertaken by the manager (Hutchinson et al., 2006), the level of product innovation (Sass, 2012), the competitive advantages held by SMEs (technological know-how, organisational flexibility and close client relationships) (Svetlicic et al., 2007) as well as institutional support and government funding (Cardoza & Fornes, 2011; Korsakiene et al., 2015).

Berry et al (2002) highlights that SME performance is closely linked to that of their managers, therefore, managerial competencies not only influence managers' perceptions regarding their business, but as Watson (2004) indicates a lack of managerial competency and training can result in SME failure. Furthermore Naicker (2006) suggested that SME success can be adversely affected by the lack of experience and issues regarding the organisational culture i.e., the organisational culture not being optimal for the organisation's objectives, all considered as impediments to the enterprise (Halim et al., 2014). As SMEs are closely linked to the perceptions and expectations of their owners, the SME key players such as the characteristics of the managers of SMEs can also act as a barrier to growth in that the undesirable personality, lack of managerial competencies and negative attitudes

towards change can negatively influence the SME. Such adversities can be further amplified by the internationalisation of the SME and its involvement in the complex and uncertain environment (Leopoulos, 2006; Naicker, 2006; Freixanet et al., 2018).

2.1.4.3. Internationalisation Strategies of SMEs

The research carried out by Kontinen & Ojala (2012) and D'Angelo, Majocchi, Zucchella, & Buck (2013) has made attempts to express the internationalisation strategies that best capture the internationalisation of SMEs. In such attempts they have described the internationalisation strategies as pathways or patterns which explain and sustain the internationalisation process enacted by SMEs. In their respective research they aimed to establish whether SMEs adopt the traditional internationalisations patterns (such as the incremental perspective), the early internationalisation patterns (such as the international entrepreneurship perspective) or any other internationalisation perspectives.

The discussion has resulted in a variety of arguments, for instance, Gankema et al., (2000) and Kontinen and Ojala (2012) who put forward evidence in favour of traditional patterns which comprises of the Uppsala model and the Innovation model. Whilst Crick (2009) established the dominance of early internationalisation patterns, Born-Global (BG) and International New Ventures (INV). However, another argument has been highlighted as a result of the patterns of internationalisation evident in SMEs which suggest that these patterns are not static and hence the need for the adaptation of different approaches to internationalisation over the course of years, the need for a more dynamic approach due to the dynamic patterns of SME internationalisation has been supported by the case of Olejnik and Swoboda (2012), who reported evidence that not only is in favour of the traditional patterns but also the early internationalisation models. In contrast, Kalinic and Forza (2012) present findings that discard the notion

of dominant patterns. In their study in opposition to the incremental models they propose that SMEs expand their international commitments through establishing subsidiaries in unknown markets; even while not designed at the outset to operate in external markets (in opposition to the BG approach), nor did they experience any critical incident that boosted the knowledge of their management teams (as opposed to INV). Though, they highlight the establishing of networks in the host country and an entrepreneurial and proactive approach to the local market as factors that positively influence the commitment level to unknown international markets. However, whilst there is mixture of evidence in favour and against the dominant patterns of SME internationalisation, Sui, Yu, and Baum (2012) propose that the supremacy of the traditional patterns remains a reality, even though there has been a significant increase in the occurrence of early internationalisation patterns. Reporting that around 57% of the SMEs in their study adopt an incremental approach to internationalisation whilst the remaining adopt and early internationalisation (out of which 16% correspond to Born Global and 27% to Born Regional).

The internationalisation process of SMEs varies in terms of planned strategic decisions through to opportune and accidental behaviours (Crick & Spence, 2005). Karagozoglu & Lindell (1998) proposed that that an entrepreneurial spirit which seeks to take advantage of the opportunities generates a positive effect on internationalisation, this highlights the significant role of SME managers in the internationalisation of their SME, this however implies that the strategic foundation is no longer planned and designed around a distinct objective as suggested in the incremental perspective, particularly the stage models of internationalisation. Instead, it becomes a response to opportunities that emerge in a contingent manner (Crick & Spence, 2005) therefore meaning that it is highly contextual and will vary in each internationalising SME. Additionally, Meyer and Skak (2002) further emphasised the opportunistic nature of SMEs and highlighted the existence of serendipity in SME internationalisation in which

SMEs in internationalise under the guidance of a high level of serendipity by recognising the opportunities and getting positioned to take advantage of them. This serendipity of SME internationalisation in reflected in being in the right place, at the right time and is directly related to the development of unplanned networks that enable SMEs to take steps into international markets that they had not previously planned. This discussion demonstrates the two theories that can be used in explaining the decision-making process in regard to the internationalisation of SMEs through the causation logic (internationalisation occurs as a result of previously defined objectives) or the effectuation logic (internationalisation occurs as a result of non-goal driven logic, serendipitous and leveraging contingencies) (Sarasvathy, 2001). Numerous studies (Caliskan et al., (2006) and Crick and Crick (2014) have supported the existence of both causation and effectuation logic as well as acknowledged the co-existence of planned and unplanned facets to the SME internationalisation decision making processes. Therefore, supporting internationalisation processes guided by both planned decisions and others of a serendipitous nature, thus suggesting that in some cases mixed SME internationalisation decision- making processes occur.

Lastly, Ciravegna, Majano, and Zhan (2014) presents internationalisation as an active process of seeking out international opportunities engaged in by entrepreneurs, who may then be subject to serendipitous events. Therefore, highlighting that there is no single pattern that can explain completely the internationalisation process in a unique way (Spence & Crick, 2006), therefore highlighting the need for the adoption of a holistic vision of the process, which considers the different aspects and facets of the various patterns in existence and takes into joint consideration the arguments deployed by the dominant patterns and not just one and thus capturing a more accurate picture of the SME internationalisation (Morais & Ferreira, 2019).

In regard to the modes of internationalisation, SMEs often commonly start their internationalisation through exportation (Bello, 2009), which is considered as the approach involving the lowest level of commitment to the external market (Korsakiene & Tvaronaviciene, 2012). According to Hutchinson et al., (2006), in the United Kingdom SMEs deploy diverse entry modes which includes modes such as opening their own stores, exporting, licensing, concessions and franchising. The adoption of higher risk and commitment entry modes include the joint venture option (Kirby & Kaiser, 2003) and the establishment of subsidiaries (Cheng & Yu, 2008). These modes of entry will be discussed in more detail in the following section.

2.1.4.4. Modes of Internationalisation of SMEs

In SMEs foreign market mode of entry is as an important strategic decision (Brouthers & Nakos, 2004; Laufs & Schwens, 2014), made by the managers, which have considerable performance implications (Brouthers, 2002, Chen and Hu, 2002) and can determine the firm's organisational structure during internationalisation particularly when initially entering a host country market (Nakos & Brouthers, 2002). Pan & Tse (2000) proposed that the entry modes can be classified into two categories: equity entry and non-equity entry modes. Equity entry modes, which involve direct investments into the host country (e.g., joint ventures or wholly owned subsidiaries). Non-equity entry modes include direct and indirect exporting as well as contractual agreements such as licensing (Pan & Tse, 2000). Zahra et al. (2000), suggest that equity entry modes through physical presence enable SMEs to achieve superior market closeness. Such firms are better positioned to monitor markets, customers, and competitors, as well as gather information (such as feedback from suppliers) and detect new trends (Zahra et al., 2000). This is enabled by the ongoing direct interaction with local parties (in the foreign market) (Pan & Tse, 2000), in which firms gain detailed

understanding of local markets and customers, that can facilitate product design, marketing, and consequently, performance (Yeoh, 2004). Though, it requires a significant financial and managerial resource commitments to the foreign operation (Anderson & Gatignon, 1986). Greater resource commitment indicates reduced firm flexibility (Lu & Beamish, 2001) and increases the risk of losing increasing number of resources during international activities (Hill et al., 1990). However, the benefits including greater returns on investment often outweigh the risks (Anderson & Gatignon, 1986).

Furthermore, Brouthers (2002) and Chen & Hu (2002) demonstrates that mode of entry can have significant performance implications, thus, the advantages and disadvantages of the respective modes of entry have to be taken into careful consideration by the managers (Shrader, 2001). Additionally, Zahra, Ireland, & Hitt (2000) emphasise that although equity modes often demand a higher level of initial resource commitment (managerial and financial) (Sharma & Erramilli, 2004), they enable greater closeness to host country markets and customers. In contrary, non-equity entry modes require less resource commitment and provide a greater flexibility to the firm (Brouthers & Nakos, 2004), however such firms often lack market closeness which can hinder the monitoring of foreign market developments (Yeoh, 2004; Hollender & Zapkau, 2017).

2.1.5. Human Capital Factors Influencing SME Internationalisation

This section will provide a literature review of the role of the human capital in SME internationalisation and will also review the literature concerning the role of management and the manager's attitude toward SME internationalisation. This section is particularly important as often in SMEs especially in many micro and small sized enterprises the organisations are owned by the managers who are directly involved in the internationalisation of the SME and therefore play a significant role in the SME internationalisation.

2.1.5.1. The Role of Human Capital in SME Internationalisation

Research (Knight 2000; Lu, Beamish 2001) focused on explaining SMEs internationalisation demonstrate an agreement that SME internationalisation is an entrepreneurial activity and emphasise on importance of entrepreneurs, who are seen as the main variables in SMEs internationalisation (McDougall & Oviatt 2000). McDougall and Oviatt (2000), have defined international entrepreneurship as "a combination of innovative, proactive and risk seeking behaviour that crosses national borders and is intended to create value in organisations" (McDougall & Oviatt 2000, p. 903). Followed by their developed definition in which they defined, international entrepreneurship as "the discovery, enactment, evaluation, and exploitation of opportunities-across national borders-to create future goods and services" (McDougall & Oviatt 2005, p. 540). Particularly, the two parts of entrepreneurship are distinguished, opportunities and individuals who strive to exploit these opportunities. Hence, individual and firm entrepreneurial behaviour is seen as the basis of SME foreign market entry. This highlights the significant role of the SME managers who are often owner-managers and act as entrepreneurs by exploiting the opportunities of the international market.

Cavusgil and Godiwalla (1982) argue that the internationalisation decision is characterised by the absence of deliberate logical steps and is constrained by the subjective view and perceptions of the decision-maker. This can be linked to the concept of international orientation as identified by Wiedersheim-Paul (1972). That is, the internationalisation process is by and large determined by the international outlook of the decision-maker. Whereas within a larger firm, the decision-making process would perhaps be a group activity, within the small firm, this would tend to rest with the managers. In other words, particularly, in the case of smaller SMEs, the strategic direction of the firm would be determined by an individual decision-maker, often the SME manager. Additionally, Morgan (1997) has argued that there is a close relationship between the characteristics of the decision-maker and the inclination within firms to internationalise. Suggesting that the international orientation of the decision-maker is a key influence upon the strategic agenda of the firm. This orientation would depend upon such characteristics as whether the decision-maker had lived abroad, was able to speak a foreign language, had received educational training in international business activities or had previously worked abroad. Mugler (1996) reinforces this point by emphasising that the personal development of the entrepreneur is a meta strategy that clears the way to successful strategies in the face of increasing international competition.

Furthermore, a considerable share of the literature regarding SME internationalisation which will be discussed in the following, focuses on the significance of the role the human capital and highlights the influence of the SME managers and their team in the internationalisation of SMEs. Reuber and Fischer (1997) demonstrate evidence that suggests early internationalisation receives a significant boost from levels of international experience held by management teams and their specialist knowledge. As SMEs are often managed by individuals the level of international experience and knowledge of the SME is closely linked to that of the managers, who is often in charge

of the initiation of the internationalisation. Similarly, Javalgi and Todd (2011) argue that the human capital held by the SME managers has a positive effect on the SME level of internationalisation and propose that the human capital in SMEs is linked to the level of education and international experience of the managers. Additionally, other studies, such as Gassmann & Keupp (2007) also confirm the significant influence of the human capital in the speed of SME internationalisation as well as the managers influence in international diversification (Fernandez-Ortiz & Lombardo, 2009), involvement in international networks (Felicio et al., 2015) and lastly the overall international success (Lindstrand et al., 2011).

The literature has highlighted the presence of specialised human resources (Ruzzier & Ruzzier, 2015), the orientation towards exploring new markets (Dasi et al., 2015), international and risk taking cultures (Dimitratos et al., 2016), the business capacities in international markets (Korsakiene et al., 2017), the orientation towards innovation and proactive attitudes (De Clercq et al., 2005) and fluency in different languages (Morais & Ferreira, 2019) as some of the dimensions of human capital which can positively influence the internationalisation of the SME, however even though some of the above mentioned dimensions are dynamic in nature, listing of these dimensions in the literature as the dimensions of human capital that positively influence internationalisation suggests a static and deterministic approach which highlights a functionalist perspective that the literature on SME internationalisation commonly takes. The functionalist perspective highlights the factors that have an influence however it does not provide a holistic image that more accurately captures the role of the SME managers and their influence on SME internationalisation. This therefore highlights the need for a perspective which in more appropriate in capturing the reality of SME internationalisation and the role of the SME managers, taking into consideration the dynamic nature of internationalisation and the relationship of the managers with the process.

The more recent studies such as the studies of Miocevic & Crnjak-Karanovic, (2011) and Felicio et al., (2016) have demonstrated that SMEs tend to now internationalise and remain in the international market for longer periods and this is argued to be related to the enhanced global mentality of the SME managers (Miocevic & Crnjak-Karanovic, 2011). Additionally, it is argued that possessing such global mentality can determine the level of involvement of the organisation in international networks and greater international know-how, with these values transmitted throughout the entire organisation (Felicio & Duarte, 2016; Morais & Ferreira, 2019). This highlights the significant role of the SME managers in internationalising their organisation, emphasising the importance of managerial competence to establish international networks, acquire international know-how and to successfully transmit these values across the organisation to achieve SME internationalisation. The many factors that affect the internationalisation and the interrelations of the SME manager and internationalisation highlights the dynamic and multifaceted nature of this relationship.

This leads to another important characteristic of SME managers that can influence the internationalisation and that is argued to be their accumulated social capital. Lindstrand et al. (2011) argue that social capital spans different dimensions (structural, relational and cognitive) impacting not only on the acquisition of knowledge about international markets but also their financial resources and is able to contribute towards early internationalisation through fostering the adopting of BG patterns (Chetty & Agndal, 2007) which was covered earlier in the literature review. However, Lindstrand et al., (2011) argue that SMEs that adopt the incremental approach to internationalisation and that apply individual social capital as a sustaining factor are those that turn out most successful internationally. Furthermore, Onkelinx et al. (2016) emphasise the role of the employed human capital (knowledge, abilities and other competencies possessed by the employed individuals) as determinant to the internationalisation strategies adopted. They maintain that SMEs deploying gradual

internationalisation strategies (traditional models of internationalisation: Uppsala model and the Innovation model) tend to display a greater inclination to maintain the levels of their employed human capital, while SMEs attempting early internationalisation process display a greater likelihood of raising their levels of human capital (Onkelinx, Manolova, & Edelman, 2016).

2.1.5.2. The Role of Management and Manager's Attitude Toward SME Internationalisation

Recognition of the role of managers in the internationalisation of SMEs has been acknowledged in many international SME and entrepreneurship empirical studies (e.g., Apfelthaler, 2000; Lloyd-Reason & Mughan, 2002; Freixanet et al., 2018). Similarly, reviews of international research (e.g., Fillis, 2001; Costa et al., 2016) also highlight that management has a significant bearing on international activities. Additionally, management is considered as responsible for the mode, direction and speed of internationalisation (Leonidou *et al.*, 1998; Jafari-Sadeghi et al., 2021). This is argued to be in agreement with export development models in which the decision-maker is viewed as the key factor behind the firm's progression from one stage to another, through the interplay of decisions involving foreign market knowledge and commitment (Andersson, 2000). Furthermore, through the perspective of the network theory, Coviello & Munro (1997) maintain that the network relationships formed and maintained by management not only drives internationalisation, but also influence the pattern and direction of it. Furthermore, it is argued that in SMEs, the impact of individual opportunities and circumstances leads to opportunistic and haphazard pattern of expansion (Hutchinson et al., 2006), which are characterised by a lesser degree of determinism and a more active role given to the decision-makers (Welch & Luostarinen, 1988; Dalli, 1994).

Freixanet et al. (2018), highlight the managers influence on the international behaviour and strategy and emphasise the managerial knowledge, experience and attitudes as fundamental in internationalisation. Vida et al. (2000) and Doherty (2000) also highlighted that the importance of individuals in shaping international strategy should not be underestimated. They argued that the managers travelling and living abroad acquire know-how that exposes the firm to foreign cultures, allowing the accumulation of greater experiential knowledge of market characteristics and competition in the international market (Hutchinson et al., 2006; Costa et al., 2016). Additionally, Vida et al., 2000) proposed that managerial perceptions guide decision-making, and therefore it is unlikely that decisions for internationalisation will be made unless management exhibits positive views with respect to opportunities and potential barriers involved in international expansion.

Leonidou et al., (1998) in a review of the literature relating to management characteristics and their impacts on SME internationalisation, discovered two sets of managerial factors which were the most frequently cited characteristics, objective (educational background, experience and foreign country exposure of decision-maker) and subjective (perceptions, attitudes and behaviour of decision-maker). Therefore, the following sub-sections will detail the importance of both objective and subjective management factors in the internationalisation of SMEs.

2.1.5.2.1. Objective Characteristics: Knowledge, Experience and Networks

The objective characteristics of the management which is argued to impact the internationalisation of SMEs include the extent to which management has engaged in foreign travel, the number of languages spoken by management, whether the decision maker was born, lived, or worked abroad, and their access to networks (Reuber & Fischer, 1997; Hutchinson et al., 2006; Olejnik & Swoboda, 2012). Literature (Nakos et al., 1998; Galati et al., 2014; Buzavaite & Korsakiene, 2019) suggests that international experience, in particular, has a strong influence on the internationalisation SMEs, both at the initial decision to expand and the continuation of the strategy into international markets. Similarly, Westhead et al. (2001) highlight that SMEs with diverse management know-how are often able to undertake more promising competitive strategies and promising opportunities in foreign markets than their larger counterparts. Furthermore, networks formed by the decision-maker who are often managers in their SMEs are considered as source of extended knowledge and competitive advantage (Rundh, 2001; Fillis, 2001; Langseth et al., 2016) and therefore should not only be considered as a potential catalyst for SME internationalisation (Coviello & McAuley, 1999),

In the context of internationalising SMEs, networking can occur on both a formal and informal basis. For instance, if there are any gaps in market knowledge, SMEs lacking the appropriate resources required for international business (Costa et al., 2016) might consider hiring new managerial talent experienced in international business or obtain assistance from consulting companies that can offer such expertise (Mughan et al. 2004). By forming such relationships, firms can overcome internal resource deficiencies (Westhead et al., 2002), and gain access to knowledge and experience absent within the firm (Rutashobya & Jaensson, 2004; Hilmersson & Johanson, 2020).

2.1.5.2.2. Subjective Characteristics: Attitudes, Perceptions and Personality

Management attitudes are important in shaping the international involvement of firms (Perlmutter, 1969), and the attitudes towards international expansion are largely determined by management's perceptions (Hutchinson, Quinn, & Alexander, 2006). Research (e.g., Leonidou et al., 1998; Vida & Fairhurst, 1998; Rundh, 2003) have found links between management perceptions and the firms' attitude towards international expansion; including perceptions regarding opportunities and barriers to international development, managerial beliefs about the firm's competitive advantage, and their readiness to export. Halikias and Panayotopoulou (2003) argued that in SMEs the effects of the personality characteristics of the owner-manager are highly evident in the export involvement of the firm. Similarly, Beaver (2007) argued that management is highly personalised in smaller firms that are often founded on a particular product or technical skill of the owner.

Additionally, Hutchinson et al., (2006) emphasised the entrepreneurial creativeness and willingness of the managers to take risks were a crucial element in the decision to operate in the international market. Similarly, Williams (1992) and Vida et al. (2000) also confirmed the importance of management attitudes toward risk in terms of making a positive decision to enter new foreign markets. Fillis (2001) argued that where resource deficiencies can hinder expansion, the innovation, risk-taking, and proactiveness of management are qualities that despite the odds can enable successful development of the firm abroad. Thus, highlighting the significant role of SME managers in internationalisation. Chetty and Campbell-Hunt (2004) also in agreement highlighted that in SMEs, the success of internationalisation can lie in the determination, drive and willingness of the managers to take risks.

2.1.6. Conclusion & Research Gap

To conclude, this part of the literature review covered the different theoretical perspectives that describe SME internationalisation including, the incremental (stage), the resource-based view, the network perspective and the international entrepreneurship perspectives of SME internationalisation.

Traditionally, SMEs used to confine their business activities to the domestic markets. However, the picture is different today and many SMEs look to participate in the international market (Pleitner, 2011). SMEs in general tend to internationalise as an opportunity to grow their organisation and gain competitive advantage (Zahra, Ireland, & Hitt, 2000). One of main motives for participation in the international markets for SMEs has been the enhanced financial performance (Lu & Beamish, 2001; Nisar et al., 2012; Bown, 2019). Countries, particularly those experiencing economic deficits, have attempted to increase the international activities of their SMEs in order to boost economic growth and cut unemployment (Ruzzier et al., 2006; Morais & Ferreira, 2020).

Internationalisation theories have undergone a lot of change, and newer theories have tried to build on the previous to overcome any shortcomings. Research focusing on the internationalisation of SMEs is traditionally characterised by the Uppsala internationalisation model (U-model) (Johanson & Vahlne, 1977) and the innovation-related model (I-model) (Bilkey & Tesar, 1977; Cavusgil, 1980; Reid, 1981). However, these models, have received many criticisms (Barkema & Drogendijk, 2007; Ruzzier et al., 2006; Wright et al., 2007; Torkkeli et al., 2018) including the model being too deterministic which were discussed in detail in section (2.1.3). Other criticisms include, Czinkota & Ursic (2015) that emphasise that advances in technology and communication have led to cultural barriers becoming less limiting, thus allowing even

the novice exporters to enter psychically distant markets. Whitelock (2002) criticises it for disregarding the prospect that firms might use a combination of entry modes to enter a single market. This study recognises that there is a significant misalignment between theory and practice concerning the Uppsala model and that the deterministic assumptions made by the stage model are not appropriate in the case of some SME internationalisations. As often knowledge-intensive SMEs are likely to skip these stages and to internationalise at a faster rate (Bell et al. 2004; Kuivalainen et al., 2012) or even in some cases completely ignore the domestic markets (born global) (Crick & Jones, 2000; Serrano & Armario, 2019).

These critical views led to the emergence of alternative models such as the network perspective, which emphasis the significance of developing long-term interactions with entities from the foreign markets (McNaughton & Bell, 2009). SMEs increasingly more choose not to operate on a market truly independently, but rather establish a network of relations with entities from their sector, therefore, forming a network of connections (Tomaszuk, 2017). However, this approach has also received criticism for having limitations in explaining the pattern of internationalisation as it does not offer satisfactory models for predictions (Björkman & Forsgren 2000). Moreover, it appears to neglect several external factors and actors: for example, relationships with competitors (Chetty & Wilson, 2003; O'Dwyer & Gilmore, 2019), intense domestic competition and government export incentives leading to or accelerating internationalisation (Chetty & Blankenburg Holm 2000). Moreover, the network approach does not consider the importance of inter-personal relations (Agndal & Axelsson, 2002) decision-maker and firm characteristics in taking up opportunities for international penetration, extension and integration that emerge from the networks (Chetty & Blankenburg Holm 2000). However, the network approach with the significant role of the individual in SME internationalisation emphasised can be

considered as a way of explaining real world behaviour. (Sarwoko & Frisdiantara, 2016).

Later the resource Based View (RBV) of internationalisation was developed which proposes that firms should be viewed as a collection of heterogeneous resources instead of focusing exclusively on products and markets (Hoskisson et al., 2000; Tseng et al. 2007). RBV is recognised as one of the relevant theories which explains firm strategy in SME internationalisation as it explores how firms can build, access, control, and leverage firm-specific resources for sustainable competitive advantage (Kazlauskaite et al., 2015). Since incremental perspective and the network perspective somewhat neglect the strategic view of decision-makers and their companies, RBV could be a useful theoretical framework for expansion to incorporate the internationalisation of SMEs and their specific resources representing competitive advantages allowing SMEs to develop so as to successfully enter and operate in international markets (Tseng et al., 2007). Priem & Butler (2001) criticise RBV for lacking substantial managerial implications and suggest that the RBV perspective seems to tell managers to develop and obtain VRIN resources and develop an appropriate organisation, but it is silent on how this should be done (Connor, 2002; Miller, 2003). Furthermore, the RBV is criticised for implying the illusion of total control (Kraaijenbrink , Spender, & Groen, 2010) and exaggerating the extent to which managers can control resources or predict their future value (McGuinness & Morgan, 2000). Therefore, even though the RBV theory may only provide indicative explanation to SME internationalisation, it still has value as it provides a resource-based perspective which can be utilised to better understand the effects of managerial competencies on SME internationalisation. More recently, Knowledge Based View (KBV) of internationalisation was put forward which is considered as an extension of the RBV. This approach is considered as a more dynamic approach as the model considers the acquisition, embedding and renewal of knowledge as a continuous

process that can result in a firm gaining sustainable international competitive advantage (McNaughton & Bell, 2009; Galati et al., 2014).

The emergence of fast internationalising firms has led to the rise of concepts such as International New Ventures and Born Global (Oviatt and McDougal, 1994). The born global research highlights a non-incremental, radical and committed internationalisation pattern (Moen & Servais, 2002). These areas of research are largely fuelled by the recognition of the importance of SMEs on economic growth and has shifted the focus of research towards international entrepreneurship. A perspective which proposes that individual and firm entrepreneurial behaviour is the basis of foreign market entry (Mtigwe, 2006). This area of research has highlighted the presence of specialised human resources (Ruzzier, 2015), the orientation towards exploring new markets (Dasi et al., 2015), international and risk taking cultures (Dimitratos et al., 2016), the business capacities in international markets (Korsakiene et al., 2017), the orientation towards innovation and proactive attitudes (De Clerq et al., 2005) and fluency in different languages (Morais & Ferreira, 2019) as some of the dimensions of human capital which can positively influence the internationalisation of the SME. Therefore, the international entrepreneurship perspective is considered as relevant to this study as it highlights the significance of the individuals in SME internationalisation by taking into consideration the influence of the managers and their competencies.

Similarly, to the findings of McAuley (2010), the in-depth exploration of the different perspective available in the literature has revealed that there is no existing model that can explain and capture the entirety of the process in a single, unique approach to internationalisation. At one end of the continuum of theories of SME internationalisation is the highly structured and sequential approach while at the other end is the opportunistic entrepreneurial led decision-making approach. Additionally, the literature review highlighted that whilst the current perspectives are valid and

applicable, they are not sufficient as they do not fully capture the dynamic reality of SME internationalisation phenomenon. As the internationalisation is a dynamic and complex phenomenon with many influential factors which are also influenced by the increased speed of globalisation, the increased competition and the international market conditions (McAuley, 2010).

This study similarly to Spence and Crick (2006) proposes that there is a need for the adoption of a holistic vision of internationalisation process, which would incorporate the various aspects of the existing models. Therefore, highlighting the importance of recognising the need to combine the propositions of the diverse existing models whilst focusing on the central role of SME managers and their managerial competencies in the internationalisation of SMEs. Fillis (2001) and McAuley (2010) have also recognised the need for different theoretical perspectives and have called for increased qualitative and depth field work in internationalisation of SMEs and have argued the need for increased use of ethnography, grounded theory and field research as they proposed such research can unlock new ways of understanding the SMEs. This is aligned with the aims of this study which is to develop an in depth theoretically based understanding of managerial competencies to increase the chances of SME managers to internationalise more effectively.

2.2. Managerial Competencies Related Literature

This part of the literature review will provide a review of the literature related to the managerial competencies with a focus on the context of SME internationalisation.

As managerial competencies are wide-ranging topic, the literature relating to this topic is categorised into three categories: functionalist perspective of managerial competencies, dynamic arrangement perspective of managerial competencies and lastly the agency theory related literature. Each category entailing a detailed review of the relevant literature.

2.2.1. Introduction

The performance of SMEs is believed to be interrelated to the human capital, specifically the managerial competence. Research (Hayton and McEvoy, 2006; Hoffmann, 1999) on competence indicate that competence involves a very complex and extensive concept, and as a result, scholars tend to have different definitions of competence which will be discussed in this chapter. Competence is a complex concept that has many aspects and applications, and models of managerial competence are grounded in these various approaches to and notions of the concept of competence Burgoyne (1993). As competence is a complex concept and has many different parts connected or related to each other in a complicated way (Collins Cobuild, 2006), each perspective tends to only explains partly the phenomenon.

Therefore, the research and practice associated with competence are often driven by performance objectives which can consequently result in economic gain or business success (Spencer and Spencer, 1993). However, one of the key issues regarding the competence literature is the existence of numerous terms such as the terms 'skills', 'expertise', 'acumen' and 'competency' that are all interrelated and are occasionally used interchangeably in the literature (Smith and Morse, 2005). Another issue is

considered to be the number of available definitions of competence which further complicates the topic of research and causes confusion and has thus resulted in many different and some contrasting approaches and frameworks amongst the scholars (Hayton and McEvoy, 2006; Hoffmann, 1999).

The difficulty of defining the term is further highlighted in Hunt's (1998) attempt to define the term competence by suggesting that competent behaviour results from a variety of factors including an individual's motivation, personality traits, self-concept, knowledge or skill. Therefore, it is perhaps not surprising when considering the number of the terms, concepts and relationships involved. Burgoyne (1993) explained that this ambiguity is further broadened by the use of the concept competency by a range of stakeholders involved which often tend to have different objectives within the same context and therefore may hold very different definitions of competency. Strebler et al., (1997) suggest that there are two main applications for the term competency, one being competency as behaviours that an individual demonstrates and the other being the minimum standards of performance (Strebler et al., 1997). It is considered that understanding the concept of competence and its use is believed to be an important foundation in the discussion of managerial competencies.

2.2.2. Definitions of Competence & Competency

As mentioned earlier in the section, research on managerial competence has been narrowly focused and confusing in its terminology. In particular, the disparity between the definitions and assessments of competence developed in the USA and the approaches adopted in the UK. It is argued that each perspective is incomplete and therefore lacking as a comprehensive frame for understanding both managerial competence and therefore managerial performance. Furthermore, they have failed to

deal with issues of the dynamic environment and the widely different contexts for managerial performance (Cheng, Dainty, & Moore, 2003). the American School defines the term competence, supported by Boyatzis (2008, 2009) as an underlying characteristic of an individual which can result in effective action or superior performance in a job.

On the other hand, the UK school has a rather different perspective and orientation. Here, the focus is on competence which is considered as the description of something which an individual who worked in a given occupational area should be able to do. They further describe it as a description of an action, behaviour or outcome which a person should be able to demonstrate. Cheng and Dainty (2003) who hold similar views to that of the UK school of thought consider competence as a description of something which a person who works in a given occupational area should be able to achieve, it is a description of an action, behaviour or outcome which a person should be able to demonstrate.

Furthermore, researchers such as Whiddett & Hollyforde (2003) and Le Deist & Winterton (2005) suggest that there are numerous definitions of competence, and each definition is dependent on the subject being discussed and as the topic of competencies is covered in so many directions there is no single definitive definition. Additionally, they propose that the definitions of competence commonly used in literature tend to be variations on two major themes with differing origins.

The two themes are categorised and defined as either the description of work tasks and job outputs (Whiddett & Hollyforde, 1991; Le Deist & Winterton, 2005) and this definition originates from national management training schemes such as the Management Charter Initiative (MCI) and Management Standards Centre. The MCI defines competence as "the ability of a manager to perform to the standards required in employment" (Whiddett & Hollyforde, 2000, p. 3). The other theme relates to the

descriptions of behaviours; this definition is an outcome of the ever-evolving understanding of behaviours and the work of researchers and consultants specialising in managerial performance. However many of the more recent definition of competence such as "competencies are behaviours that individuals demonstrate when undertaking job relevant task effectively within a given organisational context" (Whiddett & Hollyforde, 2003) originate and are variations of the definition, which Klemp in Whiddett & Hollyforde (1999) made in 1980: a job competency is "an underlying characteristic of a person which results in effective and/or superior performance in a job " (Klemp, 1980, p21). The variations of this definition tend to be developments on what these "Characteristics" may be. One of these developments of the earlier definition was done by Boyatzis (1982) in which he defines competency as "an underlying characteristic of a person in that it may be a motive, a trait, a skill, an aspect of one's self-image or social role, or a body of knowledge which he or she uses" (Boyatzis, 1982). Literature (Boyatzis, 1982, 2008, 2009; Whiddett & Hollyforde, 2003) suggests that it is essential to clarify what is the purpose of the competencies and whom it is relevant to. Furthermore, Draganidis and Mentzas (2006) examine the twelve commonly used definitions of competency and as a result of their analysis they came up with a conclusion that competency can be expressed as "a combination of tacit and explicit knowledge, behaviour and skills that gives someone the potential for effectiveness in task performance" (Draganidis & Mentzas, 2006, pp. 52-53). The following section further outline the distinction between the two terms competence and competency and will discuss the two terms and their distinctions in more detail.

2.2.2.1. Competence vs Competency

Identifying the required managerial competencies in SME internationalisation is a difficult task due to the context in which the organisations need to operate and the many factors which can affect the SME internationalisation. This has been made more

difficult by the fact that in literature the two terms competency and competence are often used interchangeably and carry the same meaning (Yang et al, 2006). Yang et al (2006) further propose that one of the major distinctions between the two terms in the literature is that the term competence is typically used at an organisational level whereas competency seems to be commonly used at an individual level (Yang & Wu, 2006).

Therefore, it is essential to look at the development of the two concepts of competency and competence in the literature to understand the distinctions between the two terms. Both terms have been much discussed in the managerial literature, and the term competency has been defined from several different perspectives and accordingly has a number of meanings. The concept of competency was initially used in education to describe trainee teacher behaviours. However, since its inception in education it has been widely used and discussed in the management field. Attempts of defining competency was initiated in the USA and led by Boyatzis (1982). During the 1970s the idea of competencies was developed in the USA as part of an initiative by the American Management Association to identify the characteristics which would distinguish superior from average management performance (Iles, 1993). Here, competencies are not viewed and considered as the tasks of the job, but rather that which enables people to do the task. These can be described in terms of essential personal traits, skills, knowledge and motives of the individual that leads to superior managerial performance.

Boyatzis (1982, 2008) developed a model of managerial competency in which he managed to identify over 100 potential managerial competencies in a study carried out on over two thousand managers. One of the main achievements of this study was the identification of the three levels of competencies; motives and traits; social role and self-concept; and role transitions. Many other authors such as Spencer and Spencer (1993) and Williams (1998) have built on Boyatiz's perspective of competency and

share the perspective of the American school which focuses on the concept of competency as an underlying characteristic of a person, which results in effective action and/or superior performance in a job.

However, the UK school holds a different orientation and perspective. In the UK, the focus has been on competence, which is a description of something which a person who worked in a given occupational area should be able to do, or a description of an action, behaviour or outcome which a person should be able to demonstrate. The core agenda worked out through government sponsored bodies such as the Management Charter Initiative (MCI) and the National Council for Vocational Qualification (NCVQ) has been on securing standards for occupational competence and ensuring that vocational qualifications are based on this (Mitchelmore & Rowley, 2009).

In conclusion the two terms, competency and competence are interconnected however distinct. Competence can be considered as the evaluation of performance in a specific domain of activity, whereas competency is considered as a class of things that can be used to characterise individuals and their behaviours. Additionally, Woodruffe (1991) made the distinction that competence is defined as aspects of the job which an individual can perform while competency refers to a person's behaviour underpinning competent performance. Hayton and McEvoy (2006) suggest that there is a further level of confusion and ambiguity that arises from indiscriminate use of other related terms in the literature alongside competencies such as skills, knowledge, and abilities. They suggest that the unique characteristic of competencies is that competencies are interactional constructs. Therefore, this highlights that, competencies consist of three parts: individuals' differences, situationally defined behaviour, and socially designed criteria for performance. Consequently, it is suggested that competencies are distinct from knowledge, skills, and abilities in that they are not only attributes of individuals, but also depend on situation and social definition (Mitchelmore & Rowley, 2009). This

highlights the importance of the stakeholders and users of the concept of competency in shaping the meaning associated with the concept. Further, Hayton and McEvoy (2006) suggest that, in spite of, or maybe because of the use of the term in practical situations, both academics and practitioners have criticised the term competence for its lack of conceptual clarity and consider it as vague and inappropriate.

2.2.2.2. Definition Used in This Study

Hoffmann (1999) was also amongst the many researchers that attempted to define competency, according to his research the term competency itself is difficult to define. However, Hoffmann (1999) states that the main components of competency are identified as the outputs (which is achieved as a result of training) which can be referred to as the competent performance and the inputs or commonly referred to as the underlying attributes which are considered necessary to achieve a competent performance (Hoffmann , 1999). Furthermore, Hoffmann (1999) suggests that the term competency can have several meaning depending on the purpose in which the term is being used, which is in line with the work of Boyatzis (1982).

Hoffmann's review of the literature demonstrates that that there are three major positions taken when defining the term competency and he categorised them as observable and apparent performance, the standard or quality of the outcome of the individual's performance and lastly the underlying attributes of the individual. From these categories it is evident that the first two are related to the output of the individuals and the last one is related to the underlying attributes, which can be defined as the individual's knowledge, skills or abilities. This categorisation of competency by Hoffmann highlights the importance of focusing on the required inputs of individuals in order for them to produce competent performance, which in this case are the managerial competencies required for SME internationalisation.

Therefore, Hoffmann's definition of competency described above which focuses on inputs (underlying attributes) and outputs (competent performance) is considered to be relevant to this research topic. In practical contexts it is particularly important that it is clear as to whether the objective is excellence through competencies, or competence through meeting minimum standards. In the case of this research topic managerial competencies refers to those competencies that allow the managers to go beyond meeting minimum standards of what is required of a manager in order to internationalise their SMEs. For SMEs, competencies reflect the capability of manager and of her/his collaborators in acquiring, using and developing successfully resources for their business purpose, in the specific context in which the organisation operates.

Therefore, the definition of managerial competencies used in this research will be a development of Hoffman's Definition in which he refers to inputs and outputs and will be defined as a combination of the knowledge, skills and attributes (inputs) that lead to going beyond the minimum standards, i.e., excellent managerial job performance (outputs). These may include the range of procedures, skills and abilities, attitudes, beliefs and values, dispositions and personal characteristics, self-perceptions, motivations and experiences that enable a range of work demands to be met effectively. Here after the terms competency and competencies are used consistently in the study.

2.2.3. Functionalist Perspective of Managerial Competencies

According to the literature (Man, 2000) the success or failure of an organisation is largely determined by the skills and knowledge of the individuals within the organisation, however, there is evidence that there's another essential element which is considered to be more intangible, this element is believed to be the ethos, mindset, attitudes and beliefs that a manager brings to the organisation (Fatoki , 2014). Managerial competencies are believed to be the skills, motives and attitudes necessary for a job, and include such characteristics as communication skills, problem solving, customer focus and the ability to work within a team. The problem arises from the difficulties in assessing the softer human assets of an organisation thus making understanding of the managerial competencies more difficult as businesses have long been capable of handling and analysing the hard and financial assets. Furthermore, whilst some of the managerial competencies such as skills and knowledge are easier to assess the more intangible assets such as communication, cultural awareness, teamwork whilst extremely important are much harder to evaluate (Man et al., 2002).

Previous research on managerial competencies has taken a more functionalist perspective and has focused broadly on identifying these so called in intangible elements (managerial competencies). According to research (Abraham et al., 2001) published in the "Journal of Management Development," the top six management competencies identified in a survey in the order of importance were said to be oral and written communication skills, creative problem solving, results orientation, teamwork skills, and customer focus. Other competencies listed included flexibility, dependability, and imagination. The study further highlighted that part of the character of a competent manager is his ability to participate in a collaborative manner with other individuals with the organisation whilst focusing on the goals and the strategies of the organisation. Additionally, it was proposed that in order for the competencies to be considered as

useful and effective, they must be transferable, that is, capable of being learned, and developed and this particular researcher concluded that the top six management competencies mentioned met these criteria (Gammelgaard & Larson, 2001). Such studies portray an image of internationalisation as a static, step by step process which requires certain structured and fixed competencies (functionalist perspective).

In other fields of research, White (1959) and McClelland (1973) are commonly considered as the pioneers of the concept of performance competencies. The term competence was the result of work of White (1959) when he identified a human trait, which he labelled as competence. However, it was McClelland's work, which popularised and brought into recognition the term "competence" (McClelland , 1973). McClelland's work also included the approach to motivation known as achievement motivation theory in which the concepts of competency and achievement orientation are closely connected and in parallel with the work of Boyatzis (1982).

McClelland (1973) work challenged the highly regarded belief that intelligence was the key to high performance and high achievement and suggested that there are other individual attributes alongside intelligence that can have an effect on the performance and stated that attributes, such as the self-image and the individual's motivation and drive can be responsible for differentiating successful from unsuccessful performance (Dubois & Rothwell, 2004). Furthermore, he argued that it is these, non-technical attributes which play an important role in achieving successful performance and that they can be considered as the difference between high achievers or performers and ordinary performers. He defined these as "achievement-oriented competencies" and emphasised the importance for organisations to seek to identify, encourage and reward these attributes. McClelland (1973) like many other researchers who held a functionalist perspective identified numerous (twenty) competencies that he believed would most often predict superior performance in professional and managerial jobs

(Shields, 2007). McClelland (1973) list of competencies demonstrate a rather functionalist perspective of managerial competency and the competencies included; achievement orientation, concern for quality and order, initiative , interpersonal understanding , customer service orientation, impact and influence, organisational awareness, relationship building or networking, directiveness, teamwork and cooperation, developing others, team leadership as well competencies such as, technical expertise, information seeking, analytical thinking, conceptual thinking, self-control and stress resistance, self-confidence, organisational commitment and flexibility. As previously discussed listing a number of competencies which is believed to result in superior performance is a rather static approach and proposes that possessing these competencies can guarantee certain results in the case of this thesis SME managers looking to internationalise therefore suggesting possessing certain competencies can result in internationalisation, however the reality suggests that SME internationalisation requires a more dynamic approach due to the complexities (Tallott & Hilliard, 2016). Listing of competencies demonstrates rather functionalist perspective and does not engage greatly in the dynamic side of SME internationalisation and competency of the manager.

literature tends to demonstrate managerial competency from a functionalist perspective, i.e., as static and structured. This is further highlighted by the works of Fillis (2001) who attempted to find a perfect solution or set of key steps that managers need to take in order to face the challenges caused by the emergence of new technologies and internationalisation. He suggests that managers need to be equipped with the right set of competencies in order to allow them to respond to these challenges (Fillis, 2001). It is believed that by identifying the key steps, it would allow the managers to understand the most important tasks and therefore enabling them to identify and develop the competencies required to carry out those tasks as suggested by Boyatzis (1982).

Other researchers with a functionalist perspective includes, Hildebrandt (2005) who carried out a study analysing over 1000 Danish managers both from the private and the public sector and he concluded the 10 most important managerial tasks to be motivation of others, planning, staff satisfaction, development of staff, delegation, co-ordination, values and attitudes, goal and result monitoring, guidance and coaching and lastly information processing (Hildebrandt, 2005) This again is very much in line with the finding of other researchers that put forward list of potential competencies that could enable SME internationalisation, however similarly with the other list of functional competencies, these are static in terms of the meaning that they carry and only suggest that these are competencies that carry significance but lack the dynamism and ignore the effectiveness of the key player in putting together these competencies in a manner that can be utilised in order to effectively recognise opportunities and to exploit them to internationalise the SME.

However, these lists of named competencies even though considered as very functionalist in terms of their perspective, they highlight the importance of human resource management tasks such as motivating the team, staff satisfaction, communication and development of staff but it also highlights the importance of the more traditional management tasks such as planning which ranked very highly on the list as well as delegation and co-ordination. This further emphasises the importance of understanding the need for a balanced focus on both human resource management tasks as well as the more traditional tasks in order to survive in competitive environment. Similarly, Egbu (1999) in his study of the construction business in England concluded that leadership, communication, motivation of others, as well as decision-making and planning are to be considered as some of the most important types of management skills (Egbu, 1999). Despite the difference in the demographic of the studies and the times when the two studies were carried out, the studies highlight similar areas and have similarities such as motivation of others and planning. The

analysis of the above-mentioned studies and the literature suggest that the leadership-oriented tasks tend to be considered as the most important management tasks todays. Leadership is defined as a process whereby an individual influence a group of individuals to achieve a common goal and it is considered as a soft skill and it is believed to be the result of the individual qualities of the manager, behaviours, management styles and decisions (Chiabrishvili & Chiabrishvili, 2013).

Despite the differences the similarities in the result demonstrate how highly valued management behaviour is among managers and its importance in the successful management of the organisation. Furthermore, this suggests a shift from the more traditional style of management to a more leadership-oriented way of managing. However, it is important to recognise that this shift can be influenced by many factors including the competitive situation of the organisation and can vary depending on the specific circumstances in which the organisation operates.

The increase in internationalisation activities has resulted in increased managerial responsibility and thus pressure. These changing environmental conditions have made the difference in what is considered as successful and unsuccessful manager more apparent than ever before. Furthermore, the literature (Chiabrishvili & Chiabrishvili, 2013; Whiddett & Hollyforde, 2003; Shields, 2007) shows that there is increased attention to inherit and instinctive individual characteristics as well as manger's personality and behaviour and their effects on managerial performance, which in this study would be examined by the outcome and the success of the internationalisation process (Hildebrandt, 2005). The result of Hildebrandt (2005) research on Danish managers also highlighted the personal attributes and abilities that the managers considered to be important and the finding suggests that the top 3 personal attributes are; credibility, responsibility and interpersonal skill which are directly linked with the behavioural competencies of the managers thus further highlighting the significance of the managers behavioural competencies. The study also suggests that possessing the

appropriate personal attributes which are linked to manager's behavioural competencies is considered to have a significant impact on the success of an organisation.

2.2.3.1. Functionalist Perspective of Managerial Competencies Conclusion

In conclusion possessing the right behavioural competencies when managing an organisation is considered to be essential as the research and studies carried out in this field suggest that these set of competencies are not only beneficial for the manager but for the entire organisation. Researchers (Yang & Wu, 2006; Whiddett & Hollyforde, 2003; Shields, 2007; Dubois & Rothwell, 2004; Chiabrishvili & Chiabrishvili, 2013) suggest that possessing the competencies mentioned allows the manager to successfully motivate the team to face the challenges and thus increasing employee satisfaction and productivity as well as creating a shared objective, which will increase the chances of firms' survival and success in the process of internationalisation. Literature highlighted that competency can mean and include terms such as; value, abilities, skills, knowledge potentiality, traits, preference as well as opinion and aptitude (Garavan & McGuire, 2001; Viitala, 2005; Wickramasinghe & De Zoya, 2009; Sadat Khoshouei, et al., 2013). The requirement of having competence can be considered as a fairly established approach and goes back to the time of Romans where they the employed competency profiling techniques for recruiting the so-called 'ideal' roman soldier (Sadat Khoshouei, et al., 2013). However, it was later that McClelland proposed an assessment for competencies and abilities, rather than, intelligence (McClelland , 1973; Draganidis & Mentzas, 2006) which questioned the common belief that intelligence was the determining factor for success. This was followed by the work of Boyatzis (1982) in which he defines competency as "an underlying characteristic of a person" (Boyatzis, 1982) and used the term competency in the management literature

to distinguish between superior and average performance of managers. The literature (Tahir & Abu Bakar, 2010) has since been developed in many different aspects and the focus has been on the identification of the relationship between competencies and predicting the performance and productivity of the leaders and managers at all level of the organisation. This is in line with the direction of this study in which the aim is to managerial competencies required for successful SME Internationalisation. Building on the foundations laid by McClelland (1973) and Boyatzis (1982), research focusing on managerial competency and competency modelling has gained more attention than ever before and this is primarily due to its significance in organisation management (Oiao & Wang, 2009). Others (Boyatzis, 1982; Goleman, et al., 2002; Cripe & Mansfield, 2002) have focused on investigating the role of competencies on organisational performance.

The literature on SME internationalisation portrays an image of internationalisation as a static, step by step process which requires certain structured and fixed competencies. It demonstrates a very lethargic and rather apathetic image of the required competencies. The listed competencies in the literature demonstrate a rather functionalist perspective and does not engage greatly in the dynamic side of SME internationalisation and competency of the managers as the reality implies a more dynamic environment and highlights that the process of SME internationalisation is not generalisable and reflective of the analytical steps in the current literature or the typologies of definitive competencies.

2.2.4. Dynamic Arrangement Perspective of Managerial Competencies

The more recent literature on SME internationalisation has begun to focus more on the relationship between managers and their fundamental role in SME internationalisation (Hutchinson et al., 2006; Ng & Kee, 2018), such the empirical studies of Haber & Reichel (2007) highlighted that the managerial competencies are strongly related to firm performance. Furthermore, similar studies have determined the significance of human capital specifically managerial competency in the internationalisation of SMEs (Ruzzier et al., 2007; Hulbert et al., 2013). SMEs limited financial availability causes the firms to be heavily dependent on human capital particularly the top management competencies. In the context of internationalisation, where the business environment is considered as highly complex and hostile, the importance of managerial function becomes even more evident. This is supported by the findings of Carpenter et al. (2001) in which their research revealed that multinational firms performed better when the top managers possessed international competencies.

The entrepreneur's know-how, action-orientation as well as the decision-making competencies are considered as key factors and suggest that the experimental knowledge of SME managers can be an indicator for success (Johanson and Vahle, 1990; Langseth et al., 2016; Ng & kee, 2018). Additionally, Hutchinson et al. (2006) claims that managers international experience is essential in SME internationalisation and proposes that only internationally experienced managers should lead such undertakings and recommends the importance of using consulting agency and hiring experienced individuals. Other researchers such as Hutchinson et al. (2006) also claim that there is direct link between the international experience and the speed of SME internationalisation. Lloyd-Reason & Mughan (2002), also proposed that managers' values, attitude as well as the insightful understanding of the market environment can all affect the success of an internationalisation. Knight & Kim (2009)

further focused on the significance of managerial competencies during internationalisation and its dynamic nature suggesting "the ability to scout for business opportunities, the communication and management competency will make up a large stake on the firm's international market success" (Knight & Kim 2009, p. 264). Regarding the personal international orientation, factors such as international experience and orientation, cross-cultural understanding and the ability to recognise international business opportunities (Chandra et al., 2009) were highlighted (Achtenhagen 2011). Additionally, it is considered that the development and utilisation of networks in a foreign country can improve the competitiveness of SMEs. Thus, networking competencies were highlighted as being effective and essential in information gathering and interaction with partners. Likewise, entrepreneur's competency in relation to decision making are also said to be of a significance, as competency can directly influence the decisions, intentions and choices as well as impacting the length, the justification and the commitment. Therefore, influencing the progression and intensity in the internationalisation process (Laghzaoui, 2009). The above literatures begin to illustrate that there is a shift from the way managerial competency is traditionally portrayed in the literature (Functionalist Perspective) towards a more dynamic approach. As discussed in the earlier chapter literature has commonly addressed managerial competencies required for a SME internationalisation using a very structured approach which has limited the findings to listing a number of competencies which managers are said to require in order to internationalise which are often generic and rather predictable. However as evident from the above literature there is a shift in the approach which makes a better attempt in capturing the more dynamic and complex nature of internationalisation and the interaction and integration of the managers within the context of SME internationalisation.

The commonality between all the mentioned attributes is the notion of creating superior value which is at the core of competency as proposed by Boyatzis (1982) in his definition of competency in which he defined it as "an underlying characteristic of an individual that is causally related to criterion referenced effective and/or superior performance in a job or a situation" Boyatzis (1982, p. 21). This signifies the importance of identifying managerial competencies, in the form of knowledge, abilities, and attitudes that in turn can lead to successful SME internationalisation. Therefore, it is considered that the extent and the magnitude of the competencies can heavily influence the strategic and organisational level choices that SME managers make including decisions such as the going international, mode of entry, the organisational structure or partnering and learning (Wolff and Pett, 2000) which can all consequently determine the outcome of the SME internationalisation (Hébert, 2002; Dhanaraja & Beamish, 2003; Rasheed, 2005). These further highlight the number of components involved in the SME internationalisation and the interaction of the SME managers with these components and constant negotiation and interaction of the managers with the internal and external components through the engagement of their managerial competencies which is rather different to the current lethargic image of the required managerial competencies for SME internationalisation.

Adner & Helfat (2003) have also approached managerial literature from a more dynamic perspective and as a result developed the concept of dynamic managerial capabilities in their article 'Corporate Effects and Dynamic Managerial Capabilities' published in the Strategic Management Journal. They defined the concept as the "capabilities with which managers build, integrate, and reconfigure organisational resources and competences" (p. 1012) therefore positioning the concept more in line with dynamic capabilities research. They proposed that dynamic managerial capabilities have three key underlying attributes that can be classed as "managerial human capital, managerial social capital, and managerial cognition" (p. 1013).

Managerial human capital includes the skills, knowledge, and experience possessed by the manager of the organisation. Referring to Becker (1964), Adner and Helfat (2003, p. 1020) suggested that managerial human capital requires "investment in education, training, or learning more generally," which includes on the job training, and involves experiential learning which can be form of prior work experience. Managerial human capital is an attribute which is very useful in understanding the heterogeneity of managerial capacities because managers differ in their skills, knowledge, and experience. Furthermore, research has indicated that managerial human capital is also associated with differences in firm performance (Bailey & Helfat, 2003). Therefore, highlighting the more diverse, unpredictable and dynamic nature of the topic.

The second attribute which is the managerial social capital refers to networks of relationships among managers and the people they are in contact with. The idea of social capital as it applies in the social sciences is that this type of capital (e.g., social networks) has value. It is comparable to other resources that create value (i.e., physical capital and/or human capital). Managerial social capital includes formal and informal networks, which can manifest inside and outside of the organisation (Adler & Kwon, 2003; Idris & Saridakis, 2018). Adding a further level of multiplicity and the diversity and also highlighting the very different and highly individualised accounts. Adner and Helfat (2003) revealed that internal ties can help managers to network and obtain information (Burt, 1992; Idris & Saridakis, 2018) and can subsequently lead to improved performance (Gelatkanycz & Hambrick, 1997; Naude et al., 2014).

And lastly, cognition which refers to the "process by which sensory input is transformed, reduced, elaborated, stored, recovered, and used" (Neisser, 1967, p. 4). It involves mental processing, that utilises abilities such as perceiving, thinking, reasoning, learning, and understanding, and involves problem solving and decision-making (Elstein & Schwartz, 2002). Managerial cognition refers to the "managerial beliefs and mental models that serve as the basis for decision making" (Adner & Helfat, 2003, p. 1021). Therefore, suggesting that managerial cognition can be used to

evaluate future alternatives and consequences (Gallen, 2006; Penrose, 2009), this is considered to be subject to bounded rationality (Santos & Garcia, 2006; Lejarraga & Pindard-Lejarraga, 2020), and thus critical in shaping the firms' future strategies. Adner and Helfat's (2003) work demonstrates the underlying attributes that involve managerial human capital, managerial social capital, and managerial cognition. These further highlights the dynamic nature of managerial competencies required for SME internationalisation suggesting that the SME internationalisation is not generalisable and reflective of the analytical steps in the current literature or the typologies of definitive competencies.

Additionally, the literature on dynamic capabilities suggests that internationalising an SME requires and will involve the adaptation and adjustment of the limited resources of the SME to the constantly changing and evolving external environment (Teece et al., 1997; Helfat et al., 2007). More specifically in relation to managerial competencies, rooted in efforts towards integration, building and reconfiguration of available resources and capabilities (Teece, 2007) building a viable fit between the SME and its new environment – an idea reflected once again in the dynamic capabilities literature (Bergen & Peteraf, 2002; Adner & Helfat, 2003; Sirmon & Hitt, 2009; Helfat & Peteraf, 2009). The literature further proposes that the managers of SMEs play a key part in SME internationalisation, primarily by acting opportunistically when growing their SMEs and by positioning it more rationally in the international environment. This demonstrates the aspects of the SME internationalisation process that the functionalist perspective does not capture. This leads to acknowledging the importance and versatility of the role of the manager, who can also be seen and frequently is an entrepreneur.

This can give a better insight about what managerial competencies are required for SME internationalisation. Managers who as entrepreneurs are key actors in ensuring the survival of the organisation during internationalisation and within the business

context as a whole. The importance of the role of the manager as not only an entrepreneur, but also a key decision maker in the internationalisation process and the development of managerial competencies is also reflected in the entrepreneurial literature (Kiggundu, 2002) which emphasises how various managerial competencies come together over the particular competencies needed in any given situation. Even in the most functionalist- based entrepreneurial accounts which conceptualise entrepreneurial competencies as the total sum of entrepreneurs' attributes such as attitudes, beliefs, knowledge, skills, abilities, personality, expertise and behavioural tendencies needed for success and sustaining entrepreneurship (e.g., Kiggundu, 2002), the emphasis is still on how managers bring together the competencies. Zoysa and Herath (2007) point that the capabilities and personal characteristics of managers are and should be regarded as one of the most influential factors in having a positive or negative impact on internationalisation process thus supporting that in SMEs the performance and in this case the internationalisation of the SME is dependent on the competence of the owner/manager and their entrepreneurial characteristics.

2.2.4.1. Entrepreneurial Competencies

This section explores the various aspects of the literature on entrepreneurial competencies and summarises the literature relating to entrepreneurship and entrepreneurial competencies. In the case of internationalising SME commonly the managers are thought to be entrepreneurs and therefore it is believed that entrepreneurs and managers share similar roles and tasks within the organisations (Hsieh et al., 2019). Due to these underlying similarities, Bird (1995; 2019) proposes that research concerning SMEs and entrepreneurs can borrow concepts and theory of competency from the management literature. As a consequence of these similarities in the two fields of research, the competency approach from the management literature has become an increasingly popular approach of studying entrepreneurial

characteristics (e.g., Minet & Morris, 2000; Baum et al., 2001; Man et al., 2002; Sony & Iman, 2005; Hsieh et al., 2019). This is considered as rather beneficial as it provides a better fundamental understanding of the entrepreneurial characteristics and the underlying competencies that allow the SME managers to successfully internationalise. However, it is essential to consider that although the term entrepreneurship is often related to new venture creation and small business management, not all owner managers can be regarded as entrepreneurs, nor are all small businesses entrepreneurial (Gibbs, 2005; Hulbert et al., 2015). Bird (2019) proposes that entrepreneurial competencies can be described as underlying characteristics such as specific knowledge, motives, traits, self-images, social roles and skills which result in in the start, survival and growth of an organisation.

Moreover, Man et al. (2002) defined entrepreneurial competencies as the total ability of the entrepreneur to perform a job role successfully. This definition highlights the dynamism of the managerial competencies and is somewhat a move away from the traditionally static approach that has been covered in the earlier parts of the literature review. Furthermore, there is an agreement amongst scholars (Gibbs, 2005; Hulbert et al., 2015) that entrepreneurial competencies are carried by individuals, who begin and transform their businesses, the signifies the importance of the role of the individuals within organisations and thus the importance of competencies and of the managers in internationalising SMEs.

Mitchelmore & Rowley (2010) propose that competency can be assessed from studying the three main components of entrepreneurial competencies: inputs, process and the outcome. the antecedents to competencies are considered as the inputs, the process is concerned mostly with the related tasks and behaviours leading to competencies and lastly the outcomes which is defined as the achievement of the standards of competency in functional areas. Research on entrepreneurial competencies so far has primarily focused on defining competencies in terms of

possessing the appropriate traits, skills and knowledge. Such definition even though suggests a requirement for a more dynamic approach still fails to capture the complex context of SME internationalisation and the interactions of the managers with the environment in which they operate. However, the research (e.g., Baum et al. 2001; Sony & Iman, 2005; Pech & Cameron, 2006; Sirmon et al., 2007; Mitchelmore & Rowley, 2010; Bird, 2019) has not been limited to these definitions and has made attempts to organise these entrepreneurial characteristics into key competency areas. Pech & Cameron (2006) demonstrated that there are two main areas of competencies; the ability to recognise opportunity and the drive to exploit that opportunity. They proposed that the ability to recognise opportunity to take advantage and to have in place the drive to achieve the execution of the set goals are essential in order to function in an entrepreneurial role. Additionally, Man et al. (2008) defined entrepreneurial competencies as higher-level characteristics including personality traits, skills and knowledge, which are viewed as the entrepreneurs' overall ability of the to execute a job successfully. Man et al. (2008) attempted to categorise competency by proposing six main competency areas which included; opportunity, organising, strategic, relationship, commitment, and lastly conceptual competencies. whilst these make attempts to view competencies as a dynamic arrangement and integration of functional competencies which would suggest a more dynamic approach, they can still be seen as somewhat a functionalist approach in their attempts of categorisation without considering the external environment and the context in which the SME managers operate.

To conclude, researchers distinguish that there are major contradictions in entrepreneurial competencies and differentiate the entrepreneurial competencies necessary to start a business from those essential to manage the business through growth (Mitchelmore & Rowley, 2010; Cooney, 2012; Bird, 2019). However, this approach of categorisation of entrepreneurial competencies whether it is by the stage

of internationalisation, or the area of competency as proposed by Man et al. (2008), cannot be used to entirely to identify and justify the managerial competencies required for SME internationalisation however it provides a foundation to build future research on. It is also important to recognise that very few entrepreneurs possess all the traits and attributes presented in the literature and therefore expectation of possessing all mentioned areas of competency is unrealistic. However, understanding the dynamic arrangement of functional competencies regardless of the area of competency provides a foundation and highlights the significance of the need to change the perspective in which SME managerial competencies are regarded. The shift in perspective will allow for our understanding of the concept to be further developed as it will allow us to better understand how managerial competencies interact with each other as well as with the context in which the SME operates and this will provide a more accurate picture of the managerial competencies required for SME internationalisation.

2.2.4.1.1. Personality Traits of Entrepreneurs

In order to better understand SME managers and their competencies' during internationalisation is it is useful to review the related topics of research, such as the research on the common personality traits of entrepreneurs as often in case of internationalising SMEs the managers act as entrepreneurs. Though the terms entrepreneur and SME owner are often used interchangeably, this is considered to be inaccurate (Mador, 2000; Olusegun, 2012), as entrepreneurs are focused on building and growing an enterprise, whether it's a brand-new business or transforming an existing company through innovation and making the most of opportunities hidden to others (Howorth et al., 2005). Entrepreneur is defined as a person who organises and manages any enterprise, especially a business, usually with considerable initiative and risk (Gedeon, 2010; Burns, 2016). Considering these definitions, the link between internationalising SME managers and entrepreneur is acceptable as the research focuses on SME managers who seek to transform and to grow their business through internationalisation using opportunities and innovation. Therefore, it is useful to this research to review the personality trait approach to gain a more in-depth understanding of internationalising SME managers.

Personality trait approach is considered as one of the areas of research on entrepreneurs (Kerr et al., 2018). This approach makes the assumptions that are distinct traits and motives that sets apart the entrepreneurs from the others and these traits and motives can assist in distinguishing the successful entrepreneurs from the unsuccessful ones (Brinckmann & Kim, 2015; Kerr et al., 2017). One of the main themes of entrepreneurial research is the identification of the certain characteristics and traits that can result in the success of an organisation (Barbosa & Gerhardt, 2007) another theme is the research on the entrepreneur's psychological and behavioural characteristics through the utilisation of approaches such as; motivation, personality attributes, values, goals and attitudes (Kotey & Meredith, 1997; Fayolle et al., 2014).

It is important to understand that whilst the approaches may vary the significance of individual characteristics such as achievement motivation, internal locus of control which is the belief that they have control over the outcome of events, risk-taking propensity, tolerance of ambiguity, type A behaviour (impatience and aggressiveness), creativity, and innovativeness are highlighted and it is proposed that possessing such characteristics can provide the foundation for the decision to start an organisation as well as the continuous success of the business. Another important area is related to the human capital factors like the individual's education level, work experience, start-up experience, training and skills and technical know-how (Marvel et al., 2016). The entrepreneur's networks or social relationships are all considered as human capital which is linked to the entrepreneur (De Clerq & Arenius, 2003; Sorenson, 2018), this type of human capital is believed to be affected by numerous factors which can include the entrepreneur's background, affiliation and associations as well as the individual's personality. This suggests the dynamic nature of the factors which have an effect on the success of an entrepreneur and portrays a more dynamic picture of the context of the environment in which the entrepreneurs operate. There is a direct link between the entrepreneur's networks and relationships and the entrepreneur's ability to seek resources, supports, and business opportunities (Naude et al., 2014). Harris & Wheeler (2005) propose that these characteristics are considered to be directly related to organisational performance.

The significance of psychological characteristics, managerial competencies as well as the managers background and experience were all considered as factors that can determine and effect the firm's performance amongst there the networks and the relationships were also proposed at determining factors (Mitchelmore & Rowley, 2010). However due to the numerous factors involved and their complex nature there are no conclusive results on how and to what extent these characteristics affect firm performance, this again highlights the dynamism and the significance of approaching

this topic from a different perspective from the one commonly used in SME management which is rather static and structured. The issue in the difficulty of evaluating the extent of the effects of these characteristics is argued to be due to the large number of traits that have been identified as being associated with successful entrepreneurs (Kerr et al., 2018) which is a very functionalist approach. As evident in the literature on managerial competency which is filled with long lists of required managerial competencies for organisational success, Gartner (1988) and similarly Johansson (2004) claim, that a staggering number of traits and characteristics had been attributed to the entrepreneur, and due to this large number of so called required competencies, the 'psychological profile' of the entrepreneur assembled from these studies would portray someone larger than life, these attributes are often considered to be full of contradictions, and, conversely, someone filled with so many characteristics and traits, would have to be a sort of generic 'Everyman'. Ferreira et al. (2012) suggests that the use of a behavioural approach is considered as a more effective approach in studying matters related to entrepreneurship specifically in case those of those concerning the relationship between individual behaviour and firm performance. This is very much in line with the aim of this thesis which is to identify the required managerial competencies for SME internationalisation.

2.2.4.1.2. International Entrepreneurship and SME internationalisation

International entrepreneurship is defined as "a combination of innovative, proactive, and risk-seeking behaviour that crosses national borders and is intended to create value in organisations" (McDougall & Oviatt, 2000, p. 903). However, some years later McDougall & Oviatt (2005) embraced a deeper concept of entrepreneurship, defining it as the discovery, enactment, evaluation, and exploitation of opportunities across national borders to create future goods and services. In the context of international entrepreneurship and SME internationalisation, entrepreneurial strategies are

considered as behaviour-based factors related to the proactive actions of managers which can consequently add new value to the organisation in the circumstance of international market entry (Oviatt & McDougall, 2005). Researchers Shane and Venkhataraman (2000) argue that entrepreneurial strategy research identifies how the manager's role in an SME can influences the value adding process in internationalisation and how foreign market entry of SMEs depends on 'the entrepreneurial competencies of the managers (Sapienza, 2006, p 918). The dynamism and the interrelationship between SME managers and the success of the internationalisation is further highlighted as it is believed that managerial resources can include variety of elements such as manager's business experience, international knowledge, host country knowledge, managerial team size, managerial team diversity, as well as the managers personality trait, attitude and outlook towards internationalisation. It is argued that on a personal level, the SME manager's knowledge stock and learning capabilities could potentially influence the decision-making processes in the context of internationalisation. The decision can be on many elements of internationalisation of the SME, including the potential markets, destination, timing, strategy, and market entry mode. Such decisions are considered to be an example of the typical issues that a SME manager should be able to address before or during market expansion activities (Bingham, 2009).

SME internationalisation requires and will involve the adaptation and adjustment of the limited resources of the SME to the constantly changing and evolving external environment (Teece, 2007; Helfat et al., 2007). This emphasises the dynamic nature of SME internationalisation and the significance of SME managers and the utilisation of their competencies in efforts towards integration, building and reconfiguration of available resources and capabilities (Teece, 2007). Thus, building a viable fit between the SME and its new environment, an idea reflected once again in the dynamic capabilities literature (Adner and Helfat, 2003; Bergen and Peteraf, 2002; Sirmon and

Hitt, 2009; Helfat & Peteraf, 2009). The managers of SMEs play a key part in SME internationalisation, primarily by acting opportunistically when growing their SMEs and by positioning it more rationally in the international environment (Hsu & Pereira, 2008). In SMEs the firm's strategy is often very closely linked to the SME managers goals and visions (Frynas & Mellahi, 2011) putting SME managers in a central position in the efforts of internationalisation. Strategy tends to be perceived as the highest level of managerial responsibility and thus, in SMEs Strategies are usually derived by the managers and are mostly parallel with the expectations and perceptions that they have for the firm. It is only through effective strategy that the firm is able to maximise internal efficiency whilst capturing the highest potential of opportunities in the external environment (Deresky, 2006; Frynas & Mellahi, 2011).

The literature (Jones & Coviello, 2005; Keupp & Gassmann, 2009; Zhou, et al., 2012) highlights how firm's entrepreneurial characteristics which are closely tied to the SME managers competencies and their vision for the firm can work in their favour as it is thought that these entrepreneurial characteristics especially in younger organisations can improve their capability of survival and transition into international markets. This is said to be due to stimulated learning due to higher enthusiasm and motivation and knowledge development in young entrepreneurial firms (Zhou, et al., 2012; Zahra, et al., 2000; Weerawardena & Sullivan, 2007; De Clercq, et al., 2014). Entrepreneurial characteristics of a SME often tends to derive from the top managers characteristics and personal attitudes towards the internationalisation of the firm, however tangible efforts dedicated to developing foreign knowledge which results in such capabilities are very rare in firms and especially in SMEs (Keupp & Gassmann, 2009; De Clerq et al., 2012). International strategic management and a firm's focus on certain activities can be explained by managerial attention and competency which is linked to an organisation's strategic priorities (Barreto & Patient, 2013; De Clerq, et al., 2014). However, in terms of Internationalisation, SMEs tend to have certain constraints and

liabilities due to their inexperience regarding the international market therefore often leading to limiting their ability to dedicate the necessary amount of effort to learning about the international market which they aim to compete in (Barreto & Patient, 2013; Zahra, 2005). It is proposed that the path of internationalisation taken by an SME is likely to be influenced by factors such as the evolution of the industry, firms' home and foreign networks and relationships as well as the organisations resources and capabilities (Andersson, 2004; Autio, et al., 2000; Sapienza, et al., 2006). Scholars believe effects of such internal and external factors makes examining and highlighting the required managerial competencies for such firms evermore complex (Jones & Coviello, 2005; Meyer & Gelbuda, 2006).

Moreover, the level of internationalisation is dependent on the firm's creation and reinforcement of network which in SMEs is often lead by the managers thus further highlighting the importance of managers and their competencies in establishing and maintaining such networks (Pajunen & Maunula, 2008; Chetty & Blankenburg Holm, 2000; Johanson & Vahlne, 2003). Further research has been carried out which focuses particularly on the role and the importance of foreign market knowledge and experimental learning, which is carried out by the managers in SME further emphasising the significance of managerial competency in the efforts of internationalisation (Chetty & Blankenburg Holm, 2000).

2.2.4.2. Dynamic Arrangement Perspective of Managerial Competencies

Conclusion

To conclude, the arguments discussed in this section of the literature review indicate that the SME internationalisation is largely influenced by the competency of the manager which is often the owner in the case of many SMEs. Managers are key actors in ensuring the survival of the organisation during internationalisation and within the business context as a whole are central to SME internationalisation and should be regarded as one of the most influential factors in having a positive or negative impact on internationalisation process. Acknowledging the importance and versatility of the role of the manager, who can also be seen and frequently is an entrepreneur, can therefore provide an enhanced insight about what competencies are required by SME managers during internationalisation. Furthermore, the literature on international entrepreneurship and SME internationalisation highlights the importance of the role of the manager as not only an entrepreneur, but also a key decision maker in the internationalisation process and the development of managerial competencies. These ideas are reflected in the entrepreneurial literature (Kiggundu, 2002) which emphasises how various managerial competencies come together over the particular competencies needed in any given situation. Even viewed through the most functionalist perspective which conceptualise entrepreneurial competencies as the total sum of entrepreneurs' attributes such as attitudes, beliefs, knowledge, skills, abilities, personality, expertise and behavioural tendencies needed for success and sustaining entrepreneurship (e.g. Kiggundu, 2002), the emphasis is still on how managers bring together there competencies; whether they are knowledge-based, experience or personality-related competencies (Zoysa and Herath, 2007). This suggests a dynamic perspective is more appropriate as managerial competencies and SME internationalisation is not static and further supports the notion that the

performance of SME especially in the internationalisation of SMEs is highly dependent

on the competencies of the manager and their entrepreneurial characteristics.

2.2.5. Agency Perspective of Managerial Competencies

This part of the literature review will provide a review of the relevant literature which can assist in better understanding the agency of the managers in SME internationalisation, it will begin by providing a literature review focusing on the manager's role in SME internationalisation highlighting their significant role in operating in the complex international environment, then the relationship of competencies and internationalisation will be discussed using the Dreyfus Model (Dreyfus & Dreyfus, 1980) and lastly, the agency theory is discussed which will form the theoretical foundations of this study, it is acknowledged that the agency theory has different philosophical origins from that of management competencies .

2.2.5.1. Manager's Role in SME internationalisation

The transition of domestic SMEs into international organisations demonstrates that traditional strategies and approaches which are commonly used by the managers of SMEs are becoming less relevant and are no longer appropriate as the international organisation are more geographically scattered and diverse (Tang, 2011; Hajro & Pudelko, 2010). Internationalisation results in increasing complexity of the structural, social and cultural environment of the organisation and the way in which the firms are managed in order to ensure their survival and success in the complex international environment (Kaufmann, 1995).The increasing need for internationalisation has presented many companies with the challenge of managing international complexity which consists of obstacles such as multiplicity, interdependence, ambiguity and flux (Lane, et al., 2006). Researchers such as Morschett, et al. (2009), highlight the significance of the role of the managers in internationalisation and propose that in order to ensure the smooth transition and success of firms intending to operate internationally, the manager as well as the others taking part in the internationalisation of the firm should possess certain competencies, whilst taking a functionalist

perspective they include, the ability to collaborate, discover, plan, design and demonstrate systems thinking. Additionally, they argue that these competencies allow the managers to manage the firm in a manner which would improve the chances of survival in an environment which inherently is more complex than the domestic market (Morschett, et al., 2009). By acknowledging the complexity manifested in the international environments we begin to understand the many factors involved in the internationalisation of SMEs, including the interrelation between the firm, the environment and the managers as well as their continuous dynamic interactions with each other. Therefore, by acknowledging and accepting the complex interrelations and interactions of the components involved as well as the inherent complex and uncertain nature of the international market, we get a more accurate image of SME internationalisation which is not static and therefore we begin to get a better understanding of what is necessary to internationalise an organisation (Cole, 2003) and consequently the managerial competencies required for SME internationalisation as the managers of SMEs play a significant role and the actions of SMEs are often closely tied to those of their managers.

Furthermore, researchers (Wang, et al., 2007; Lane, et al., 2006) suggests that it is near impossible to predict the future in complex environments and therefore using traditional managerial methods and rigid controls are deemed as dysfunctional and inappropriate (Shenhar & Dvir, 2013). They propose that managing complexity requires a new way of thinking and that it is essential for managers operating internationally to acknowledge that complexity of this type cannot be controlled, but it can be managed. Lane et al. (2006) suggested collaborating, discovering, architecting, and systems thinking as the key processes in an organisation operating internationally and considered these to be effective in managing the complexities involved in such environments. Although the proposed four elements suggests yet again another functional approach to SME internationalisation and the required managerial competencies, when viewed holistically each of these elements are individually

dynamic and emphasise the dynamic nature of internationalisation and further highlights the significant central role of the managers in orchestrating these elements and concurrently taking into account the context in which the firm operates.

Dealing with the complexity of organisations and the environments in which they compete has become one of the major factors contributing to the success of the organisation within that environment as well as one of the organisation's key competitive advantages (Klutha, et al., 2014).   Complexity is the result of the challenges an organisation faces during its routine business and interactions, and they tend to be described by "the four dimensions of complexity; variety, heterogeneity, dynamics and non-transparency as well their interrelationships" (Klutha, et al., 2014). Complexity can be categorised within those four dimensions and their interrelationships. Existence of these dimensions as well as their relationship with the internal and external environment of the organisation makes the management of organisations aiming to operate internationally ever more challenging. This highlights the need for the SME managers to possess competencies which would enable them to manage the complexity of the international environment. However, researchers Palmisano (2010) and Klutha, et al., (2014) suggest that despite the importance of dealing with such complexities only a few firms have the right set of competencies and tools required to handle complexity effectively and these often tend to be larger firms with more available resources. In case of SMEs these competencies are often expected and required of the manager as they are the individuals behind the internationalisation drive and in charge of managing the firm during this process.

Firms competing internationally often face the challenge of dealing with complexities that are inherent in the international environment, these complexities often lead to SMEs having their resources stretched and, in some cases, wasted thus exposing the firms to various areas of risk and consequently failure if not managed. This highlights

the need for acknowledging and managing complexities of operating in the international environment as well as allowing the organisations to improve their international competencies which in SMEs is often linked to the international competencies of the manager and to use their resources efficiently thus allowing them to take advantage of the opportunities presented by doing international business (Blomstermo & Sharma, 2003; Johanson & Vahlne, 2003).

Whilst doing business internationally presents many opportunities it also presents numerous challenges that if not managed effectively can result in the failure of the organisation (Chetty & Blankenburg Holm, 2000). There are many factors and prerequisites that affect the success of doing business in such scale, detailed knowledge of the countries and the markets the organisation is aiming to compete is a must (Keupp & Gassmann, 2009). Fundamental knowledge regarding the countries' laws and requirements in regard to tax, logistic, import and exports as well as currencies, language and culture are all considered as essential. In many cases the organisation's product also needs to be adapted to suit the needs of the market in which the firm is competing. Other crucial factors which impact the success of the firm includes economic and political environment of target market (DimensionData, 2014). Furthermore, research highlights the importance of abiding by the laws and regulations of the market which the organisation aims to expand into in order to stay out of trouble as well as understanding the risks involved in competing in such markets. Such risks and challenges include international leverage, market control and global buying/selling power as well as economies of scale, cost containment, flexibility and business alignment (DimensionData, 2014; Zahra, 2005). Some of the problems international organisations have traditionally come across include the management of their resources and service providers in multiple markets subsequently resulting in increasing responsibility, costs and interruptions and hence leading to poor performance.

In order to deal with the challenges of complexity and doing business internationally the organisation is required to be flexible and show some degree of scalability to meet the market demands. Binder (2007) who focuses mostly on larger firms suggests that, having a suitable infrastructure is important in competing internationally but it is also important to make sure the capital invested in costly infrastructures are minimised (Binder, 2007) however this is mostly applicable to the larger firms, as SMEs particularly low technology SMEs often do not have the sophisticated infrastructures to help them minimise the impacts of operating internationally and this task falls on the hands of the SME managers, which again highlights the need for identifying the managerial competencies required for SME internationalisation due to crucial role they play within the firm. Other crucial yet fundamental factors include, improving staff international competency, productivity and collaboration as well as effective management of the risk and uncertainties involved in doing business in foreign markets. Using technology to enhance existing infrastructure, increasing the visibility of the management process as well as streamlining the process through methods such as automation and systems integration to increase efficiency are also considered as essential by scholars (Weerawardena & Sullivan, 2007; Shenhar & Dvir, 2013; Dimension Data, 2014). These are all important elements that can contribute to SME internationalisation and therefore regarded as necessary for the SME managers to possess the named competencies however the listed competencies again demonstrate a rather functionalist perspective and do not engage greatly in the dynamic side of SME internationalisation and competency of the manager to bring all these competencies together using the inherent human resources such as knowledge and experiential competencies that are commonly identified in SME managers who are often entrepreneurs. This highlights the ability of the manager to act as agents, therefore as agents they can and do make choices which are both enabled and constrained by who they are and by their situation at the time of the choice (Archer, 2000).

2.2.5.2. Relationship of Competencies and Internationalisation - The Dreyfus Model

In this section, the Dreyfus model of skill acquisition, which explains the five development stages from a novice stage to expertise (Dreyfus & Dreyfus, 1980) will be discussed. Since its development, the model has been deemed as applicable in variety of fields (Batalden et al. 2002; Mangiante & Peno, 2021). The Dreyfus model can be used to assess the level of development of competencies of individuals. Furthermore, it can provide a framework to track the increasing level of competencies as the experience of the SME managers increase. This model will help develop a more experience focussed understanding of the development of the managerial competencies required for SME internationalisation.

The Dreyfus model of skill acquisition proposes that, when individuals acquire a skill through external instruction, they normally pass through five stages: Novice, Advanced Beginner, Competent, Proficient, and Expert. Progression through the five stages is viewed as a gradual transition from rigid adherence to rules to an intuitive mode of reasoning that relies heavily on deep tacit understanding with similarities to Donald Schons theory of 'knowing in-action' which implies that that our knowing is in our action, therefore, values the insights that come from experience, from being direct involvement with the situation (Schon, 2016).

In the original Dreyfus and Dreyfus model, the learner starts acquiring skills as a novice and at the end becomes an expert (Dreyfus, 2004). Pena (2010) proposes that during the initial stages of the model, performance is rule-based and non-contextual, while towards the expertise end of the model, the performance tends to become fluid and intuitive. Competency is considered as the mid-point on this performance improvement spectrum.

The model starts at the novice stage where instruction involves decomposing the task environment into context-free features which the beginner can recognise without having developed any skills (Khan & Ramachandran, 2012). As the novice starts to gain experience in dealing with real situations (advanced beginners stage), they begin to develop an understanding of the relevant context. This is followed by the competency stage, which is the result of gaining further experience, which requires a deeper understanding of the dynamics, the context and the experience (Dreyfus S. E., 2004). At this stage the result is highly dependent on the individual's decisions and choice of perspective, it triggers a sense of responsibility and depending on their competency they experience a kind of elation unknown to the beginner which is born from progressively being able to understand the context and decide on a course of action. This is followed by the proficiency stage of the model, at this stage it becomes increasingly difficult for the individual to detach themselves from the context and its elements and go back to the rule-following stance of the beginner (Dreyfus, 2004; Dreyfus & Dreyfus, 2005). Proficiency is seen to be closely linked to and developed by experience, at this stage certain contextual aspects and features stand out as important without the individual standing back and choosing plans or deciding to adopt particular perspective (Dreyfus & Dreyfus, 2005).

Lastly, the expertise stage is highlighted as the stage in which the proficient individual is fully immersed in skilful activities and has the ability to see what needs to be done but also decides how to do it. The ability to make more subtle and refined discriminations is what distinguishes the expert from the proficient performer (Dreyfus & Dreyfus, 2005, p. 779). This allows immediate intuitive situational responses that are characteristic of expertise. This model clearly indicates that skills acquisition is an ongoing process which ranges from novice to expert. Individuals use optimal training, deliberate professional practice and extended domain-related activities to incrementally improve their performance (Ericsson et al. 2006; Shirazi & Mortazavi, 2009).

As suggested for embodied, emotional beings, success and failure matters, so, the individual can experience different feelings such as being frightened, elated, disappointed, or discouraged as a direct result of their chosen perspective (Ericsson et al. 2006; Shirazi & Mortazavi, 2009). This suggests that a more experiential perspective is possible when considering the required managerial competencies for SME internationalisation, in the sense that, under the Dreyfus and Dreyfus model, internationalisation can also be seen as more of an experience for SME managers which would provide a different perspective to the one commonly used in the literature which views SME internationalisation as only a process. The understanding of the need for the shift from a functionalist perspective to an experiential perspective is further highlighted by focusing on the human aspect of skill acquisition and thus relatively the context of SME internationalisation for the purpose of this thesis. As the model implies unless the individual becomes emotionally involved and acknowledges the elation of a job well done, as well as the remorse of mistakes, the SME managers will not develop further. The model further highlights that, if one seeks the safety of rules, one will not get beyond competency (Dreyfus & Dreyfus, 1980). Additionally, it is suggested that experiencing deeply felt rewards or remorse appears to be essential for the performer to learn from examples without rules, again highlighting the experiential perspective and the need for a more holistic approach to managerial competencies required for SME internationalisation.

2.2.5.3. Agency and Structure Theory

The concept of agency and structure will be discussed as it provides a more appropriate approach to identifying the managerial competencies required for SME internationalisation, the concept of agency, places the emphasis on the managers as individuals who act as agents. Therefore, transforming the environment through their everyday behaviours, actions and the decisions (Archer, 2000) in order to internationalise their SMEs. The current approaches discussed in the earlier sections of the literature review have attempted to address the managerial competencies required for SME internationalisation by providing an almost 'check-list' like list of competencies which is static. Moreover, the dynamic capabilities approach (Teece, 2007; Draganidis & Mentzas, 2006; Chiabrishvili & Chiabrishvili, 2013) and entrepreneurial literature (Oviatt & McDougall, 2005; Shane & Venkataraman, 2000; Viitala, 2005) proposed a dynamic arrangement of competencies that offers a considerably more practical arrangement of competencies however the competencies are generic in nature and are context free and therefore do not fully capture the reality, therefore, using the agency and structure theory we can capture a more accurate image of SME internationalisation and thus the managerial competencies required. As the traditional concepts merely scratch the surface of the reality of SME internationalisation over time, this accounts for the advent of a more appropriate perspective. Therefore, highlighting the need to observe management and organisation studies from another perspective since there is a perceived decline of the contribution of old concepts and tools of analysis as they do not fully capture the reality of social procedures and results of actors who are involved in the daily operations of organisations.

In this section the fundamental debate of sociology which is about the relative power of agency vs. structure (Cline, 2010) is discussed. It is argued that all theories have a

social ontology, implicit or explicit, which defines the constituents of the social world. Analytical dualism and the morphogenetic approach are often regarded as approaches for assessing the interplay between agency and structure. Through analytical dualism, structure and agency can be analytically treated to allow for the examination of each one individually and their interactions and, ultimately, to account for the structuring and re-structuring of the social order (O'Donnell, 2010). Even though structure and agency are considered as crucial for each other's formation, continuation and development, the analytical separation of structure and agency is possible because they are considered as entirely different kinds of emergent entities with their own distinctive characteristics and influences. Additionally, they are considered to operate diachronically and may develop over different time periods (Archer, 2007).

Here, it is proposed that structural and cultural elements construct the social context in which agents find themselves. Previous, former actions of agents are deposited and integrated forming the structural and cultural elements that the agent encounters in current situations or the new context. Archer (2000) argued that sociologists, often including critical realists, do not pay sufficient attention to how agents respond and act and tend to rather focus more on how the structural and cultural properties of society are conveyed or even imposed onto the agents and condition what they think and do (Archer, 2000). Archer (1995) proposed the notion of the *morphogenetic society* and suggested that one of the key aspects of morphogenesis is reflexivity and labelled it as a necessary mediatory process. She further highlighted that individuals by becoming more self-directed and reflexive can advance and influence the morphogenetic aspects of society. The morphogenetic approach proposed by Archer (2000) is outlined in order to suggest what it might bring to the study of strategy and managerial competency. It highlights a non-deterministic approach in which agential reflexivity is emphasised which enables the situating of moments of strategic practice in a wider context and can thus offer rich resources to the field of organisational

strategy and managerial competency (Archer, 2000). Where agency is emphasised, the focus is on the actions of individuals and structures are not deterministic, even though choices can indeed be structured themselves. Here, we are not mere actors in a play in which the scripts for our roles have already been written, but actively involved in reflexively creating our scripts and the environments in which we find ourselves. Thus, a more elaborate view suggests the interplay between agents and structure. Archer's thinking diverges from notions of determinism and emphasises agential reflexivity as the key means of linking social and cultural circumstances to the actions of agents. Even though circumstances provide, strong situational logics, logics that are considered as too powerful to go unnoticed it is argued that agents always have the chance to act differently. In regard to managerial competency, Archer's thinking emphasises strategic choice even when this is conditioned by particular conjunctions. This approach suggests that whilst rich descriptions of practice are often revealing and informative, they get their full power when seen in context (Archer, 2007).

Theories that argue for the pre-eminence of structure resolve that the behaviour of individuals is essentially determined by their socialisation into that structure. It is notable to recognise that structures operate at varying levels. At its highest level, society can be thought to consist of mass socioeconomic stratifications. On a mid-range scale, institutions and social networks, and at the microscale one might consider how community or professional norms constrain agency (Royce, 2015). In contrast, advocates of agency theory reflect that individuals possess the ability to exercise their own free will and make their own choices. Here, social structures are viewed as products of individual action that are sustained or discarded, rather than as incommensurable forces.

Moreover, Anthony Giddens who developed the concept of structuration (Giddens, 1987) argues that just as an individual's autonomy is influenced by structure,

structures are maintained and adapted through the exercise of agency. The interface at which an actor meets a structure is termed structuration. This concept offers a perspective on human behaviour based on a synthesis of structure and agency effects (duality of structure). Instead of describing the capacity of human action as being constrained by powerful stable societal structures or as agency i.e., function of the individual expression of will, this theory acknowledges the interaction of meaning, standards and values, and power and posits a dynamic relationship between these different facets of society. Therefore, the structuration theory recognises that actors operate within the context of rules produced by social structures, and only by acting in a compliant manner are these structures reinforced.

In summary the central purpose of structuration theory is a distinct conceptualisation of structure and agency: While structural properties of societies are real, they depend on regularities of social reproduction; structure exists only in and through the activities of human agents. It is argued that in management studies, structurationism has supported attempts to challenge dominant functionalist views of organisational structures, therefore as a result highlighting how managerial agency itself demanded attention and was not just the unthinking causal effect of some rigid higher order (Tamim & Wright, 2017). Furthermore, researchers of structuration theory (Jarzabkowski & Kaplan, 2015; Whittington, 2007) encourages researchers to focus and reflect on individual and collective agency in strategizing, placing managers and their strategic agency at the core of strategy research (Jarzabkowski & Spee, 2009; Vaara & Whittington, 2012). Whittington (2010) demonstrates that the structuration theory can help us to recognise the improvised and emerging nature of the phenomena due to the fact that structural principles are neither set nor objective. Though, it is in practice that they are shown, and the structure of the phenomena is emerging in the embedded action in a time-space context subject to the subjective interpretation of the

actors much more than a determinist and objective pre-conception of reality (Marietto, Ribeiro, & Anto, 2016).

Giddens' theory of structuration is distinctive for its notion of the duality of structure (Giddens, 1979, 1984). His idea of duality on the other hand blended agency and structure, emphasising their mutual co-dependence (Giddens, 1984). However, authors (Archer, 1995; Thrift, 1985; Urry, 1982) without explicitly stating that Giddens' theory of structuration is lacking in detail, have demonstrated the need to complement and substantiate it with a theory or theories drawn from elsewhere within the social sciences. Specifically, theory of structuration is considered to be inadequately concerned with how practice unfolds over time (Archer, 1995).

A development of theory of structuration is considered to be Stone's strong Structuration (SST). Parker (2006) believes that Stones' discussion of agency and structures offers researchers the means to investigate the interplay between them. He (Parker, 2006: 122) considers it "the most serious attempt to date to give structuration theory a new lease of life". Edwards (2006: 911) echoes this, seeing SST as a question-led outlook compared to Giddens' concept-led approach. Along with colleagues, social theorist Rob Stones has continually developed strengthened version of theory of structuration, namely SST (Greenhalgh et al., 2013, 2016; Greenhalgh & Stones, 2010; Stones, 2012, 2014). Stones remains dedicated to the core concept of Giddens' theory, the duality of structure, however, acknowledges major critiques by Archer (1982, 1995), Mouzelis (1991), Parker (2000) and Sewell (1992). Stones develops the abstraction around the duality of structure found in theory of structuration (what he refers to as the ontology-in-general), arguing for an ontology that relates to specific social processes and events in particular times and places (ontology-in-situ). In other words, he moves from an "all and every" approach to "who did what, where, when, how and why" approach (Parker, 2006: 122). Consequently,

equipping the researchers of structurationism with an improved set of tools to link macro and micro levels.

Archer criticised the structuration theory which referred to the active process by which individuals, informed by (virtual) structure, acted in the world to reproduce (or change) the social structures which confronted them. She was dubious about the status and function of this virtual structure. She suggested that through the concept of structure, Giddens 'conflated' the human agent with the system. Thus, suggesting that, through structure, individual agency was constituted by the system: "Ideally what he wants to integrate is the way in which the active creation of social conditions is itself unavoidably conditioned by needing to draw upon structural factors in the process" (Archer 2010 [1982]: 229 [459]). Additionally, Archer indicates that, 'Giddens commits himself to an enormous coherence of the structural properties, such that actors' inescapable use of them embroils everyone in the stable reproduction of social systems' (Archer 2010 [1982]: 230 [460]). For Archer, Giddens over-socializes agents who have thoroughly interiorized their social conditions. On Archer's morphogenetic approach, such a conflation is fundamentally wrong for one of the principles of this approach is the distinctive properties of social structure and human agency have distinctive purposes as this distinction allows their interaction to be explored (Archer 1996). Additionally, Archer highlights a contradiction in structuration theory. Since conditions are no more than internalised rules, an individual is free at any point to follow the rules differently: 'the individual could have acted otherwise' (Giddens 1976: 75). However, the fundamentals of structuration theory are considered to be rather close to Archer's morphogenetic approach (Archer, 1995). As Giddens did not ignore the institutional realities of the social system and did not deny the existence of social conditions which transcended the individual. Furthermore, in contrast to the concept of the system, these realities were always present in his theory, "society is not the creation of individual subjects" (Giddens 1984: xl). Giddens attempted to portray how this vast

institutional complex was reproduced by the individual, without reducing the agency of the human subject, as the functionalist tradition had been accused of doing. Similarly, to morphogenesis, Giddens' structuration theory worked around two poles (system or structure and agency). Therefore, it can be argued that Archer only rejected Giddens' mediation of structure and agency and not his fundamental social ontology. Morphogenetic social theory and structuration theory are somewhat aligned. As both theories imply three moments of social reproduction: the system, structure, structuration for Giddens or structural conditioning, social interaction and structural elaboration for Archer. For both Giddens and Archer, social structure, irreducible to the individual, was reproduced and changed by conditioned individual action (King, 2010).

To conclude, by developing a better understanding of the concept of agency and structure and their interrelation, we begin to shift our focus from the functional approaches to identifying managerial competencies required for SME internationalisation towards a more practical one, one which positions the managers as the agents in the internationalisation of their SME. This shift allows for a change in perspective which is more concerned with managerial activity and consequently their competencies. Whittington (2002) who utilises theory of structuration explains that Strategy as Practice has a fundamental focus on social practice and particularly analyses practices and the individual (as a social actor) who is directly linked to strategy in organisations. Whittington (2002; 2006) also points out that the practitioners are the first to move on strategy, those people who have the duty to make, shape and put strategy in organisations into practice. In the case of this research these actors are the SME managers. Archer suggests that even though the cultural and social conditions in which agents find themselves should be acknowledged, the focus should remain on agential reflexivity as the key means of linking social and cultural circumstances to the actions of agents. Archer's thinking emphasises strategic choice even when this is conditioned by particular conjunctions.

2.2.6. Conclusion & Research Gap

This part of the literature review was divided into three categories, the first category was the functionalist perspective of managerial competencies which covered the literature (e.g., Abraham et al., 2001; Gammelgaard & Larson, 2001; Chiabrishvili & Chiabrishvili, 2013; Whiddett & Hollyforde, 2003; Shields, 2007) which holds a functionalist perspective towards the managerial competencies required for SME internationalisation, this perspective often entails a rather deterministic and static approach and often provides a long list of identified competencies which are argued to be necessary for SME internationalisation with no or little consideration of the context.

The second category included the relevant literature (e.g., Leonidou, Katsikeas, & Piercy, 1998; Ruzzier, Antoncic, Hisrich, & Konecnik, 2007) which hold a dynamic arrangement perspective of managerial competencies, which hold the view that competencies are dynamically arranged in order to meet the demands of a particular situation. This category included literature focusing on dynamic managerial capabilities (e.g., Danneels, Verona, & Provera, 2017; King & Tucci, 2002; Teece, 2016) as well as entrepreneurial competencies (e.g., Huck and McEwen, 1991; Chandler and Jansen, 1992; Minet and Morris, 2000; Baum et al., 2001; Man et al., 2002; Sony and Iman, 2005).

Lastly, the third category included the literature which formed the theoretical bases for developing a better understanding of managerial competencies which would better capture the SME internationalisation phenomenon by taking into consideration the significant role of SME managers and the managerial competencies.

The existing literature (e.g., Hildebrandt, 2005; Woodruffe, 1992; Schroder, 1989; Abraham et al., 2001; Dubois & Rothwell, 2004; Chiabrishvili & Chiabrishvili, 2013; Whiddett & Hollyforde, 2003; Shields, 2007; Chandra et al., 2009; Achtenhagen 2011) has focused on identifying the types of competencies that are believed to be effective

in successful performance and thus has result in a number of different lists of relevant competencies that are believed to be deterministic. This functionalist perspective demonstrates a lethargic and rather apathetic image of the managerial competencies. It is a structured approach that is limited to listing a generic and rather predictable number of competencies which managers are said to require in order to internationalise. Adopting such approaches would make the assumption that internationalisation is a static, step by step process which requires certain structured and fixed competencies. The listed managerial competencies approach common in the literature (e.g., Schroder, 1989), demonstrate a rather functionalist perspective and does not engage with the dynamic nature of SME internationalisation. The reality of the SME internationalisation implies a dynamic environment (Wang, et al., 2007; Lane, et al., 2006) and highlights that the process of SME internationalisation is not generalisable and reflective of the analytical steps in the current literature or the typologies of definitive competencies. Although it should be noted that the connections and commonalities amongst these lists are clear and demonstrate that there are indeed some managerial competencies that are causally associated and related to effective or superior performance. This provides the foundation for developing a better understanding of the managerial competencies required for SME internationalisation.

The dynamic perspective section of the literature review (e.g., Leonidou, Katsikeas, & Piercy, 1998; Ruzzier, Antoncic, Hisrich, & Konecnik, 2007; Hutchinson et al. 2006) which included dynamic managerial capabilities and entrepreneurial competencies revealed that the SME internationalisation is largely influenced by the competencies of the manager. The review of the literature also highlighted that managers are central to SME internationalisation and their influential role has to be acknowledged. The international entrepreneurship literature enhanced the researcher's insights about the competencies that may be required by managers in SME internationalisation. McDougall and Oviatt (2000, p. 903) defined international entrepreneurship as "a

combination of innovative, proactive, and risk-seeking behaviour that crosses national borders and is intended to create value in organisations". This perspective is considered to be particularly import as SME managers looking to internationalise face similar contexts, in particular, due to the higher risk incurred from operating internationally due to greater managerial complexity and liability of foreignness including the inherent disadvantages that SMEs experience in foreign markets (Tseng, Tansuhaj, Hallagan & McCullough, 2007). Suggesting that SME managers similarly to international entrepreneurs need to dynamically arrange their competencies in order to capture the opportunities in foreign markets.

The ideas reflected in the entrepreneurial literature (e.g., Huck and McEwen, 1991; Chandler and Jansen, 1992; Minet and Morris, 2000; Baum et al., 2001; Man et al., 2002; Sony and Iman, 2005) emphasise how various managerial competencies come together over the particular competencies needed in any given situation (dynamic arrangement of competencies), however this is still largely focused on the functional aspects of bringing competencies together. Viewed through the functionalist perspective entrepreneurial competencies can be conceptualise as the total sum of entrepreneurs' attributes such as attitudes, beliefs, knowledge, skills, abilities, personality, expertise and behavioural tendencies needed for success and sustaining entrepreneurship (e.g., Kiggundu, 2002). However, this also highlights that the emphasis still remains on how managers bring together their competencies; whether they are knowledge-based, experience or personality-related competencies (Zoysa and Herath, 2007). This suggests that the dynamic perspective is more appropriate in explaining the phenomenon as managerial competencies and SME internationalisation is not static. It also supports the notion that the performance of SME especially in the internationalisation of SMEs is highly dependent on the competencies of the manager.

The last part of the literature review included a summary of SME Managers' role in the international environment which was followed by the Dreyfus model of skill acquisition, which explains the five development stages from a novice stage to expertise (Dreyfus & Dreyfus, 1980) and lastly the literature on agency theory (e.g., Archer, 2000; 2007) which are considered to be theories relevant to this study which form the foundation of developing a new understanding of managerial competencies required for SME internationalisation. the concept of agency provides a more appropriate approach to identifying the managerial competencies required for SME internationalisation, the concept of agency, places the emphasis on the managers as individuals who act as agents. Therefore, transforming the environment through their everyday behaviours, actions and the decisions (Archer, 2000) in order to internationalise their SMEs.

To conclude, the current approaches have either attempted to address the research question by either providing a deterministic functional list of competencies which is static or by proposing a dynamic arrangement of competencies that offers a more practical arrangement of competencies through the dynamic capabilities approach (Teece, 2007; Draganidis & Mentzas, 2006; Chiabrishvili & Chiabrishvili, 2013) and entrepreneurial literature (Oviatt & McDougall, 2005; Shane & Venkataraman , 2000; Viitala, 2005) however these are often generic in nature and are context free and hence do not fully capture the reality of the phenomenon. This highlights the gap in the literature and emphasises the need for shifting the focus from the functionalist perspective. Hence suggesting a need for a paradigm shift in existing thinking from theorising managerial competencies required for SME internationalisation through a functionalist perspective.

Chapter 3 - Methodology

3.1. Introduction

In the previous chapters, the research question and objectives of the research were discussed. This was followed by a critical review of the literature focused on theories related to managerial competencies and SME internationalisation including a discussion of the shortcomings of the literature.

This chapter discusses the research design and methodology, which will enable the thesis to develop an in depth theoretically based understanding of managerial competencies to increase the chances of SME managers to internationalise more effectively. The main purpose of this chapter is to present the methodological elements of the research as it is essential to provide a transparent report on the practical procedure of the research (Bluhm et al., 2011; Bowen, 2008; Pratt, 2008). This chapter will focus on two key areas. Firstly, this chapter aims to provide a clarification regarding the methodological decisions of this research. As part of this, foundational methodological elements of the research such as the underlying philosophy, approach to theory development, research design, research strategy, data collection and data analysis methods are explained. Secondly, the chapter demonstrates how the research was carried out in practice, both in terms of collecting the data as well as analysis of the data. The discussion of these aspects of the research is vital in order to demonstrate that the research not only has been carried out coherently, but also appropriately in relation to the context (Johnson & Clark, 2006; Oliver 2008).

To conclude, the purpose of this chapter is to present and justify the research philosophy and methodology adopted for this research. The philosophical assumptions will be discussed in the first part of this chapter as it reflects on the researcher's view

of the reality. This chapter then discusses an overview of the research approach, which also includes the justification of research design and unit of analysis. This chapter also details the data collection methods, including the research design and data collection procedure. At the end of this chapter, the research is related to some tests of research outcome quality that are associated with a qualitative study; they are confirmability, credibility, transferability and dependability.

3.2. Research Philosophy

The term research philosophy refers to a system of beliefs and assumptions about the development of knowledge. These include assumptions about human knowledge (epistemological assumptions), about the realities you encounter in your research (ontological assumptions) and the extent and ways your own values influence your research process (axiological assumptions). These assumptions inevitably shape how the understanding of the research questions, the methods and how findings are interpreted (Crotty 1998).

The aim of this section is to provide an account of how the research approaches social realities, the development of theory and the conceptualisation of knowledge. Saunders et al. (2016) highlight that the philosophical attributes of the research such as its ontology and epistemology are integral parts of any inquiry, and they need to be communicated to the reader. Furthermore, Johnson & Clark (2006) and Pettigrew (2013) highlight that different views of ontological and epistemological assumptions would affect the choices over the methodological approach, as well as the research strategy implemented. It is important to consider that even though, ontological considerations require rational explanation, it must be remarked that these attributes of the research largely concern the researcher's personal views and values. Tsoukas and Kndusen (2003) argue that in the field of business and management research,

there is no agreement on the 'best' research philosophy amongst scholars. Therefore, it should be noted that the ontological and subsequently epistemological position of the researcher is always subject to personal assumptions as Saunders et al. (2019) highlighted, it is not always possible to provide an evidence-based justification to approve one's research philosophy as the best possible philosophical approach.

3.2.1. Ontology & Epistemology

The view of ontological assumption can be simply interpreted as a person's view of the nature of reality (Collis & Hussey, 2003). Gratton and Jones (2010) suggest that ontological dynamics, involve the philosophy of existence and one's perception of social reality. Business and management as a discipline has absorbed a range of philosophies from natural sciences, social sciences and arts and humanities. Although this offers philosophical and methodological choice, it also means that business and management research philosophies are scattered along a multidimensional set of continua (Niglas, 2010) between two opposing extremes (objectivist and subjectivist extremes). On one end, objectivist believers argue that all social phenomena exist independent of social actors. Ontologically, objectivism embraces realism, which, in its most extreme form, considers social entities to be like physical entities of the natural world, in so far as they exist independently of how we think of them, label them, or even of our awareness of them.

Whilst on the other end, subjectivists stress the importance of social actors and the ways through which they continuously accomplish and impact social phenomena (Smith 2010). Subjectivism incorporates assumptions of the arts and humanities, asserting that social reality is made from the perceptions and consequent actions of social actors. Ontologically, subjectivism embraces nominalism, which, in its most extreme form, considers that the order and structures of social phenomena we study

(and the phenomena themselves) are created by us as researchers and by other social actors through use of language, conceptual categories, perceptions and consequent actions (Burrell and Morgan 2016).

Whilst this dichotomy between objectivist approaches, which are typically aligned with quantitative empirical methods, and subjectivist approaches, which are typically aligned with qualitative empirical methods certainly simplifies approaches to research, it is based on the odd assumption that some data should a priori, be ruled out simply on the basis of whether it is appropriate and consonant with the general orientation of the approach (Vincent & O'Mahoney, 2017). This research takes the position that such assumption is out of kilter with the day-to-day experiences of individuals (managers in the context of SME internationalisation), thus this research by taking a critical realism as a philosophical position seek to overcome this odd dualism (objectivism or subjectivism) by distinguishing between ontology (what is real) and epistemology (what we know). Critical realism assumes the existence of an objective ('intransitive') world that has powers and properties that can be more accurately known as a consequence of scientific endeavour but recognise that knowledge is a subjective, discursively bound (i.e., transitive) and constantly changing social construction. Critical realism addresses the continuing debate of competing views of objectivism or subjectivism and their elusiveness through its unique stratified ontology of the three domains of reality, which links objective/unobservable social structure and subjective/observable human agency in its causal explanation (Hu, 2018).

For the purposes of this chapter, careful methodological practices form a bridge between the epistemological knowledge and ontological reality, highlighting that good research means we can understand the world better. Although, the marriage of epistemological relativism and ontological realism, presents challenges to qualitative researchers, in terms of the question of how researchers make discoveries about any social formation from qualitative datasets when participants may be unaware of or

(consciously or otherwise) misrepresent the social formations of which they are a part. Prompting the researcher (qualitative researcher) to think about the research act in particular and in theoretically grounded ways (Edwards et al. 2014).

	Ontology	Epistemology	Axiology	Typical Methods
Critical Realism	Stratified/layered (the empirical, the actual and the real) External, independent Intransient Objective structures Causal mechanisms	Epistemological relativism Knowledge historically situated and transient Facts are social constructions Historical causal explanation as contribution	Value-laden research Researcher acknowledges bias by world views, cultural experience and upbringing Researcher tries to minimise bias and errors Researcher is as objective as possible	Retroductive, in-depth historically situated analysis of pre-existing structures and emerging agency Range of methods and data types to fit subject matter

Table 6: The basic assumptions of the research

Critical Realism

Focus of the philosophy of critical realism is on explaining what we see and experience, in terms of the underlying structures of reality that shape the observable events. Critical realism (CR) in contemporary management research is embedded within a wider intellectual trend within social science and the humanities (Reed 2005). It is derived from the work of Bhaskar (1979 and 1993) as a response to both positivist direct realism and postmodernist nominalism and occupies a middle ground between these two positions (Reed 2005) and further developed by scholars such as Archer (1995), Sayer (1992, 2000) and Fleetwood (2005, 2004). Critical realism as a philosophical position in management studies, has been used to explore competing theories and to explain complex social events in the fields of information systems and organisation studies (Delbridge & Edwards, 2013; Belfrage & Hauf, 2017). It has also been

increasingly adopted by entrepreneurship scholars (Kitching et al., 2015; Lee & Jones 2015; Ramoglou & Tsang 2015).

Critical realists, reality is considered as the most important philosophical consideration, a structured and layered ontology being crucial (Fleetwood 2005). Critical realists see reality as external and independent, but not directly accessible through our observation and knowledge of it (Table 4.3). Rather, what we experience is 'the empirical', in other words sensations, which are some of the manifestations of the things in the real world, rather than the actual things. Critical realism claims there are two steps to understanding the world. First, there are the sensations and events we experience. Second, there is the mental processing that goes on sometime after the experience, when we 'reason backwards' from our experiences to the underlying reality that might have caused them (Saudenrs et al., 2019).

Critical realists hold the view that that the observed (the 'Empirical') is only a small part of everything that could be seen; a small fraction of the sum total of the 'Actual' events that are occurring at any one point in time. Critical realists emphasise that what is not seen are the underlying causes (the 'Real') of a situation. Implying, that the real significance of the situation cannot be experienced directly. Rather, the researcher needs to use sensory data of the 'Empirical' as observed and use reasoning to work it out. Saunders et al., (2019) highlight that if as researchers we believe that we need to look for the bigger picture of which we see only a small part, we may be leaning towards the critical realist philosophy which is aligned with the philosophy of this research.

Critical realism philosophy argues that we will only be able to understand what is going on in the social world if we understand the social structures that have given rise to the phenomena that we are trying to understand (Bhaskar, 2011). Emphasising that we can identify what we do not see through the practical and theoretical processes of the

social sciences. This is aligned with the aim of this research top which focuses on the managerial competencies required for SME internationalisation as critical realist research focuses on providing an explanation for observable organisational events by looking for the underlying causes and mechanisms through which deep social structures shape everyday organisational life. Reed (2005) suggests that it is for this reason that, much of critical realist research takes the form of in-depth historical analysis of social and organisational structures, and how they have changed over time. Highlighting that critical realists embrace epistemological relativism (Reed 2005), which is considered a mildly subjectivist approach to knowledge. Epistemological relativism recognises that knowledge is historically situated, therefore, it is a product of its time and is specific to it. Additionally, Bhaskar (2008) highlights that social facts are social constructions agreed on by people rather than existing independently.

As a critical realist researcher, there should be an awareness of the ways in which the socio-cultural background and experiences might influence the research and hence strive to remain as objective as possible whilst attempting to minimise such biases (Saunders et al., 2019).
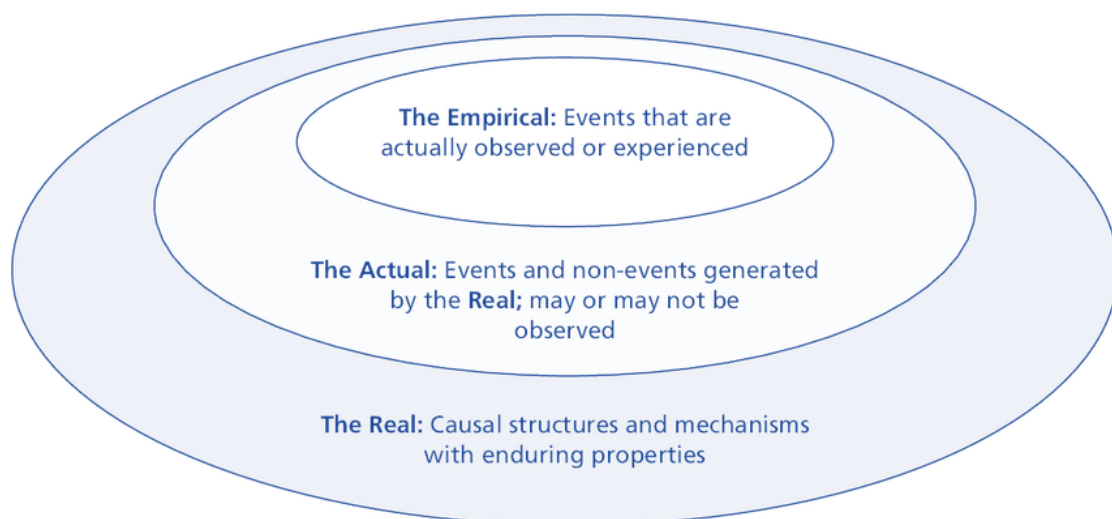
Figure 8: Critical realist stratified ontology developed from Bhaskar (2008)

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As discussed, critical realism originated as an alternative to positivism and constructivism (Denzin & Lincoln, 2011), however it draws elements from both methodological strains in its account of ontology and epistemology. Brown et al., (2002) and Nielsen (2002) highlight that critical realism functions as a general methodological framework for research however it is not associated with any particular set of methods. CR differs from both positivism and constructivism as a significant tenet of CR is that ontology (the nature of reality) is not reducible to epistemology (our knowledge of reality). Hence, human knowledge captures only a small part of a deeper and vaster reality.

Critical realism treats the world as theory-laden, but not theory-determined. It does not deny that there is a real social world we can attempt to understand or access through philosophy and social science (Danermark et al., 2002). This suggests that critical realists can gain knowledge 'in terms of theories, which can be more or less truthlike' (Danermark et al., 2002, p. 10), hence, some knowledge can be closer to reality than other knowledge. Hence, the theories that help us get closer to reality, (theories that help us identify causal mechanisms driving social events, activities, or phenomena) are selected and formed using rational judgment of these social events (Archer, Bhaskar, Collier, Lawson, & Norrie, 1998, p. xi). This makes critical realism appropriate for this research which focuses on the managerial competencies in the context of SME internationalisation. The ability to engage in explanation and causal analysis makes CR useful for analysing social problems and suggesting solutions for social change (Saunders et al., 2019).

In critical realism ontology, reality is stratified into three levels. The first is the empirical level (events that are actually observed or experienced), which is the realm of events as we experience them. At this level, events or objects can be measured empirically and are often explained through 'common sense', but these events are always

mediated through the filter of human experience and interpretation. This is the transitive level of reality, where social ideas, meanings, decisions, and actions occur – but, importantly, these can be causal. The middle level consists of the actual (events and non-events generated by the Real; may or may not be observed). At this level, there is no filter of human experience. Events occur whether or not we experience or interpret them, and these true occurrences are often different from what is observed at the empirical level (Danermark et al., 2002, p. 20). Finally, the third level is the real (casual structures and mechanisms with enduring properties). At this level causal structures, or 'causal mechanisms', exist. These are the inherent properties in an object or structure that act as causal forces to produce events (i.e., those appearing at the empirical level). It is the primary goal of CR to explain social events through reference to these causal mechanisms and the effects they can have throughout the stratified reality.

All the levels are part of the same reality. As Bhaskar (1979, 2011) emphasised, social structures are in fact activity dependent. Meaning that, causal mechanisms 'exist only in virtue of the activities they govern and cannot be empirically identified independently of them' (p. 48). Suggesting that causal mechanisms are social products that can ultimately be understood through – and indeed, that exist within – phenomena at the empirical level (e.g., human actions and ideas that are generated by these mechanisms), making these phenomena relevant for scientific investigation of this topic of research. It is important to note that all social structures possess causal powers and liabilities. These are 'potentialities' inherent in an object or structure that enable or constrain it from acting in certain ways (Psillos, 2007). Conditions in the open social world can prevent or facilitate the actualisation of a structure's causal power, meaning it may or may not have an observable impact at the empirical level. For this reason, the process of retroduction investigates particular social conditions under which a causal mechanism takes effect in the world.

3.2.2. Approach to Theory Development

The epistemological position of the research subsequently influences the approach to theory development taken by the researcher to generate knowledge (Saunders et al. 2019). There are argued to be three main scientific reasoning approaches including deduction, induction and abduction (Ketokivi and Mantere 2010) deductive and inductive being the two contrasting approaches.

Deductive reasoning occurs when the conclusion is derived logically from a set of theory-derived premises, the conclusion being true when all the premises are true, in other words, the validity of proposed theories is tested based on the made observations (Ketokivi and Mantere 2010) In contrast, in inductive reasoning begins with the identification of a gap in knowledge and observations are made in order to derive conclusions to fill that gap. The conclusion being judged to be supported by the observations made (Ketokivi and Mantere 2010).

The third common approach to theory development is, abductive reasoning, which similar to induction, relies on known premises to generate testable conclusions, where initial findings, formulate a conceptual framework and subsequent data collection tests that framework. Instead of moving from theory to data (as in deduction) or data to theory (as in induction), an abductive approach moves back and forth, in effect combining deduction and induction (Suddaby 2006). This approach is utilised by many business and management researchers (Saunders et al., 2019). Abductive reasoning begins with the observation of a 'surprising fact', it then works out a plausible theory of how this could have occurred (Ketokivi and Mantere, 2010). This surprising fact is the conclusion rather than a premise. Based on this conclusion, a set of possible premises is determined that is considered sufficient or nearly sufficient to explain the conclusion (Saunders et al., 2016).

Given the ontological and epistemological positions of this study, deductive reasoning is not used as the aim of this research is not to test theories deductively. Rather, the research seeks to explore a phenomenon and to further develop the theories relating to managerial competencies in the context of SME internationalisation. Similarly, to the reason for the selection of the abductive approach in this research, Saunders et al., (2019) suggests that an abductive approach is used where you are collecting data to explore a phenomenon, identify themes and explain patterns, to generate a new or modify an existing theory which you subsequently test through additional data collection. Knowledge generation in abductive reasoning occurs mostly via the incorporation of existing theories in order to build new theories or, where appropriate, develop or modify existing theories (Saunders et al., 2016). Moreover, abductive reasoning is recommended when the initial research idea has emerged following an observation of a surprising development (Ketokivi and Mantere 2010). Considering this and also the point that the study implements existing theories and aims to develop them and makes particular modifications in order to increase their contextual applicability, it can be stated that the approach of the research toward theory development possesses more of the characteristics of abductive reasoning. Furthermore, similarly to this research's philosophy, an abductive approach is most likely to be underpinned by critical realism.

Critical realists such as Vincent & O'Mahoney (2017) often, for simplicity, refer to abductive approach as retroduction and treat them as one movement, often from qualitative data to the best theory that explains the data (Mingers 2006, Ketokivi et al. 2010). Vincent & O'Mahoney (2017) suggest that abduction involves re-description of findings as a causal mechanism or process which serves to explain them. Retroduction is simply abduction with a specific question in mind (Corbin & Strauss, 2008). A critical realist grounded theory would ask of the data, what must be true for this to be the case,

or what makes this possible, and seek an explanation in generative mechanisms at a deeper ontological level.

Saunders et al., (2019) suggests that most management researchers in practice use at least some element of abduction due to its flexibility, as pure deduction or pure induction are difficult (impossible) to achieve. Applying an abductive approach to the research on the managerial competencies required for SME internationalisation would mean obtaining data that is sufficiently detailed and rich to allow the exploration of the phenomenon to identify and explain themes and patterns regarding managerial competencies in the context of SME internationalisation. Subsequently, integrating these explanations in an overall conceptual framework, thereby building up a theory of managerial competencies in SME internationalisation.

	Deduction	Induction	Abduction
Logic	In a deductive inference, when the premises are true, the conclusion must also be true	In an inductive inference, known premises are used to generate untested conclusions	In an abductive inference, known premises are used to generate testable conclusions
Generalisability	Generalising from the general to the specific	Generalising from the specific to the general	Generalising from the interactions between the specific and the general
Use of Data	Data collection is used to evaluate propositions or hypotheses related to an existing theory	Data collection is used to explore a phenomenon, identify themes and patterns and create a conceptual framework	Data collection is used to explore a phenomenon, identify themes and patterns, locate these in a conceptual framework and test this through subsequent data collection and so forth
Theory	Theory falsification or verification	Theory generation and building	Theory generation or modification; incorporating existing theory where appropriate, to build new theory or modify existing theory

Table 7 : Approaches to theory development -Adopted from Saunders et al. (2019)

3.2.3. Axiology

Axiology refers to the values and ethics of the researcher and the extent and ways such values influence the research process (Saunders et al., 2016). Heron (1996) argues that values are the guiding reason for all human action, and it is inevitable that these values are to some extent incorporated in the research. Therefore, it is important that these values are recognised and reflected upon. Moreover, the topic of research, the research philosophy, as well as the choice of data collection techniques are a reflection of the values of the researcher (Saunders et al., 2019).

Axiological considerations of any research are linked to the research philosophy and thus the ontological and epistemological positions of the researcher. As this research takes a critical realism position as its research philosophy, with the ontology as stratified/layered (the empirical, the actual and the real), objective structures and casual mechanisms and embraces epistemological relativism, in which knowledge is historically situated and transient and facts are social constructions with a historical casual explanation as contribution, the role of values is that the research is value-laden but not value-bound, the researcher thus acknowledges bias by world views, cultural experience and upbringing, researcher however tries to minimise bias and errors and attempts to remain as objective and detached as possible. Moreover, this research is bound by the values of the researcher, who is also an inseparable part of the study.

Additionally, it is also important to clarify the ethical considerations of the research. In this research, ethical considerations are an integral part of the research methodology. The study has been approved by the ethical committee at the University College of London (UCL). All participants were treated with confidentiality and anonymity. Also, the scope and purpose of the study was communicated to all participants in advance and their consent was acquired.

3.3. Research Methodology

The research philosophy and its basic assumptions guides the research towards certain research methodologies. However, methodological choices of the researcher require further justification as within every philosophical research paradigm, there is a broad range of methodological options available, and it is the researcher's responsibility to identify the appropriate choices (Saunders et al. 2016). This section addresses these considerations and delivers a justification regarding the methodological choice and selected research strategy.

3.3.1. Theoretical Approach

The literature categorises research methods into quantitative, qualitative, or mixed methods (Saunders & Thornhill, 2012). Determining which research method is most appropriate depends upon different aspects, such as research questions, objectives, and the topic (Punch, 2003). Therefore, it is imperative to use the appropriate methods to achieve the research objectives and goals (Punch, 2003; Smith, 2015; Saunders et al., 2016).

In contrast to the positivist paradigm which often entails quantitative approaches (Gratton & Jones, 2010). A critical realism research philosophy often encourages and involves a qualitative approach (Vincent & O'Mahoney, 2017). Furthermore, Saunders et al., (2019) suggest that qualitative approach is more suitable for examination of dynamic processes as it allows the researcher to offer in-depth explanations regarding the reasons behind the occurrence of a particular phenomenon within a particular context. Other scholars (Cassell & Symon, 2015; Bluhm et al., 2011) also recommend this approach for multi-theoretical studies that are addressing a complex phenomenon. Additionally, Olds et al. (2005), highlight that qualitative research is used to collect and

test data such as surveys, interviews, focus groups, conversational analysis, and observation. Creswell (2003) suggests that a qualitative method is used to investigate an issue related to the work of interviewees by obtaining their views, attitudes and perceptions. Furthermore, it is argued that the main contribution of qualitative research is based on the meanings that life experiences hold for interviewees (Al Zefeiti & Mohamad, 2015). Therefore, by considering the main research questions and aims, research philosophy as well as the characteristics of each approach in relation to the topic, this study adopts a qualitative approach. It will use a qualitative method in order to obtain detailed explanations from interviewees (SME managers) based on their perceptions and experience of SME internationalisation in order to identify the competencies required for SME internationalisation.

Miles and Huberman (1994) advise researchers to consider four factors of local grounding (whether the study's site, participants and processes hold intrinsic interest), richness and holism (Whether descriptions that are rich, vivid and deep hold intrinsic interest), sustained period and causality (Whether a longitudinal effort is required) as well as lived meanings (whether the perspectives of the people involved is central to the study) in order to assess whether a qualitative approach should be taken. Local grounding is a factor in this research. The study's focus is managerial competencies and internationalisation of SMEs, the managers and the internationalisation are all topics of research within the management literature which are worthy of an in-depth analysis and thus the areas under investigation are all of a particular importance.

Furthermore, in order to robustly address the questions of the study, in-depth insights are required. This research is aiming to improve the existing understanding about a particular phenomenon, rather than reporting a certain set of findings to approve or disprove a hypothesis. It is not possible to deliver contributing explanations regarding the managerial competencies required for SME internationalisation without obtaining

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and understanding the views, attitudes and perceptions and the lived experience of the participants which are the SME managers who are influential in the decision and internationalisation of their respective firms. Additionally, the internationalisation time frame and context are all relevant factors and the managers in their answer will likely reflect back on historical events through their lived experiences and perceptions in order to identify the competencies required. Thus, it would not be possible to deliver accurate contributing explanations regarding the managerial competencies without the consideration of the events occurred in the past throughout the internationalisation of the SME. Therefore, it is argued that richness and holism as well as sustained period and causality are all key features in this study. Lastly, the perspectives of the managers involved is central to this study. The managers in the study have already experienced or are currently experiencing internationalisation and thus are aware of the specific factors, dynamics and possible competencies, which influence SME internationalisation. Thus, it is safe to say that the SME managers are knowledgeable about their own managerial competencies and have opinions, perceptions and experiences regarding the competencies required and therefore are central to the topic of the research.

3.3.2. Research Strategy

Selecting the appropriate strategy to conduct a qualitative study is considered to be more challenging due to the broader range of options available to the researcher (Saunders et al, 2016). Whilst quantitative studies often utilise experiments and surveys as their main strategy, both of which are also available to qualitative researchers, in qualitative studies the researcher may refer to a wider range of strategies including, and not limited to, narrative research, grounded theory, phenomenology, ethnography or case study (Saunders et al. 2016). Each of these

strategies possesses its own characteristics thus selection of the appropriate strategy is significantly determined by the purpose of the research (Gratton & Jones 2010).

As one of the available strategies in qualitative research (Patton, 2002), grounded theory was found to be the most appropriate for this research topic. As it is concerned with the detection and explanation of social phenomena by answering socially purposeful questions of what is happening and why (Douglas, 2004). Grounded theory enables researcher to generate theories that "enable an explanation of behaviour, are useful in advancing a theory, are applicable in practice, provide a perspective on behaviour, and provide clear enough categories and hypotheses which can potentially be further verified in future research" (Goulding, 2002, p. 43).

The more recent developments in grounded theory include the alignment of it with a critical realist perspective (Kempter & Parry, 2014; Lee, 2016; Oliver, 2012). A perspective that adheres to the existence of one reality that is open, fluid, and shaped by how people interpret/construct meaning in it. This approach enables the navigation between the positivist and constructivist positions within grounded theory because it focuses on the human perspective and on the structures, processes, and social relations that shape events and outcomes (Oliver, 2012). This is aligned with the research philosophy of this study in which the researcher adopts the critical realism paradigm with the focus on the human perspective as well as the process, i.e., highlighting the internationalisation process as objective and the interpretation of the notion of competencies by the managers involved in the process as subjective, thus looking at the process and how individuals (SME managers) interpret the notion of competencies in relation to a particular process (SME internationalisation). Therefore, focusing on the managers understanding of the notion of competencies in relation to the internationalisation process.

The researcher in this study is interested in capturing the experience and interpretation of the notion of competencies by the SME managers involved in internationalisation and developing theoretical propositions from them. Grounded theory is thought appropriate when the research focus is explanatory, contextual, and process oriented (Corbin & Strauss, 2008). Additionally, Strauss & Corbin (2008) emphasise that grounded theory offers not only a set of procedures but also an enriching manner of thinking about the social reality, which would be helpful in gaining an in-depth understanding of the phenomenon, achieved by an iterative, analytic procedure encompassing two key procedures, constant comparison and theoretical sampling. The researcher moves back and forth between data collection, coding and interpretation in an iterative manner until theoretical saturation is achieved in which newly analysed data do not prompt further changes to the concepts which leads to a tightly woven theory that is produced as a result of the researcher's reflexive dialogue with the data and is "grounded" in the data (Glaser & Strauss, 1967, p. 43). This will help to prevent the opportunistic use of theories that can present doubt about their real adequacy (Glaser & Strauss, 1967).

Considering all the above mentioned, for this research topic, a grounded theory approach is adopted. This would allow the study to achieve its aim which is to develop an in depth theoretically based understanding of managerial competencies in order to increase the chances of SME managers to internationalise more effectively.
The theoretical sampling and codification were procedures adopted. Thus, the theories are derived from the data reflect the experience and interpretation of the notion of competencies by the SME managers involved in internationalisation and are indirectly illuminated by the preceding literature.

The following table shows the contrasting characteristics of qualitative approaches and the selected approach which was the grounded theory.

Table 8 : Contrasting characteristics of qualitative approaches and the selected approach (Grounded Theory)

Characteristics	Narrative Research	Phenomenology	Ethnography	Case Study	Grounded Theory
Focus	Exploring the life of an individual	Understanding the essence of the experience	Describing and interpreting a culture-sharing group	Developing an in-depth description and analysis of a case or multiple cases	Developing a theory grounded in data from the field
Type of problem best suited for design	Needing to tell stories of individual experiences	Needing to describe the essence of a lived phenomenon	Describing and interpreting the shared patterns of culture of a group	Providing an in-depth understanding of a case or cases	Grounding a theory in the views of participants, appropriate for when little known is about the phenomenon
Discipline Background	Drawing from the humanities including anthropology, literature, history, psychology, and sociology	Drawing from philosophy, psychology, and education	Drawing from anthropology and sociology	Drawing from psychology, law, political science, medicine	Drawing from sociology
Unit of Analysis	Studying one or more individuals	Studying several individuals that have shared the experience	Studying a group that shares the same culture	Studying an event, a program, an activity, more than one individual	Studying a process, action, or interaction involving many individuals
Data Collection Forms	Using primarily interviews and documents	Using primarily interviews with individuals, although documents, observations, and art may also be considered	Using primarily observations and interviews, but perhaps collecting other sources during extended time in field	Using multiple sources, such as interviews, observations, documents, artifacts	Using primarily interviews with 20 – 60 individuals
Data Strategies	Analysing data for stories, "restoring" stories, developing themes, often using a chronology	Analysing data for significant statements, meaning units, textural and structural description, description of the "essence"	Analysing data through description of culture-sharing group; themes about groups	Analysing data through description of the case and themes of the case as well as cross-case themes	Analysing data through open coding, axial coding, selective coding

3.3.3. Research Design

Presenting a cohesive framework of grounded theory is a rather difficult task due to the fact the approach has been developed in many different directions since Glaser and Strauss' (1967) when it was first introduced (Locke 2001). In this section, therefore, some of the key features of grounded theory based on Strauss & Corbin (2008) will be highlighted which will be used in this study, whilst recognising that considerable variation exists.

The following framework provides an insight into the process of grounded theory which will be used in this research by demonstrating the interplay between the essential grounded theory methods and processes. The framework summarises the interplay and movement between methods and processes that underpin the generation of a grounded theory. As evident in this framework, and as detailed in the discussions earlier, the process of doing a grounded theory research study is not linear, rather it is iterative and recursive.

Theoretical Sensitivity
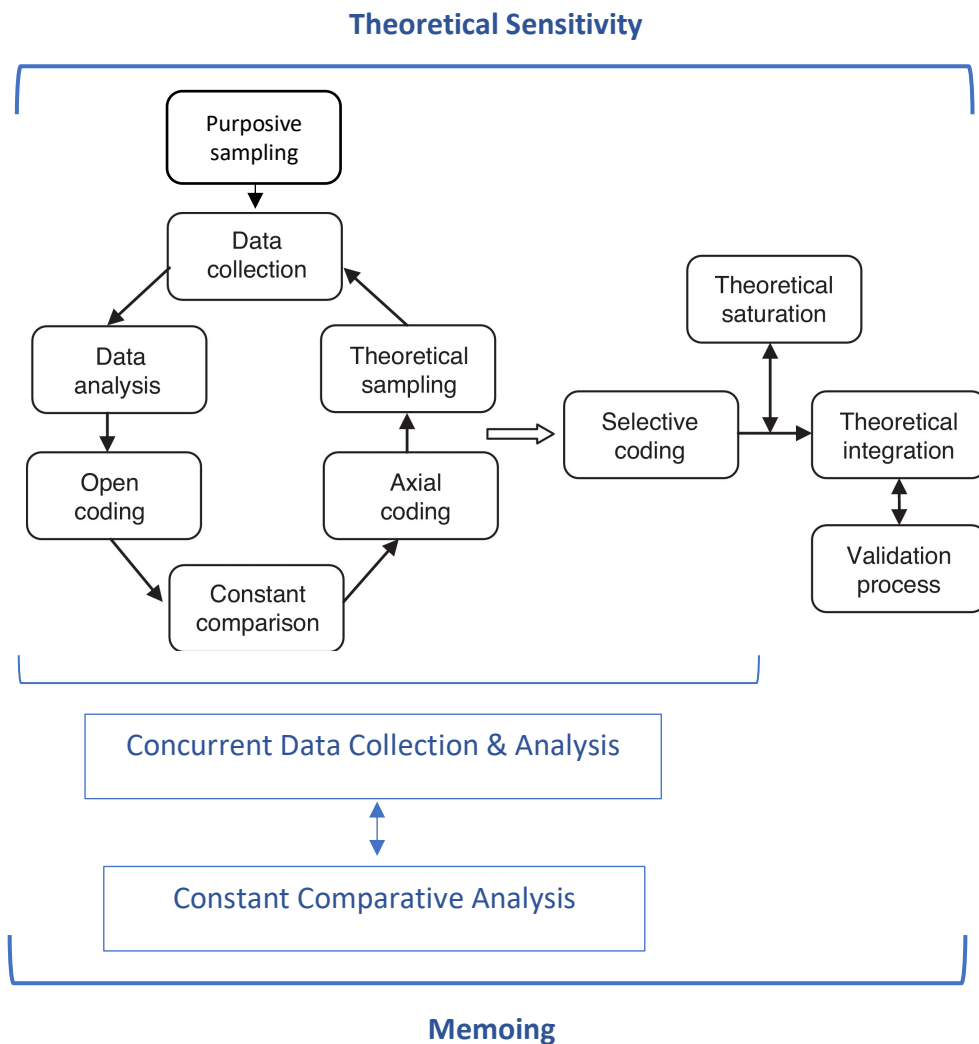
Figure 9 : Research design framework: summary of the interplay between the essential grounded theory methods and processes based on Strauss & Corbin (2008)

The following sections provide a detailed description of some of the key features of this study's research design as demonstrated in the figure above (Figure.11).

Theoretical Sensitivity

Theoretical sensitivity is described as the insight into what is meaningful and of significance in the data for theory development (Strauss & Corbin, 1990), Birks and Mills (2015, p. 181) define it as "the ability to recognise and extract from the data elements that have relevance for the emerging theory". Theoretical sensitivity is therefore considered as the researcher's capacity to think about the data in theoretical

terms. Therefore, the researcher interacts continually with the data collection and analysis and suspends judgement on possible outcomes (Douglas, 2003). Glaser (1992) in regard to this emphasised that during the interactive process of a grounded theory study, the researcher should be asking two non-preconceived formal questions: "What is the chief concern or problem of the people in the substantive area, and what accounts for most of the variation in processing the problem? And secondly, what category or what property of what category does this incident indicate? One asks these two questions while constantly comparing incident to incident, and coding and analysing" (Glaser, 1992, p.4). Consequently, the researcher in this study will balance between keeping an open mind and the ability to identify elements of theoretical significance during data generation and/or collection and data analysis (Birks & Mills, 2015).

Purposive Sampling

The initial purposive sampling directs the collection and generation of data. The researcher purposively selects participants that can answer the research question (Bryant & Charmaz, 2007; Charmaz, 2006; Charmaz & Bryant, 2011). In line with the research aim, the purposive sample will be the SME managers as these individuals have already experienced or are currently experiencing internationalisation and thus are aware of the specific factors, dynamics and possible competencies, which affect the process. Concurrent data generation and data collection and analysis is fundamental to grounded theory research design (Birks & Mills, 2015). Thus, the researcher collects, codes and analyses this initial data before further data collection/generation is undertaken. Purposeful sampling provides the initial data that the researcher analyses. Theoretical sampling then commences from the codes and categories developed from the first data set, which is discussed in the following section.

Theoretical Sampling

Theoretical sampling is considered as an integral part of the grounded theory approach as it leads the researcher to what to collect. As the research process is a process of discovery rather than hypothesis testing, theory analysis must obey the principles of of theoretical sampling as defined by Strauss & Corbin (Strauss & Corbin, 1998). Strauss & Corbin (1998) presented theoretical sampling as "rather than being predetermined before beginning the research, evolves during the process. It is based on concepts that emerged from analysis and that appear to have relevance to the evolving theory…the aim of theoretical sampling is to maximise opportunities to compare events, incidents, or happenings to determine how a category varies in terms of its properties and dimensions" (Strauss & Corbin, 1998, p. 202). Similarly, Glaser & Strauss (1967) also defined theoretical sampling as "the process of data collection for generating theory whereby the analyst jointly collects, codes, and analyses his data and decides what data to collect next and where to find them, in order to develop his theory as it emerges" (Glaser & Strauss, 1967, p. 45). Therefore, in this study theoretical sampling, is directed at supporting theory development, rather than being fixed in advance, sampling is adjusted in response to emerging theory; additional data might be collected, for example, to allow a particular concept to be investigated in more detail (Charmaz, 2006). Furthermore, in order to avoid weak, thin and not well integrated base of theory (Glaser & Strauss, 1967), the data collection process will continue until new data stops emerging and theoretical saturation is reached.

Theoretical Saturation

In this study the researcher continues the cycles of data collection and analysis until no new insights or new dimensions to categories are being identified i.e., until the moment when data do not indicate relevant things, aside from what is already known (Strauss & Corbin, 2008).

Memoing

Theoretical memoranda are written theoretical questions, coding summaries, and hypotheses, used to monitor and stimulate coding, and as a basis for theory integration and ultimately generation. Memos are written continuously through the entire research process (Glaser, 1978; Strauss and Corbin, 1998; Charmaz, 2006). In this research they are used to reflect upon and explain meanings ascribed to codes by actors and researcher; to identify relationships between codes; to clarify, sort and extend ideas; and to record crucial quotations or phrases. They provide the foundation of phenomenon's characteristics and depth of understanding of the properties of the focal core concept and key related concepts. It is through memoing that the researcher is able to articulate, explore, contemplate and challenge their interpretations when examining data. The process of memoing requires the researcher to acknowledge and demonstrate the logical processes that have brought them to this point (Strauss and Corbin, 1998). Memos are therefore the vehicles that transport the researcher from the concrete to the conceptual (Birks et al., 2008). Importantly, it should be noted that the process of memoing, which is a central element of grounded theory, is fundamentally based on reflective thinking. Therefore, mechanisms which apply to reflexivity are already incorporated into the guidelines underpinning grounded theory. As McCann & Clark (2003, p. 15) explain, memos "reflect the researcher's internal dialogue with the data at a point in time".

3.3.3.1. Limitations of Chosen Methodology

This section discusses the limitations of the chosen methodology. Generally, the exhaustive process, potential for methodological errors, reviewing the literature without developing assumptions, the multiple approaches to grounded theory and its considerably limited generalisability are considered as the main limitations of grounded theory as a method of inquiry.

One of the limitations of the grounded theory methodology is it considered to be the exhaustive nature of the process, Myers (2009) highlighted that researcher can become inundated at the coding level, as open coding is a time consuming, tiring and laborious process. The process of abstracting and encompassing concepts is considered as a demanding task and the researcher face the risk of becoming so immersed in the coding process that they may lose sight of accomplishing the task of discovering the ideas and themes that emerge from the data. To avoid this the researcher will not rush the process (Annells, 1996) and will follow the grounded theories systematic approach to data analysis.

As highlighted by Charmaz (1989) the researchers may blur methodological lines by selecting purposeful instead of theoretical sampling. However, in order to ensure that the study has conceptual depth (Benoliel, 1996) the researcher will start with purposeful sampling, but will revert to theoretical sampling where the "process of data collection is controlled by the emerging theory" (Glaser, 1978, p. 36).

Reviewing the literature is a contentious and debatable issue. Throughout the evolution of GT, researchers have repeatedly debated how best to approach and utilise existing literature within the research study as to avoid developing assumptions (Bryant & Charmaz, 2007). Glaser & Strauss, (1967) advising to omit the literature review. Schreiber (2001) argued this position by discussing Glaser's (1998) and Strauss and Corbin's (1998) notion of theoretical sensitivity and the importance of a literature review in guarding against potential biases that could be a threat to the rigour of the study. The researcher concurs with Schreiber (2001) with regards to the significance of a literature review in enhancing theoretical sensitivity.

There are multiple approaches to grounded theory, however the word 'theory' in this context is used to demonstrate the relationships that exist among concepts coming from the data and supports understanding of the social world by illuminating its categories (Strauss & Corbin, 1998), i.e., the research will hold the view that the fact that it explains or predicts something makes it a theory (Strauss & Corbin, 1990). Thus, a theory is a statement regarding possible relationships among categories about a phenomenon that facilitates the comprehension of a social world. Considering the nature of grounded theory as a qualitative method of inquiry, threats to external validity or generalisability may be limitations of the research being undertaken however the main goal of qualitative research is to provide a rich and contextualised understanding of the human experience. Research questions that are explored through grounded theory methods allow for a unique opportunity to extrapolate findings that further explain these experiences. This unique opportunity is due to the nature of grounded theory exploration and its ability to reveal high level concepts and theories that are not specific to a particular participant or setting (Glaser, 1998)

3.3.3.2. Validity & Rigour

Grounded theory provides for an intuitive appeal, fosters creativity and provides potential to conceptualise. It also provides a systematic approach to data analysis and allows for the collection of rich and in-depth data.

Grounded theory has an "intuitive appeal" (Myers, 2009, p. 111) as it permits the researcher to get "immersed" (Myers, 2009, p. 111) deeply within the data. This immersion is translated practically in the constant comparison, coding and memoing approaches to data analysis. Furthermore, grounded theory approach encourages the researcher to move through a process of discovery whereby themes and interpretations naturally emerge from the data. Essentially, grounded theory allows the research to derive meaning from the data and analysis using creative, inductive processes and allows for the emergence of original findings from the data (Jones, Kriflik, & Zanko, 2005). Additionally, grounded theory is unique in its ability to generate concepts by utilising the logic of constant comparison and frequent memo writing (Glaser, 1978). This specific approach to theory development is derived from the continuous interplay between data collection and data analysis (Myers, 2009).

Another notable advantage of the method is in its systematic approach to data analysis. the grounded theory's systematic approach of analysing data is beneficial in judging, generalising and comparing the results of grounded theory research (Strauss & Corbin, 1990). The researcher highlights that this systematic approach to data analysis provides for rigour and ensures trustworthiness in the emerging theory. Systematic procedures such as simultaneous collection and analysis of data and the constant comparative logic and theory that emerges from data provide grounded theory with rigour that is not accounted for in other qualitative approaches (Charmaz,

2006). Additionally, taking such a systematic approach it provides the researcher with enough evidence to support the claims made (Myers, 2009, p. 111).

Lastly, grounded theory provides the researcher with data depth and richness. The approach used by grounded theorists to collect rich data is considered as one of the main advantages of the approach (Charmaz, 2006). The richness of the collected data provides the researcher with concrete and dense fabric to construct a thorough and comprehensive analysis of the data as well as supporting the researcher in going beneath the surface of the participants' social and subjective life (Charmaz, 2006). In order to obtain rich data, the researcher is expected to seek detailed descriptions (Geertz, 1973) and thorough narratives from the interviews. Grounded theory method also provides the tools for "making sense of the data" (Charmaz, 2006, p. 15) and refining it to generate insight into the participants' world.

3.4. Data Collection

As the purpose of this study is to develop an in depth theoretically based understanding of managerial competencies required for SME internationalisation, the researcher having considered the ontological, epistemological and methodological positions, determines the most appropriate method of data collection to answer the research question and thus, undertakes qualitative research in form of semi-structured in-depth interviews in order to understand the perceptions and the lived experience of the participants which are the managers in the SMEs being investigated.

3.4.1. Qualitative Data Collection

There are three main categories of data in grounded theory research: field data (notes), interview data (notes, recordings, transcripts) and any existing literature and artifacts that may be useful to the research (Charmaz, 2006). Copious notes and/or detailed audio-recording transcripts need to be undertaken and to examine these data several times from a variety of perspectives in order to develop the most rigorous explanations of the phenomenon being studied. Interviews are the predominant source of data and are structured using initial informational and subsequent reflective and feeling questions (Charmaz, 1990, p.1167). Informational questioning establishes chronology of the interviewee and subsequent events within that person's reflections. The overall consideration is the generation of primary data that are captured in the exact words and explanations by the actual respondents themselves and minimal framing by the researcher.

Exploratory research is usually conducted for exploring the constructs and fields when limited information and research is available on the subject area (Cavana et al., 2001). For the purpose of this study, which utilises a grounded theory approach, semi-structured in-depth interviews will be used in order to collect qualitative data. Cavana

et al. (2001) highlights that interviews 'provide a unique opportunity to uncover rich and complex information from an individual' (Cavana et al., 2001, p. 138) which is very important in this research as the focus is on the SME managers in the context of SME internationalisation. Here the aim of data collection and analysis is to identify and explore the managerial competencies associated with the phenomenon of the study which is the SME internationalisation according to the manager's perceptions. The interview data will be transcribed and analysed through coding and constant comparison process. Analysed data of interviews along with the literature will be used to integrate and for the development of conceptual thinking and theory building.

3.4.2. Primary Data Collection Method

Collection of primary data is essential when existing information that is readily available does not sufficiently answer the questions the researcher is addressing (Smith 2010). The method of data collection in this research is interviewing. "Research interview is purposeful conversation between two or more people, requiring the interviewer to establish rapport and ask concise and unambiguous questions, to which the interviewee is willing to respond and to listen attentively" (Saunders et al., 2016, p.338). Interviewing is considered a commonly used method of primary data collection within qualitative organisational literature, (Cassell, 2009; King, 2004; Lee, 1999). However, this does not imply that interviewing is the only available method for collecting primary data in a qualitative study, there are methods such as ethnography and focus groups which are also commonly utilised (Saunders et al. 2016). However, data collection method is linked to the aim and the questions of the research, and the researcher has to consider these factors in order to decide on the appropriate data collection methods.

Cassell (2009) highlights that multiple interpretations of social life are better understood when considering that such realities are multiple and exist in the minds of people (Cassell 2009). Similarly, Amis (2005) suggests that the most logical method of accessing those realities that are in people's mind is by talking to the individuals. Therefore, highlighting that using interviews as a primary data collection method can help the researcher to obtain more information about the irregularities, paradoxes and contradictions that are commonplace in the realities of social world. Smith (2010) emphasises that interviews allow for detailed exploration of a particular issue in way which is not possible with other methods of data collection.

Anastas (1988), argues that in cases of sensitive subject matter and complex decision-making processes, individual in-depth interviews provide a far more effective tool and create an environment where participants would be likely to speak more openly and frankly. There are several other advantages of in-depth interviewing, which include, the encouragement of personal thought, respondent attentiveness to questions, and the offering the ability of the interviewer to sense non-verbal feedback (Sokolow, 1985). Interviewing results in the collection of rich, in-depth and informative data and can be very appropriate in the case of this research in which the researcher explores a complex phenomenon in order to develop an in depth theoretically based understanding of managerial competencies required for SME internationalisation. In-depth interviews are regarded as an effective alternative to observing a case- study in action as they provide a method that permits direct observation of the people involved in the process and the ability to listen to what those people have to say (Taylor and Bogdan, 1998). In addition to this, participants could be encouraged to identify real life situations, including discussing and evaluating their specific experiences about the question.

In this research the researcher interviews participants, which have been selected using prior sample selection criteria. For the purpose of this qualitative research the managers in internationalising SMEs or SMEs, which have already internationalised will be analysed. It is essential to interview these individuals as these individuals have already experienced or are currently experiencing internationalisation and are aware of the specific factors, dynamics and possible competencies, which affect the process. Thus, it is safe to say that the SME managers' are knowledgeable about their own managerial competencies and will have opinions and experience about the competencies required. By focusing on interviews, the study can gain a greater insight on the SME managers perception of the competencies required for internationalisation. Consideration of such perceptions is considered as highly significant as SME decision makers tend to rely on their perceptions when making decisions (Collinson & Houlden, 2005; Gibcus , et al., 2006; DeVoe & Lyengar, 2004; Sanders, 1999; Bazermanan, 1994). It is important to understand that perceptions vary between individuals and as a result different people may perceive the same situation differently. But more importantly individuals have the tendency to assign different meanings to what they perceive, and they may change the meanings depending on the situation. There are many factors that can influence how individuals, in this case the SME managers can perceive things, and these can include factors such as perceiver factors (attitudes, motives, experience, expectation), situational factors (time, setting) and target factors (novelty, background, similarity) (Waller, et al., 1995; Beyer, et al., 1997).

Perception is often defined as a process by which 'individuals organise and interpret their sensory impressions in order to give meaning to their environment' (Robbins, et al., 2010).This suggests that the individuals' behaviour and actions are heavily based on their individual perception of what reality is, not on reality itself. Thus suggesting that the world as it is perceived is the world that is behaviourally important. In case of SMEs often it is the individuals who make the decision to internationalise and make

decisions related to the process of internationalisation (Collinson & Houlden, 2005). Therefore, it is important to gain an in depth understanding of the perception, opinions and experiences they have regarding the SME internationalisation. Thus, suggesting carrying out interviews is very appropriate as a research methodology considering the focus of the study. Interviews will allow for a greater understanding of the managers' underlying assumptions and their perception of internationalisation and what they perceived to be important competencies during the process (Ogarcă, 2008).

As a result of the interviews and the SME managers sharing their experience, opinions and feelings the researcher will have the opportunity to investigate the managerial competencies required for SME internationalisation, through exploring the motives and competencies that allow the initiation of SME internationalisation as well as investigating the competencies that managers possess during their internationalisation and whether the SME managers look to actively develop any certain competencies during internationalisation. Furthermore, it would allow for exploring whether the competencies change as the firm progresses during internationalisation. This will help further expand the understanding of the managers by building a profile and a background, it will also enable the researcher to understand and identify the competencies that these individuals either possessed during the process or recognised were needed. Carrying out qualitative interviews allows the researcher to develop an in depth understanding of the managerial competencies required in the context of SME internationalisation and will enable an exploration of the reasons why these were highlighted by the participants.

Additionally, the 'live' nature of face-to-face interviews and the complexity of language in use can pose certain challenges. However, this same vulnerability and complexity produced the richness and depth to data that made interviewing the ideal methodology. Additionally, literature suggests that semi-structured interviews are ideal due to limited

chance of arranging follow-up interviews as many of the senior managers had very busy schedules and arranging follow up meetings proved to be difficult at times (Bernard, 1988). In addition, guidelines put forward by Foddy (1996) were used for the development of the interview questions and the same interview guide was used for all the participants.

The method of interviewing comprises of asking questions and getting answers from participants in a study. Interviewing has a variety of forms including, but this study used face-to-face semi-structured interviews as a method of collecting data. (Rubin & Rubin, 2004; Gubrium & Holstein, 2001). In the case of this research majority of the interviews were carried out in person, however few were mediated by the telephone, skype or other communication applications which will be detailed in the following sections. When using interviews as a method of research it is important to take into consideration; the focus of the inquiry (research question), what is the aim and what sort of information is being collected from the interviewee, how much time is available and the kind of access granted, how much is known by the researcher about the questions being asked and how to manage this knowledge (Fontana & Frey, 1994), all the aforementioned guidelines were closely followed throughout the interview stage of the research. All interview guides were developed iteratively, questions were developed, tested, and then refined based on what the researcher could learn from asking the SME managers these questions.

3.4.3. Interview Sampling

Grounded theory studies are characterised by theoretical sampling, but this requires some initial data to be collected and analysed. Sampling must thus begin purposively, as in any qualitative study. Grounded theory usually starts with purposive sampling and later uses theoretical sampling to select participants who can best contribute to the developing theory. As theory construction takes place concurrently with data collection and analyses, the theoretical sampling of new participants also occurs along with the emerging theoretical concepts.

Sampling is considered as an important component of qualitative research design and specifically the interview process (Mason, 2002). Sampling in research is concerned with the identification of individuals or organisations relevant to the study and determining the scope of data collection (Saunders et al. 2016). In order to identify the appropriate sample, this study has followed the guidelines provided by Robinson (2014) as it is useful for qualitative research and has been widely accepted as a point of reference by multiple disciplines including management studies. The guideline consists of a four-point approach to sampling (Robinson, 2014): (1) setting a sample universe, (2) selecting a sample size, (3) devising a sample strategy and (4) sample sourcing, which will be discussed in detail.
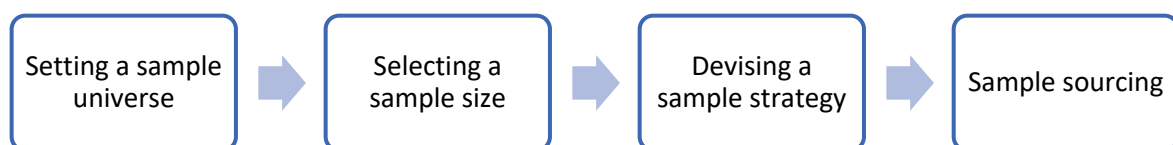
Figure 10: Sampling framework Adapted from Robinson (2014)

3.4.3.1. Sample Universe

The first element of the four-point approach is defining the sample universe which refers to the study population or the target population. Patton (1990) highlighted to define a sample universe, a set of inclusion criteria or exclusion criteria, or a combination of both, must be specified for the study. Considering the research aim and strategy of this study, the most appropriate organisations for this study were SMEs that were involved in internationalisation (i.e., previously internationalised, currently internationalising and already internationalised) and as the aim of the research was to identify the managerial competencies required for SME internationalisation it was essential to interview the managers of such SMEs. Therefore, the involvement of the SMEs in internationalisation process as well as the interview participants holding a managerial position in the SME and being directly involved in the internationalisation process was considered as the main inclusion criterions.

This study also aimed to gain samples that were intentionally heterogenous similar to the variation sampling technique of grounded theory (Strauss and Corbin, 1998), this was achieved by the inclusion of SMEs in various industries (e.g., manufacturing, construction, finance, IT and fashion) and various geographical locations (e.g., UK, USA, Iran, Italy, China, France, UAE, Saudi Arabia and Nigeria). The rationale for gaining a heterogeneous sample was that any commonality found across a diverse group of cases is more likely to be a widely generalisable phenomenon than a commonality found in a homogenous group of cases (Robinson, 2014). Furthermore, as the aim of the research was to identify managerial competencies required for SME internationalisation, there is no emphasis on the location or origins of the SMEs and the study aims to provide an academic contribution to the SME & international management knowledge focusing on the managerial competencies required for SME internationalisation. Therefore, heterogeneity of the sample provides evidence that findings are not solely the preserve a particular region or industry, therefore establishing that, the developed theories are applicable to various geographical locations and various industries

(Mason, 2002). However, heterogeneous samples have inherent challenges, such as the increased difficulty in core cross-case themes being found during analysis due to the sheer diversity of data gathered however the homogeneity/heterogeneity trade-off were considered and the selected sample universe was considered as coherent with their research aims, questions, and with the research available.

The sample thus included SME managers who were directly involved in the internationalisation process of their respective SME regardless of their specific industry or geographical origins. There individuals were considered as appropriate because their perceptions and experiences reflected their understanding of the issue under study and provided the richness of data (Patton 2014). They were knowledgeable about their own managerial competencies and had opinions, perceptions and experience about the key competencies required for SME internationalisation.

Whilst the boundaries for the sample universe of this study may appear to be straightforward, none the less it is essential to clearly define it as the sample universe is not only a practical boundary that aids the process of sampling, but it also provides an important theoretical role in the analysis and interpretation process. It visibly clarifies important elements of the research such as the extent of generalisability and transferability (Mason, 2002), therefore, the more clearly and explicitly a sample universe is described, the more valid and transparent any generalisation can be. This is particularly important because the sample universe of the research ultimately reflects on the extent which the study's findings can be rationally and logically applied to similar phenomena (Robinson, 2014). Lastly, credibility and coherence of a study can be undermined if it does not define a sample universe or makes claims beyond its own sample universe.

3.4.3.2. Sample Size

Determining the appropriate sample size is considered as one of the challenges that researchers face when collecting data for a qualitative study (Malterud et al., 2016). Additionally, Malterud et al. (2016) suggest that even though there are commonly practiced techniques in qualitative research, there is no standardised method for researchers to determine the appropriate sample size, this is in contrast to quantitative studies where sampling is often informed by established scientific methods. Therefore, it is often not possible to predetermine the sufficient number of interviews required for a qualitative study (Robinson 2014).

A guiding principle in qualitative research is to sample until data saturation has been achieved. Data saturation means the collection of qualitative data to the point where a sense of closure is attained because new data yield redundant information (Strauss & Corbin, 2008). Data saturation is reached when no new analytical information arises anymore, and the study provides maximum information on the phenomenon. The sample size in qualitative research depends on the information richness of the data, the variety of participants, the broadness of the research question and the phenomenon, the data collection method and the type of sampling strategy. As this is a qualitative research in which the research and theory are at their early, formative stage and not enough is known on the phenomenon it is the responsibility of the researcher to decide when data saturation has been reached, and hence whether the sampling can be ended, and the sample size is sufficient. The most important criterion is the availability of enough in-depth data showing the patterns, categories and variety of the phenomenon under study. The researcher reviews the findings, and the quality of the participant quotes collected, and decides whether sampling might be ended because of data saturation. However often, the researcher carries on with a few more interviews often two or three more to confirm that data saturation has been reached.

As stated earlier there are guidelines that researchers can follow to estimate the appropriate sample size, Guest et al. (2006) suggest that for qualitative research, 15 interviews are the minimum requirement. Green & Thorogood (2018), argue that in most qualitative studies it becomes difficult to find any new and useful information after 20 interviews thus they suggest that 20 is appropriate sample size. However, Mason (2010) highlights, the research strategy significantly shapes the data collection procedure as well as the number of interviews required. Additionally, Charmaz (2006) and Creswell (1998), highlight that research strategies such as ethnography or grounded theory require relatively more interviews and in the range of 30 to 60, whilst phenomenological inquiries and case-studies usually require around 5 to 25 interviews. As grounded theory is the research strategy of this study, it can be generally concluded that in conducting less than 30 interviews would be insufficient for this research. Furthermore, theoretical sampling is considered as an integral part of the grounded theory approach as it leads the researcher to what to collect. Considering this research is adopting the grounded theory approach, theoretical sampling will thus be an integral part of this research too. As the research process is a process of discovery rather than hypothesis testing (Denscombe, 1998), sampling for grounded theory analysis must not obey the principles of statistical sampling but rather the principles of theoretical sampling as defined by Strauss and Corbin (Strauss & Corbin, 1998). Strauss and Corbin (1998) presented theoretical sampling as "rather than being predetermined before beginning the research, evolves during the process. Glaser (1978) highlights that of all qualitative methodologies, grounded theory puts most emphasis on being flexible about sample size as the research progresses. According to grounded theory, as the researcher collects data, analysis is carried out simultaneously. Simultaneous analysis enables the researcher to make real time decisions about whether further data collection is likely to produce any additional or novel contribution to the theory development process and therefore whether further interviews would be appropriate or not (Strauss & Corbin, 1998). Sample size may be increased if ongoing data analysis leads the researcher realising that they may have overlooked an important group or type of person from the original sample universe, who should be added to the sample in order to enhance the

validity or transferability of the findings or theory (Silverman, 2010). Otherwise, if the researcher judges that 'theoretical saturation' has been reached, it is assumed that further data collection will not bring incremental benefit to the theory development process (Strauss & Corbin, 1998), and data collection will be halted.

3.4.3.3. Sampling Strategy

Sampling strategy refers to the rationale behind the process of selecting cases from the sample universe for interviewing (Robinson 2014). Similarly, to all qualitative research the key to a quality grounded theory research, is that both data collection and techniques of analytical conceptualisations must be rigorous. As in grounded theory the data are collected and analysed simultaneously, these two processes, data collection and analysis, are inseparable. It is through careful sampling that quality data can be obtained. In this study, which is a grounded theory research, sampling strategies change dynamically with the development of the research. The main sampling strategies used in this research are, purposeful sampling and theoretical sampling. Although, convenience sampling was used at the initial stage of the study to provide the researcher with an overview of the phenomenon.

Using convenience sampling strategy, participants are selected on the basis of accessibility as it relies on the proximity and willingness of participants; hence it entails locating convenient cases within the sample universe (Robinson 2014). Although this approach provides flexibility, this method of sampling was only used at the initial stage of the study to identify the scope, major components, and trajectory of the overall process as it is useful in providing the researcher with an overview of the overall process. Adopting a purely convenient sampling strategy may result in unwarranted generalisations (Robinson 2014) and is not adequate for this study which is a grounded theory research. Convenience sampling was used to locate SME managers, who were available, who had already gone through, or were going through

SME internationalisation and thus were considered as 'experts' who had experienced most of the phenomenon under study (Richards & Morse 2007).

This was followed by purposeful sampling in which participants were selected based on the researcher's judgement about what potential participants will be most informative. Purposeful sampling was used as it is a technique widely used in qualitative research for the identification and selection of information rich cases for the most effective use of limited resources (Patton, 2002). This involved identifying and selecting individuals that were especially knowledgeable about or experienced with a phenomenon of interest (Cresswell & Plano Clark, 2011) which in this study were managers who had SME internationalisation experience and thus were knowledgeable and experienced about the phenomenon. In addition to knowledge and experience, Bernard (2002) and Spradley (1979) highlight the importance of availability and willingness to participate, and the ability to communicate experiences and opinions in an articulate, expressive, and reflective manner, which was the case of the participants who were selected for the interviews in this study. Once the purposeful samples were selected, a snowball or nominated sample was also used in which, the researcher requested introductions from the initial participants, to invite their contacts and acquaintances who also fit the sample criteria to participate in the study.

This initial purposive samples were subsequently followed by theoretical sampling, which is an integral part of grounded theory, participants were selected based on the emerging findings to ensure adequate representation of theoretical concepts. Participants were selected according to the descriptive needs of the emerging concepts and theory. These needs dictate the sampling strategies and goals (Charmaz, 2006; Glaser, 1978).

To conclude in this study the researcher after identifying the research topic and question, identified 20 SME managers to interview based on a set of criteria discussed earlier (purposeful sampling). The researcher interviewed the selected participants. This is where

theoretical and purposeful sampling diverge. Following these initial interviews in a grounded theory study, the researcher will analyse these data. Based on the results from this round of data analysis, the researcher identifies more people to interview. These might be people who will confirm what the researcher has already found, but the researcher will also purposefully look for participants who can disconfirm the previous findings. The researcher will conduct interviews with those newly selected participants and then analyse them. Theoretical sampling continues like this, moving back and forth between sampling, data collection, and analysis, until the researcher reaches data saturation, or the point at which the researcher fails to collect new information with subsequent interviews.

	Sampling Strategy	Definition
	Convenience Sampling	Selection of participants who are easily available
	Snowball Sampling	Selection of participants through referrals by previously selected participants or persons who have access to potential participants
The main sampling strategies used in this research	**Purposive Sampling**	Selection of participants based on the researcher's judgement about what potential participants will be most informative
	Theoretical Sampling	Selection of participants based on the emerging findings to ensure adequate representation of theoretical concepts

Table 9 : Sampling Strategies used in this study

3.4.3.5. Sourcing the Sample

Having established the sample universe, the sample size and the sampling strategy, the next stage was to source the participants for the interviews. A list of the initially selected individuals was drafted, and their contact details were obtained. In majority of the cases for the initial 20 interviews, contact details were sourced using the researcher's personal network of industry contacts. Professional social media platforms such as LinkedIn were also utilised to help this process and, in some cases, the contact details of the participants were available on their organisation's websites. The remaining contact details were also obtained using similar methods as well as through introduction by the previously interviewed participants.

All selected individuals were contacted first via email. Emails were only sent from the University College London (UCL) email account and were sent to business email accounts of participants. Where necessary, follow up communications were carried out via telephone or skype. Access to certain participants due to their busy schedules had to be organised with their personal assistant or secretary.

In each communication the researcher and the affiliated educational institution (i.e., UCL) were introduced and the purpose of the study was clearly explained. Supplementary information labelled as 'Participants Information Sheet' was provided as well to further familiarise participants with the aims of the research. Those who responded by stating they did not wish to participate in the study were sent a courtesy email to acknowledge their decision and their consideration was appreciated. The respondents willing to participate in the study were sent further communications to arrange a date, time and location for the interview.

Throughout this process, ethical issues were firmly considered as well. All participants were given an "Informed Consent" form in advance of the interview. It was ensured that all participants have had read and signed the form prior to the commencement of the interview.

3.4.4. Negotiating Access Considerations

Prior to contacting the SME managers, an introductory letter was produced to assist establish the credibility of the researcher and negotiate access (Saunders et al., 2003). The letter which was often sent out as an email to the potential interview participants aimed at generating interest in the research topic whilst providing useful information regarding the data collection method. The letter outlined a background on the researcher, the aim of the research, the type of access required, and the time required for each interview.

In order to encourage the potential participants to engage and participate in research, the letters aimed to communicate the research information in a clear and structured way using suitable language both in terms of avoiding confusing academic terms as well as in terms of being appealing, polite and non-threatening. The assurance of confidentiality and anonymity was explicitly stated and guaranteed in the introductory letter.

Finding participants for this study proved to be a very challenging task due to the nature of their work, changing geographical locations as well as their busy schedule and high workloads of international SME managers. Using the personal existing networks, more than 20 managers were initially identified and approached as potential participants. The criteria for the participants required them to hold a managerial position in the SME and they had to be directly involved in the internationalisation process which subsequently greatly influenced the negotiation process and limited the potentials for granting access. As such individuals had extremely busy schedules and were often based in various geographical locations.

Later through referrals and other contacts additional SME managers were identified and contacted and altogether a total of 52 managers out of 80 who were contacted agreed to participate (Overall response rate of 63.4%).

A common issue in terms of granting access was first finding a suitable time to arrange a face-to-face interview and secondly the managers concern regarding the issues of confidentiality and anonymity as well as issues concerning the publication of personal and private information about the managers and their organisations. The issue of availability was addressed through the researcher being flexible in terms of the meetings and location and in few cases the use of technology such as video conference software such as Skype or facetime. The second concern regarding the confidentiality and anonymity was addressed by assuring the potential participant that the name of the company and the interviewees would not be revealed in any case and that numbers and aliases would replace the names of the individuals and their respective organisations.

Furthermore, the participants were given assurance by the researcher by suggesting that the researcher intended to host an open and friendly conversation with the interviewees and would at all times respect their wishes in terms of being recorded, skipping questions, or calling off the interview at any point that they wished as well as assuring them that they would be able to ask for the removal of their data from the sample at any point.

3.4.5. Primary Data Management

All interviews were recorded via a smartphone using a voice recording application. The access to the content of the smartphone was secured with measures such as PIN code. Following each interview, the audio file of the interview was transferred into a cloud drive stored on the university (UCL) network, which is secure and protected. The audio files were listened to, and the conversation was transcribed into a word processing document. At the end of transcribing of each interview, the audio file was replayed, and the transcribed text was double checked against the audio file. This was to ensure that the conversation was accurately transcribed. 4 out of the 52 participants requested to be sent a copy of the transcript of their interview before the text was analysed. For the individuals who requested a copy, a proofread copy of the transcript was emailed to the participant and confirmation of approval was obtained, in which

all of the 4 participants approved the use of the transcripts for analysis. Considering that the interviews were semi-structured, there were moments where the conversation deviated from the main topic of the interview. However, all the interviews were transcribed in their entirety, in order to ensure that the data remained unaltered. These measures were taken to ensure the transcripts captured the entirety of the interviews which would provide the richness and depth as well as the contexts of the interview during the data analysis.

3.4.6. Interview Sample

The sample comprised of 52 managers who were directly involved in the SME internationalisation process from a number of different industries, including, manufacturing, construction, finance, IT and fashion. These individuals were selected to participate in this study as their experiences and attitudes reflect their understanding of the issue under study and thus provided the richness of data (Patton 2014). The initial interview participants were selected based on earlier conversations and enquires considering their interest, experience and involvement in the internationalisation of their SME and they had declared themselves as knowledgeable about their own managerial competencies and had opinions, perceptions and experience about the key competencies required for SME internationalisation and were interested in discussing the issues related to the topic.

A multinational sample was examined for the purpose of this study, as the aim of the research is to identify managerial competencies required for SME internationalisation. There is no emphasis on the location or origins of the SMEs and the study aims to provide an academic contribution to the SME & international management knowledge focusing on the managerial competencies required for SME internationalisation. The study includes the managers of SMEs based in number of different countries including, United Kingdom, United State of America, Iran, Italy, China, France, Germany, Qatar, United Arab Emirates, Saudi Arabia and Nigeria.

Lastly, various industries including but not limited to manufacturing, IT and fashion were analysed, as the focus of the study was on the competencies of SME managers looking to internationalise rather than the managers of a specific industry. This study aims to be relevant and useful to most SMEs looking to internationalise.

It should be noted that as this study follows a grounded theory approach, theoretical sampling occurred as the data collection progressed. After the identification of the initial group of managers based on the criteria discussed and interviewing them. The researcher then analysed the data and based on the results from this round of data analysis, the researcher then identified more people to interview. However, in this research due to the topic of the research question and its specific focus on SME managers and their competencies the initial analysis of the interviews confirmed the initial selected sample and highlighted that the researcher must carry on interviewing SME managers who are directly involved in SME internationalisation as they were the most knowledgeable about the phenomenon and were able to discuss the competencies which they believed and experienced were required for SME internationalisation. Theoretical sampling continued like this, moving back and forth between sampling, data collection, and analysis, until the researcher reached data saturation.

The following table provides a sample overview of the interviewed SME managers (refer to Appendix D for the detailed table). The full list of the interviewed managers including their detailed demographical information, the interview details and the SME characteristics are provided in the appendix D.

Sample overview of the interviewed SME managers		
Number of Participants: 52		
		Percentage of Participants
Number of SME Founders vs Non-Founders	Founder	73%
	Non-Founder	27%
SME Managers' Level of Internationalisation Experience	Low	11%
	Medium	33%
	High	56%
Type of International Experience	International business-related qualifications	27%
	Lived abroad	56%
	Studied abroad	40%
	Worked abroad	60%
	Business travel abroad	96%
	Worked with international partners	92%
	Foreign background	17%
SME Managers' Gender	Male	88%
	Female	12%
Interview Format	Face to Face	65%
	Skype	31%
	Face Time	4%
Industry Sector	Manufacturing	44%
	Engineering	4%
	Construction	13%
	Fashion	17%
	IT	6%
	Finance	6%
	Services	10%
SME Size	Micro	21%
	Small	42%
	Medium	37%
Lifetime Stage	Start Up	17%
	Established	83%
		Age
SME Managers' Age	Youngest	28
	Oldest	73
	Average	49
SME Age	Youngest	2
	Oldest	35
	Average	14

Table 10 : Sample overview of the interviewed SME managers

3.4.7. Sample Summary

A total of 52 individuals were interviewed in order to investigate the managerial competencies required for SME internationalisation. These individuals were selected because of their knowledge and experience in SME internationalisation. All of the individuals that were interviewed were SME managers or senior managers who had directly taken part in internationalising their respective SME and thus were considered as knowledgeable about their own managerial competencies and had opinions, perceptions and experience about the key competencies required and were fully aware of the context of internationalisation. Their age ranged from 28 to 73 years old and majority being in their mid 40s and early 50s. Their level and range of experiences varied enormously both in terms of their experience in their respective industry and internationalisation, however majority of the interviewed managers were highly experienced in Internationalisation and had some sort of international experience prior to internationalisation. As the aim of this research is to identify the managerial competencies required for SME internationalisation, all levels of internationalisation experience as long as they were involved in internationalisation was considered as valuable and relevant to the research as it provided a more accurate picture of the phenomenon and provided the research with a more comprehensive and encompassing picture of internationalisation as experienced by the individuals directly involved at the different stages. All of the interviewed managers were highly educated and held at least a bachelor's degree (or equivalent). In regard to the organisations that the interviewed individuals managed; the SMEs were from various industries including manufacturing, construction, finance and investment, IT, management consultancy and fashion. The size of the SMEs varied in terms of the number of directly hired employees as well as their financial situations. And in many cases the SME was not considered as the managers first business venture, however in majority of the cases the SME in question were considered as their first international organisation.

3.5. Data Analysis

Given the purpose and the underlying research methodology of this study, as discussed in detail in the sections (3.2.2. Approach to Theory Development), the data analysis follows an abductive approach (Saunders et al. 2016). The study does not commence with a clearly defined theoretical framework, rather the themes and patterns that are produced as a result of the researchers reflexive with the data help to construct the theoretical framework of the research and theories are derived from the collection, analysis and interpretation of data (Smith 2010).

According to Corbin & Strauss (2008), data collection and data analysis will have to be conducted in parallel. This approach, compared to a deductive approach, enables the researcher to not be bound by existing theoretical constructs and allows for delivering contextualised results. It is emphasised that data collection, data analysis and data interpretation processes within qualitative studies and in particular the grounded theory approach are interlinked (Saunders et al. 2016) as detailed in the research methodology section (3.3.3. Research Design). Qualitative research naturally allows for identifying important themes and patterns as the data collection and data analysis is occurring. This aspect can subsequently shape the data collection and data analysis procedures for the reminder of the research (Corbin & Strauss 2008). This note was experienced in this research as well.

3.5.1. Grounded Theory Data Analysis

As the study aims to develop an in depth theoretically based understanding of managerial competencies in order to increase the chances of SME managers to internationalise more effectively. Grounded theory allows for the identification and categorisation of elements and the exploration of their connections within social settings as grounded theory uses the basic principles of questioning rather than measuring; and generating theories using coding

techniques (Auerbach & Silverstein, 2003). The aim of the analysis was to produce a detailed and systematic identification of the main themes and the development of rich insights in the experiences of the participants as they were reflected in the interviews. The method used to categorise and codify the interview transcripts is best described though the stages that are worked through by the researcher. This method of qualitative data analysis was developed out of the methods described in the grounded theory literature (Charmaz, 2006; Charmaz & Bryant, 2011; Glaser & Strauss 1967; Strauss 1986; Strauss & Corbin, 2008) as discussed in the Research Methodology Section (3.3).

Standard techniques of grounded theory, including the coding of data and the development of categories, were used. The data were coded using the three stages (Open coding, Axial Coding, Themes) as identified by Strauss & Corbin (1990; 2008). In open coding, the transcribed interviews were analysed line by line for a simple extraction of what the interviewee is saying and, in some cases, implying or not saying. Open coding requires a detailed reading of the data to comprehend the meaning and context of the interviewee's understanding of the required managerial competencies in the context of SME internationalisation. All 52 interviews were coded at this level. The coding of interviews 47–52 did not add any new dimensions to our data. Suggested that data saturation had been reached in the data set. While open coding disseminates the large amounts of data into smaller homogenous pieces, axial coding, which is considered as the second stage, is the process where data "...are put back together in new ways after open coding, by making connections between categories. This is done by using a coding paradigm involving conditions, context, action/interactional strategies, and consequences" (Strauss & Corbin, 1990, p. 96). Axial coding explores how these categories connect and interact, which leads to the identification of larger categories that can be used to describe the broader themes which were produced as a result of the interaction between researcher and data at the time of analysis. In this study, the interviews were analysed line by line with coding that described what the interviewee was saying, thinking or feeling. These results were then grouped into categories of related axial codes. Table 11 provides an

example of how the interviews (managers words) were coded into first an open code (e.g., Initiative, Proactive action, Intuitive decision making), then to the axial code (e.g., Proactive Agency), then to the broader theme (e.g., Agency).

Following are detailed data analysis steps, which the researcher takes in order to analyse the data gathered after carrying out face-to-face semi-structured interviews (Bryman & Bell, 2011).

Detailed Data Analysis Steps

After having conducted the interviews and recording them, notes were made after each interview regarding the topics talked about in the interview. At times throughout the research project the researcher also wrote memos (Field & Morse, 1985) about ways of categorising the data. These notes served as memory joggers and to record ideas and theories that the researcher came across as the analysis work was carried out. These memos included anything that attracted the researcher's attention during the initial phase of analysis. The next stage was to read through the transcripts and make notes throughout the reading. The notes were on the general themes within the transcripts. The aim was to become immersed in the data (Weger, et al., 2010; Rogers, 1951).

Open coding was considered as the first stage of the grounded theory data analysis that focused on the conceptualisation and categorisation of phenomena through the intensive analysis of the data. The goal of open coding was to develop a wealth of codes with which to describe the data. The open coding was done in a way that could account for almost all of the interview data. To reach this goal, sensitising questions were posed regarding the data when the transcripts were being analysed. During the first step of open coding, the data gathered from the interviews of managers were transcribed and were broken up into smaller parts which were deeply analysed. The aim of this analysis was to grasp the core idea of each part and to develop a code to describe it. At this stage the categories were freely

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generated. The open codes were either in form of descriptions derived directly from the data or were references to relevant theories from the literature review.

The second stage of the open coding analysis included the investigation and comparison of the codes in order to identify similarities and differences and grouping them. The codes were investigated and grouped together under higher order categories. The aim, here, was to reduce the numbers of categories. Codes that were similar were put together and labelled with the same codes. Strauss & Corbin (1990) use the terms *concept* and *category* to denote a phenomenon that is categorised and conceptualised by assigning it to one code (*concept*) or concepts of higher order (*category*). This means that the concepts developed are then related to other concepts so that categories of a higher order are produced as a result of the researcher's reflexive dialogue with the data so that different dimensions of the category can be described. During the process of developing the dimensions of categories, theoretically relevant characteristics of every category are determined and explicated in the code descriptions (Mey and Mruck 2011) as it was done in this study. The final lists of categories were then analysed to ensure that it accounted for all of the data and necessary adjustments made avoiding any researcher bias.

At the following stage, the transcripts were re-read alongside the list of categories produced during the open coding to establish the degree to which the categories covered all aspects of the interviews. Further adjustments were then made if they were considered as necessary.

Each transcript was worked through with the list of categories and concepts and 'coded' according to the list of categories headings. Colour coding were used where necessary which helped to distinguish between each piece of the transcript allocated to a category and sub-heading. Each coded section of the interviews was then cut out of the transcript and all items of each code were collected together. Multiple copies of the transcripts were used to ensure that the context of the coded sections was maintained. This was very important as everything

that was said in the interviews was in a context. To simply cut out strings of words, out of context is to risk altering the meaning of what was said thus it was important to make sure that the transcripts were not over-fragmented. It was essential to recognise that once the sections of interviews are taken out, the 'whole' of the interview is lost it is no longer possible to appreciate the context of a particular remark or piece of conversation. For this reason, 'complete' versions of the transcripts were kept for reference purposes.

Furthermore, the respondents were then asked to check the appropriateness of the category system. For instance, they were asked to see whether their quotation from the interview fit the selected categories. In which 43 out of 52 interviewees responded (82.7 % response rate) confirming that the categories were appropriate. 4 out of the 43 who responded confirmed the appropriateness of the category system but also provided further explanations regarding their quotes and its meaning, thus adjustments were again made where necessary (such as improving the category headings and sub-headings or moving quotes to more appropriate categories) to ensure that the categories were appropriate. This allowed for a check on the validity of the categorising process to be maintained.

The initial round of coding (open coding) was then followed by axial coding which enabled the researcher to investigate the relationships between concepts and categories that had been developed in the open coding process (Corbin & Strauss, 1990). Having broken up the data in the process of open coding, in the process of axial coding the researcher put the data back together in new ways by making connections between the identified categories as links are worked out between a category and its subcategories. To work out the relations between the categories, as Strauss & Corbin (1990) suggested the researcher examined the data and the codes based on a coding paradigm that focuses on and relates causal conditions, context, intervening conditions, action/interaction strategies, and consequences. These perspectives on the data allowed the researcher to detect relations between concepts and categories in order to relate them on a meta level.

This was followed by the last round of coding referred as selective coding. The goal of selective coding was to integrate the different categories that had been developed, elaborated, and mutually related during axial coding into one cohesive theory. To reach this goal, the results from axial coding were further elaborated, integrated, and validated (Strauss & Corbin, 2008). Thus, selective coding is quite similar to axial coding, but it is carried out on a more abstract level. The categories are theoretically integrated into a consistent overarching theory as they are subsumed under a core category that is linked to all other categories that were established in axial coding. Therefore, selective coding is considered as the process of choosing the core category and relating it with the other categories from axial coding.

The next step was to file all of the sections together for direct reference when the findings were being written. Copies of the complete interviews were kept to hand during the writing up stage as were the original voice recordings. If anything appeared unclear during the writing up stage of the research, the researcher referred directly back to the transcript or the recording.

Subsequently, once all of the sections were put together, the writing up process began. The researcher started with the first section, selecting the various examples of data that have been filed under that section and offered a commentary that linked the examples together. The researcher then continued on to the next section and so on, until the whole research was written up. At all times during the write up, the researcher stayed open to the need to refer back to the original recordings and to the 'complete' transcripts of the interviews. By doing so it made it possible for the researcher and the findings to stay closer to original meanings and their contexts.

Lastly, the researcher wrote an overview of each finding based on the experiences and the quotes from the interviews followed by another section which link the data examples and the

commentary to the literature. By doing so, the 'findings' chapter of the research became both a presentation of the findings and a comparison of those findings with previous work and literature. Literature suggests that this approach is considered as purer and by writing up a separate section with references to the literature it also became more practical and readable (Glaser & Strauss 1967).

Themes & Categories Identified from Open Coding		
Diversity as a context of SME internationalisation	**Agency as a higher-level competency**	**Agential Experiences**
Diversity **Ambiguity** **Complexity** **Uncertainty** **Instability**	Proactive Agency Reactive Agency Negotiation with the environment Denying set of competencies Agency as a higher-level competency	Accounts of experience

Table 11 : Themes & categories identified from open coding

The following table is sample illustration of the coding process utilised in this study.

Interview Section Examples	Open Coding	Axial Coding	Themes
…entering a completely new market is never a safe option, it's very risky, you know we don't know who the big players are, how they do business, they (locals) sometime even team up and drive the prices down to get rid of the on foreign competition, the product we have is very popular here and because of that I thought it is worth the risk to try and export the product to the neighbouring countries. I knew that if I was to wait for the government to issue the grant it would take forever and plus the people working in the [Removed for confidentiality] are so corrupted (Participant referring to the people working in the Chamber of Commerce), I would never waste my time with them…I just talked to the guys in production and told them my plan and that's how we started…

…you can't always wait for something to happen…if you want something done you have to take initiative…I was very confident and I genuinely believed in my competencies and I knew that I was able to expand the business by going international.

…I got the team together and told them this is what we are going to do, they were slightly concerned that we would not be able to compete with them (International competition) …of course not everybody is keen to risk things especially when everything is running so smoothly…

…we actively sought for new way of making our company more appealing, we tried to become more creative and more innovative, we looked at different ways of improving our designs, we constantly looked at ways of improving our manufacturing techniques, there were times that the team and myself attended training courses including team building activities… | Initiative

Change Agent

Risk Taking

Proactive Action

Intuitive Decision Making

Opportunity Recognition | Proactive Agency | Agency |
| …Why we became an international company was predominantly due to the type of the clients we were working with here in the UK. I always intended to get myself involved internationally, but as I just mentioned the nature of the clients was one of the major driving forces behind our internationalisation…

…It was never part of the plan, the customer base shifted, we started receiving orders from countries that we never planned to supply, and we became more and more involved internationally…

...recession meant that the home market was very slow… we built up excessive amounts of inventory based on our previous years but were really struggling to move the stock out of our warehouse. Our domestic distributors seemed unable to help with the situation, so as the manager of the company I had to come up with a solution... so I would say adaptation was one of the reasons why we survived, I had to adapt to the situation as we were really struggling to survive… I realised I had no choice but to try and export the products… | Risk Management

Adaptability & Flexibility

Analytical Decision Making

Problem Analysis & Problem Solving

Customer Orientation | Reactive Agency | |
| … | … | … | … |

Table 12: Sample illustration of the coding process utilised in this study

3.5.2. Data Analysis and use of QSR-Nvivo

The data collection process which was in form of semi-structured interviews produced a large volume of data that totalled to over 1,200 pages of transcript produced from more than 75 hours of recording. Therefore, considering the qualitative approach of the research it was essential that the experience element, richness and context of the data as well as the themes were maintained. Equally, maintaining rigour in producing the research findings.

With the support of QSR-Nvivo in organising the data, the main focus of the data analysis was on maintaining internal consistency and logic in producing the final findings and the identification of patterns in the data in relation to the research objective of investigating the managerial competencies required for SME internationalisation (Eisenhardt, 1989; Eisenhardt & Graebner, 2007, Miles and Huberman 1994).

Prior to using the software, the transcripts were individually reviewed and analysed whilst considering the relevant prior knowledge, thus, producing codes and thematic categories that reflected the themes identified in the literature and themes emerging from the raw data collected during the interviews. These thematic categories and codes were compared against the transcripts again in order to ensure that they accurately reflected the interviews. A lot of effort and emphasis was placed on making sure that the codes were logically consistent and mutually exclusive in order to avoid confusion when allocating the data.

Consequently, the codes which reflected the main research areas were then transferred into QSR-Nvivo as nodes under which raw data were coded. The use of this software allowed the researcher to ensure that all quotes relating to specific themes were coded under the relevant nodes. Therefore, the software was used as a tool for organising the large volume of the data. However, making sure that the data was not at any point over-fragmented. This was achieved through maintaining a balance between over-fragmenting the data and producing data categories that were manageable. Furthermore, by coding lengthier accounts, the researcher aimed at not fragmenting accounts from the interviews that revealed complex, multifaceted

interpretations and account of experiences which were often context specific. This also revealed the complex nature of managerial competencies and SME internationalisation which are both complex, multidimensional and are influenced by many factors. Finally, QSR N-VIVO outputs were reviewed once again in relation to the data transcripts to verify the appropriateness of the thematic categories.

3.5.3. Data Analysis Considerations

It is important to acknowledge that internationalisation can be affected by many variables and factors including, marketing, institutional factors, external environment, timing and even luck. However, the focus of this research was on the managerial competencies required for SME internationalisation therefore the researcher remained loyal to the aim of the study by acknowledging the existence of other influential factors however main focus remained on the managerial competencies.

Furthermore, it is important to make sure that the focus during the analysis is on: the competencies that the managers possessed during the internationalisation rather than on the competencies that they supposed to be necessary (as these can be speculative) so, the focus of the analysis was on managers possessed competencies and development of rich insights in the experiences of the participants as they were reflected in the interviews but also acknowledging the ones they suggested to be necessary.

Chapter 4 - Presentation of the Collected Evidence

4.1. Background & Context of Interviewed SMEs

The aim of this chapter is to present the collected evidence and provide a contextual overview of the researched SMEs. The chapter offers an insight to the researched SMEs including, their lifetime stage, their strategic motivation/drive for internationalisation, some of the challenges they faced when trying to internationalise and some of the enablers they used to achieve internationalisation. This data is particularly useful as it would help provide a more in depth understanding of their context which is particularly important in the case of this research because of the centrality of the argument on context to the novel findings.

The following table which provides several examples (refer to Appendix E for the full table on the background & context of interviewed SMEs) allows each individual SME context to be reviewed and cross referenced to their motives, barriers, as well as the responses they provided which has been referred to in the findings chapter. This enables for a more in-depth understanding of the context and the background of each particular SME manager.

Participant	Company Age	Product Category	Industry Sector	SME Size	Home Country	Format of Internationalisation	Countries Most Active In	Technological Intensity (% R&D to turnover)	Lifetime Stage (Start-up vs Established)	Internationalisation Approach - Proactive, Reactive or Mixed	SME Overview	Motives and Drivers of Internationalisation	Enablers Used to Internationalise	Challenges and Barriers Faced During Internationalisation
1	+20	Metalworking company operating in the field of electrical low voltage equipment	Manufacturing	Medium	Italy	Direct Export	UK, Germany, France, Belgium, Netherlands, Spain, Portugal, USA, Canada	Low	Established	Mixed	An Italian medium sized SME manufacturing firm which is specialised in metalworking in the field of domestic electrical equipment. It was the managers intentions to internationalise the SME having had to deal with the stagnating domestic market, due to the high competition from the more established and bigger domestic firms. The manager highlighted their level of experience and their ability to understand the market and utilise their competencies as the main reasons for their success in internationalisation. Manager highlighted the closeness of the markets they were engaged in as a positive factor which meant he was able to directly apply the competencies which he had experienced in other international ventures	Managers extensive experience and positive attitude towards internationalisation, the wider western European market and the US market was seen as an opportunity to increase sales and to enlarge customer base. The motivation to internationalise was further encouraged by the limited Italian domestic market	Managerial competencies and experience were identified as the main enabler for the firm to internationalise, the manager rereferred to their competencies and pervious international experience as a major contributor, the chosen markets close distance to the domestic market minimised the issues related to cultural differences which in turn helped ease the internationalisation process	Difficulties in finding the right distributors in the foreign markets meant that the manager decided the best entry mode would be to engage in direct exports. They faced certain standard and specification issues due to the requirements of the US and Canadian market
2	8	Sports Fashion Brand	Fashion	Micro	UK	Direct Export, Production facility abroad	Germany, Netherlands, Italy, Sweden, Norway, Denmark, Qatar, UAE, Kuwait, China	Low	Established	Mixed	The internationalisation was a result of both proactive and reactive factors and was mostly initiated due to the managerial urge. However, the manager highlighted another important factor was receiving unsolicited foreign orders when the firm was operating in the domestic market which highlighted the international demand for the company's' products which furthered encouraged the manager and fast tracked the internationalisation efforts. Another import contributor was the utilisation of production facilities in other countries such as china	The managers desire, drive and enthusiasm were highlighted as one of the main drivers of internationalisation, the manager identified their entrepreneurial motivations as a major driving factor as well as the profit and business growth opportunities present in the international market	The internationalisation was enabled by the positive attitude of the manager. Furthermore, the entrepreneurial and agential approach of the manager was also highlighted. The manager as well as recognising the importance of managerial competencies focused on the significance of being culturally aware and sensitive when internationalising	The manager identified his initial lack of knowledge regarding operating internationally as well as lack of international market information and appropriate networks and contacts as a major challenge. The manager further highlighted that the limited financial resources available and the difficulties with logistics and distributions proved to be challenging. Even though the manager claimed to be culturally sensitive, he suggested that managers need to recognise the importance of cultural differences as failing to recognise or lacking competencies to deal with cultural issues can have serious negative impacts on internationalisation of the SME

Participant	Company Age	Product Category	Industry Sector	SME Size	Home Country	Format of Internationalisation	Countries Most Active In	Technological Intensity (% R&D to turnover)	Lifetime Stage (Start-up vs Established)	Internationalisation Approach - Proactive, Reactive or Mixed	SME Overview	Motives and Drivers of Internationalisation	Enablers Used to Internationalise	Challenges and Barriers Faced During Internationalisation
3	14	Business Tech	Services	Small	UK	Licensing & Franchising	Ukraine, Bulgaria, Russia, Romania, Hungary	Medium	Established	Proactive	The SME was established as a result of a unique service and the company providing a service that was not available from international competitors because of the service's unique technological features. The selected markets were chosen because of the managers personal background, access to exclusive market information in that region as well as the fact that the markets were considered as culturally close	Managerial urge, profit and business growth especially the opportunity to increase sales as well as the company providing specialised services which were not available from international competitors were the main motives for the internationalisation of this company	Internationalisation was initiated as a result of the manager's desire for growth and expansion and it was enabled by the manager's high international experiences as well as the manager having access to market information due to personal background and network. The SME had access to exclusive market information associated with eastern European countries in which the SME operated in. Additionally, the manager highlighted his competencies and extensive personal network as the major contributing factors to the SME internationalisation	Some of the challenges that the company faced was due to the fact that even though the manager was proactive in the process, the process was still considered a big risk due to the lack of financial resources as well as operating and working with less stable economies of the eastern European countries in comparison to that of the UK. The managers also highlighted the lack of governmental incentives and financial support as a challenge.
4	3	IT Solutions	IT	Micro	UK	Service FDI	Germany, France, Argentina	Medium	Start-up	Proactive	Sales carried out by foreign based non-producing affiliates based in Germany, France and Argentina. The two European markets were chosen due to their geographical closeness and ease of access in terms of market information and the similarities to the domestic market. The choice to also operate in Argentina was purely based on the manager's emotional inclination to re-establish links to his home country	The internationalisation of this SME was due to managerial urge as well as profit and business growth opportunities presented in the international market. The manager's Argentinian background and his desire to establish a business network with his home country was also a motivation to internationalise. Germany and France are considered as big European markets with a strong market for IT and technology related products and services hence the manager looked to increase the company's market size by entering those markets	The managerial competencies, extensive experiences as well as relevant education helped the internationalisation process. The Argentinian market was entered due to the manager having an Argentinian background and therefore having strong established networks as well as being familiar with the countries market conditions, culture and legal requirements	Difficulties in identifying international business opportunities, inability to contact potential international customers and obtaining reliable international representatives as well as limited information to locate and analyse markets as well as the lack of human resources due to the size of the SME and being untrained to deal with international markets were identified as some of the major challenges that the SME faced

Participant	Company Age	Product Category	Industry Sector	SME Size	Home Country	Format of Internationalisation	Countries Most Active In	Technological Intensity (% R&D to turnover)	Lifetime Stage (Start-up vs Established)	Internationalisation Approach - Proactive, Reactive or Mixed	SME Overview	Motives and Drivers of Internationalisation	Enablers Used to Internationalise	Challenges and Barriers Faced During Internationalisation
5	3	Business Services/ Intelligent Offices	Services	Micro	USA	Licensing & Franchising	Canada, UK	Medium	Start-up	Mixed	A micro start-up SME based in the US that begun the internationalisation process after having attended an exhibition on smart offices in London. The manager in order to avoid cultural and linguistic challenges decided to operate in the UK and Canadian market as they were perceived to be easier to operate in due to the shared spoken language and their closer cultures. Prior to the exhibition she had very little experience in the international market and felt that she lacked the competencies to internationalise but highlighted that with experience she felt more confident about internationalisation. The manager described her approach to internationalisation as experimental	A combination of both proactive and reactive motives due to the attractiveness of the international market and the compulsion of the domestic market. General managerial motivation to internationalise increased revenue, long term growth strategy, establishing a stronger market position, seeing the competitors' success in international markets, enhancement of company image was all considered as contributing factors to the motivation to internationalised	Ease of access to advanced technology such as improved communication and information processing capabilities were highlighted amongst the many contributing factors which enabled the SME to internationalise. Managerial competencies were highlighted and were signified as most important factor during internationalisation	Inability to contact potential international customer, inadequate managerial competencies, lack of time and lack of knowledge as well as lack of financial resources, human capital and market information were highlighted as some of the biggest challenges
6	17	Textiles	Manufacturing	Medium	UK	Outsourced manufacturing & Manufacturing FDI	Sri Lanka, India, Bangladesh, China	Low	Established	Mixed	A medium sized textile manufacturing SME based in the UK which sought to internationalise its manufacturing and production operations by directly investing in foreign companies and also establishing partnerships with international manufacturing firms in order to become more competitive in the UK market	Managerial urge including the manager's experience of operating in international markets. Profit and business growth opportunities achieved by increasing profit margins and reducing manufacturing costs. Economies of scale and enhancement of supply chain and production capacity were highlighted as some of the main motivations. Furthermore, the manager highlighted the increasing foreign market entry of the competitors and his fear of losing foreign markets permanently to domestic competitors	Managerial competencies and the experiences were highlighted as one of the most influential factors. The managers highlighted that his competencies along his previous international experience better positioned him to initiate the internationalisation of the SME by establishing manufacturing sites in foreign countries and also outsourcing some of the manufacturing to more specialised manufacturers in order to achieve economies of scale and become more competitive	Investing in foreign markets and moving some of the operations abroad was considered as a major challenge due to the many risks involved including the fact that the manager had to deal with unfamiliar business practices and procedures. Exchange rate fluctuations and barriers of bureaucracy were also highlighted as well as the difficulties in establishing appropriate networks and contacts in the foreign markets
⋮	⋮	⋮	⋮	⋮	⋮	⋮	⋮	⋮	⋮	⋮	…	…	…	…

Table 13 : Background & Context of Interviewed SMEs (Examples)

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4.2. SME Internationalisation Barriers

The following tables and charts provide a detailed account of the specific internationalisation barriers that the SME managers faced and highlighted during the interview.

It is important to highlight that this study is a qualitative research and the mention frequencies, and the percentages presented in the illustrations are purely for illustration purposes and they were not used in the analysis of the data.

The table provides a full list of the internal and external barriers that the SME managers faced during their internationalisation. Each barrier category contains the relevant subcategory of the specific barrier that the SME manager faced. The Main internal barriers included the following categories: organisational and management barriers, financial resources and non-financial resources. While the external barrier categories consist of legal, political, economic, market conditions, geographical and cultural.

Table 14 : SME internationalisation barriers as identified in this study

	SME Internationalisation Barriers	Mention Frequency (%)	Specific SME Internationalisation Barriers	Experienced by (Participant)	Mention Frequency (%)
Internal Barriers	**Organisational & Management**	92.30	Difficulties in identifying international business opportunities	4,11,12,17,21,34,40,49,52	17.30
			Difficulties in contacting potential international customers	4,5,12,13,17,21,29,33,35,40,46,51	23
			Difficulties obtaining reliable international partners	4,12,17,18,19,21,22,33,35,38,40,42,48,49,51	28.80
			Inadequate managerial competencies	2,4,5,8,9,10,11,12,14,15,16,17,19,20,21,23,24,26,28,29,30,32,34,35,37,38,40,41,42,44,46,50,51,52	65.40
			Managers' lack of time and availability	5,12,17,24,26,29,38,40,42,46,49,51	23.10
			Inadequate managerial knowledge	2,5,7,8,9,10,12,15,17,18,19,21,24,25,26,27,29,30,31,32,34,35,37,40,41,42,46,51,52	55.80
			Unsuitable firm structure	15,17,18,45,49,50	11.50
			SME's Lack of innovation	8,9,34,52	7.70
			SME perceiving internationalisation as a big risk	3,5,6,7,8,9,10,11,12,14,15,16,17,18,19,20,21,23,25,27,28,29,31,32,33,35,38,39,42,44,48,49,51	63.50
			Lack of sufficient production capacity	6,9,10,15,20,22,26,35,38,46,50	21.20
	Financial Resources	42.30	Lack of financial resources	2,3,5,10,11,13,17,19,24,32,41,42,44,46,52	28.90
			Difficulties in competing with the competitors financially	8,9,17,24,30,33,34,41,44,52	19.20
			Lack of home government financial assistance/incentives	3,12,19,26,27,44,52	13.50
	Non-financial Resources	67.30	Limited information to locate/analyse markets	4,8,12,13,17,21,30,33,35,40,52	21.20
			Inadequate industry and technology knowledge	9,13,15,23,25,34,47,52	15.40
			Difficulties of developing new products or services for foreign markets	9,17,21,26,34,52	11.50
			Lack of international market information	2,5,8,12,16,17,25,32,33,35,40,41,49,51,52	28.40
			Lack of human resources	4,5,11,12,18,26,32,38,41,45,50,51	23.10
			Untrained personnel to deal internationalisation	4,11,16,17,18,25,38,41,45,50,51	21.20

			Lack of appropriate networks and contacts	2,6,10,14,16,23,33,41,46,49	19.20
External Barriers	**Legal**	53.80	Unfamiliar foreign business practices	6,7,10,11,12,15,16,17,21,29,35,41,42,45,46,49,51	32.70
			Governmental control and restrictions	19,27,37,39,43,47	11.50
			Barriers of bureaucracy (Administrative procedures, laws and regulations)	4,6,7,11,12,15,17,21,29,33,34,35,39,46,49,51	30.80
			Payment issues due to contractual disputes	16,18,21,33,38,42,47	13.50
	Political	15.40	Political instability, revolutions and wars	20,25,34,36,47	9.60
			Sanctions	20,27,34,36,37,43,47	13.50
	Economic	26.90	Unstable economy (Currency devaluation and exchange rate fluctuations)	3,6,19,20,27,36,40,43,47,50	19.20
			Lack of governmental assistance and incentives	6,19,26,27,40,44	11.50
			High foreign import tariffs on imported products	7,20,50	5.80
	Market Conditions	36.50	Different needs of the market	5,7,10,12,13,14,20,21,26,28,32,42,44,52	26.90
			Intense international competition	8,18,32,33,44,52	11.50
			Difficulties in finding the right distributors in the foreign market	1,8,28,33,35	9.60
	Geographical	26.90	Logistics/distribution related issues	2,10,12,23,27,28,40,43,44,46,49,52	23.10
			Different time zones	6,8,28,49,52	9.60
	Cultural	30.70	Cultural differences	2,6,14,15,16,21,26,28,29,32,43,44,47,49	26.90
			Language barriers	6,15,16,18,21,28,29,47,52	17.30
	Specific	17.30	Meeting export product quality/standards/ specifications	7,8,28,32,37,52	11.50
			Bankruptcy	33	1.90
			Fraud	10,38	3.80

Interviewed Manager's Specific SME Internationalisation Barriers Ranked in Descending Order
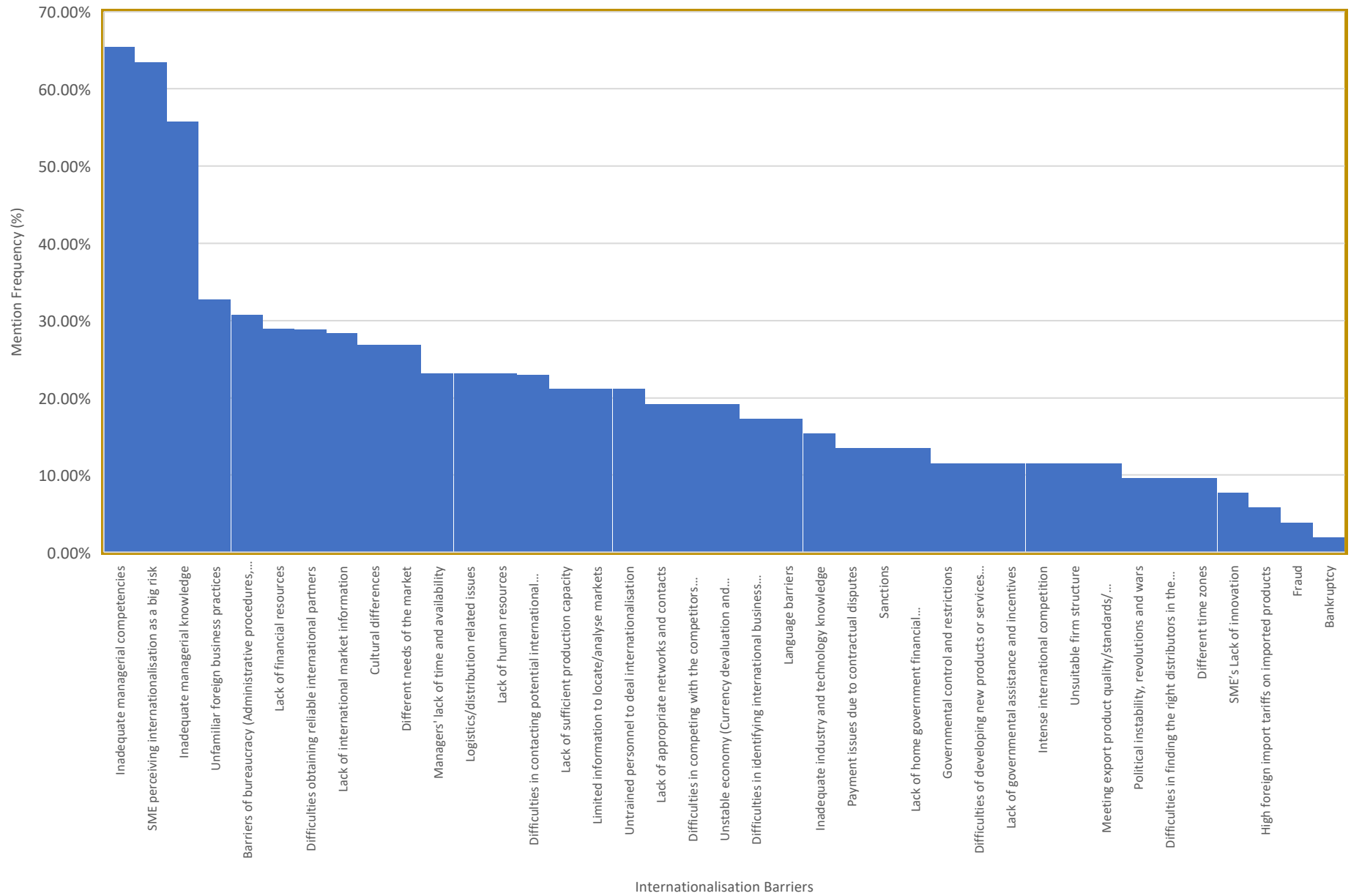
A chart demonstrating the interviewed managers' mention frequency of SME internationalisation barriers

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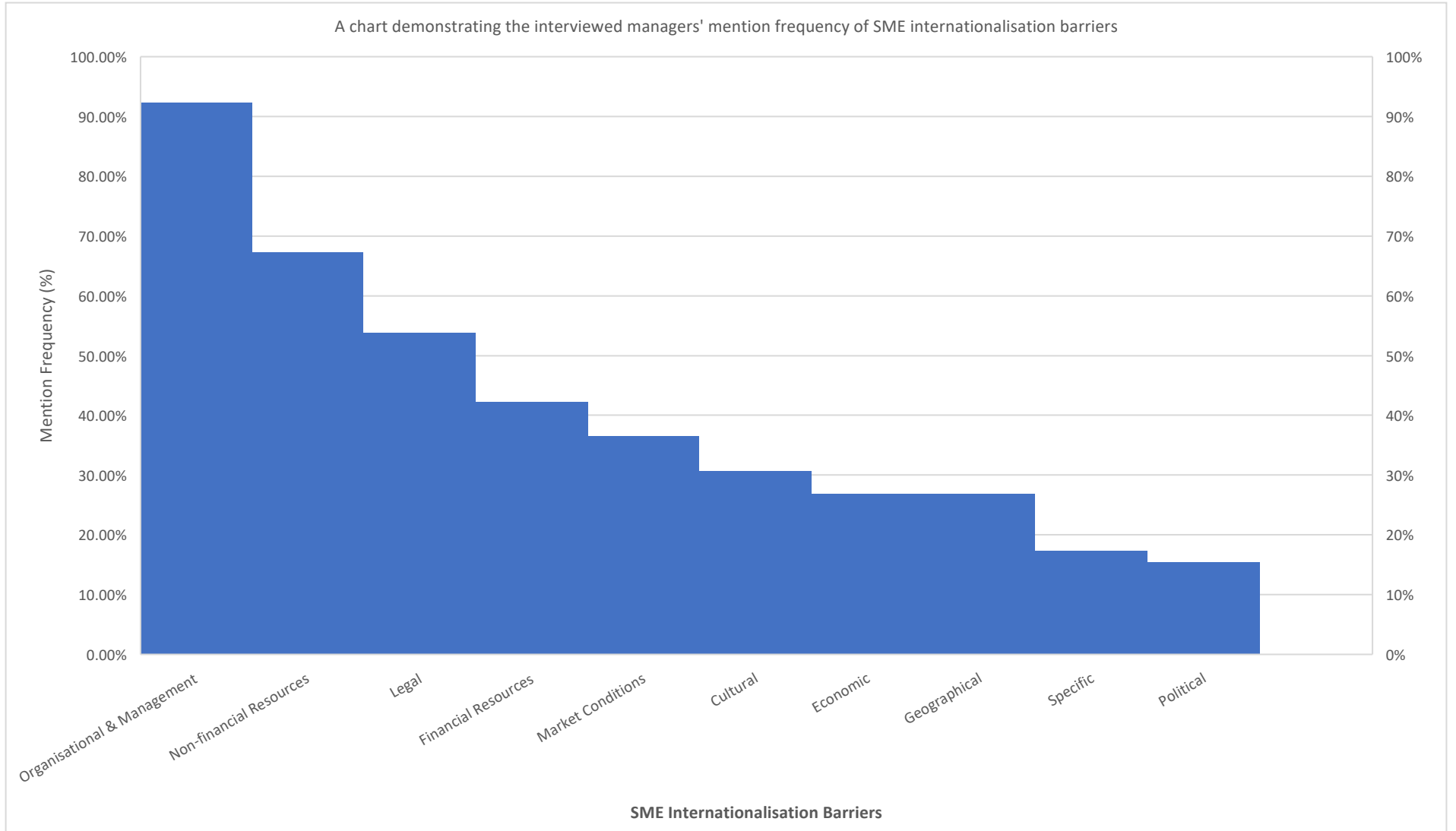
4.3. Motives & Drivers of Internationalisation

The following tables and charts highlight and illustrate the motives and the drivers of SME internationalisation in this study as highlighted in the data during the interviews by the SME managers. The table includes the list of specific proactive motives and the reactive motives and drivers of SME internationalisation as highlighted by the SME managers. It is important to note that the mention frequency included in the presentations are just for illustration purposes and as this is a qualitative study of the managerial competencies, the mention frequencies were not used in any of the analysis.

Table 15 : SME internationalisation motives and drivers as identified in this study

	Motives	Mention Frequency (%)	Motives and drivers of internationalisation as highlighted in the data	Experienced by (Participants)	Mention Frequency (%)
Proactive Motives (Attractiveness of the foreign market)	**Managerial urge**	**92.30**	Managers' positive attitude towards international business (desire, drive & enthusiasm)	1,2,4,6,8,10,11,12,14,15,16,17,18,19,20,21,23,24,27,28,29,30,31,32,33,34,35,36,38,39,40,41,42,43,44,45,46,47,48,49,51,52	80.80
			Managers' experience of operating in international markets	1,4,6,8,11,12,14,16,17,20,21,27,28,30,32,33,35,36,39,42,44,45,46,48,51,52	50.0
			Managers' competencies in operating in international markets	1,4,6,8,12,14,16,18,20,21,23,27,28,32,33,35,36,38,39,42,44,45,46,48,51,52	50.0
			General entrepreneurial motivation (desire for growth & market expansion)	1,2,3,4,5,6,8,10,11,12,14,17,20,21,24,27,28,30,32,33,34,35,36,37,38,39,42,43,44,46,48,49,50,51,52	67.30
			Cultural socialisation of the managers (managers background or experience of living, travelling or working abroad)	1,3,4,7,8,11,14,16,17,18,19,20,21,27,28,30,32,33,35,36,37,39,42,43,44,46,48,49,50,51,52	59.60
	Profit and business growth	**96.20**	Increased sales	1,2,3,4,5,7,8,10,11,12,13,17,19,20,22,23,24,25,26,27,28,30,31,32,34,35,37,38,39,41,44,46,48,51,52	67.30
			Increased profit opportunities	1,2,3,4,5,6,8,10,11,15,17,19,20,22,24,25,28,29,31,32,34,35,36,37,38,39,42,44,46,47,48,49,51,52	65.40
			Reduced bottom line (costs)	2,6,10,15,20,35,38,42,47,49,51	21.20
			Motivation to grow/long term growth strategy	2,3,4,5,6,8,10,11,14,15,17,18,19,20,21,22,23,24,25,26,27,28,29,30,31,32,33,34,35,36,37,38,39,40,41,42,43,44,45,46,47,48,49,50,51,52	88.50
	Economies of scale	**44.20**	Reduction of costs of purchasing, production, distribution and sales	2,6,10,15,20,35,38,42,47,49	19.20
			Establishing a stronger market position due to economies of scale	2,6,8,10,12,15,20,23,24,27,32,33,35,38,47,49	30.80

		Opening foreign subsidiaries and foreign production facilities	2,6,10,15,19,20,33,35,38,47,49,51	23.10
Market information	**69.20**	Knowledge available in international markets	5,12,15,21,35,40,42,47,51,52	19.20
		Culturally/geographically close markets (likeliness to explore foreign markets perceived as having some similarity with the opportunities in the domestic market.	2,4,7,11,16,18,19,20,21,23,27,33,34,35,36,37,43,46,48,50,51	40.40
		Access to exclusive market information or specialised knowledge (knowledge about foreign customers, marketplaces or market situations)	3,4,7,12,14,15,18,20,23,25,27,31,34,35,36,37,39,40,42,44,46,47,48,51	46.20
		Firm's international research, contacts, or simply being in the right place at the right time can result in particular insights or knowledge	5,7,16,18,20,23,25,27,34,40,41,48,51	25.0
Unique product or services / technological advantages	**38.50**	Firm actively seeking technological advantages and innovations available in foreign markets	5,9,15,23,34,35	11.50
		Firm producing products or services that are not available from international competitors or may have made technological advances	3,8,9,17,21,22,28,30,34,37,39,41,43,44,46,48	30.80
Foreign market opportunities	**65.40**	Enhancement of supply chain and production capacity	2,6,9,10,15,20,35,38,47,49,50	21.20
		Gaining personal and business networks and social ties	3,7,10,12,18,25,33,52	15.40
		Closer relationship with customers	7,10,14,20,24,27,32,41,44,45,52	21.20
		Competitor's success in foreign markets	2,4,5,10,11,18,21,24,28,36,38,44,52	25.0

			Lower competition in foreign markets	10,11,32,35,36,41,46,51	15.40
			Support availability	9,34,36,39,47,49	11.50
Market size	**59.60**		Market development (increased market size & customer base enlargement)	1,2,4,5,7,8,11,14,18,19,21,27,28,30,32,35,36,37,38,40, 41,43,44,45,46,48,50,51,52	55.80
			Reduction of firm dependency on a single or small market	2,8,10,11,18,19,20,27,32,35,36,37,44,45,50,51	30.80

	Motives	Mention Frequency (%)	Motives and drivers of internationalisation as highlighted in the data	Experienced by (Participants)	Mention Frequency (%)
Reactive Motives (compulsion of the domestic market)	Competitive Pressure	40.40	competitive pressure in the domestic market but less in certain foreign countries	1,8,10,11,18,21,25,34,35,37,41,45	23.10
			Enhancement of company image	2,5,10,12,18,20,21,24	15.40
			foreign market entry of competitors	6,8,10,11,21,36,38,51,52	17.30
			Fear of losing foreign markets permanently to domestic competitors	6,8,10,21,34,36,51,52	15.40
	Overproduction/Excess capacity	7.70	Overproduction and excessive production/service capacity in the domestic market	8,20,36,50	7.70
	Small and saturated domestic market	28.80	Limited or stagnating domestic market	1,10,19,26,32,34,35,37,47,50	19.20
			lack of demand in the domestic market	1,8,10,19,21,24,30,32,34,35,37,47,50	25.0
			Domestic recession	19,36,47,50	7.70
	Unsolicited foreign orders	51.90	International demand for company products/services	2,5,7,8,10,12,13,14,16,18,19,20,21,22,24,26,30,32,34,35,36,38,41,47,50,51,52	51.90
	Proximity to international customers	28.80	Proximity to international customers	7,14,20,24,41,51	11.50
			Extension of domestic activities to psychologically close markets	5,7,10,11,14,18,19,20,34,35,37,50,51	25.0

Knowledge assets	**13.50**	R&D investment, innovation capabilities, unique product or technology	5,7,9,21,22,30,34	13.50
Technological developments	**21.20**	Improved communication	5,7,8,9,10,11,21,26,32,38,52	21.20
		Improved transportation	8,10,20,26,32,52	11.50
		Improved information technology and processing	5,7,8,10,11,21,26,32,38,52	19.20
Government policies and regulations	**15.40**	Favourable government policies and regulations (Grants, subsidies and incentives)	6,8,14,19,21,36,49	13.50
		Negative government policies and strict regulations	19	1.90

A chart demonstrating the interviewed managers' mention frequency of SME internationalisation motives

Mention Frequency (%)

SME Internationalisation Motives

Profit and business growth
Managerial urge
Market information
Foreign market opportunities
Market size
Unsolicited foreign orders
Economies of scale
Competitive Pressure
Unique product or services / technological advantages
Small and saturated domestic market
Proximity to international customers
Technological developments
Government policies and regulations
Knowledge assets
Overproduction/Excess capacity
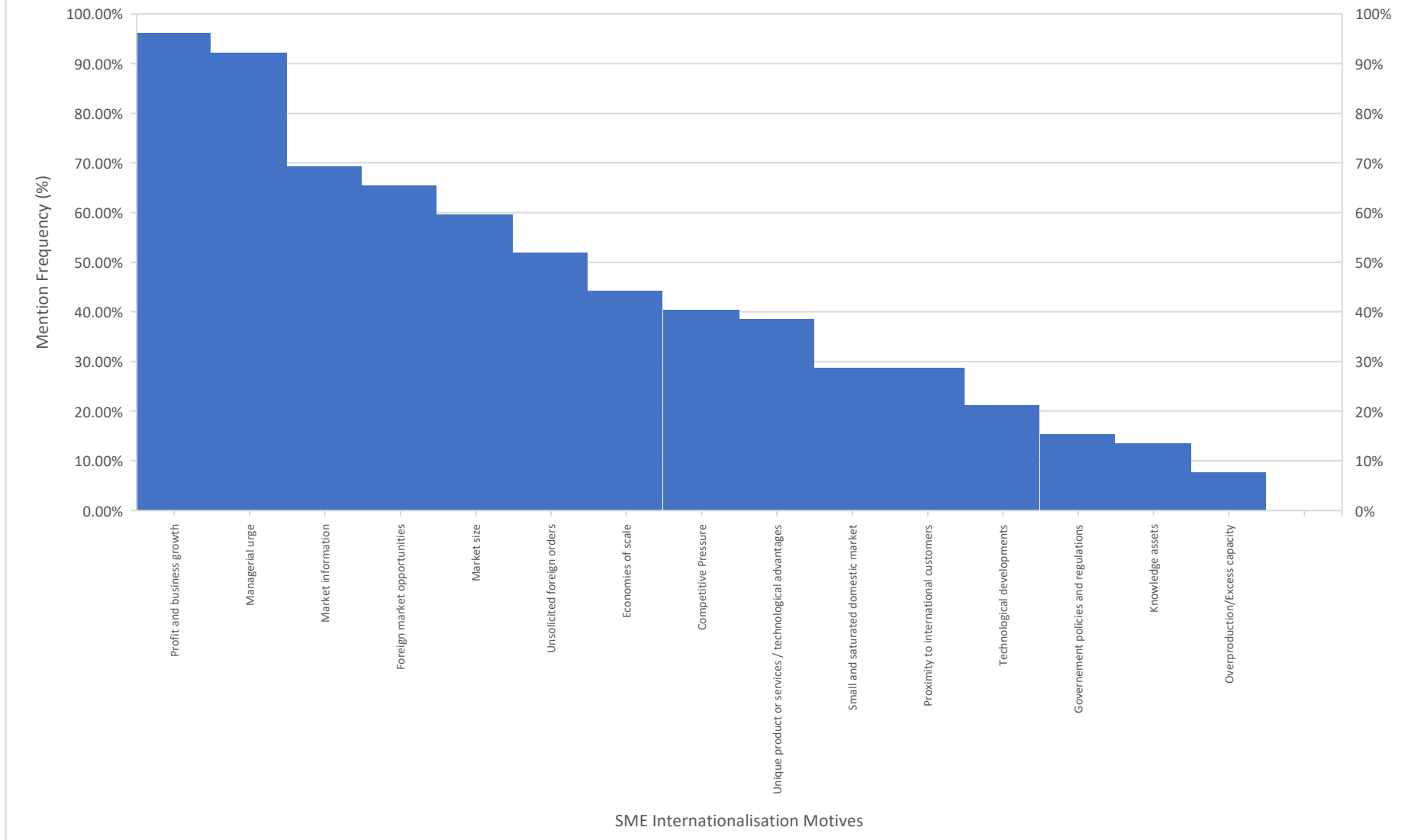
A chart demonstrating the interviewed managers' mention frequency of the specific SME internationalisation motives
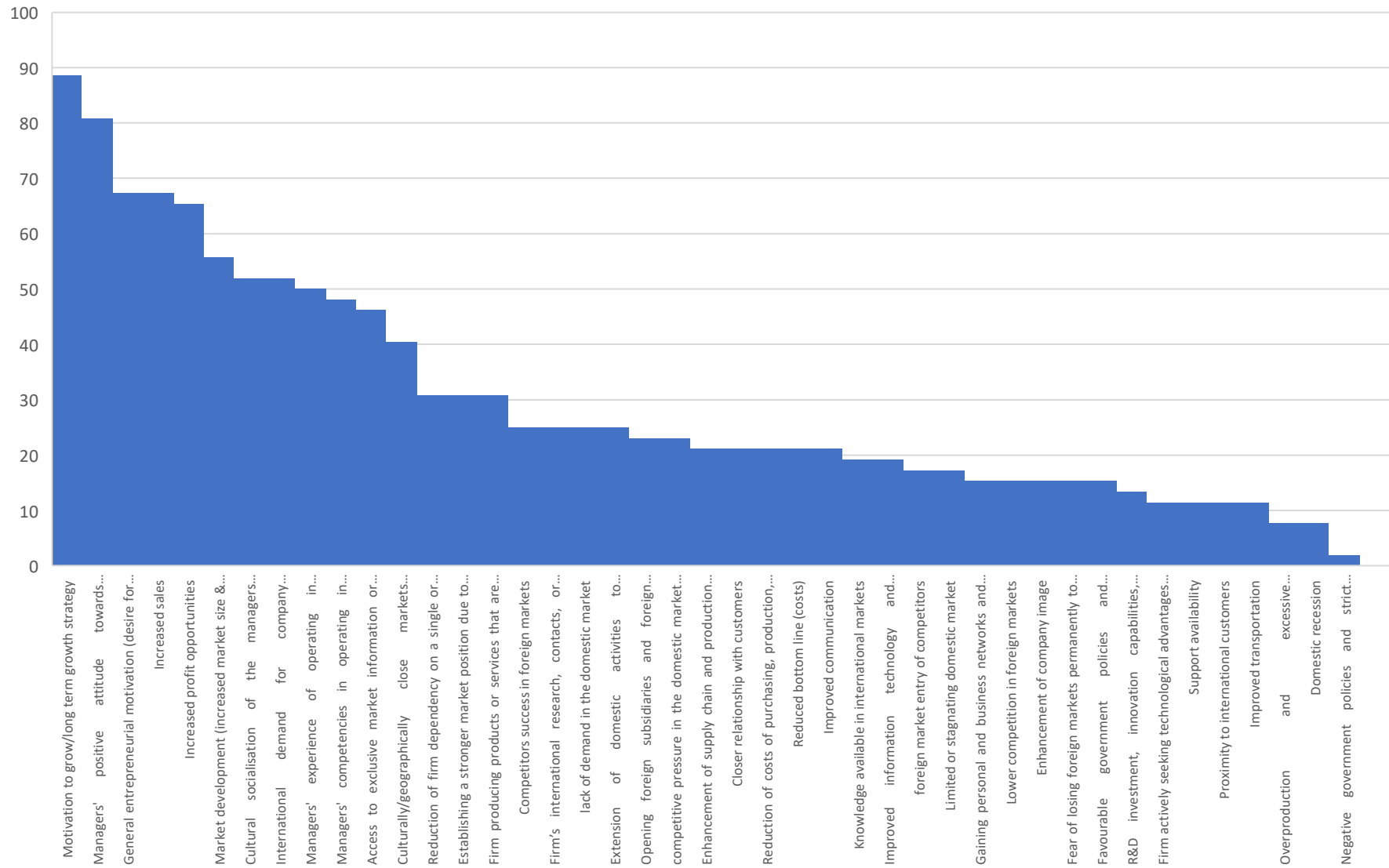
4.4. List of Managerial Competencies

This section provides an overview of the list of managerial competencies required for SME internationalisation as identified by the SME managers during the interviews, however the managers in their responses often provided descriptive accounts of experience which has not been represented in this collated list. The following list presents the collated mentioned competencies in the interviews as provided and defined by the managers during their responses to the interview questions, however it must be noted that the following list is used as an illustration of the mentioned competencies and is therefore not another attempt at providing a deterministic list of competencies required for SME internationalisation as the current functionalist perspective does. This study highlights the significant role of SME managers in SME internationalisation and recommends agency as a higher-level competency with emphasis on agential experiences rather than the current perspective of the literature which focuses on the dynamic arrangement of functional competencies. This is discussed in detail in chapter 5 – Findings and Discussions (Section 5.2 and 5.3). The study answers the question of the required managerial competencies by suggesting that agency as a higher level of competency enables the SME managers to become catalysts in the international environment in which they operate. In isolation, the participants' responses could be seen to provide simplified explanations of managerial competency would highlight various competencies and their dynamic arrangement in the environment. However, in combination the stories and rich accounts that these managers illustrated they fundamentally emphasised the agency of the manager. Agency, as a higher-level competency embeds the SME manager in the diverse international context and its dynamics further than any competency or arrangement of competencies alone. It becomes the force that enables the SME manager to escape the constraints of the international context often characterised by its diversity, uncertainty and complexity and transform it by establishing their SME within it.

Table 16 : Managerial competencies required for SME internationalisation as identified by the SME managers during the interviews

Managerial competencies required for SME Internationalisation as identified by the SME managers during the interviews			
Areas	**Description**	**Competencies**	**Descriptions**
Awareness	Competencies that allow SME managers to understand themselves, other people, and organisational relationships	Emotional Awareness/Intelligence	The competency to perceive, use, understand and manage emotions. SME managers with high emotional intelligence and awareness can recognise their own emotions and those of others (within and outside their SME), use emotional information to guide thinking and behaviour, distinguish between different feelings, and adjust emotions to adapt to different environments particularly when operating in a new foreign environment.
		Cultural Empathy & Sensitivity	Cultural empathy is the ability to perceive and understand the emotional structure of others, having an appreciation and consideration of the differences and similarities of another culture in comparison to one's own. Empathy in general concerns the interest and involvement in the emotions of others, the ability to feel what they feel. Imposing one's own cultural values or failing to empathise with other cultures is a common mistake made by many internationalising SME managers; causing indiscretions to be easily committed unintentionally. Making decisions without sufficient knowledge and empathy about other cultures can adversely affect the internationalisation of the SME. Cultural sensitivity, also referred to as cross-cultural sensitivity or cultural awareness, is the knowledge, awareness, and acceptance of other cultures and others' cultural identities, especially differences in attitudes and values.
		Organisational Awareness	Organisational awareness is concerned with perceiving and understanding the different components of an organisation. It also includes the understanding of political, social, and economic issues affecting the SME and its environment. Organisational Awareness is a form of consciousness that the SME manager develops as the SME continually adapts to its business environment, the changes imposed by innovation and competition as well as the changing external environment due to internationalisation of the SME.
		Openness to Diversity	Bringing together people from different social, racial, gender, cultural backgrounds and with different opinions and ideas; being non-judgemental, respectful and accepting of differences, not feeling threatened or challenges by the differences.
		Commitment to Self-Development	Commitment to self-development is concerned with the SME manager's learning agility & development prior and throughout the SME internationalisation. Consciously taking the time to consider and evaluate personal skills, abilities, knowledge and performance, and to identify future learning needs; learning from both daily activities and experiences; committing appropriate resources to self-development.
		International Mindedness	SME managers enhancing their knowledge through sharing dialogues with people who are different from oneself, and hearing others' perspectives. Cultural similarities and differences and lived experiences, shared through the inquiry process, can broaden and enhance knowledge, understandings and perspectives.
		Human Awareness	Being conscious and aware of the feelings, beliefs, values and opinions of others; valuing others as people rather than just their organisational role or value.
		Role Awareness & Confidence	Understanding the expectations placed on the SME manager when internationalising; clearly seeing and understanding how those expectations are to be met; being confident in the role and the expectations and developing and maintaining a strong inner self-belief that one will succeed.

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			Managerial competencies required for SME Internationalisation as identified by the SME managers during the interviews
		Customer Need Awareness	The ability to understand the needs and desires of the foreign market customers and to use this knowledge to help them establish a connection with the SMEs business and to motivate them to take action.
Action	Competencies that allow SME manager to realise ideas, plans and solutions, working methodically and with initiative	Persistence & Enthusiasm	the SME manager's ability to stay the course in times of difficulty; the ability to remain motivated to accomplish the goal of SME internationalisation in the face of adversity or obstacles (Internationalisation barriers). Commitment to and pride in personal and business success; persistence and self-discipline in following plans and negotiating obstacles; resilience to bounce back from setbacks and adapt challenges to create opportunity; tendency to have high levels of drive, energy and enthusiasm.
		Initiative	The SME manager's ability to take action by directing energy towards the completion of a goal without an external catalyst; the ability to initiate actions based on one's own interpretation or understanding of a situation. To recognise, manipulate and maximise opportunities in order to reach a strategic goal; willingness to take calculated risks to ensure business success; constantly seeking new and improved techniques, solutions, and approaches to in order to internationalise the SME.
		Competitiveness	International SMEs operate in highly competitive international environments therefore continuous business success is highly critical. The managers need to constantly demonstrate tenacity, boldness, assertiveness and a will to win.
		Self-Management	Prioritising and completing managerial tasks in a timely manner in order to achieve desired outcomes and successfully internationalise the SME
		Change Agent	Promoting the value of the transformation this is being undertaken by the SME (Internationalisation), formulating how it will happen, guiding and supporting the team members through the process of internationalisation, ensuring the changes (such as processes, procedures, structures) are implemented in a manner that delivers the expected value.
		Long Term Planning	The ability to identify long term goals for the SME and design realistic plans to attain them; scheduling activities and resources (human and non-human) in order to achieve the objectives; the ability to see the big picture and to determine what directions to take and how-to schedule activities and utilise resources (human and non-human) in order to achieve the objectives.
		Self-control & Emotional Control	The ability of the SME manager to manage actions, feelings and emotions; to maintain rational and objective actions when faced with stressful and emotional situations. The ability to maintain a rational and objective demeanour when faced with stressful or emotional situations (emotional control); a measure of self-composure in a difficult situation and the ability to act objectively, rather than impulsively or emotionally; keeping the disruptive emotions and impulses in check; maintaining effectiveness under stressful conditions.
		Emotional Resilience	Emotional resilience refers to SME managers ability to adapt to stressful situations or crises. More emotionally resilient SME managers are able to 'roll with the punches" and adapt to adversity without lasting difficulties.
		Attention to Detail	The ability to see and pay attention to details; thoroughness in accomplishing a task through concern for all the areas involved, no matter how small; the ability to recognise the component parts of a procedure or object, and to verify the correctness or error in an individual part or procedure.

Managerial competencies required for SME Internationalisation as identified by the SME managers during the interviews	
Risk-taking	Risk-taking ability and attitude are essential for leading change, not hesitating in taking risks when there is an opportunity available, particularly in unfamiliar international environments; to improve competitive advantage and performance, SME managers need to take risks, often in an uncertain international environment.
Risk Management	Risk management is the ability to identify, evaluate and prioritise risks followed by coordinated and economical application of resources to minimise, monitor, and control the probability or impact of undesirable events or to maximise opportunities. In SME internationalisation risk management is the process of identifying, assessing and controlling threats to the SMEs capital, earning and operations. These threats, or risks, could stem from a wide variety of sources, including financial uncertainty, legal liabilities, strategic management errors, political and economic adversities.
Integrative Ability	Identifying the elements of a problem situation, recognising and understanding the critical components and having different types of solutions; generating options and new solutions; creating a sense of limitless possibility.
Resource Organisation & Delegation	The ability to understand the proper allocation of resources for the purpose of SME internationalisation; recognising and effectively identifying and prioritising work; allocating suitable individuals and resources to complete tasks; prioritising work and delegation as appropriate.
Operational Specialisation	Demonstrating competency in specialist activities which constitute the SME's core business; maintaining up-to-date and extensive product knowledge; having confidence in the product and knowledge of the business and industry; demonstrates ability to use technology effectively and productively; continually updates skills and knowledge; addresses problems as they arise or seeks help as appropriate.
Consistency & Reliability	The capacity to feel an internal motivation to be conscientious in personal and professional efforts; consistency in the application of principles and values when running the business; being forthright in dealing with others; demonstrating reliability and loyalty to customers; being consistent and reliable in business endeavours.
Personal Commitment & Job ethic	The ability to focus and stay committed to a task; the measure of a person's internal personal commitment without any external influences or pressures; The personal commitment the manager makes to executing a specific task (i.e., internationalising the SME).
Adaptability / flexibility	the ability to adapt work styles to meet appropriately the changing demands of the workplace and the working environment due to SME internationalisation; The ability to readily modify, respond to, and integrate change with minimal personal resistance; responding to changing circumstances by being innovative and altering behaviour to better fit different situations; consistently exhibiting optimism and energy; learning new skills to suit the new environment; successfully working with new colleagues; professionally dealing with personal discomfort in a changing work environment; willing to be flexible; remaining calm in stressful situations.
Concern for Execution	Establishing accountability for meeting business targets; tracking progress on key metrics; and balancing long-term strategic objectives with short-term tactical goals. Driven to meet or exceed specific goals and objectives as quickly as possible. Focused on results, not the process, and will leverage resources available and solve problems creatively to get the job done
Monitoring Others	The ability to focus on the actions and decisions of others in a practical way to identify both successes and failures; verifying whether someone else's (employees and partners) actions are satisfactory; the ability to identify the causes of success and failure and to do so in an objective and accurate manner.

Managerial competencies required for SME Internationalisation as identified by the SME managers during the interviews			
		Accountability	Taking responsibility for the consequences of decisions and actions; follows through on commitments; implements decisions that have been agreed upon; maintains confidentiality with sensitive information; acknowledges and learns from mistakes without blaming others; recognises the impact of one's behaviour on others; being responsible for consequences of the actions of those whom the SME manager manages.
		Concern for quality and standards	The ability to see and understand the requirements and the manager's commitment to meeting them; setting high standards and striving for continuous improvements; reflects the need to work high standards of quality and accuracy, which are appropriate and fit for purpose, to meet the demands of the customers when operating domestically as well as internationally.
		Humility	Humility refers to traits or behaviours associated with the willingness to see oneself accurately, valuing others' strengths and contributions, and being open to learning from others and experiences within the internal and external environment of the SME.
		Patience	The ability and attitude of the SME manager to understand what is required, and to wait whilst resources are utilised, and capacity is built to take appropriate and effective action. By demonstrating patience, SME managers reinforce the importance of being patient whilst focusing on the long-term goals (i.e., SME internationalisation).
		Planning & Organisation	Understanding the needs of a situation and establishing effective action plan to meet the needs; organises information; follows logical approaches to completing work; brings a project or a task from inception to successful completion; translates strategies into step-by-step plans for action; monitors work progress to completion; effectively prioritises; pays close attention to detail.
		Personal Drive & Commitment	Focusing and staying committed to the goal; how strongly the SME manager feels the need to internationalise the SME; manager's internal personal commitment without any external influence or pressure; the drive to excel and to be better.
Social	Competencies that allow SME managers to interact positively with other people and help them to work with others effectively	Persuasion Influence	Convincing or impressing others in a way that results in acceptance, agreement or behaviour change; the ability to recognise when it is appropriate to finish a negotiation (walk away from a deal); to present one's viewpoint in such a way that it is accepted by others.
		Conflict Management	Being able to positively manage and overcome resistance or break the stalemate between individuals or parties both internally and externally to the SME; ensuring productive resolution of conflict; recognising different viewpoints; bringing conflict into the open and encouraging those involved to find appropriate solutions.
		Teamwork / Working collaboratively	Works collegially with others within the SME and outside; cooperating in both interpersonal and team relationships; fostering enthusiasm and maintaining mutual trust, candour and respect. The SME manager manages the team effectively and builds partnerships with others.
		Coaching & developing others	Understanding the needs, interests, strengths, and weaknesses of others, and utilisation of this information for contributing to the growth and development of others within the SME or the partners in the international environment. Taking actions to teach and guide others toward learning resources, in order to help the team members, increase their knowledge of their current roles, the company, the industry and broaden their skill set and understanding as necessary for advancement to greater levels of proficiency and responsibility required for SME internationalisation.

Managerial competencies required for SME Internationalisation as identified by the SME managers during the interviews		
	Networking	Form business relationships and to recognise, create, or act upon business opportunities, share and exchange information and ideas and seek potential partners for the SME; Having a good insight into the behaviour and factors which motivate others; observing and developing an understanding of people and their behaviour in order to relate effectively and appropriately to them; having the social confidence to attend functions and build and maintain mutually beneficial business relationships; being aware of the impression made on others and its potential impact on the business. Networking in internationalising SME comprises of networking and local knowledge (from local experts, stakeholders, personal contact and networks) and interpersonal skills such as teamwork, negotiating and establishing trust.
	Leadership	Organising and motivating the SME team members to get things accomplished in a way that everyone feels a sense of order and direction; creates a vision or goal and communicates it in a way that motivates others involved with the SME to implement it; understands and leverages the SME's structure and relationships; pursues SME support and resources; develops strategies to include divergent opinions and overcome adversity; moves plans forward in order to internationalise the SME.
	Customer and Service Orientation	Positive and constructive view of working with others; dedicating time and resources to listen to, understand and successfully working with a wide range of people from diverse backgrounds to achieve the desired outcomes; being able to identify and meet customer expectations and being flexible in the event of a change; acting professionally and calmly at all times when interacting with others; taking personal responsibility for addressing issues and correcting problems; following up with customers and partners in foreign markets to ensure their satisfaction with the level of service or the quality of product.
	Gaining commitment & Engaging Others	The ability to develop and invoke self-starting attitude in employees in order reduce resistance and to align the team in the pursuit of SME internationalisation goal; the ability to motivate staff to do their best and to provide them with practical, concrete ideas and methods by which they can achieve the SME goal of internationalisation; the ability to engage people and mobilising them by tapping into their individual potential; making them care deeply about their work, commit to the organization's goals and work together to achieve them; SME manager creating an engaging environment by incorporating factors such as meaning, autonomy, growth, impact, and connection.
	Effective Communication	The ability to speak clearly and confidently, communicate ideas effectively and passionately, and write lucidly and concisely, using appropriate grammar, style and language (verbal communication, written communication, presentation skills, non-verbal communication); the willingness to solicit and evaluate the views and advice of others; expressing oneself clearly and effectively when speaking or writing to individuals or groups; listens attentively; ensures that information is understood by all parties; shares information in a timely manner using the most appropriate method; presents well-organised information to the SME members as well as the partners and customers in the international environment in which the SME operates.
	Self-disclosure	Self-disclosure involves sharing personal information such as your thoughts, dreams, fears, goals, preferences, and experiences. It's an important way for SME managers to strengthen relationships and build trust with their, team, international partners and customers; helps establish strong and close human relationships.
	Valuing Diversity	Treating all individuals fairly and respectfully, works effectively with others, regardless of their background, position, or status; ensures that opportunities are equally available to all; respects different values and viewpoints.

Managerial competencies required for SME Internationalisation as identified by the SME managers during the interviews			
Cognitive	Competencies that allow SME managers to use information and analysis effectively to interpret phenomena or situations.	Systems Thinking	Systems thinking is the SME managers ability to recognise and see how organisational systems (e.g., internal/external conditions, processes, people) interact and influence each other, and how these systems create and contribute to specific issues and strengths which can in turn influence the SME internalisation; a holistic approach to analysis that focuses on the way that a system's constituent parts interrelate and how systems work within the context of larger systems.
		Pattern Recognition	Identifying and adjusting managerial decisions according to patterns identified; recognising and identifying patterns that are present in certain events and trends that affect the SME internationalisation such as political, economic, market conditions, cultural and geographical patterns and adjusting business decisions accordingly.
		Analogical Thinking	Analogical thinking is a specific way of thinking, based on the idea that because two or more things are similar in some respects, they are probably also similar in some further respect; can be effective in operating in uncertain environments when incorporated with previous experience and knowledge.
		Lateral Thinking	Lateral thinking is a manner of solving problems using an indirect and creative approach via reasoning that is not immediately obvious. It involves ideas that may not be obtainable using only traditional step-by-step logic.
		Practical Thinking	Making practical, common sense decisions; to perceive and understand what is happening within the SME and the external environment in a common-sense way; seeing the world clearly and in a practical way.
		Conceptual Thinking	Identifying and evaluating resources and planning for the utilisation of the resources throughout the execution of comprehensive, long-term plans.
		Proactive Thinking	SME manager evaluating future implication of current decisions and actions; to mentally create scenarios and outcomes of situations that could potentially develop as a result of decisions, plans or actions.
		Information Sourcing	Identifying, recognising and sourcing up-to-date information relating to a product, service, business or market using all available internal and external resources; SME managers information sourcing from domestic and international networks for innovation and export market development.
		Information Processing	Processing a range of business-related information and data; SME manager's information acquisition, retention and recall, organisation and categorisation of information, assessment, learning and reasoning and utilisation of information; processing and utilisation of relevant information for SME internationalisation.
		Analytical Decision Making	The readiness and ability to make sound, logical and appropriate decisions in the short, medium and long-term, assessing and making best use of the information available; understanding complex information, making connections and drawing conclusions.
		Balanced Decision Making	Being objective and fair in evaluating the many different aspects of situation, making a decision that considers all aspects involved; the manager's ability to maintain a balance between the needs of oneself, others and the SME simultaneously.
		Intuitive Decision Making	Compiling intuitive perceptions about a situation into a decision or action; effective intuitional decision making; information acquired through learning and experience and stored in long-term memory is accessed unconsciously to form the basis of a judgment or decision.

		Managerial competencies required for SME Internationalisation as identified by the SME managers during the interviews	
		Ambiguity Management	Making decisions on the basis of the information available (often limited foreign market information in case of internationalising SMEs), even if the is not the whole picture; coping with uncertainty and risk; adapting to change; identifying appropriate solutions based on limited information.
		Problem Analysis & Problem Solving	Identifying alternative solutions to a problem and selecting the best option; identifying the elements of a problem situation and understanding which components are critical as well as the options available for resolving it and completing the task; generation of original and creative ideas and approaches to solve business related problems; identifying and weighing options, making sound decisions after reviewing all relevant information; anticipation and planning for potential problems; taking calculated risks; recognising impact of solutions.
Exploratory	Competencies related to the activation of processes of innovation generation	Innovative Thinking	The SME managers ability and attitude to come up with new ideas and novel approaches to problems and issues that the SME faced during internationalisation, demonstrating creativity and flexibility.
		Experimenting	Formulating a hypothesis, experimenting and testing with different strategies, configurations, products and designs and formulations according to a test and learn approach in order to achieve the business goal. It is associated with innovation and testing ideas; making decisions, planning the experimental stages and integration of knowledge, understanding and experimental skills to arrive at the desired solution; testing revolutionary ideas linked to innovation.; learning and discovering if something works.
		Creativity	Bringing innovation to the business in terms of product design and development, company organisation and structure and market positioning; creativity in presenting the product effectively; adapting traditional methods, concepts, designs and technologies to new applications; devising new approaches to make improvement or solve problems.
Strategic	Competencies related to strategic thinking and interpretation of the competitive environment	Visionary Thinking	A visionary SME manager is forward thinking, communicates a collective sense of purpose, and inspires confidence; the ability to craft and communicate a compelling vision; identifying existing obstacles, procedures and personalities that may undermine the vision at various stages, discovering opportunity for innovation and setting the course for desired future goals; thinks about the future or advancement in a creative and imaginative way.
		Strategic thinking	Ideation, strategic planning and operational planning to help identify the most effective course of action given the situation; ability to plan for the future, the capacity to prepare strategies and come up with ideas that will both cope with changing environments and consider the various challenges that lie ahead; seek innovation and imagine new and very different futures that may lead the company to redefine its core strategies.
		Results & Achievement Orientation	Staying on target regardless of circumstances, in particularly when operating in challenging foreign markets; the ability to stay focused on the SME goal of internationalisation regardless of the obstacles and barriers faced; identifying actions necessary to achieve task completion and to obtain results; SME managers ability to meet schedules, deadlines and business goals
		Future Orientation	Anticipating significant changes in the business, its wider economic environment or channels of communication; reacting positively and positioning the business to ensure early and effective response to change; managing change and its impact on the business; making realistic predictions regarding resourcing issues, financial performance and external economic drivers.
		Change Management	Ability and attitude to react to and manage change over and over again; it is the manner in which the SME manager builds the case for change, sharing values and vision, allocates resources and information, demonstrates leadership

			and communicates the change; developing a structured approach to change is critical to help ensure a beneficial transition while mitigating disruption; strong connection between communication and successful implementation of change initiatives; decreasing resistance to change; engaging employees as active participants in the change process; altering attitudes to change throughout the organisation.
		Commercial Awareness	The SME manager's awareness of the impact and the role played by external market forces and competitors; identifying potential business opportunities and managing the company from a commercial perspective; recognising and attending to key factors which impact on commercial viability of the SME internationalisation.
		International Business Environment Awareness	International business awareness is concerned with perceiving and understanding the different internal and external components of operating internationally. In particular the multidimensional international business environment in which the internationalising SMEs operate, including the increased risks, cultural differences and issues related to the unpredictability of the environment.
		Environmental Uncertainty Awareness	Attitude, knowledge and ability to deal with ambiguity and change; the degree to which the SME manager confronts environmental uncertainty when conditions are constantly changing within the business environment.
		Opportunity Recognition	The ability of SME managers to identify and evaluate ideas for new products, processes, practices or services in response to a particular problem or new market need. It is likened to a constant state of brainstorming, where SME managers are always actively on the lookout for ways to innovate or improve the SME in order to internationalise.

Chapter 5 - Findings and Discussion

This chapter provides an overview of each of the findings of this research followed by a discussion of the findings in relation to concepts and themes from the literature. It presents each of the findings, including data on the experiences of managers and quotes from the interviews, and is followed by commentary in relation to the literature. By doing so, the findings chapter of the research became both a presentation of the findings and a discussion of those findings with previous work and literature.

5.1. Finding 1: Diversity as a Feature of the Internationalisation Context

5.1.1. Overview

During coding and analysing the transcripts a rather evident and recurring pattern was produced as a result of the interaction between the researcher and the data. In the answers provided by the managers interviewed in this research, there were constant referring quotes which focused on the characteristics/traits of internationalisation, external and internal factors within internationalisation and its nature. During the interviews, the managers kept referring back to the context of internationalisation in an attempt to make sense of it, understand and explore it and to explain to themselves and the interviewer the reasoning and the logic behind decision that they had made during the internationalisation of their SME. A recurring behaviour was the managers' constant urge to cross reference their action and their decisions with the particular contextual aspects which they considered were important during the internationalisation of their SME. They felt these were important contextual aspects that needed to be addressed in order for their organisation to move forward and to internationalise.

> "I had to be very decisive regardless of my many concerns at the time and regardless of the fact that most of the situations that I faced were rather ambiguous" (Respondent 16 – Construction)

"I realised that re-imposing of the sanctions meant the political affairs would get seriously complicated. […] The economic impact would be crushing and would definitely make international transfers a hassle which is why I reconsidered my involvement" (Respondent 47 – Manufacturing)

In the first example the manager attempts to provide a reason for his actions by looking back into the context of internationalisation and identifying ambiguity as a trait that had to be considered and addressed during his decision-making process and similarly in the second example the manager again, highlights the significance of the international context. Based on this understanding, or post-rationalisation, he is making sense and therefore expressing the reasons why he acted in the way he did in the circumstances that he faced. This pattern of responses was evident in the majority of the answers of the respondents in which they kept reflecting on their actions by taking into consideration the context of internationalisation – i.e., the context in which they made their decisions.

"I was in a situation where I was short for time, stakeholders pressuring me for an answer and a big chunk of the capital that I had personally invested [was] at stake. Obviously like any sensible person I had to make an executive decision to cut my losses there and then even though that meant [Pause] a complete shamble really and enormous losses that I had to personally cover. Would you at first glance look at this whole scenario and class that as a competency, probably not. But, you know what, maybe at the time I wouldn't either but now I do think it is a competency, you can't win every battle, the war is what's important, right? Do you see where I'm trying to go with this? Would I make the same decision here? Probably not! But there due to the circumstance I was left with no option, maybe it's a situational competency, right? [Laughs]" (Respondent 42 – Construction)

"It [Diversity, complexity and uncertainty] is in the nature of it [International context] so some international business sound big and scary and I'm sure many agree that its complicated too, but to me it's important to understand why it's complicated because that would help me with my decision making. It might sound like that I am pointing out the obvious here but one component that essentially makes it complicated is the idea of doing business across the border, wherever that may be, could be Germany, could

be Argentina it's the idea of combination of economies of different countries […] also managers need to appreciate that even the slightest change in economic policies, political environment of any of the countries has big effects on the SMEs international trade. I see international business as highly sensitive in nature that must be taken good care of to ensure that the business activities do persist considering everything that occurs within its environment" (Respondent 4 - IT)

Accounts like this were recurrent in the answers of the managers who explained their competencies and actions in relation to the characteristics of the environment in which they were operating. Here, it is important to note that, according to the respondents, diversity specifically was the key feature of the international context. As such it kept being flagged up throughout the majority of the interviews and the managers kept referring to it as a dormant, structural/contextual feature of the international environment. In Archer's vocabulary, diversity was the key contextual property of the context of internationalisation. As a result, the mangers devoted a significant part of their answers to explaining the many ways in which they attempted to address diversity and the issues resulted from this characteristic.

"As a manager I had to show resilience and tolerate a lot of frustration and a lot of [Pause] bad news and shortcomings. Throughout the process I had to do my best to stay optimistic and to manage the company and to understand the diversity of the environment" (Respondent 52 - Manufacturing)

"There are so many elements that have to be considered when internationalising, especially the way we got involved, There are just so many factors, there is cultural differences, political issues, there are even stuff to do with the countries' economy that can just make the whole experience that much more difficult. We really did face it all, there were so many complications because there are simply so many different aspects that you to deal with when you enter a foreign country" (Respondent 49 - Manufacturing)

Other managers described the managerial competencies needed to handle the diversity of SME internationalisation as a result of cultural elements:

"I believe it is very important to possess competencies which provide the basis for internationalisation […] such as international knowledge, cultural and cross-cultural awareness, having a good understanding of the business environments, understanding global risks and being able to manage them effectively, having good interpersonal competencies, being able to manage diversity effectively" (Respondent 17- Services)

"Other than the obvious that you are in a completely new setting, when you work with your international partners there are other social elements that you have to think about, I mean just to name a few of the top of my head, the differences in culture, people's attitudes, they might have different values and see things differently to us, these are all things that have to be considered, these are all things that can make the process even more complicated. The simple fact that you are operating in a completely new environment which is entirely different to what you are used to is already a big deal. to then have these issue on top of everything else that the manager has to deal with, just makes everything that little more complicated. But it is super important to be non-judgemental, to just accept the differences and respect people's values and cultures" (Respondent 29 - Finance)

The interviews revealed that most managers perceived internationalisation as a process where diversity is one of the major characteristics which requires a lot of attention and can in fact determine the outcome of the SME internationalisation in both a positive and a negative way depending on how the manager handles it. They talked about diversity as the pre-condition of internationalisation and linked their competencies as a result of its existence.

5.1.2. Analysis and Discussion

The importance of understanding the context of internationalisation was emphasised and meant understanding and taking into account diversity as a contextual feature of internationalisation. More importantly, however, the findings revealed the approach that managers employed in handling diversity in the context of internationalisation. Here, they recognised the prominence of diversity, they sought to accept it, and therefore release their attention towards making decisions that allowed them to internationalise. Instead of 'being

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stuck' and stalled by diversity, managers repositioned themselves towards managing, reconfiguring and orchestrating the necessary strategic actions for internationalising their SME. These were actions that fell within their control, rather than beyond it, in the diverse, international context.

The existing literature would suggest that diversity is not a feature that is unique to the international context. Indeed Gregersen et al. (1998) and Harvey and Buckley (2002) have suggested that attributes such as complexity, diversity and dynamism which are common characteristics associated with global environments are starting to diffuse and become inherent in domestic environments as well. This would imply that the managers in this study would be prepared to handle diversity through their experience in building, managing and leading their SMEs in the domestic context. Yet, the managers in this study, as well as the literature, suggested that these demands tend to increase as the organisation progresses in the internationalisation process as SMEs are not as equipped or prepared to handle diversity as their multinational counterparts.

"I'm inclined to repeat my previous response because during internationalisation there is a lot of diversity and to be a manager during this period, need to display flexibility and to employ tactics which would enable him to make adjustments to the course of the company to allow for diversity. [Long Pause] the reality is that a lot of times companies and especially their managers are not capable of predicting the risks that they come to face during this whole transition, and they simply lack the level of understanding that helps them achieve sustainable competitive advantage" (Respondent 30 - Engineering)

"I realised that a lot of issues were triggered by the fact that we were now in a completely new setting, you know [Pause] location wise and in terms of the mentality of the people, how issues were dealt with and so on. [Diversity of the context] I couldn't turn a blind eye, we genuinely felt gaps in our knowledge of dealing with how these people and businesses operated, I think it doesn't matter if we are working in Nigeria,

like we did or anywhere else really. [Internationalising] I think when something is new you will need a period just to adjust and get your head around everything, because there is so much new information, and this makes everything seem vague and uncertain" (Respondent 25 - Construction)

Both the diversity and the context expanded to the extent that SME managers in this study reported missing the warning signs of the context of internationalisation and the changing environment. This increased the difficulty of adapting to the diversity of the international context. A particular aspect of diversity was the cultural diversity. The respondents said that, whilst internationalising, their focus needs to shift towards understanding the cultural interests and sensitivities of the markets that they are entering and that the way to achieve this is by developing a sense of cultural awareness. This alludes to the notion of cross-cultural knowledge absorption (Kayes, Kayes, & Yamazaki, 2005) that highlights the importance of engaging with a context in considerable depth.

"It is important to research the market you are wanting to enter. This would give you a good idea of whether this new venture would be an economically justifiable option. But when I first entered this new venture, I realised no matter how much research, you can never fully prepare yourself for the amount of risks involved and the cultural differences. Clearly with it being a new country, one of the things that you need to take into account from the outset is that you need to become super sensitive towards the culture and how everything is perceived [...] acknowledge the differences and attempt to balance the interests of the parties involved" (Respondent 22 - Manufacturing)

"A good practice is to spend time researching the markets and figure out the features that might stand out, this is rather dependant on the markets. If they share the same values or language, how far they are, you know their attitudes and so on [Long Pause] how they negotiate, if they engage in formal or informal routines in how they do business and so many other aspects. [Pause] Having said that I do admit that there are some examples every now and then that you only realise when you actually do enter the market but generally speaking most markets are well researched and we do tend to have a good background before we enter a market. So, there is a level to how much preparation you need to do or can actually do. Develop an empathetic attitude

[…] be understanding […] do not try and micromanage and accept the complex environment" (Respondent 51 - Construction)

Moreover, cultural diversity was seen as both a barrier to internationalisation and a business opportunity. On one hand it amplified the diversity that the managers had to face in the international context. On the other hand, building a level of cultural awareness opened up new business opportunities in international markets for existing products and services. Whilst many may consider the existence of diversity and complexity as a problem to most organisations, acknowledging its existence both within the organisation and in the external environment can positively influence the efforts of internationalisation as it creates opportunities that SMEs frequently have limited resources to develop themselves. As noted in the literature (Shaffer et al., 2006), this requires the extended integration of existing and newly developed competencies, such as an increased sense of cultural awareness.

"I feel that the real leadership challenge is to draw out the [Cultural] differences and help the company explore what those differences are and to see what they suggest about the business. That's where the real value of diversity is, it should be treated as an opportunity. You might find new opportunity, but either way, it's simply the right thing to do in an increasingly diverse environment [Pause] I think the real value of cultural diversity is in the fact that it can potentially help the company to offer a more adaptable range of products and generally improve the productivity" (Respondent 2 - Fashion)

Another manager highlighted opportunity creation as result of cultural diversity by suggesting:

"When you become more culturally sensitive and gain local market knowledge and insight, it makes your business more competitive in comparison to let's say someone who is struggling to deal with the cultural issues, so you are already ahead, and this can make the business more profitable" (Respondent 25 - Construction)

Avoiding or not actively addressing diversity led to unhealthy tensions amongst the individuals within the organisation and outside, loss of productivity because of conflicts, lack

of efficient interactions, complaints, and legal actions. These jeopardised the overall success of the internationalisation and, according to the respondents, could result in the loss of investment and opportunities.

> "Diversity and international exposure have their upsides I'm not denying that at all, but you really have to pay attention. Particularly when the team becomes diverse. The different understandings of professional etiquettes plus the differences in working styles across the teams can cause issues and resolving them can be extremely demanding" (Respondent 40 - Manufacturing)

In other words, this study builds on previous work (Adler, 1997; Vachani, 1991) on cross cultural diversity and the need for it to be fully developed in the study of the strategic management of SMEs specifically in both domestic and international markets. Cultural diversity was most evident in the complex network of relationships that the managers lived in within the international environment. There, different cultures came into play and interacted with one another based on different interpretations of national characteristics, perceptions of the concept of time and space, historical thinking, national language, non-verbal communication cues specific to the host contexts, cultural norms and values which led to behaviours and localised social groupings and relationships. The respondents did not talk specifically about reduced ethnocentrism but did highlight the need for cultural flexibility and tolerance of ambiguity (O'Sullivan, 1999; Shaffer, Harrison, Gregersen, Black, & Ferzandi, 2006).

5.1.3. Dealing with Diversity - Overview

Up to this point, the analysis and discussion shows that the challenges that managers had to face when internationalising their SMEs were – at once – divergent in that each international context was unique, and similar in that all international contexts were diverse, and therefore uncertain and complex. One manager explained this vividly by suggesting that the scariest part of internationalisation was:

> "Too much ambiguity, uncertainty and lack of information [Pause] that's it really. To me that's the scariest part of internationalisation […] the rest [Other aspects of the business i.e., running and developing the organisation] is pretty much the same" (Respondent 7- Manufacturing)

These managers believed that the extent to which they can achieve SME internationalisation was highly dependent on the trends and forces operating in the international environment. They highlighted the need for attention to luck and timing – two rather ambiguous concepts. In this context, and perhaps unsurprisingly, the respondents consciously chose to focus on how they will deal with the international context, rather than further outlining the implications that the international context may have on their business. They seemed to be saying: 'this is the context, I accept what it is, what matters is finding my way around it.

> "What has to be taken into account is that internationalisation the process itself causes an increased level of uncertainty when it comes to making decisions as there are increased factors that can influence the outcome of the decisions. So, I think a good manager needs to have the ability to recognise that their decisions may not result in the outcome expected. What I mean by this is that the external factors can change the outcome and course of the decisions. So, by being dynamic you allow yourself to manoeuvre and room for flexibility [which] can be the difference between coming out at the other end or not" (Respondent 44 - Fashion)

> "There will be many …many difficult challenging situations that will make you question your choices. You need to deal with the complications and the uncertainty of the

environment. [There is a] need to shift and change your organisation's structure and dynamics in order to address those issues and the many obstacles that the company faces throughout the process" (Respondent 45 - Fashion)

Findings from the interviews suggested that internationally competent managers are often those who embrace the existence of diversity and manage the organisation in a manner which builds its competitive advantage on the diversity of the international market. As a result, the individual has the ability to either influence and exercise their agency in the environment or be influenced by the environment and become part of the structure, which were both seen as sources of competitive advantage.

"We have read about it [Diversity as characteristic of the international context] in text books, we have seen it, felt it, experienced it, we know it's there. Best is to concentrate on the overall effort [of Internationalisation] rather that whining and moaning" (Respondent 33 - Construction)

"Whether we like it or not internationalisation is never going to be an easy task, there is just so much going on all the time. Instead of trying to overcome these complications my advice is you best respect them, [Long Pause], never fear them but make sure you respect them [long Pause] these issues are there, you know stuff to do with culture, mentalities, attitudes, all these differences, you can't do much about. So, what you do is you face them, accept it how it is and just get on with what you have to do, focus on what is important and the task in hand, you can try but reality is no matter how hard you try are not going to change an entire community, city or country with years of history" (Respondent 37- Manufacturing)

In other words, for these managers, accepting the complexity and uncertainty of the international environment was fundamental in achieving the set targets. They agreed on the significance of the context, the presence of uncertainty and complexity, the value of their knowledge and experience in making decisions and said that this enables them to simplify and make sense of the context.

"Once you embrace the messier and uncomfortable parts, it is not much different to running a domestic company, the same rules apply" (Respondent 37- Manufacturing)

Simplifying reality helped them focus on the important tasks such as the organisation's strategies and interaction with its environmental factors. So, the respondents believed that they should prioritise and focus on achieving their goal which is to internationalise their SMEs instead of worrying about all the details and characteristics of the environment. Instead of trying to achieve perfection by making sense of all the complexities and uncertainties, the focus was on managing, reconfiguring, orchestrating the necessary strategic action for internationalisation.

5.1.4. Dealing with Diversity - Analysis and Discussion

This section focuses on the finding that the SME managers highlighted the environment in which they operate to be extremely diverse and therefore complex and uncertain. The SME managers were generally in agreement that the extent to which the SME managers can achieve the goal of internationalisation will greatly depend upon market and socio-political trends and forces from the external environment (Chiabrishvili & Chiabrishvili, 2013). The findings suggested that due to commonly limited resources that many SMEs possess that were highlighted in chapter 4, including, lack of financial resources, governmental incentives and assistance, limited information to locate and analyse markets, inadequate industry knowledge, lack of international market information as well as lack of human resources including management competencies and untrained personnel to deal with internationalisation related issues. It is difficult for SMEs to identify and uncover these forces, and consequently the SME managers are not adequately prepared to plan in advance to set up their organisation so that they can handle these forces to greatest effect. They highlighted that the lack of ability to plan in advance is due to the highly complex international environment (Tallott & Hilliard, 2016) entailing external barriers such as legal, political, economic, market conditions, geographical and cultural.

Initially, they raised the point that when dealing with external drivers, such as country politics, demographics, cultural history, socio-cultural, technological and economic trends, it is absolutely essential for the manager not only to consider how these external drivers will impact on them and their organisation, but also to consider how they might affect beneficiaries, such as funders and other players involved in the process of internationalisation. The respondents suggested that they would be better equipped to face the challenge of diversity by realising how important stakeholders, such as suppliers, clients, regulators, investors, funders and the public are likely to be affected by external drivers and how operations and services will be influenced (Hildebrandt, 2005). This is emphasised in chapter 4 as the awareness related competencies, in which the respondents highlighted openness to diversity and described it as bringing together people from different social, racial, gender, cultural backgrounds and with different opinions and ideas; being non-judgemental, respectful and accepting of differences, not feeling threatened or challenges by the differences.

But more importantly, the findings show that the SME managers regard the acceptance of the diverse international environment as a vital part of being able to achieve internationalisation. By accepting, contextualising and simplifying the reality they revealed that an important managerial competency relates to understanding the significance of context, defining the key challenges that they will face, using their knowledge and experience to make decisions based on a simplified reality and by taking into account the external forces involved and their effects on the stakeholders involved in the overall effort of SME internationalisation.

> "[During internationalisation] there is so much to take in and that can be overwhelming, especially if it's your first venture. You have all this stress and pressures too. The only solution would be to somehow break issues down to their core and to try and see them for exactly what they are. I'm generalising and over simplifying matters here but essentially that's what's required [...] I read somewhere that we only see things as 'we are' and that I think complicates matters." (Respondent 37- Manufacturing)

"The trick is to somehow avoid the unnecessary details of the context, these can be irrelevant information, political developments or sometimes even simple disputes [which are] often very distracting and can distract you from the goals [...] focus should always remain on the goal [SME internationalisation] [...] the art of ignoring the unnecessary, this makes the experience much simpler [Pause] don't confuse this with ignorance" (Respondent 29 - Finance)

A level of clarity was seen as a way to place oneself in a better position to make decisions which would ultimately define the difference between the success and failure of the internationalisation of the SME. Being able to clarify a particular situation was seen as a managerial competency in itself , this is highlighted in Chapter 4 as cognitive competencies which are competencies that allow SME managers to use information and analysis effectively to interpret phenomena or situations, thus allowing the manager to make practical and common sense decisions and to perceive and understand what is happening within the SME and the external environment in a common-sense way, therefore, seeing the world clearly and in a practical way. Further, the managers suggested that the diversity that they face is likely to increase with higher international involvement which needs to be further embraced and requires them to become system thinkers. They SME managers in their responses went on to suggest that as they are responsible and accountable for achieving the set targets which falls under action competencies in Chapter 4, which relate to competencies that allow SME manager to realise ideas, plans and solutions, working methodically and with initiative in particularly highlighting the accountability of the managers i.e. taking responsibility for the consequences of decisions and actions, following through on commitments, implementing decisions that have been agreed upon, acknowledging and learning from mistakes without blaming others, recognising the impact of one's behaviour on others and as a result being responsible for consequences of the actions of those whom the SME manager manages.

The findings highlighted the significance of the managerial competency of understanding and acknowledging the existence of complexity. Complexity is defined through the amount of information it takes to describe it (Cole, 2003). Therefore, according to the respondents, an SME manager must demonstrate competency to be able to acknowledge this type of complexity and with experience demonstrate intuitive feel for this type of complexity and work effectively to reduce it. Reviewing the interview transcripts and looking at the overall narrative it became evident that successful internationalisation is strongly related to the ability to simplify diversity.

Moreover, the respondents suggested that most routine domestic organisational operations tend to be linear, for instance the sale forecasts, however this is not the case in handling the diverse international environment (Tahir & Abu Bakar, 2010). They suggested that the challenges they face during SME internationalisation stem from a failure to accept and recognise the non-linearity of operations which emerges in the diverse international context. This agrees with the literature (Jennings & Beaver, 1997) which suggests that SME managers often fail to notice the warning signs of internationalisation and the higher level of diversity within the context.

Further Jennings & Beaver (1997) proposed that SME management is less standardised than management in MNEs. The respondents suggested that nonlinearity in management can be exceptionally threatening for incumbent SME managers who may fail to notice the changes in the context especially when faced with a disruptive competitor. What is considered as relatively small and inconsequential in the domestic market can be amplified in a diverse international environment. Failing to identify and understand how changes in the environment can affect the internationalisation of the SME would be synonymous to missing the opportunity to bring competencies together dynamically, as suggested by the dynamic capabilities (Teece et al., 1997) and entrepreneurial literature (Sapienza et al., 2006) which suggest that SME internationalisation requires a more dynamic approach due to the diversity in the form of

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environmental complexities and uncertainties (Tallott & Hilliard, 2016). The SME managers in this study highlighted that the diversity and complexity of the international environment was emergent in their perception and experience of the internationalisation process. It was suggested that it was not a simple matter of accounting for rates of change, but of understanding how interactions between external factors emerge. Thus, before employing and embodying their competencies, they had to become aware of the changing environment, identify the environmental changes that were more relevant to their SME, acknowledge and recognise the impact of these changes and swiftly move onto handling them. These competencies relate to the competencies highlighted by the SME managers in chapter 4, action competencies (risk taking and risk management competencies), cognitive competencies (analogical thinking and ambiguity management) and strategic competencies (environmental uncertainty awarnesss). As the literature suggests (Foss et al., 1995) SME managers can therefore be perceived as strategists who find a match between the firms' strengths and weaknesses within the environmental opportunities and threats. The respondents suggested that embracing diversity was the first step in the handling of the complex and uncertain environment and that gaining competitive advantage was dependent on their approach and management of the diversity of the international market.

The respondents suggested that as a manager becomes more experienced over time, they are better primed to dealing with diverse scenarios by are better able to identify the information that is most likely to specifically impact on the internationalisation of their SME. Therefore, in a complex international environment, a competent manager progressively identifies different aspects and progressively becomes able internally to accommodate new situations through on-going dialogue with the situation. The managers proposed that an effective way of achieving 'becoming less wrong over time' would be through appropriate training and rising level of international experience. Here, they emphasised the importance of making sense of the diversity of international environments by building and simplifying scenarios. They attempted to simplify the reality to make decision making palatable and highlighted this as a

competency i.e. making sense of the complex reality. This suggests a higher level of embeddedness in the overall SME internationalisation process which allowed the manager to become less wrong over time. They emphasised their ability to make decisions in diverse contexts, deciphering complex information that is particular to a specific context, highlighted the need for experience and often refereed to trial and error processes.

They suggested that the diversity of the environment requires the SME manager to account for factors and events which are beyond their understanding and unforeseeable and which may limit their ability to evaluate business opportunities in an international context. Nonetheless, still had to make sense of their specific context and be ready to take responsibility for events which are out of their control by acting as a leader, setting an example for the team and to inspire. This again suggests the personal and intimate role of the manager in SME internationalisation. The importance of understanding the context of internationalisation was emphasised and meant understanding and taking into account diversity as a contextual feature of internationalisation and the ways in which the SME managers handled it i.e. learning from previous experience and developing their experience. More importantly, however, the findings revealed the approach that managers employed in handling diversity (openness to diversity and valuing diversity) in the context of internationalisation. Here, they recognised the prominence of diversity, they sought to accept it, and therefore release their attention towards making decisions that allowed them to internationalise.

It should be noted that the factors that led to diversity and complexity in the environment and the relationships amongst them did not change over time. More and less experienced SME managers found the aspect of ongoing emergent diversity and complexity in the international context particularly intimidating as it is difficult, if not impossible, to foresee. In this sense, these managers were aware that their experience and efforts to simplify and make sense of the context over time did not give them any more control, only perhaps the illusion of control.

It allowed them to be more aware of complex interactions between elements in the environment and the network of challenges that they had to face, but they were still aware that how these emerged and transpired in business challenges was still beyond their control. Their hope was that they could control their own reactions to these events and become less wrong time.

The respondents emphasised contextualised accounts which indicate that the current perspectives, educational and training systems only prepare or simply train SME managers to deal in hard facts and to be reliant heavily on data, i.e., to be data driven when making decisions, thus highlighting the cognitive competencies such as information processing competencies. Current approaches suggest that the context, the competencies and the role of the manager can be generalised and depend on analysing with statistical rigour a set of factors that can lead to making informed, rational decisions. This is captured in the common-sense phrase that 'good managers have to know their numbers'. For example, the Bayesian approach is used to update the probability for a hypothesis as more evidence or information becomes available. This lacks the contextualised nature of experience which the SME managers provided in their responses. The respondents provided rich accounts in which they described in detail their actions and demonstrated the significance of situational awareness and intelligence. They suggested that instead of assuming that they had the answers, they had to strive to become less wrong over time and alluded to the need for a focus on 'becoming' rather than 'being' i.e. the development of the SME manager. This highlights the insufficiencies in understanding the nature of SME managerial competency and the context in which SMEs operate.

The findings suggest that, while controlling complexity may be idealistic, ignoring it is not an option. These managers strongly believed that the internationalisation process can become more manageable over time. Yet, they maintained that they need not only hold themselves responsible for those aspects that are within their control, but also account for those which are not.

5.2. Finding 2: Agency as A Higher-Level Competency

5.2.1. Overview

When considering agency and structure the answer of the managers could be seen as conflicting. There were contrasting views as some managers believed that developed and developing competencies enabled them to act as agents and, i.e. as catalysts, in their relationship with the international context, which can be seen as the structure. This involved influences on the manager from their family, their culture, social norms and values which characterised both domestic and international contexts and extended to technical contextual parameters such as the legal system of the host markets. They were not only in relationship with the environment. They were negotiating with the environment/structure. Even though they were in negotiation with the environment, their control over the SME internationalisation process was limited and they reported operating within a structure where their actions were constrained and dictated by the environment to a certain extent. In other words, agency and structure co-existed and interacted with each other throughout the overall process of SME internationalisation. Some of the managers that were interviewed had strong opinions that it is the environment that shapes their actions:

> "…the distinction is difficult but my view, obviously quite a personal one is my actions were somewhat dictated not because of me not taking control, more a case that my pick of responses was limited. Environmental dynamics if you can call it that, somewhat cornered [pause] simply put forced me into a resolution which when looking back makes me question if my judgements were at all my own. The other point that I touched on earlier is that I often question myself if anyone else put in the same scenario would react differently [Pause] I don't think they would." (Respondent 11- Services)

This view was shared by a number of managers revealing that many of them felt strongly towards the context in which they operated, and which was seen to dictate their decisions and the reasons behind them. Up to a certain extent all managers acknowledged the influence

other environment had on their decision-making process. Even the ones who believed that they have a primary role in designing the direction of their SME and its internationalisation, noted the impact of the international context and indeed talked about it as a structure, which was however not inescapable. Both perspectives appeared to hold well when analysed and examined from the opposing viewpoints, however the interviewed managers had different opinions on the degree of the influence of the managers competencies when compared to the influence of the structure.

"I can't really distinguish between the more or the less significant competencies but almost certainly [Pause] making decisions with limited information which often is the case when you are new and then showing awareness of the external environment and the organisation itself, is very important. It is fundamental to keep an open mind [Pause] idea of change […] How you engage with the situation is very personal and comes down to the managers ideas of how process should be handled but remember that again comes down to their abilities." (Respondent 24 - Services)

"[Operating Internationally] There were so many instances that I felt my judgements were somewhat restricted, but I wouldn't say massively [Pause] by the differences in the negotiation style and how conflicts were handled, but I was still very much in charge of how complications were handled" (Respondent 2 - Fashion)

"I was very much in the driving seat, in control of the situations […] That doesn't go without mentioning I was very much aware of what was happening internally and how my decisions were perceived in the market […] the market reactions helped me gauge the accuracy of my decisions" (Respondent 18 - Construction)

For example, when asked if competencies could or could not guarantee the success of an SME during internationalisation, the responses were similar in the sense that all managers acknowledged the importance of developing their competencies. They recognised that they are fundamental to the internationalisation process however the majority mentioned that the environment and the many factors in play such as the culture, policies and competition to name a few could all alter the course of the SME internationalisation to a certain extent.

"I personally don't believe that there is one single solution to internationalisation and that is purely because of the many factors that come into play throughout the process. I believe that each company is different and the environment that they operate almost certainly will be different and there will be different factors in play at different stages and different times, so it depends on the market, the time that company decided to internationalise, but the manager is important [Long Pause] I think they are the backbones of the company and the process, without wanting to sound arrogant. But if the manager is not there to guide the process, the organisation may struggle" (Respondent 32 - Fashion)

"Don't think without a good leadership SMEs would be able to internationalise successfully. Because based on my experience the relationship is strong and very evident once you get involved in the process, I personally believe that a confident leader can definitely alter the course of the process" (Respondent 50 - Manufacturing)

"Only to some extent but I'm not suggesting that if you are a competent manager you will internationalise. [Long pause] Being competent simply means that you have the basics in place and ready. [Pause] How you engage your tactics in certain scenarios is a completely different matter, other variables can alter the company's course too." (Respondent 43 - Manufacturing)

Furthermore, Respondent 43, mentioned that;

"The Company faced many challenges [Pause] from socioeconomic and political situations to legal and cultural characteristics. [Pause] I faced some problems with currency devaluation [Pause] difficulty of transporting materials and some problems with customs legislation. [Pause] Protection of intellectual property and copyright policies proved to a big challenge and at some points during the process threatened the success of the company." (Respondent 43 - Manufacturing)

Such statements illustrate the interrelationship between agents, i.e., managers, and the structure, i.e. the international context, and highlight that there is an ongoing dialogue between managers and the variables that influence the direction of the SME internationalisation.

Sometimes this dialogue favours the structure i.e., the international context and influences the decisions of the individuals, and sometimes it favours the agent who transforms the

environments by internationalising their SME in ways which shape the context. This was very much in line with the classic debates of sociology which is about the relative power of agency versus structure (Archer, 1995, 2000).

5.2.2. Analysis and Discussion

The agency perspective views the managers' competency as the agent. These managers were more focused on the ways in which individuals (SME managers) create the environment through their everyday behaviours, actions and the decisions (Archer, 2000).

A focus on the international environment and its impact on the competencies and the decisions of the managers would suggest that the power of the agent as a catalyst in the internationalisation process is limited. In turn, this would suggest a rather emotionally and contextually detached development of competencies. In this case a functionalist perspective of competency would sit squarely and would match the emphasis on structure, i.e. the power of the international context on the agent. However, this view would only partially reflect the responses of the managers interviewed in this study. In combination their answers suggest an agential perspective which emphasis the power of the managers and their competencies in the international process. This means that managers used their competencies to shape, frame and transform the internationalisation process, whilst conversing and negotiating on an ongoing basis with the internationalisation context (Archer, 2007).

> "[During SME internationalisation] you would almost certainly engage with the regulatory and political factors of the host nation, so in a way you are constantly negotiating with your environment." (Respondent 4 - IT)

> 'You would have to deal with the market trends, take into account the past and the current market behaviours and focus on the dominant patterns of the customers, a good manager is always in the loop. You would need to be, keeping up with policies [Pause] and also to gain sufficient relevant information that are directly fed into the decisions." (Respondent 28 - Fashion)

"I had to take full control and run the business in way that it could facilitate for the internationalisation goal. I had to in so many occasions exercise my power as the authoritative figure to transform the procedures and make the manufacturing lean so to survive the direct competition, which was threatening my business at the time. I wanted to internationalise, and my mentality was that I will stop at nothing to reach my objective and I'm not going to let anything regardless of what it is to stop me." (Respondent 9 - Manufacturing)

The perspective that the agent can shape and transform the environment was shared amongst the participants. Before looking into the ways in which agency manifests in context, it is important to discuss further its role and nature in the internationalisation process and context. Agency considers that action is purposeful and meaningful behaviour (Partington, 2000). This view emphasises the choice that the individuals have in how they will behave in context and the overarching view of the respondents of this study. The latter had agency, they sought to meaningfully and purposefully internationalise their SMEs, they accepted but then took action to survive within the international context and reported unique, individual and dynamic experiences in the process of internationalising their SMEs.

"[Influence of the manager on SME internationalisation] if the manager has no influence should he really be the manager in the first please? Managers need to act as the influential figures in the company as they are the ones who determine the direction of the company, regardless of the conditions." (Respondent 21- Construction)

"I think personally it is a big ask and very difficult for one manager to be responsible for the success or failure of an international project but collectively the key players involved or the board of directors or the senior managers bear the full responsibility. So ultimately yes, taking into account everything I mentioned [Characteristics of the context], the senior managers are and should be held fully responsible [for SME internationalisation]." (Respondent 1- Manufacturing)

"In my opinion [Managers] they are very influential as it is the manager's job to lead the organisation in a way that it is able to achieve the set objectives but having said

that there are factors like teams' capabilities, available resources, the product itself that can potentially affect the overall success of the organisation" (Respondent 40 - Manufacturing)

The respondents believed that they had a choice about how to behave and act and that nothing is fixed in stone. Their views were very much in line with the fundamental debate in sociology about the relative power of agency vs. structure (Archer, 2007; Cline, 2010). They put forward arguments for and against the power of agency, in terms of the power of managerial competency as an agent which can shape the environment in which the SMEs operate internationally. As the definition of the term agency suggests, the managers who believed in the power of agency argued in favour of the capacity of the manager to make their own decisions and to act independently and dynamically in the environment. They strongly believed that as competent managers they can remain in charge of the internationalisation process and address and manage all the challenges, barriers and obstacles (refer to section 4.2.) that the environment would present to them. In line with the findings of chapter 4, the SME managers faced many barriers both internally and externally which were due to the context of the environment in which they were operating, in which some respondents admitted that these environmental features (structures) to some extent shaped their decisions, thus, highlighting the relative power of agency vs. structure. Though, in their answers SME managers highlighted that they acted as change agents, promoting the value of the transformation that is being undertaken by the SME (Internationalisation), formulating how it will happen, guiding and supporting the team members through the process of internationalisation, ensuring the changes (such as processes, procedures, structures) are implemented in a manner that delivers the expected value. They sought to act independently and transform the structure of the environment in which the SMEs operate internationally. Even though they acknowledged that the context is diverse and therefore complex and uncertain they maintained that they can still handle it. There were instances where they noted that the context may limit their choices, but they were confident that they would be able to

internationalise their SME within the limited choice they had and even if luck had to be on their side. They denied that their behaviour and action were prescribed and even though they never said that they were completely free of all contextual restraints and the structure of the international context, they fundamentally were confident and believed in their competencies.

"Without a competent manager I'm sure you will not be able to do anything at all [Internationalise]. I think not only in SMEs but also in bigger organisations or even government organisations. […] the overall course is dictated by the action of the managers" (Respondent 32 - Fashion)

"Confidence and believing in your abilities are so important specifically in a context where everything around you seems to sort of uncertain. Confidence is what makes things happen […] arrogance is wrong and is why a lot of managers fail [...] not sure if you have heard this, but there is a quote by Henry Ford which goes something along "Whether you think you can, or you think you can't, you're right" I think it really does come down to this" (Respondent 6 - Manufacturing)

Structure and agency co-existed at the different stages of the SME internationalisation process, and managerial competency was perceived to be the catalyst influencing the overall outcome of the internationalisation process. Managers perceived that their competencies were influential enough to challenge the international context. Thorough a heightened level of environmental awareness and a similarly strong inclination to consider the environment the respondents in the study sought to achieve their business goals.

"[Having an internationally competent manager] will give a strong indication of success but like I said, there are external factors that may cause the process to fail, even if you do everything right. There can be certain scenarios that you will fail in purely because of the things are completely out of your control [...] I am a true believer that in SMEs the manager has and will always have a huge part in shaping the overall experience" (Respondent 31 - Manufacturing)

Here the process of the SME internationalisation can be seen primarily as an experience, where the manager initially seems to arrange dynamically a set of functional competencies. However, a closer look under the structure agency dilemma highlights those competencies came together and jointly gave rise to the power of the agent.

> "Now that I have the opportunity to look back, I realise that the perceptions that I hold true to this very day [Long Pause] the way I see things and my previous experience allowed me to sort of join my competencies together. [Long Pause] I think this helped me to understand the task in hand, it made it clear, and this gave me the confidence to then go on and act on my decisions, this is the difficult part in my opinion but that I think was what enabled me to construct my path that helped me steer the company towards our target markets" (Respondent 29 - Finance)

> "My experience played a big role, because I had previously gone through similar situations, I felt much more confident to take on similar challenges, they appeared less risky so I was able to take action and plan and organise my company so that we were prepared" (Respondent 51- Construction)

The key finding of this thesis is that agency should be considered as a higher-level competency.

> "[Internationally competent SME managers] need to display enthusiasm and immerse themselves in the environment, for instance when I first wanted to internationalise I actually actively sought out opportunities whenever possible to learn and get involved in any sort of training or travel opportunities, literally whatever that exposed me to the international business environment […] I tried to really engage in understanding other cultures. […] developed my skills, how to be a better negotiator, or having a strong presence […] So the short answer to your question [What competencies allowed you to internationalise] is, during internationalisation you need to have a variety of different skills and recognise the situation so that you can apply them according to the situation and I think my experience and personal development gave me the ability to act in a way that would be effective" (Respondent 28 - Fashion)

> "[As SME progressed in the internationalisation process] I started to learn more and developed this higher level of awareness […] knew better what each situation needed

and I felt that I was able to fully employ my competencies in rising situations […] as the company progressed, I became more and more confident in recognising the situations, and I felt more in my nature, my decisions became instinctive and I started to kind of know what decisions or actions were necessary [Long Pause] I became more decisive and it seemed that as if my actions had more bearing […] the whole process started to feel more natural" (Respondent 31- Manufacturing)

Based on situational awareness and intelligence, agency as an experiential competency extends beyond the dynamic arrangement of functional competencies and includes the negotiation with the environment, addresses notions of integration and adaption with the environment, and firmly holds the agent in the driving position. This therefore links back to the earlier findings regarding the process of SME internationalisation as being an experience and highlights the significance of the need for managers to act at a higher level of competency by demonstrating situational awareness and intelligence. This higher level of competency enables the SME managers to act appropriately to address the challenges presented by the international environment in which they operate. Situational awareness and intelligence are absorbed into the negotiation with the environment and combined with integration and adaptation in the experience of the SME manager and together build his/her agency in what becomes a managerial competency itself. Such observation can only become evident after looking at all the interviews both in-depth and in-breadth, i.e., holistically. Arguing in isolation for various competencies, for the dynamic arrangement and for the need to be integrated and adapted to the environment seem to be simplified explanations of managerial competency throughout the internationalisation process. What this study shows is that they altogether bring about the agency of the manager. On one hand, agency – as a higher-level competency - embeds the SME manager in the diverse international context and its dynamics further than any competency or arrangement of competencies alone. On the other hand, agency – as a higher-level competency - is the force that enables the SME manager to escape the constraints of the international context and transform it by establishing their SME within it. With their competencies, SME managers act as agents, as SME internationalisation is highly

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dependent on the individuals' ability to bring the core competencies together but also the managers need to recognise that competency is more than a collection of activities which vary in different structures that are unique for every case, i.e. international environments in which SMEs operate. The idea of managers acting as agents shows that managerial competency and internationalisation of SMEs is not about the parameters, it's about the ability to put things together and develop the power to induce change. Even though their actions were somewhat constrained by the cultural and structural features of the international environment which characterises the process of SME internationalisation, the interviews strongly suggested the prominence of agency and brought to attention the fact that it is essential that SME managers display characteristics of acting as an agent and have the freedom to exercise their own will. Social conventions, norms, values and structures of the international environment were contested and negotiated by these actors.

> "Corruption was so accepted there that they even had a nice term for it which made it sound like a gift offering, and it was the norm, it was almost like an expectation for everyone to pay the officials, so to push ahead their applications, I refused to become part of that system, even though it meant that it took longer I found other ways of getting the work done without submitting to the norm" (Respondent 25 - Construction)

The findings demonstrate that structure and agency exist because of each other. The agent helps to create the social structure/ system and the social structure/ system helps create what the individual. Consequently, you can't exclude one or the other, but one can be more influential than the other and the findings highlight that the agency is a higher level of competency that influence the internationalisation of SMEs. The SME manager is the instrument that embodies agency. Their personal and professional intentions, the negotiation for information and with the environment and the way in which they integrated and adapted are developed in the following sections.

We now turn to the presentation and discussion of the intentions of SME managers for internationalising.

5.2.3. Proactive and Reactive Agency: Intentions of SME Internationalisation - Overview

There were many different reasons why SME managers chose to internationalise their SME from a domestic to an international market. They chose to internationalise to address domestic and international market demands, to get closer to clients, reduce costs to joint ventures and acquisitions, to improve their supply chain, to establish their presence in a new market and be better able to build their business within it. Even though the specific reasons why the SME managers chose to internationalise were many and diverse, they seemed to be saying that there were two sets of motives (proactive and reactive motives) which ignited the thinking process behind the SME internationalisation decision (refer to section 4.3.). In some cases, the SME managers were driven by their own personal reasons as to why they chose to internationalise their SME; these mainly included financial benefit and the excitement of the development of one's business in an international market. In other cases, the SME managers decided to internationalise almost out of necessity. This took the form of an information overload, where the SME manager was exposed to so much information about the need to internationalise that this became the obvious choice. As such in the first case the SME managers could be seen to internationalising proactively and being themselves proactive agents. Whereas, in the second case, the SME managers could be seen to internationalise reactively and being themselves reactive agents. The point is that, in both cases, they were still agents of SME internationalisation. Below are some examples of proactive agency in SME internationalisation:

> "It worked like a dream here, exactly how we planned it, I thought why not let's try and see if we can apply the same strategies and try and establish this innovative concept in other countries, took the idea, the concept, we knew we had great results here and we took it to other countries and tried to implement it in Russia, china and a few other counties too, mostly the ones with big markets." (Respondent 17 - Services)

"To us at the time it was a very exciting prospect as it meant expansion of the business, new markets to explore, more diversity in our designs [Pause] becoming more established as a fashion brand and I want to add [Pause] better [Network] connections. I think what I just said pretty much sums up why we went with the decision to internationalise. Everything just seemed to click into place for us and clearly the financial benefits were an incentive too" (Respondent 20 - Fashion)

Proactive agency was still a higher-order competency. However, it manifests in actions and initiatives that the SME manager had to decide. Answers to questions such as if during the process of internationalisation, SME managers ever actively sought to develop any certain competencies, revealed promising insights in this regard:

"Yes… Like I mentioned there were times that we actively sought for new way of making our company more appealing, we tried to become more creative and more innovative, we looked at different ways of improving our designs, we constantly looked at ways of improving our manufacturing techniques, there were times that the team and myself attended training courses including team building activities, communication and several seminars on understanding the culture and the markets that we were operating in so there were numerous times that I felt it was necessary to develop the capabilities of the individuals and the organisation as a whole" (Respondent 22 - Manufacturing)

"I tried to embrace the culture of each of the countries that we were operating in and familiarise myself with everything [Pause] helped me gain a better understanding of the culture. That had a direct influence on the designs and the more familiar we became with the culture, art, music, and the literature, the more relevant our designs became. This was truly reflected in our design progression and became evident how our designs became more relevant and appealing to each specific culture" (Respondent 28 - Fashion)

And another manager highlighted his proactive approach by saying: I constantly looked for ways of developing myself (Respondent 4 - IT).

Reactive agency in SME internationalisation included accounts such as the possibility or the necessity of increasing sales, to diversify its operations and associated risks, getting closer to clients, reducing costs of labour, production or supply or even for compensating for home market decline or saturation just to name a few, and the ways to which they go about achieving these targets also vary and can include, expansion, joint ventures and acquisitions to name a few depending on the SME.

> "Why we became an international company was predominantly due to the type of the clients we were working with here in the UK. I always intended to get myself involved internationally, but as I just mentioned the nature of the clients was one of the major driving force behind our internationalisation" (Respondent 7- Manufacturing)

> "It was never part of the plan, the customer base shifted, we started receiving orders from countries that we never planned to supply, and we became more and more involved internationally." (Respondent 13 - Fashion)

For most SME managers, both proactive and reactive agency was inspired by market expansion as a means to greater or more sustainable financial returns. They internationalised to gain greater market share and their decisions were highly financially driven in most cases.

> "We realised that we had this opportunity to increase our market presence, because I noticed that a lot of our products were being sold overseas by our network of independent distributors […] first we expanded our exports to the neighbouring countries just to test whether it would a financially viable option in essence taking the middle man out […] It worked and was a very profitable venture" (Respondent 27 - Manufacturing)

> "As I explained in the previous question, we did not initially intend to be an internally active company from day one, it was more a matter of us being opportunistic and realising there was potential to grew even more as a company […] there was always the financial incentive which made it even more appealing" (Respondent 39 - Manufacturing)

5.2.4. Proactive and reactive agency: Intentions of SME internationalisation - Analysis and Discussion

The analysis suggested that the SME managers believed that taking a proactive or reactive approach to internationalisation makes companies more robust and potentially more successful, with a far greater client base and more scope to expand. While internationalisation typically implies big business carried out on a global scale by MNEs (Bingham, 2009), the SME managers strongly believe that even the smallest companies can internationalise successfully with limited resources if they play their cards right.

Although any intention for SME internationalisation can be considered as a perfectly valid set of reasons for internationalisation, these SME managers viewed it as simply a solution to the changing, diverse business environment and included the deterioration of the margin, a market that is stagnant or a client who wants services and products in another country as some of the reasons. However, the respondents revealed that they were the ones who were making the decision to internationalise and to incorporate internationalisation into the competitive strategy of an SME. The reason for behind proactive and reactive agency were plentiful and the answered seemed to be hinting that the respondents meant to emphasise their agential power in the process of SME internationalisation. They were saying that it is them who is taking advantage of international markets growth and development; that it is them who is proactively and reactively moving activities in the value chain to more competitive regions in comparison to domestic or local markets (including the delocalisation of production to countries with lower manufacturing and labour costs or outsourcing various processes from client services to call centres to research and innovation); that it is them who is exploiting economies of scale and reach by operating in a wider international market; that it is them who is gaining knowledge about other clients and markets, the capacity of competitors at an international level in a particular industry or sector, and even the cultural diversity typical of

teams in international companies. Simply put, they were saying that is it them who is the agent of the internationalisation process (Archer, 2000).

Even though this last point is not commonly listed as a reason why a business may internationalise (Zhou, Wu, & Barnes, 2012), it bares great significance for SME internationalisation in today's market. This is because it was generally believed that organisations that don't operate in international markets become less competitive and as a result become more vulnerable. These SME managers suggested that a competent manager should definitely look into internationalising as it is beneficial for SME organisations to be exposed to the need for excellence that international competition provides. Therefore, they saw the development of their organisation, but also their competency, as inextricably linked to the internationalisation process. This shows that apart from business reasons, they also had personal reasons why they chose to internationalise, such as their commitment to self-development, desire, drive, enthusiasm as well as personal, emotional or sentimental links with certain foreign markets or because of their cultural socialisation, which further explains why the internationalisation process was not only a business experience, but also a personal, individual and dynamic experience. They sought to achieve excellence for them and their SMEs.

In a sense they perceived the diverse context to be an opportunity or a perceived challenge that urges the SME manager to employ their agential powers – higher level competency. The international context changed according to industry, and each industry changed throughout time. As such, the context provided a myriad of situational discriminations (Dreyfus & Dreyfus, 2005) which, in turn, provided the SME manager with the opportunity to cut their teeth and advance their managerial competency levels to expert managers while they were staying internationally successful and developing competitive advantage. They selected the countries in which they may internationalise based on the geographical and psychical distance that they felt comfortable with and acknowledged that as an SME manager they have access to limited

resources, may themselves fail to deliver for their organisation during the internationalisation process, and the markets they are considering hold knowledge that they may not have the absorptive capacity to intake and handle. They were also aware of the high risks of operating internationally in terms of financial exposure, and the challenges lurking in unstable economic situations, fast changing business environments and diverse international contexts. They were embedded in their context, intimately aware of the risks it harbours and, yet, were claiming that as agents of internationalisation their competencies gave them the power to handle all of the above challenges. In line with the Uppsala model, they started the internationalisation process from considering exporting and, from then on, developed a series of internationalisation strategies based on their learning and experience. This was not about following a process model of internationalisation (e.g. the Uppsala model (Johanson & Vahlne, 2009), or the strategic model (Vachani, 1991), or network model (Lin, 2010)) that the functionalist literature describes so vividly. This was about experiencing a new market and new direction for one's SME organisation, which came together in an almost self-revealing experience for themselves as agents. They navigated diverse, and therefore uncertain and complex, international environments, reconfigured their competencies dynamically in relation and in negotiation with the challenges that they faced, and ultimately used the power of their agency to achieve better and faster business growth, to increase revenues, and to engage in a process of self-development that involved proving that they can overcome tough, numerous barriers in a strategic fashion. These included internal barriers such as organisational and management barriers, limitation of both financial and non-financial resources as well as external barriers which to some extent make up the context in which SMEs internationalise, these external barriers were identified by the SME managers interviewed as legal, political, economic, specific market conditions, geographical and cultural barriers as well as more specific barriers such as fraud and bankruptcy.

5.2.5. Negotiation With External Information - Overview

In combination the answers of the respondents indicated that, SME managers had to handle a wealth of information. This was information that had to be sourced, or was available within the internationalisation context, which had to be analysed, processed and communicated to team members, or be handled serendipitously, even if it held real consequences for the SME and the internationalisation process. In MNEs, information is usually handled via extensive knowledge management strategies which reflect significant investments and corporate priorities. In contrast, the SMEs in this study did not have such formal mechanisms and resources to handle the information that they find to be available to them and therefore the task falls on the manager as a mediatory, processor and communicator, i.e., negotiator of information with the international environment.

> "During internationalisation […] another competency was that I constantly needed to absorb information and to simultaneously analyse them and to provide feedback" (Respondent 3 - Services)

> "I found myself constantly dealing with both relevant and irrelevant information because of how the international market is [Diversity of the international environment], SME like us don't have the sort of budgets that bigger companies do so it all comes down to the managers abilities [Long Pause] I had to distinguish which of the information was useful and had value for my company and having done that use this information to help with the internationalisation" (Respondent 24 - Services)

> "My job as a manager would be to engage with all the gathered information, to analyse and consider all the possible solutions and provide the appropriate plan of action [Pause] and instruct and provide feedback to the staff regarding the matter in hand" (Respondent 52 - Manufacturing)

> "…But when you are in an environment which you are unfamiliar with you have to take into account every little detail and make assumptions and calculations to account for all these uncertainties and unknowns" (Respondent 43 - Manufacturing)

This heavy exchange and negotiation of information with the international context frequently led to another experience for the SME manager, which was learning. Their answers were reflective of the internationalisation experience and showed the latter was also a learning experience.

"Many things I have learned so many things about myself, my capabilities, my weaknesses and also a lot of things about other cultures, other factors that shape your journey, so it is a very deep question and very difficult to start" (Respondent 14 - Finance)

"…I think once you step into unfamiliar grounds that's when the emphasis on discipline should increase [long pause] you rely on the known in a hope to figure out the unknown. So, experience comes in very handy, using the methods that you have applied to find the solution for the new scenarios. Almost like trial and error but with a higher degree of experience and understanding" (Respondent 46 - Manufacturing)

"…right now I consider myself a more competent manager than before the internationalisation process and a lot of that is due to the fact that as a manager running the company in such an environment you learn to deal with a lot of new things and you learn to adapt yourself to changing scenarios" (Respondent 43 - Manufacturing)

"The experience of internationalisation was one that developed me both personally and professionally, it helped me recognise the limits of my expertise and how far I can challenge these. I learnt lots about how to run a company internationally and developed skills that I wouldn't have if I hadn't decided to internationalise my business […] whilst this was extremely stressful experience it was one that I enjoyed very much" (Respondent 10)

There was a great deal of emphasis on the importance of understanding and being able to handle the information from the external and internal environments particularly in an international context where the majority of managers agreed there is a lot of complexity due to ever changing elements involved that can affect the organisation. Many of the managers

explained how knowledge gained before the start of the internationalisation process from experience can help a SME manager to go through the process of internationalisation.

> "It's okay to use the knowledge you gained elsewhere and to try and shape it in a way to help you in the new environment, but you should never think or compare the different place because they are not the same. Obviously certain culture and nations are more similar but that doesn't mean they all are. It's good to keep an open mind and be very culturally aware. One of my rules is that there is no shame in asking for information and wanting to learn more. The more knowledge you have the more likely you are to succeed" (Respondent 27- Manufacturing)

> "We live in a world full of information, all types of information, if we don't make the best out of these, then, are essentially not really being effective managers [Long Pause] you need to make sense of these to help you advance your cause, I say this with great confidence because I experienced it, a great manager must make sense of the information and use them" (Respondent 49 - Manufacturing)

Internationalising SMEs are embedded to the context to a level that they are constantly surrounded by information that is available both within the organisation and the external environment. The respondents suggested that it the manager's responsibility to act as an agent by identifying the relevant and beneficial information and processing this information in order to create opportunities and fend off threats in the process of determining the next strategic steps for the organisation. For SMEs this was such a key task that the SME managers talked about it as a competency itself and as an element of the agency that led to the internationalisation of the SME in a diverse, and therefore complex and uncertain environment.

5.2.6. Negotiation With External Information - Analysis and Discussion

The identification of the relevant information and the effective interaction by the manager can provide the SME with the opportunity to reconfigure itself or transform the environment in a

way that better helps internationalise the SME in the context. In the management field (Hamel & Prahalad, 1990) it is widely accepted that the effective internal and external communication facilitates the exchange of information which can be used to design solutions to organisational problems, increase speed-to-market, and help develop efficiencies which can set an SME apart from its competition (Dubois & Rothwell, 2004). Social competencies and in particular effective communication were highlighted as one of the many managerial competencies required for SME internationalisation by the SME managers during the interviews (refer to section 4.4.). Effective communication was described by the managers as the ability to speak clearly and confidently, communicating ideas effectively and passionately, and writing lucidly and concisely, using appropriate grammar, style and language, the willingness to solicit and evaluate the views and advice of others, expressing oneself clearly and effectively when speaking or writing to individuals or groups, listening attentively, ensuring that information is understood by all parties, sharing information in a timely manner using the most appropriate method, presenting well-organised information to the SME members as well as the partners and customers in the international environment in which the SME operates.

In other words, the exchange of information is an influential factor in the process of organisational success. Here the SME manager, as an agent, plays a key role in negotiating the information that they have from their organisation with the information that is found in the environment (Egbu, 1999). Number of areas of managerial competencies which were identified by the SME managers during the interviews (refer to section 4.4.) play a role here, including, awareness, action, social, cognitive and strategic which emphasises agency as a higher-level competency. This could be seen as a calibrating exercise where, mindful of the dynamics of both the organisation and the international context, the SME manager can assess and evaluate the organisational strengths and weaknesses and the contextual opportunities and threats that they identify. Sometimes they had to take contextual information fully on-board, other times they filtered and selectively shared with the environment and other times they had to ignore, perhaps even completely, information that was either out of their control,

or irrelevant to the organisation and its internationalisation (Konstantinou, 2010). Internal communication focused on working with colleagues on contextual (e.g., technological, legal, environmental, political) developments that affect the organisation. This was particularly important in SMEs looking to internationalise as effective internal communications provided SME managers with the opportunity to listen and empathise with their colleagues, who reflected very limited resources and also lacked knowledge of internationalisation. Putting one's colleagues at ease by sharing information was seen as an act of caring and generosity which also helped the SME manager create a sense of community amongst employees which would work towards the internationalisation of the SME. At the same time, from a business perspective, information exchange and negotiation worked towards retaining resources and talent. This was particularly important in the context of internationalising SMEs, where employees tend to find the process a very turbulent time and display acts of resistance (Ahokangas, 1998).

Overall, there was a fear about SME internationalisation. Many respondents as evident in the SME internationalisation barriers section (refer to section 4.2.) felt that internationalising an SME would overstretch the already limited resources of the SME, threaten job security and a broader scale the viability and existence of the SME altogether. This was not only the view of the SME managers in this study. It was also what the managers themselves reported was the perception of their staff about internationalisation. In this case then, the managers had demonstrated agency both in terms of their own insecurities, but also in terms of the insecurities of their staff. The exchange of information became a negotiating activity not only of information itself, but also of the levels of insecurities of both managers and SME staff. Though the exchange of information they were negotiating, calibrating and extending/limiting the levels of risk that they were willing and felt they could handle. This highlights the very complex nature of the managerial competencies required for SME internationalisation and how they go beyond a generic set of functional competencies. Therefore, signifying the importance of moving towards a new understanding of managerial competencies.

The ongoing negotiation of information became the vehicle through which SME managers, staff and the boundaries of the organisation itself remained flexible. Ideas and responses to threatening situations flew in on an ongoing basis and prevented the formation of 'hard lines', entrenched practices and views, and irreconcilable arguments. In turn, this flexibility allowed the SME manager to avoid staff resistance from becoming an enabler of rigid structures which would limit the decisions and actions of the managers and the process of SME internationalisation. Further it allowed the manager to flexibly position the SME in context and 'take people with them' in the journey and experience of internationalisation. This competency is regarded as an action competency (Adaptability/flexibility) by the interviewed SME managers. They highlighted that in practical terms this refers to the SME managers ability to adapt work styles to meet appropriately the changing demands of the workplace and the working environment due to SME internationalisation. The ability to readily modify, respond to and integrate change with minimal personal resistance. Moreover, responding to changing circumstances by being innovative and altering behaviour to better fit different situations, consistently exhibiting optimism and energy, learning new skills to suit the new environment and successfully working with new colleagues as well as professionally dealing with personal discomfort in a changing work environment, being flexible and remaining calm in stressful situations.

In addition, there should also be a great emphasis on the importance of external communication particularly in international contexts where there is a lot of complexity due to ever changing elements. External communication during the internationalisation process and when operating in an international environment has the objective of facilitating relationship building and cooperation with various stakeholders that are outside the formal structure of the organisation. The effective relationship and cooperation between the stakeholders involved is viewed as being essential in the success of SME internationalisation, this statement can essentially relate to number of competencies highlighted in the findings of chapter 4, such as the competencies related to understanding other people and interacting proactively with

people, thus, revealing that managerial competencies go beyond functional competencies and they are more complex and of higher order. Furthermore, Stakeholders are often categorised into different groups which include clients, contractors, investors and shareholders, employees and the society itself. Consequently, identifying influential stakeholders and formulating an external communication strategy which targets specific key stakeholders who have the power to influence and change the direction of the internationalisation project, was as essential as addressing internal communication. The respondents referred to this ability as a competency that was important in SME internationalisation and, in combination, their answers showed that it was an element of their agency that empowered them to internationalise their SMEs through negotiation with the information.

In the negotiation with external information, these SME managers used artefacts such as a communication strategy to communicate and help engage their staff in discussion about the SME and its internationalisation. Perhaps this was an attempt to imitate the strategies implemented by MNEs where employees have different needs, different levels of involvement in the direction and fate of the organisation and will face different levels of consequences, if things go wrong. There was little indication that such efforts led to unfavourable outcomes, and indeed they seemed to be contributing to employee engagement and a sense of shared meaning and understanding about the direction of the SME. However, it would be naïve to assume that the communication strategy, i.e., the document itself, had anything much to do with the experience of internationalisation. The effort that SME staff put in their jobs and the internationalisation of their organisation was still a decision that they made for themselves and a way of expressing and embodying their own agency. They had been carefully selected by SME managers so that they would share an interest in the SME internationalisation experience and join their agency with that of their managers towards achieving this. In this process, SME managers also identified potential organisational areas for improvement.

These SME managers highlighted the importance of a partnership with the SME staff to avoid barriers and obstructive communication (Laghzaoui, 2011), which was characterised as communication that is subjected to high power distances or organisational cultures where the management is top-down and essentially employs one-way communication (Hildebrandt, 2005) . Working together, negotiating and co-creating the way in which the SME would internationalise was both present in proactive and reactive agency and worked towards enhancing a common direction and sense of ownership and camaraderie among SME managers, staff and the diverse international environment. The respondents revealed that the time spent on communicating should not be seen as lost productive time. They highlighted that they need to actively encourage and facilitate participation in internal communication as a means of keeping staff on-board, identifying opportunities for continuous improvements which frequently outweighed the cost incurred in the so-called lost productive time. Communicating and negotiating information was a key element of the managers' agency which often led to reconfiguring the approach and strategy or organisational structure in the face of the challenges presented by the international environment. They based communication on openness, honesty, sincerity in team relationships and the development of trust, even though it was frequently the case that they struggled with determining how much to say, when and to whom. So, the experience of communicating was unique and personal. It was not necessarily straightforward and in cases it was somewhat troubling, potentially leading to unsettling SME staff, leaving them feeling managed and manipulated, rather than comforting them and keeping them on-board.

More specifically, they said that internal communication needs to be clear and not distort the meaning behind the message; be free from the biased opinions and predisposed judgements of the managers; be complete and free from partial messages that progressively urge staff to disengage and listen to what the manager has to say only partially; be unambiguous so as to avoid confusion in a context that is characterised by its diversity and complexity. All of the above were seen as elements of the agency of managers which had to come together so as

address the challenges that are inherent in communication which is spanning across geographic or psychic boundaries.

Majority of the SME managers in this research referred to themselves as leaders rather than managers which means that they are well aware of hierarchical positions. Many of the managers that were interviewed implied that often individuals occupying a lower post in the organisation may feel introverted and find it difficult to communicate their contribution to management. So, they mentioned it is the SME manager's responsibility to interact with SME staff and to encourage them to share their experience and make their thoughts known to the team.

In combination the answers of the respondents reveal that they collectively felt that as SME managers they need to proficient (not just competent) to communicating internally and externally. Negotiating information both externally and internally was key but transpired in each particular context in different ways and was contingent upon the agency of the SME manager. The respondents highlighted that the barriers mentioned are those that make effective communication in SMEs complex and difficult to achieve Such barriers included (refer to section 4.2.), cultural barriers (e.g., cultural differences and language barriers), market conditions (e.g., different needs of the market, complex and uncertain environment), resource related barriers (e.g., untrained personnel to deal with internationalisation and lack of international market information) and organisational and management barriers (e.g., difficulties in contacting potential international customers, difficulties obtaining reliable international partners, SME perceiving internationalisation as a big risk and inadequate managerial knowledge and competencies). Therefore, it is essential for SME managers to develop the competency to acknowledge these barriers and take the appropriate measures to mitigate their consequences (refer to section 4.4.). Particularly for the competencies, such as international mindedness, being a change agent, demonstrating adaptability, effective communication; understanding other people; realising ideas, plans and solutions; interact

proactively with people; using information and analysis effectively; activation of process and innovation generation and interpretation of competitive environment. As these go beyond the functional competencies and they are more complex and of higher order. Nonetheless, these actions are likely to differ in each SME, due to diversity and the complex context itself.

5.2.7. Almost Denying a Set of Competencies That Can Be Applied to Internationalisation

Perhaps most strikingly, these managers sought to claim that their agency and their experience of the internationalisation process was more significant than any set of competencies that can be applied to internationalisation, as suggested in the existing functionalist literature. Quite soon into each interview, the respondents seemed to object to questions about required competencies, almost denying that these existed and, most importantly, that they had anything to do with the success or failure or the experience of the internationalisation process. Surely, they did outline certain competencies and they did indeed suggest that it is their dynamic arrangement that is important (see (Eisenhardt & Martin, 2000; Teece, Pisano, & Shuen, 1997; Winter, 2003). They also claimed that it is their agency that fundamentally drives SME internationalisation and makes the difference in regard to the information they exchange both within and beyond the organisation. They claimed that their agency can be both proactive and reactive highlighting cases were their intention to internationalise was inspired by themselves or by the environment respectively. But they took the whole argument a step further when they suggested that individual competencies that are outlined in a list-type of functionalist narrative has nothing to do with the reality of the perceived experience of the internationalisation process and the power of their agency in the diverse, international context.

Below are examples of quotes where SME managers almost denied the existence of a set of competencies that can be applied to internationalisation and claim the necessity for a shift in focus from functionalist, list-type approach to required competencies to a more experiential and agential approach:

> "…I am a firm believer that a manager should be disciplined, have a good grasp of the field he is active in and be able to lead by example, but to answer your question, I don't think that there were any competencies that I felt were less or more significant. They

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all came in play, at the appropriate moment, it is about orchestrating what you have, what you lack and what you want" (Respondent 24 - Services)

"…I have let's say competencies A, B and C but a certain situation requires only let's say A and C, that doesn't mean B is now less significant as a competency, it is just not applicable for that one particular situation, the next barrier may only require B and nothing else." (Respondent 51- Construction)

"You can't say just because of this set of so-called competencies [having mentioned some competencies earlier including, networking, interpersonal, planning, resource organisation] that I will somehow be able to achieve my goal [referring to internationalisation], so I definitely disagree with the assumption that you have certain competencies that if you possess then you are guaranteed to succeed, nothing in life in guaranteed" (Respondent 31 - Manufacturing)

They emphasised that even though functional competencies are valid and necessary, a more a higher level of competency which incorporated the experience is required which would be a higher level of competency compared to the dynamic competency (e.g. Shane & Venkataraman, 2000). As SMEs are organisations which are run and managed by an individual who is responsible for the direction of the organisation throughout the internationalisation process. Thus, the latter is very closely linked to managers' perceptions and ideologies and what they hold to be true.

"[…] I had to integrate my competencies, yes and often engage with the specific environments of the countries that I was entering, but I personally don't think that this was what facilitated the internationalisation. There is more to SME internationalisation, the way I run my company is to some extent dictated by my personality and values. My attitudes towards, customers or even my competitors. […] By me answering your question the way I did earlier, by saying what competencies I had or needed etc. during internationalisation, I am ignoring the fact that I was personally involved and I am taking the 'me' element out of the equation, hope that makes sense." (Respondent 29 - Finance)

This emphasises the need for a positive attitude towards integration and adaptation that can enable managers to address situations which are beyond their control through acts of agency which can improve the organisation's overall strategic adaptiveness. They were talking about enterprising human action which lies behind creating value and is achieved through the creation or expansion of economic activity, i.e. through the identification and exploitation of new products, processes or markets (Marvel and Lumpkin, 2007).

5.2.8. The Process of Internationalisation: The Experience of an Agent - Overview

The findings suggest that the experience of each manager in this study varied significantly and was unique to each manager. Each SME manager described vividly the overall experience, their emotions, their rationales, their decision-making process, and within the internationalisation process the role and nature of their competency. This suggests that the internationalisation of SMEs and the perception of the competencies required are highly experiential and contextual and therefore cannot be generalised.

> "I would say it is a very exciting prospect for any company or individual [Pause] you are entering unknown territory, and you are going to experience issues which you haven't before, everything feels familiar but at the same time very different, there is a lot of ambiguity and uncertainty and [Pause] there is a lot of correct decisions to be made in order to succeed [Long Pause] there is limited information available if you haven't done your homework properly which was somewhat the case in our company. [Long Pause] as a company you need to be innovative, creative, intelligent and you need to have the right set of skills and competencies and you most certainly need to be result oriented and you need to remind yourself of the reason why you are internationalising. Optimism is essential and you have to stay positive and optimistic" (Respondent 31- Manufacturing)

> "[For SME internationalisation] Patience is key. You won't see any immediate positive results in fact you often see negative results initially that will most certainly make you question your competency and your decision to internationalise. […] the most dangerous thing is giving up on yourself. One of the first things that I learnt as a result of this experience was that I had to become more patient with myself" (Respondent 45 - Fashion)

> "From my experience the internationalisation process as a whole was an enjoyable process, though at times it can be stressful. For me Internationalisation of my company was an unbelievable experience [Pause] at start it was a very scary venture, but once the process starts it is important to fully commit, your attention, time and efforts […] it is a feeling of pride to see your hard work and risks coming to fruition, makes the whole journey worthwhile" (Respondent 14 - Finance)

It is important to note that, the interview itself was seen as an opportunity to reflect on the experience of the internationalisation process for the first time. The respondents kept mentioning that this was the first time that they were actually really thinking about their competencies and experience of SME internationalisation.

"It is the first time that I am actually thinking about the internationalisation of my company and what I did to be honest, it is definitely not something that you think about, like by actually really focusing on my experience" (Respondent 3 - Services)

"I am really enjoying this because you have given me an opportunity to sit here with you and talk about my experience and relive the moments" (Respondent 21 - Construction)

"As a manager especially when you are so busy with work you don't really get the opportunity to think about this sort of stuff, but I think it really nice to relax and actually think about what I did to get where I am now" (Respondent 17 - Services)

"This is a very interesting question because I have never thought about internationalisation of my company in that way. Sitting here talking to you has enabled me to reflect on my experience made me think about it in a level of detail which I hadn't done before" (Respondent 40 - Manufacturing)

At a first glance their views seemed contradictory and confused. On one hand, they were talking about how the environment is diverse and therefore complex and uncertain, and how it is beyond their control. On the other hand, they were talking about themselves as agents of change who have the potential to transform the environment. These views came across as chaotic but, following analysis, painted a greater picture which highlights that the process of SME internationalisation was seen as the experience of an agent.

5.2.9. The Process of Internationalisation: The Experience of an Agent - Analysis and Discussion

Even though all managers had the same goal, i.e., to internationalise their SME, there were as many experiences of the internationalisation process as there were interviewees. The respondents considered themselves as a driving force, i.e., the agent of the SME internationalisation process. This is to some level in line with the literature (Cavusgil & Godiwalla, 1982) which identifies the owner/manager as a key player who has his/her own subjective views and perceptions about the strategic development of their organisation. This further highlights the fact that the overall SME internationalisation process is not as static or structured as suggested by the functionalist literatures. In disagreement with the latter, this study shows that there is not a set of logical, undisputed, deliberate, rational steps which managers can follow in order to internationalise their SMEs. There are however individual and personal experiences of the SME internationalisation process which defy generalisations. The internationalisation of SMEs in a very experiential and personal experience which is closely linked to the manager's perception of themselves as an agent and their reflection and understanding of how the process can be carried out. These findings reflect earlier accounts of the internationalisation process which had highlighted – somewhat 40 years ago – that the international orientation of the manager and the overall experience of the process is closely linked and determined by decision makers and their outlook (Wiedersheim & Johanson, 1975). In contrary to MNEs and larger firms where the decision-making process is considered as a group activity that is distributed across various hierarchical levels, in the majority of SMEs in this study in particularly in the case of micro and small sized SMEs, there seemed to be only a single decision-making point, the SME manager as an agent. Similarly, the strategic positioning of an SME has been seen as tightly contingent upon the international orientation of the SME manager and their inclination to develop exporting activities (Morgan, 1997). Whether they have lived abroad, their fluency

in other languages, whether they have received educational training in international business-related activities or if in fact they have worked in an international context before play a role in the way that the SME manager experiences the internationalisation process and defines its character as very individual and personal. By finally emphasising the agential power of the SME manager, the respondents alluded to authors in the entrepreneurial literature (e.g. Mugler, 1996) who see the development of a manager as a strategy for the capacity development in any organisation, in the same way that these managers sought to claim their unique influence on their organisation and its development via internationalisation.

5.3. Finding 3: From Competencies to Agential Experiences

5.3.1. Overview

Respondents demonstrated numerous accounts in which SME managers answered the questions about the competencies required for SME internationalisation by providing responses that may initially seem like a list of dynamic arrangement of functional competencies. However, they very quickly justified their actions within the specific international context which takes competencies beyond a dynamic arrangement of competencies to agency as a higher-level competency which features agential experiences. This shows that there is a need for a shift and development of competencies from a functionalist approach which provides a list of competencies, to an approach that emphasises their dynamic arrangement, to agency as a higher-level competency which features agential experiences as suggested by the SME managers. In the agential experience the managers seem to almost deny the importance of a set of required competencies emphasising their agency which features agential experiences. They showed a higher level of situational awareness and intelligence in which the agent negotiates with the environment whilst remaining the central driving force. Situational awareness and intelligence refer to multiple areas of competencies (awareness, cognitive and strategic) as demonstrated in chapter 4 (refer to section 4.4.) which comprises of competencies that allow SME managers to understand themselves, other people, and organisational relationships, competencies that allow SME managers to use information and analysis effectively to interpret phenomena or situations as well as competencies related to strategic thinking and interpretation of the competitive environment.

> "It's about having a right balance between being a competent manager and knowing how to apply competencies, there is an element of learning […] by experiencing and learning from previous examples, I acted more competently." (Respondent 31 - Manufacturing)

When asked about the significance of having certain competencies during the SME internationalisation process one of the SME managers responded by quoting:

> "It's more about gaining an understanding of the process, by gaining experience you become competent to make decisions that are thought be the right decisions, doesn't mean they are. […] when you set out to do something, you initially start by trying to do it [Pause] experimenting around, seeing what works for you, reality is that most people either don't know or don't have what might be needed later on" (Respondent 5 - Services)

Managers of SMEs in this study have a perception and understanding that the managerial competency for SME internationalisation is highly dependent on the managers experience prior and during the internationalisation. The common understanding amongst the respondents was that focus should be more on the experience that the managers has and gains during the SME internationalisation process rather than the dynamic combination of their competencies. They agreed that the appropriate decisions and applicable contextual competencies can only be effective when applied within the experience of SME internationalisation. This emphasises the focus on the agency of the SME manager as a higher level of competency that influences the internationalisation of SMEs. This makes SME internationalisation an experience in which the manager is the agent and agency becomes a higher-level and advanced managerial competency itself. In a sense agency was an overarching competency – almost an 'umbrella' competency. Thus, agency, as a higher-level competency embeds the SME manager in the diverse international context and its dynamics further than any competency or arrangement of competencies alone. It becomes the force that enables the SME manager to escape the constraints of the international context often characterised by its diversity, uncertainty and complexity and transform it by establishing their SME within it. In accordance with this the SME managers suggested that for them to successfully internationalise they aim to apply their experience and competencies to the

international context in an experiential way which will hopefully help them better understand the particular parameters involved in the internationalisation situation they find themselves in.

"[During internationalisation] I was mostly trying to bring what I think of as explicit and implicit competencies together with my previous experience [Long Pause] I think that's essentially what makes a manager competent especially when I think about the problems that I faced and had to handle as a small business owner" (Respondent 30 - Engineering)

Another SME manager explained:

"A good manager should demonstrate psychological maturity; I believe experience helps enormously especially during the challenging process of internationalisation." (Respondent 18 - Construction)

"[During Internationalisation] there is so much to experience and learn, in terms of personal development, you grow as a person and coming out of an experience like that you get a sense of maturity and [Pause] confidence, a true sense of achievement as it really can be a challenging experience and at times it really pushes and tests your limits as a person, having said that it's an enjoyable venture […] it is very personal, you become so involved in the process [...] experiencing your brainchild developing and being recognised internationally is a feeling that is unparalleled' (Respondent 12 - Manufacturing)

Furthermore, the respondents indicated the importance of the shift by providing detailed experiential accounts which highlighted the need from shifting the focus from functional competencies to agential experiences in the context of internationalisation. Rich, detailed accounts explaining their thoughts, perceptions, feelings and experiences emphasised why there is a detachment between competencies as suggested in the functionalist literature and the reality in which these managers internationalised their SMEs. Experienced, integrated and contextual perspective was used in the SME managers' attempts in trying to understand the required competencies for SME internationalisation which suggests the prominence of

agency. They focused significantly on the fact that it is important that SME managers display an orientation towards acting as an agent and exercising their own will.

> "…look at it this way, you have the right tools and you might have even been given an instruction manual, does that mean you can build a let's say a garden decking or anything for that matter. Technically you could yes, absolutely, but any guarantee that you would do a good job? [Pause] Here is where the difference lies, that's where experience comes in. if you build two decks and mess them up you are more likely to get the third one right, why? You won't make the same mistakes. Competencies are the same they are the tools, at least that's how I see them. But without the knowhow, using them will be tricky". (Respondent 21 - Construction)

The approach to SME internationalisation as an experience in which the manager is an agent was shared amongst the managers and their responses suggested that competency is not gained rather it is developed and advanced to a higher level, overarching competency.

> "[Change in required competencies as the SME progressed in internationalisation] If they changed or stayed the same? [Pause] some changed, and some stayed the same. [Pause] It's hard to determine whether they changed or not but a lot of them I would say developed as a result of the process. So right now, I consider myself a more competent manager than before the internationalisation process and a lot of that is due to the fact that as a manager running the company in such an environment you learn to deal with a lot of new things, and you learn to adapt yourself to changing scenarios. But in regard to how they changed throughout the process I have to say that at the start of the process you are still in familiar grounds, and it takes some time for the effects of operating internationally to kick in and once that happens that's when you notice the change in the dynamics and the way in which you have to handle the situations" (Respondent 27- Manufacturing)

> "[During Internationalisation] I think the competencies change in a sense that they changed to adapt to the particular situations, so in my view the competencies didn't change but their dynamics changed to allow for elements of unfamiliar situations. So, the competencies were still like before but with the added element of uncertainty [Pause] I mean taking account of uncertainty in the overall formulation" (Respondent 9 - Manufacturing)

SME managers further highlighted that competencies during internationalisation are to be viewed through an 'umbrella' like approach in which agency as a higher-level competency features experientially developed and advanced competencies that extends beyond the dynamic arrangement of functional competencies and includes the negotiation with the international context. Therefore, as implied by the SME managers' competencies are not gained but are rather experientially developed and advanced and thus, cannot be perceived as list of competencies that enable internationalisation as SME internationalisation is an experience in which agency as a higher-level competency is developed throughout time. This places the emphasis on the SME managers as the driving force behind internationalisation and an instrument that embodies and enacts agency.

> "I don't think competencies change or stay the same [Long Pause] would say that my competencies developed over time [Long Pause] I started to learn and understand better what each situation meant and required and because of that I was able to fully utilise my competencies in particular situations. As the company progressed, I became more and more confident in recognising the situations and the required actions and that meant I became more decisive." (Respondent 2 - Fashion)

> "As the company progressed [In the internationalisation Process], I gained experienced and started to feel more comfortable with my decisions, I understood the elements better and learnt to handle situations where I might have felt incompetent about earlier […] bringing together all my skills [Pause] I was able to act with a higher level of certainty" (Respondent 19 - IT)

One of the respondents attempted to explain the difficulties of gauging competency and its development. He signified the necessity of experience for the development of competency highlighting its implicit nature and tried to make sense of it by relating it to the agential experience.

> "It's very difficult to measure [competency]. [Long pause] I would like to think that I can choose the right people to work for me and do better interviews, but if that not the case

the lessons learnt from our previous experiences can be carried over to our new experiences I don't know if that reflects as competency but it's part of our lessons learned that we can use to improve our future projects. Our experience. I don't know if experience counts as a competency. I'm sure different people define competency differently. Most managers don't actively think about meanings, unlike academics we don't actively define words and we don't look for specific definitions." (Respondent 5 - Services)

Another manager explained it by saying the overall picture of the SME internationalisation became clearer as the competencies developed, which suggests that the agency is a higher level of competency perceived by the managers as the 'confidence' that influences and drives the internationalisation of SMEs.

"Well, it all goes back to becoming more confident. With time, I felt the picture became more apparent. That little clarity makes the difference in a setting when there is so much uncertainty" (Respondent 31- Manufacturing)

"The better you become at it [Internationalisation], the more confident you become in your decisions the smoother the overall experience starts to become, that's because you are more assertive, and you make decisions that would push the company more aggressively towards it [Internationalisation]. [...] An impression of growing self-assurance is attached to it all [Development of competencies during internationalisation]" (Respondent 2 - Fashion)

Aligned with the earlier findings, SME internationalisation is therefore viewed as an experience, however the importance of experience becomes evident only after analysing the responses given by the SME managers. Such observation can only become evident after looking at all the interviews both in-depth and in-breadth, i.e., holistically. They revealed that the agency as a higher-level competency which features agential experiences extends beyond the dynamic arrangement of functional competencies and includes the context of internationalisation, negotiation with the environment and information, addresses notions of integration and adaption with the environment, which are different in every case of internationalising SME, however still with the agent in the driving position. The answers that the SME managers provided in their accounts of SME internationalisation suggested that

overall internationalisation process was an experience in which they exercised agency and how they perceived the situations based on their experience. Their personal experience combined with other internal and external contextual elements of internationalisation provided the context in which the manager's experience enabled them to develop their agency that became a higher-level managerial competency itself.

"I'm sure you agree that there is uncertainty in almost any job but the uncertainty increases when you start working in a foreign country and well as a manager you need to grow so that any arising issues due to the uncertainties within the environment can be addressed appropriately so the reality is the manager should lessen the uncertainty with experience [Long Pause] it's a bit of a learning curve" (Respondent 37 - Manufacturing)

"It may sound easier said than done but you will find that in many cases you should remind yourself that you are the one in control and that actually allows you to take control […] the international environment is rarely a quiet one and there are many factors that can change the dynamics of the scenario so as manager you need to stay on top of that by displaying the ability to manage and to control the organisation to navigate through the obstacles. Staying dynamic is very important, remembering your goals and targets and focusing on them the route will most certainly never be straight forward a flexible attitude is a must. [Managers need to] constantly negotiate with your environment and interact in order to achieve the best possible results. Culture again is a very important factor." (Respondent 46 - Manufacturing)

The concept of agency was raised numerous times and managers were in agreement that managerial maturity and competency can be achieved as a direct result of gaining experience and that in return will allow the manager to act as an agent and shape the structure in which he/she participates.

5.3.2. Analysis and Discussion

This study emphasises the need for shifting from a focus on a functionalist perspective to an agential experience approach (Archer, 2007) when dealing with managerial competencies required for SME internationalisation. The current approaches have either attempted to address the question by providing an almost 'check-list' like list of competencies which is a rather static and deterministic approach. The dynamic capabilities approach (Teece, 2007; Draganidis & Mentzas, 2006; Chiabrishvili & Chiabrishvili, 2013) and entrepreneurial literature (Oviatt & McDougall, 2005; Shane & Venkataraman , 2000; Viitala, 2005) propose a dynamic arrangement of competencies that offers a more practical arrangement of competencies which are generic in nature and are context free. However, the accounts of the experiences of the internationalisation of these SME managers emphasised that the reality is closer to an agential experience approach. This is a perspective of agency which views the managers' competencies as the agent. This became evident as the respondents where highly focused on trying to make sense of their experience and actions during their internationalisation by transforming the environment through their everyday behaviours, actions and the decisions (Archer, 2000).

The shift suggests that our understanding of managerial competencies during SME internationalisation has to be reconsidered as currently the focus is mostly on the technical and rational aspects of competencies which implies that competencies can be generalised i.e., a one-size-fits-all and for-all approach. This would suggest a rather emotionally and contextually detached development of competencies. This seems to be disconnected from the reality and the perceptions of these SME managers of the internationalisation process and their accounts of experience. These interpretations provide the grounding on which managerial competencies can be seen to be shifting to agential experiences. This links back to the findings which suggest the unique, individual and dynamic nature of competency and highlights the significance of context. Therefore, in the process of SME internationalisation

SME managers are required to act at a higher level of competency that approaches the level of competency exhibited by experts (Dreyfus and Dreyfus, 2005). The current functionalist, dynamic capabilities and entrepreneurial approaches place limited emphasis on the experience, the subjective and personal attachment of the SME managers during the process of internationalisation. The findings suggest that the balance between functionalist – dynamic capabilities/entrepreneurial – experiential approaches is currently emphasising the wrong side of the scale (i.e., functionalist – dynamic capabilities/entrepreneurial) and needs to shift towards emphasising the experiential agential approach which better represents the reality of SME internationalisation as this was perceived by the SME managers of this study.

Shifting this focus would more accurately account for the experiences of SME internationalisation. In combination their answers suggest an agential perspective which emphasises the power of the managers and their competencies in the internationalisation process in more appropriate. This would address the lack of understanding of the nature and ontological underpinning of managerial competencies during internationalisation, which better resonates with concepts such as development, communication, learning and negotiation within and about the SME internationalisation. These findings suggest that currently managerial competencies for SME internationalisation are being conceptualised in a rather naïve way and lacks the appropriate level of understanding of the experience and personal and subjective attachments involved. This leaves SME managers who are thinking or are in the process of internationalising their SMEs rather unsupported, and academics in this field with the misconception that competency is a functional rather than experiential, agential concept. The current perspective does not take into account that SME managers used their competencies to shape, frame and transform the internationalisation process, whilst conversing and negotiating on an ongoing basis with the internationalisation context. This shift would then allow the focus to be firmly placed on the overarching higher-level competency, i.e., agency, that is relevant and reflective of the diverse environment and challenges that

SME managers face as result of operating and taking part in the process of SME internationalisation in diverse, and therefore complex and uncertain contexts.

The development of perspectives from a functionalist approach to an approach that sees competencies as dynamically arranged, and then on to competencies as agential experiences suggest and better explains why role of the SME manager during the SME internationalisation is critical and progressively develops as he/she is increasingly involved in the context and experience of the internationalisation process. Agency as a higher-level competency embeds the SME manager in the diverse international context and its dynamics further, in way that list of competencies and their dynamic arrangements fail to do. It also reflects seminal theories in skill development (Dreyfus and Dreyfus, 2005) which may talk about the acquisition of skills, but in their essence outline a long process of skill development where the learner moves away from rule governed to expert behaviour in the course of a lifetime (Sarkissian, 2010).

Respondents provided numerous accounts suggesting that competency is developed, and they referred to this higher-level competency as a new dimension of competency, a new level or expert level of competency i.e., agency. This means that managerial competency in the context of SME internationalisation lacks the necessary weight of focus on the experiential and agential aspects. Therefore, focusing on agency as this higher-level overarching competency can give the literature a new course and can result in a change in how managerial competencies in SMEs are viewed ontologically.

The ontological development of competency in which focuses on the shift from functionalist perspective competencies to agential experiences perspective is demonstrated in the following figure:

Ontological development of competency		
Functionalist Perspective	**Dynamic capabilities / Entrepreneurial Perspective**	**Agency Perspective**
Literature suggests the identification and acquisition of a list of competencies	Literature suggests the dynamic arrangement of competencies	Study suggesting agency as a higher-level competency with emphasis on agential experiences

Figure 11 : Ontological Development of Competency

Therefore, the implication of the thesis is that there is a need for a paradigm shift in existing thinking from theorising managerial competencies required for SME internationalisation (functionalist perspective) to theorising individual managerial experiences of SME internationalisation i.e., agential experience (agency theory perspective). These are experiences which support SME managers in managing their organisations throughout the transitional period and when their organisation has been fully internationalised and is competing in the diverse international environment. Therefore, focusing on the agential experiences extends beyond the dynamic arrangement of individual competencies and includes the negotiation with the environment, addresses notions of integration and adaption with the environment, but firmly holds the agent in the driving position. When agency is viewed as a higher-level competency, managers' situational awareness and intelligence are absorbed into their negotiation with the environment and combined with integration and adaptation in the experience of the SME manager and together build agency in what becomes a managerial competency itself. Thus, the study highlights that the ontology of SME managerial competency is not understood in full currently. It identifies the paradigm shift that is needed and has developed the theoretical understanding of managerial competencies as an agential experience.

Chapter 6 - Conclusions

This chapter provides concluding remarks to this thesis. First, key theories used are highlighted and important methodological considerations stated. Important contributions to knowledge are summarised and areas for further research are suggested. Limitations of the research are noted as well. The figure below outlines the journey of the research.

Due to the increasing involvement of enterprises in international markets, the strategic management of the transition of an organisation from purely domestic into a multinational organisation has become increasingly important. The literature shows that a significant number of the organisation that choose to internationalise are SMEs which command little resources to enable this transition. Increased diversity, ambiguity and complexity as well as uncertainty, instability and high levels of competition are considered to be the characteristics of the context of SME internationalisation and the root cause of some of the challenges that SME managers face. The current approaches to SME internationalisation and managerial competencies have focused predominantly on either providing a deterministic functional list of competencies which are static or by proposing a dynamic arrangement of competencies that offers a more practical arrangement of competencies through the dynamic capabilities approach (Teece, 2007; Draganidis & Mentzas, 2006; Chiabrishvili & Chiabrishvili, 2013) and entrepreneurial literature (Oviatt & McDougall, 2005; Shane & Venkataraman , 2000; Viitala, 2005) however these are often generic in nature and offer very limited insights to the context and hence do not fully capture the reality of the phenomenon. This highlights the gap in the literature and emphasises the need for shifting the focus from the functionalist perspective, which this study has achieved.

The aim of the study was to develop an in depth theoretically based understanding of managerial competencies in order to increase the chances of SME managers to

internationalise more effectively. This qualitative study was informed by the grounded theory methodology. Using semi-structured interviews, primary data was collected from interviewing 52 SME managers. The sample included SME managers who were directly involved in the internationalisation process of their respective SME regardless of their specific industry or geographical origins. There individuals were considered as appropriate because their perceptions and experiences reflected their understanding of the issue under study and provided the richness of data (Patton 2014). They were knowledgeable about their own managerial competencies and had opinions, perceptions and experience about the key competencies required for SME internationalisation therefore providing the study with rich and in-depth data.

In contrast to existing thinking in strategic management, which outlines a set of competencies (a functionalist perspective) which can be dynamically arranged, this study highlighted that managerial competency is a unique, individual and dynamic experience and that diversity is and should be considered as the main feature of the context of SME internationalisation. Furthermore, the interviews revealed that in practice, SMEs do not engage in a great deal of systematic strategic planning and their managers have significantly different experiences of the SME internationalisation process. This becomes evident in how they perceived themselves and their different individual competencies and experiences during the internationalisation of their SMEs. Additionally, the findings revealed that agency is a higher-level managerial competency that encompasses agential experiences rather than functional competencies as proposed by the functionalist perspective. The findings also highlighted the importance of agency and structure and how competency is a negotiation with the environment that is driven by the SME agent (i.e., the manager) via the managerial experience of SME internationalisation. The agency theory perspective allowed the emphasis to be on the managerial competency as a process knowhow rather than a functional object. Therefore, the need for a different theoretical perspective has been identified as a part of the novel contribution of the study. Highlighting the need for a paradigm shift in existing thinking from

theorising managerial competencies required for SME internationalisation (functionalist perspective) to theorising individual managerial experiences of SME internationalisation i.e., agential experience (agency theory perspective). This different theoretical perspective will allow for the acknowledgement of the diverse context of the international environment, therefore allowing the SME manager to exercise their agency and manage, reconfigure and orchestrate their competencies to challenge the environment in order to internationalise their SME. The agency would allow the manager to remain resilient in the face of uncertain and complex international environment, demonstrate situational awareness and intelligence, and put together their competencies using their agential experience to develop the power to induce change. By becoming embedded in the international context and experience the manager can develop a higher level of familiarity and knowledge regarding the internationalisation and will know how, when and where to apply competencies, displaying similarities to that of the expertise stage of the Dreyfus Model (Dreyfus & Dreyfus, 2005). In which similarly to the expertise stage. The SME manager as an agent becomes fully immersed in competent activities, has familiarity and knowledge of the process, and is self-confident in their ability, and has the ability to see what needs to be done but also decides how to do it, i.e., the ability to mobilise agential experiences in specific context situations. The development of power to induce change depending on the context is thus considered the characteristic of agency as a higher-level managerial competency. This higher-level competency would indicate that competency is not gained but rather developed and advanced to a higher level, which would indicate that competency development would become an ongoing experience-based process. This would mean that the managers would then be encouraged to take part in trainings and practices that would enable them to gain relevant experiences by doing and part taking in activities in order to incrementally develop and advance their competency.

The different theoretical perspective allows the focus of the practitioners and academics to be diverted to the experiences which support SME managers in managing their organisations throughout the transitional period and when their organisation has been fully internationalised

and is competing in the diverse international environment. This different perspective allows the focus to be on the overarching competency (Agency as a higher-level competency) and would therefore provide the foundations for the development and advancement of the managerial competency to higher levels through practical training programmes which would incorporate practical international experiences.

Lastly the study through its findings highlighted that the ontology of SME managerial competency is not understood in full currently. It has identified the paradigm shift that is needed and has developed the theoretical understanding of managerial competencies as agency as a higher-level competency which focuses on agential experiences.

6.1. Response to Research Questions

6.1.1. Research Objective 1

Identifying The Managerial Competencies Required for SME Internationalisation

The managers during the interviews revealed numerous managerial competencies which they perceived to be required for SME internationalisation, however they did so only as part of extensive, in-depth reference to the experiences and the context of the environment in which they operated. In their answers the managers highlighted seemingly functionalist competencies, however their references to competencies were followed by descriptive explanations which embedded the highlighted competencies in their unique individual accounts and experiences of particular contextual situations i.e., experiential accounts. Their answer also demonstrated their agency, highlighting their situational awareness and intelligence. In their descriptive explanation the managers highlighted their ability to put things together and develop the power to induce change as well demonstrating their ability to mobilise their specifically mentioned competencies in specific context situations. Thus, highlighting agency as a higher-level competency.

The list of the managerial competencies as highlighted by the manager's during their experiential accounts of SME internationalisation is presented in the chapter 4 (section 4.4). This list presents the collated mentioned competencies in the interviews however it must be noted that this was used as an illustration of the mentioned competencies and is therefore not another attempt at providing a deterministic list of competencies required for SME internationalisation as the current functionalist perspective does. This study highlights the significant role of SME managers in the SME internationalisation and recommends agency as a higher-level competency with emphasis on agential experiences rather than the current perspective of the literature which focuses on the dynamic arrangement of functional competencies.

The study answers the question of the required managerial competencies by suggesting that agency as a higher level of competency enables the SME managers to become catalysts in the international environment in which they operate. In isolation, the participants' responses could be seen to provide simplified explanations of managerial competency would highlight various competencies and their dynamic arrangement in the environment. However, in combination the stories and rich accounts that these managers illustrated they fundamentally emphasised the agency of the manager. Agency, as a higher-level competency embeds the SME manager in the diverse international context and its dynamics further than any competency or arrangement of competencies alone. It becomes the force that enables the SME manager to escape the constraints of the international context often characterised by its diversity, uncertainty and complexity and transform it by establishing their SME within it.

6.1.2. Research Objective 2

Exploring the motives and competencies that allow the initiation of SME internationalisation

The study explored the motives and the competencies that allowed the initiation of SME internationalisation and in doing so highlighted motives which included both proactive and reactive. Profit and business growth as well as managerial urge were highlighted as one of the main motives for SME internationalisation. Profit and business growth motives included factors such as increased profit opportunities, reduced costs, motivation to grow and long-term growth strategies. Managerial urge motives included factors such as manager's positive attitude towards international business (desire, drive & enthusiasm), managers' experience and competencies in operating in international environments. Market information related motives included the manager's desire to gain access to knowledge perceived to be available in international markets, having access to exclusive market information or specialised knowledge, or market knowledge accessed through the SME managers' wider network. The

proactive and reactive motives highlighted the central role of the managers in internationalising their organisation. SME internationalisation was enabled by the managers agency as a higher-level competency which revealed the managers ability to act as an agent to initiate the process.

The presentation of collected evidence chapter 4 (Section 4.3) provides a detailed list of all the proactive and reactive motives and the managers central role exercising agency to initiate the SME internationalisation.

6.1.3. Research Objective 3

Exploring the competencies that managers develop during their internationalisation and whether the SME managers look to actively develop any certain competencies during internationalisation.

The managers highlighted that it was not just one particular competency that was developed as a result of internationalisation, they proposed that their managerial competency as a whole was developed and advanced i.e., agency, a higher-level managerial competency.

Taking a critical realism perspective, the researcher discovered that the respondents in their answer were emphasising that SME internationalisation is an experience in which the manager is the agent and agency becomes a higher-level and advanced managerial competency itself. In a sense agency was considered as an overarching competency – almost an 'umbrella' competency. Respondents provided numerous accounts suggesting that managerial competency was developed as a result of gaining experience, and they referred to this higher-level competency as a new dimension of competency, a new level or expert level of competency i.e., agency. The managers also in their answers highlighted that they did actively seek to develop their competencies as they internationalised their SME. They actively sought to develop the competencies which they felt were impacting their performance, with some highlighting attending practical trainings such as team building and communication skills

courses, learning from people who had already experienced internationalisation, traveling, actively immersing themselves in other cultures, attending training courses to gain insight and knowledge about other markets and cultures, attending seminars and international exhibitions and most importantly by leaning from doing i.e., learning from their own experiences of internationalisation.

The proposed agency theory perspective of this study emphasises on agential experiences and highlights that the role of the SME manager during SME internationalisation is critical and progressively develops as he/she becomes increasingly involved in the context and experience of the internationalisation process. Agency as a higher-level competency embeds the SME manager in the diverse international context and its dynamics further, in way that list of competencies and their dynamic arrangements fails to do.

6.1.4. Research Objective 4

Exploring whether the competencies change as the firm progresses during internationalisation.

The study revealed that it is not the specific functional competencies that change it is rather the managers agency as a higher-level competency that develops as a result of the agential experiences. Therefore, understanding the SME internationalisation process as an experience in which SME managers exercise their agency, allows the manager to be better positioned to deal with the international context which is characterised by diversity and therefore complexity and uncertainty. What this essentially means is that as the manager becomes more experienced within the international context, they exercise a higher level of agency and develop the power to induce change.

6.1.5. New Theory Insights

The interviews highlighted that there is some level of discrepancy between the realities that the managers were portraying based on their experience of internationalisation and what has been described in the literature. The participants emphasised that diversity is a key feature of the internationalisation context, and that SME internationalisation is very unique, individual and dynamic experience. They acknowledged the existence of complexity and the need for reconfiguring their organisation through becoming deeply embedded in negotiation and interaction with the external environment in order to better understand and deal with the complexity and uncertainty manifested in the international context.

Increased diversity, ambiguity and complexity as well as uncertainty, instability and high levels of competition are considered to be the characteristics of the context of SME internationalisation. These characteristics are reported to be one of the main reasons for why many SMEs fail to internationalise and the root of the challenges that SME managers face. The current understanding of managerial competency as highlighted in the literature is highly based on a functionalist perspective which often entails a list of functional competencies, this is a highly static and structured approach and does not take into account the negotiation and interaction with the external environment in order to understand and deal with the complexity and uncertainty manifested in the international context.

The research philosophy of this study in which the researcher adopts the critical realism paradigm with the focus on the human perspective as well as the process, has highlighted the internationalisation process as objective and the interpretation of the notion of competencies by the managers involved in the process as subjective, thus, looking at the process and how individuals (SME managers) interpret the notion of competencies in relation to a particular process (SME internationalisation). This has enabled the researcher to focus on the managers understanding of the notion of competencies in relation to the internationalisation process,

how they experienced it how they described it. Doing so, the research has identified the need for a different perspective (Agency based theoretical perspective) rather than the traditionally accepted functionalist perspective (Organisational based theoretical perspectives). Developing an agential perspective allows our understanding of managerial competency to extend beyond the dynamic arrangement of individual competencies and therefore incorporate the negotiation with the environment, addressing notions of integration and adaption with the environment, but most importantly firmly holding the agent in the driving position. Thus, highlighting managerial competency in SME internationalisation more as a process knowhow rather that a functional object.

Therefore, the implication of the thesis is that there is a need for a paradigm shift in existing thinking from theorising managerial competencies required for SME internationalisation (functionalist perspective) to theorising individual managerial experiences of SME internationalisation i.e., agential experience (agency theory perspective). These are experiences which support SME managers in managing their organisations throughout the transitional period and when their organisation has been fully internationalised and is competing in the diverse international environment. Thus, the study highlights that the ontology of SME managerial competency is not understood in full currently. It identifies the paradigm shift that is needed and has developed the theoretical understanding of managerial competencies as an agential experience.

6.1.6. Management Implications

This study has shown that SME manager are unlikely to adopt and follow a particular approach to SME internationalisation, and that they should be seen to be inclined to move intuitively in SME internationalisation. The manager views SME internationalisation as an experience and seeks to employ their agency rather than apply analytical, strategic approaches. The participants' experiences did not reflect the analytical worlds assumed in the internationalisation models, where a level of information symmetry is present and various options are identified depending on their payoff before acting. The findings of the interviews demonstrated that the assumptions underlying modelled thinking were unrealistic when dealing in an international environment, which is complex and uncertain, and gives rise to agency as a higher-level managerial competency and SME internationalisation as an agential experience.

Research has highlighted that there are many factors including, the manager, the organisation and the environment in play when dealing with the phenomenon of SME internationalisation. The importance of understanding the context of internationalisation is emphasised in this study, which means it is essential to understand and take into account diversity as a contextual feature of internationalisation. Diversity is therefore recognised and acknowledged as a key feature of the SME internationalisation context. The managers recognised the prominence of diversity, they sought to accept it, and therefore released their attention towards making decisions that allowed them to internationalise. Instead of 'being stuck' and stalled by diversity, managers repositioned themselves towards managing, reconfiguring and orchestrating the necessary strategic actions for internationalising their SME. These were actions that fell within their control, rather than beyond it, in the diverse, international context.

This study perhaps surprisingly has shown that managers prioritise their own agency and contribution to the internationalisation process. The organisation and international

environment may set parameters in which agency is embodied, may reflect significant challenges, but the focus is and remains with the manager. Understanding managerial competency as agency and its importance in SME internationalisation could help avoid a vast amount of unproductive investments and discussions in many SME and redirect the attention of the manager to understanding the SME internationalisation process and their involvement in it as a more promising area for desired results and SME internationalisation. The role of the SME manager in SME internationalisation is currently underestimated by managers and scholars (e.g., Ruzzier et al., 2006).

Most importantly however, this study showed that agency can be viewed as a higher-level competency. Based on situational awareness and intelligence, focusing on the agential experiences extends beyond the dynamic arrangement of individual competencies and includes the negotiation with the environment, addresses notions of integration and adaption with the environment, but firmly holds the agent in the driving position. When agency is viewed as a higher-level competency, managers' situational awareness and intelligence are absorbed into their negotiation with the environment and combined with integration and adaptation in the experience of the SME manager and together build his/her agency in what becomes a managerial competency itself. Thus, the study answers the question of the required managerial competencies by suggesting that agency as a higher level of competency enables the SME managers to become catalysts in the international environment in which they operate. In isolation, the participants' responses could be seen to provide simplified explanations of managerial competency would highlight various competencies and their dynamic arrangement in the environment. However, in combination the stories and rich accounts that these managers illustrated they fundamentally emphasised the agency of the manager. Agency, as a higher-level competency embeds the SME manager in the diverse international context and its dynamics further than any competency or arrangement of competencies alone. It becomes the force that enables the SME manager to escape the

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constraints of the international context often characterised by its diversity, uncertainty and complexity and transform it by establishing their SME within it.

This study emphasises that SME managers need to recognise that competency is more than a collection of activities which vary in different structures that are unique in every case. These SME managers almost denied a set of competencies that can be applied to SME internationalisation, thus suggesting that agency and their experience of the internationalisation process was far more significant than any set of competencies that can be dynamically applied to internationalisation. Therefore, this study demonstrated the interplay between structure and agency and how they co-exist and reinforced each other. SME managers act as agents in the international environments in which they operate and hold the power to induce change that extends well beyond considering environmental and into contesting and negotiating social conventions, norms, values and the structure of the international environment. It is essential that SME managers display agential power, act as agents and exercise their own will.

To conclude, this study has shown the need for a shift from functionalist to an agential understanding of managerial competencies required for SME internationalisation. This study highlights that there is a need for shifting attention form the individual competencies and their dynamic arrangement to competency as an agential experience as suggested by the SME managers. In the agential experience the SME managers almost denies the importance of a set of required competencies and instead strongly emphasises their agency a higher-level competency. As the reality is closer to an agential experience approach. Agency as a higher-level competency embeds the SME manager in the diverse international context and its dynamics further, in way that list of competencies and their dynamic arrangements fail to do.

Lastly, SME managers should be encouraged to focus more on learning-by-doing and action learning as well as focusing on experience sharing, establishing communities of

practice/situated learning. Focusing on the experience aspect, experiential learning involves effort, mistakes, reflection and refinement of strategies. This makes learning personal, relevant and meaningful which can consequently help develop agency. The shift in the method of learning is important as experiential learning is applied, relevant and integrated. Therefore, action learning can help SME managers gain relevant contextual experiences which would boost the transferability of learning. The concept of situated learning in communities of practice emphasises the context-bound nature of learning. Thus, highlighting the intimate connection between knowledge and action.

6.1.7. Further Research

Given that this study is producing this new theoretically based understanding of managerial competencies in the context of SME internationalisation, the research community would be encouraged to apply different methodological and epistemological lenses to further examine and explore this fascinating phenomenon. This is proposed as a future area of research because this study has shown that this area of competency in particular the managerial competencies is perhaps an area of management research that we have not understood in its fullest extent yet. This study applied the lens of critical realism which resulted in the findings presented in this study, therefore, there is promise and potential for future research through the application of different methodological and epistemological approaches, which would help develop our understanding of the topic, contribute to the body of knowledge and enhance the intellectual framework and our understanding of managerial competencies and SME internationalisation.

Another area of future research would be to build on the findings of this study and to focus on the differences between the cases presented in this study, i.e., there is potential for comparative studies of different types of SMEs comparing and analysing their many different features, including their size, sector, economic context, level of technology, their strategic

drive and mode of internationalisation as well as exploring their impacts on managerial competencies. Furthermore, as a result of the sampling strategy employed in the research methodology, the sample consisted of mainly, SME managers who had successful internationalisation experiences. Consequently, the discussion is predominantly positive. Hence, an interesting area of future research could be to reflect on SME managers who fail to internationalise, the underlying reasons and to examine whether the SME managers' competencies would differ to the ones discovered in this study.

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Appendix

Appendix A - Interview Question Design & Considerations

Interview Question Design and Considerations

As the selected method of data collection for this research was semi-structured interviews it was important to follow the principles of the semi-structured, open-ended interview. Such interviews are structured in terms of the wording of the questions. Participants were asked questions with the assistance of an interview guide, but the questions were worded so that questions were open-ended (Gall, Gall, & Borg, 2007; Kvale, 2007). This open-endedness allowed the participants to contribute as much detailed information as they desired, it also allowed the researcher to ask probing questions as a means to follow up in promising areas and areas of interest. Open ended semi structured interviews allowed the researcher and the participant to explore the ideas together and provided the opportunity to gain a deeper insight to the assumptions behind the competencies that participants felt were required for the internationalisation of their SMEs.

Additionally, it is argued that people respond differently depending on how they perceive the interviewer, 'the interviewer effect' "In particular, the sex, the age, and the ethnic origins of the interviewer have a bearing on the amount of information people are willing to divulge and their honesty about what they reveal" (Denscombe, 2007, p 187). Demand characteristics is when the interviewee's responses are influenced by what they think the situation would require rather than what they genuinely feel is required (Gomm, 2004). In order to avoid such issues, the interviewees were assured that their information would remain completely anonymous and were offered confidentiality as well as the option to stop the interview and have it removed from the sample at any point. They were provided with clear instructions about the topic, the aim of the research and were given assurance that there were no right, or wrong answers and the focus was purely on their perceptions and their experience.

Another consideration was the difficulty of coding the data gathered using semi-structured interviews (Creswell, 2009) as open-ended interviews are designed for participants to fully express their responses in as much detail as desired, which was the case of this research as the SME managers provided long detailed accounts of the internationalisation. Therefore, it is a demanding task for the researcher to work through the vast amount of data which is why in this study NVivo data analysis software was utilised which assist the researcher in handling the data in order to extract similar themes or codes from the interview transcripts. Although the data that was gathered using this type of interview is rich and detailed qualitative data, it can be a more cumbersome process for the researcher to sift through the narrative responses in order to fully and accurately reflect an overall perspective of all interview responses through the coding process. However, this itself according to Gall, Gall, and Borg (2003), reduces researcher biases within the study, particularly when the interviewing process involves many participants (Kvale, 2007; McNamara, 2009 and Creswell, 2007) which was the case in this study.

Lastly, the researcher undertook a pilot interview which assisted the researcher in determining if the questions were engaging and if the questions allowed the exploration of the perceptions of the participants to a sufficient extent (Kvale, 2007). There were no particular limitations or

other weaknesses in the interview guide, and, after some limited refining of the questions, the final interview guide was produced. The initial, pilot interview was also included in the sample and was part of the total 52 interviews.

Constructing the Interview Questions

Creating effective research questions for the interview process is considered as one of the most crucial components to interview design. The questions were designed to allow the researcher to dig deep into the experiences and/or knowledge of the participants in order to gain maximum data from the interviews. The wording of the questions allowed open-ended responses so that the respondents could choose their own terms when answering questions. (a) The questions were as neutral as possible to avoid wording that might influence answers, e.g., evocative, judgmental wording; (c) the questions were asked one at a time; (d) questions were worded clearly (this includes knowing any terms particular to the program or the respondents' culture); and (e) "why" questions were asked (McNamara, 2009). The researcher thus safeguarded against leading questions based on the researcher's preconceived ideas of what is and is not worth discussing.

In the first 5-10 minutes of the interview, the researcher focused on building rapport and ease the participants into the interview. The topics of questions asked in the interviews are as follow:

- Demographics
- General questions about the context of SME internationalisation
- Specific questions regarding managerial competencies and SME internationalisation
- An informal discussion after the recorder is turned off

As the aim of the research was identifying managerial competencies required for SME internationalisation the questions were designed so that they would cover key research areas such as managerial competencies and SME internationalisation by providing detailed accounts of the experience through the use of probing questions which encouraged the interviewees to engage on a more in-depth level thus providing an insightful account of the experience.

The main topic of the questions focused on managerial competencies and internationalisation of the SMEs and included question regarding motives, significance, influence, challenges and development related topics in regard to managerial competencies and SME internationalisation. The selected questions allowed the researcher to gain an insightful understanding of the context and managerial competencies required and to further investigate the intentions and competencies that allow the initiation of SME internationalisation as well as understanding the competencies that managers possess during their internationalisation and whether the SME managers look to actively develop any certain competencies during internationalisation. The Questions also allowed the researcher to examine whether the competencies changed as the firm progresses during internationalisation and if the required competencies are different to domestic managerial competencies. Lastly, the questions and the answers provided allowed the exploration of the influence of managers in the success of their organisation during the internationalisation process.

Type of Information Collected in the Interviews

The questions were designed to allow the researcher to dig deep into the experiences and/or knowledge of the participants in order to gain maximum data from the interviews. the data that was gathered using this type of interview is rich and detailed qualitative data. The questions of the interviews covered the demographics of the SME managers that were being interviewed as well as the context of the SME internationalisation which enables the research to gain an enhanced understanding of the SME managers and the context in which they operate which can in turn help provide a more in-depth picture of the SME internationalisation phenomenon. The remaining questions focused on gathering qualitative data regarding the perceptions of participants on competencies required during internationalisation. Therefore, as a result both, managerial competencies related data as well as contextual data were gathered. The data was in the form of rich, original voices that were used to construct a research narrative that gave the method its invaluable quality. This was achieved by allowing the participants the freedom to express their views in their own terms and thus providing the researcher, rich, reliable and comparable qualitative data which is based on the managers perceptions and experiences during SME internationalisation. The collected data was extremely useful due to its depth and richness and allowed the researchers to develop a profound understanding of the topic of managerial competencies required for SME internationalisation.

Appendix B - Interview Questions

Interview Questions

<u>Demographics</u>

1. How old are you?
2. What is your current position in the firm?
3. What was your role during the internationalisation process?
4. How long have you been working in this firm?
5. What is you level of experience?
6. What is your level of education?

<u>General Questions</u>

7. Can you briefly describe the organization and the management hierarchy?
8. How are the decisions made in the organisation?
9. What does it mean to be a manager or key player in general terms?
10. What does it mean to be a manager or a key player during the internationalization process?
11. Can you provide some background information on the process?
12. What was the reason for internationalisation?
13. Do you consider internationalisation to be a one-off event?
14. How was the organisations response to internationalisation?
15. What have you learned so far in regard to the process of internationalisation?

<u>Specific Questions</u>

16. What competencies did you possess which allowed you to initiate the internationalisation process?
17. What competencies did you need during the internationalisation process and why?
18. What competencies do you believe were more significant during the internationalisation process and why?
19. What competencies do you believe were less significant and why?
20. During the process of internationalisation did you ever actively seek to develop any certain competencies?

21. Did the required competencies change or stay the same as the firm progressed in the internationalisation process?

22. Are the competencies required for internationalisation different or not to general managerial competencies?

23. Were there competencies that developed during the internationalisation process?

24. Have the competencies changed now that you an international firm?

25. How has your competencies prior to internationalisation influenced or not influenced your firm's ability to successfully internationalise?

26. How influential or not influential are managers in the success of their organisation during the internationalisation process?

27. Based on your personal experience do you believe that an SME can or cannot successfully internationalise without a competent manager?

28. Based on your personal experience do you believe that possessing the competencies that you mentioned can or cannot guarantee the success of an SME during the internationalisation?

29. Did you or did you not face any challenges or particular situations that you felt were linked to your competencies as a manger?

30. Are there any particular comments that you wish to add in regard to managerial competency and SME internationalisation?

<u>Informal Discussion</u>

• Have I missed anything or are there any comments, suggestion or recommendations that you wish to add?

Appendix C - Participation Letter

Dear Sir/Madam,

My name is Pouria Panahi and I am a PhD research student at the University College of London (UCL). I am writing this letter to invite you to kindly participate in an interview which will form the basis of my PhD. The Primary aim of this study is to investigate managerial competencies required for successful internationalisation of small and medium sized enterprises (SMEs).

The study aims to identify the managerial competencies required for SME internationalisation through the following objectives:

- Investigating the intentions and competencies that allow the initiation of SME internationalisation.
- Investigating the competencies that managers develop during their internationalisation and whether the SME managers look to actively develop any certain competencies during internationalisation.
- Exploring whether the competencies change as the firm progresses during internationalisation and if the required competencies are different to domestic managerial competencies.
- Lastly, exploring the influence of managers in the success of their organisation during the internationalisation process.

Data for this study will be collected via a semi-structured face to face interview which will last approximately one hour. Please be informed that this interview will take place in an open and friendly setting. As such, your wishes will be respected at all times, particularly if you deem it necessary to skip a question or postpone/terminate the interview. The interview will be recorded to streamline the preparation of the transcript. Should you wish for the removal of this sample at any point, please contact myself and both the recording and transcript will be promptly discarded.

Please be assured that confidentiality will be strictly maintained at all times and names will be appropriately anonymised.

I am off utmost gratitude for your assistance in furthering the understanding surrounding this topic.

If you have any questions, please do not hesitate to contact myself at your convenience.

Best Regards,
Pouria Panahi

Appendix D - Full Interview Sample

The following table provides a full list of the interviewed managers including their detailed

demographical information, the interview details and the SME characteristics.

Table 17 : Full Interview Sample

Participants	Professional Position	SME Founder	Manager's Level of Internationalisation Experience	Type of international experience prior to internationalisation - 1: International business-related qualification, 2: Lived abroad, 3: Studied abroad, 4: Worked abroad, 5: Business travel abroad, 6: Worked with international partners, 7: Foreign background	Age	Gender (M/F)	Education	Interview Duration (Hours)	Interview Format	Company Age	Industry Sector	SME Size	Home Country	Format of Internationalisation	Countries Most Active In	Lifetime Stage (Startup vs Established)
	Demographic Information							**Interview Details**		**SME Characteristics**						
1	Senior Manager	No	High	2, 4, 5, 6	64	M	Engineering Degree	01:38	Face to Face	+20	Manufacturing	Medium	Italy	Direct Export	UK, Germany, France, Belgium, Netherlands, Spain, Portugal, USA, Canada	Established
2	Managing Director	Yes	Medium	1, 5, 6	36	M	Business Degree	01:24	Face to Face	8	Fashion	Micro	UK	Direct Export, Production facility abroad	Germany, Netherlands, Italy, Sweden, Norway, Denmark, Qatar, UAE, Kuwait, China	Established
3	Managing Director	Yes	High	1, 2, 3, 4, 5, 6, 7	41	M	MBA	01:17	Face to Face	14	Services	Small	UK	Licensing & Franchising	Ukraine, Bulgaria, Russia, Romania, Hungary	Established
4	Managing Director	Yes	High	2, 3, 4, 5, 6, 7	37	M	Computer Science MSc	01:12	Face to Face	3	IT	Micro	UK	Service FDI	Germany, France, Argentina	Start-up
5	Managing Director	Yes	Low	5, 6	43	F	Hospitality Degree	01:23	Skype	3	Services	Micro	USA	Licensing & Franchising	Canada, UK	Start-up

Participants	Demographical Information							Interview Details		SME Characteristics						
	Professional Position	SME Founder	Manager's Level of Internationalisation Experience	Type of international experience prior to internationalisation - 1: International business-related qualification, 2: Lived abroad, 3: Studied abroad, 4: Worked abroad, 5: Business travel abroad, 6: Worked with international partners, 7: Foreign background	Age	Gender (M/F)	Education	Interview Duration (Hours)	Interview Format	Company Age	Industry Sector	SME Size	Home Country	Format of Internationalisation	Countries Most Active In	Lifetime Stage (Startup vs Established)
6	Managing Director	Yes	High	4, 5, 6	54	M	Engineering Degree	01:27	Face to Face	17	Manufacturing	Medium	UK	Outsourced manufacturing & Manufacturing FDI	Sri Lanka, India, Bangladesh, China	Established
7	Managing Director	Yes	Medium	2, 4, 5, 6	48	F	Electrical Engineering Degree	01:04	Face to Face	12	Manufacturing	Small	UK	Direct Export	Norway, Sweden, Denmark	Established
8	Internationalisation Manager	No	High	1, 2, 3, 4, 5, 6, 7	58	M	Business MSc	01:25	Skype	16	Manufacturing	Medium	China	Direct Export	Worldwide	Established
9	Managing Director	Yes	Medium	4, 5, 6	62	M	Mechanical Engineering Degree	01:02	Face to Face	12	Manufacturing	Medium	UK	Joint Venture	Germany, Netherlands, Austria	Established
10	Managing Director	Yes	Low	5, 6	28	M	Arts & Fashion Degree	01:31	Face to Face	2	Fashion	Small	UK	Direct Export & Outsourced Manufacturing	Worldwide	Start-up
11	Managing Director	Yes	Medium	2, 4, 5, 6	38	M	History Degree	01:14	Face to Face	9	Services	Small	UK	Licensing & Franchising	Germany, Italy, Spain	Established

| | Demographical Information | | | | | | | Interview Details | | SME Characteristics | | | | | | |
Participants	Professional Position	SME Founder	Manager's Level of Internationalisation Experience	Type of international experience prior to internationalisation - 1: International business-related qualification, 2: Lived abroad, 3: Studied abroad, 4: Worked abroad, 5: Business travel abroad, 6: Worked with international partners, 7: Foreign background	Age	Gender (M/F)	Education	Interview Duration (Hours)	Interview Format	Company Age	Industry Sector	SME Size	Home Country	Format of Internationalisation	Countries Most Active In	Lifetime Stage (Startup vs Established)
12	Managing Director	Yes	High	2, 4, 5, 6	51	M	Engineering Degree	01:04	Face to Face	11	Manufacturing	Small	Italy	Joint Venture	USA, Canada	Established
13	Managing Director	Yes	High	5,6	59	F	Accounting	00:59	Face Time	+20	Fashion	Small	France	Direct Export	Europe	Established
14	Managing Director	Yes	High	2, 4, 5, 6	68	M	Actuarial Science MSc	01:12	Face to Face	+20	Finance	Micro	UK	Merger	Switzerland, Luxemburg	Established
15	Managing Director	Yes	Medium	1, 5, 6	49	M	Business MSc	01:01	Face to Face	10	Manufacturing	Small	UK	Manufacturing FDI	China, Taiwan	Established
16	Senior Manager	No	High	2, 4, 5, 6, 7	73	M	Diploma	01:12	Face to Face	31	Construction	Micro	UAE	Foreign Direct Investment	UK, France, USA, Qatar, Saudi Arabia	Established
17	Managing Director	Yes	Low	1, 2, 3, 7	41	M	Project Management MSc	01:28	Face to Face	4	Services	Small	UK	Licensing & Franchising	Russia, China, Germany, France, Romania	Start-up

Participants	Professional Position	SME Founder	Manager's Level of Internationalisation Experience	Type of international experience prior to internationalisation - 1: International business-related qualification, 2: Lived abroad, 3: Studied abroad, 4: Worked abroad, 5: Business travel abroad, 6: Worked with international partners, 7: Foreign background	Age	Gender (M/F)	Education	Interview Duration (Hours)	Interview Format	Company Age	Industry Sector	SME Size	Home Country	Format of Internationalisation	Countries Most Active In	Lifetime Stage (Startup vs Established)
								Demographical Information	Interview Details					SME Characteristics		
18	Managing Director	Yes	Medium	2, 3, 5, 6, 7	48	M	Civil Engineering MSc	01:02	Skype	14	Construction	Small	Qatar	Joint Venture	UAE, Turkey, Iran, Saudi Arabia, Spain	Established
19	General Manager	No	Low	1, 5, 7	39	M	International Business MSc	01:08	Skype	3	IT	Micro	USA	Joint Venture	Mexico, Peru, Brazil, Spain, Portugal	Start-up
20	Managing Director	Yes	High	2, 3, 4, 5, 6	58	M	Commercial Pilot Licence	01:21	Face to Face	15	Fashion	Medium	Iran	Direct Export & Outsourced Manufacturing	China, Turkey, UAE, Qatar, Italy	Established
21	Senior Manager	No	High	2, 4, 5, 6	63	M	Architecture	01:17	Face to Face	23	Construction	Medium	UK	Joint Venture	Saudi Arabia, UAE, Qatar, Spain	Established
22	Managing Director	Yes	High	1, 4, 5, 6	59	M	Manufacturing & Management MSc	01:34	Skype	16	Manufacturing	Medium	Germany	Direct Export & Service FDI	Worldwide	Established
23	Managing Director	Yes	Medium	5, 6	48	M	Banking & Finance Degree	01:03	Face to Face	12	Manufacturing	Small	UK	Direct Export	Europe	Established

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	Demographical Information							Interview Details		SME Characteristics						
Participants	Professional Position	SME Founder	Manager's Level of Internationalisation Experience	Type of international experience prior to internationalisation - 1: International business-related qualification, 2: Lived abroad, 3: Studied abroad, 4: Worked abroad, 5: Business travel abroad, 6: Worked with international partners, 7: Foreign background	Age	Gender (M/F)	Education	Interview Duration (Hours)	Interview Format	Company Age	Industry Sector	SME Size	Home Country	Format of Internationalisation	Countries Most Active In	Lifetime Stage (Startup vs Established)
24	Managing Director	Yes	Low	4, 5, 6	43	F	Psychology Degree	01:11	Face to Face	3	Services	Micro	UK	Joint Venture and Franchising	France, Italy, Spain, Malta, Croatia	Start-up
25	Senior Manager	No	Medium	1, 2, 3	38	M	Project Management MSc	01:33	Skype	12	Construction	Medium	Saudi Arabia	Joint Venture	Nigeria, Egypt, Algeria, Morocco, Tunisia	Established
26	Managing Director	Yes	High	2, 3, 4, 5, 6	42	M	Cinema Studies Diploma	01:07	Face to Face	7	Fashion	Micro	Italy	Outsourced Manufacturing, Direct Export	Worldwide	Established
27	Managing Director	Yes	High	2, 3, 4, 5, 6	68	M	Engineering MSc	01:15	Face to Face	34	Manufacturing	Medium	Iran	Direct and Indirect Export	UAE, Iraq, Qatar, Turkey	Established
28	Managing Director	Yes	High	5, 6	40	F	Jewellery Design Courses	01:03	Skype	10	Fashion	Small	China	Direct Export	Worldwide	Established
29	Managing Director	Yes	High	2, 4, 5, 6	52	M	Executive LLM	01:12	Face to Face	14	Finance	Small	UK	Strategic Alliance & Non-Equity Association	UAE, Saudi Arabia, Qatar, Switzerland	Established

Participants	Demographical Information							Interview Details		SME Characteristics						
	Professional Position	SME Founder	Manager's Level of Internationalisation Experience	Type of international experience prior to internationalisation - 1: International business-related qualification, 2: Lived abroad, 3: Studied abroad, 4: Worked abroad, 5: Business travel abroad, 6: Worked with international partners, 7: Foreign background	Age	Gender (M/F)	Education	Interview Duration (Hours)	Interview Format	Company Age	Industry Sector	SME Size	Home Country	Format of Internationalisation	Countries Most Active In	Lifetime Stage (Startup vs Established)
30	Managing Director	Yes	Medium	2, 3, 4, 5, 6	48	M	Mechanical Engineering MSc	01:08	Face to Face	8	Engineering	Micro	Germany	Strategic Alliance (Contractual Agreements)	Turkey, Iran, UAE, Qatar	Established
31	Managing Director	Yes	Low	1, 5, 6	36	M	Business MSc	01:14	Face to Face	3	Manufacturing	Small	UK	Direct Export	Denmark, Sweden, Norway, Finland	Start-up
32	Managing Director	Yes	High	2, 3, 4, 5, 6	37	M	Fashion Degree	01:02	Face to Face	9	Fashion	Small	Italy	Direct and Indirect Export	Worldwide	Established
33	Senior Manager	No	High	2, 3, 4, 5, 6, 7	44	M	Construction Management MSc	01:15	Skype	15	Construction	Small	UAE	Foreign Direct Investment & Joint Venture	Lebanon, Jordan, Syria, Kuwait	Established
34	Senior Manager	No	Medium	4, 5, 6	41	M	Biochemistry MSc	01:14	Skype	22	Manufacturing	Small	Saudi Arabia	Direct Export & Joint Venture	USA, Jordan, Syria	Established
35	Senior Manager	No	High	2, 3, 5, 6	58	M	Chemical Engineering Degree	01:23	Skype	32	Manufacturing	Small	UAE	Joint Venture	Qatar, Jordan, Saudi Arabia, China	Established

	Demographical Information							Interview Details		SME Characteristics						
Participants	Professional Position	SME Founder	Manager's Level of Internationalisation Experience	Type of international experience prior to internationalisation - 1: International business-related qualification, 2: Lived abroad, 3: Studied abroad, 4: Worked abroad, 5: Business travel abroad, 6: Worked with international partners, 7: Foreign background	Age	Gender (M/F)	Education	Interview Duration (Hours)	Interview Format	Company Age	Industry Sector	SME Size	Home Country	Format of Internationalisation	Countries Most Active In	Lifetime Stage (Startup vs Established)
36	Managing Director	Yes	Medium	1, 5, 6	52	M	Business MSc	01:11	Face to Face	16	Manufacturing	Medium	Iran	Direct Export	Turkey, UAE, Iraq	Established
37	Senior Manager	No	High	4, 5	57	M	Facilities Management MSc	01:03	Face to Face	17	Manufacturing	Medium	Iran	Direct Export	Europe	Established
38	Managing Director	Yes	Medium	5, 6	42	M	Computer Science Degree	01:04	Face to Face	4	IT	Micro	UK	Outsourced Services	India, Poland, Ukraine	Start-up
39	Innovation Manager	No	High	2, 3, 4, 5, 6	52	M	Mechanical Engineering PhD	01:21	Face to Face	12	Manufacturing	Medium	UK	Direct Export	USA, Saudi Arabia, Australia, India, Egypt, Algeria	Established
40	Managing Director	Yes	High	2, 4, 5, 6	57	M	Facilities Management & MBA	01:27	Skype	18	Manufacturing	Medium	Nigeria	Joint Venture	USA, UK, France, Italy	Established
41	Managing Director	Yes	Medium	5, 6	47	M	Manufacturing Engineering Degree	00:58	Face to Face	8	Finance	Micro	UK	Direct Export	Hong Kong, China, Australia	Established

			Demographical Information					Interview Details		SME Characteristics						
Participants	Professional Position	SME Founder	Manager's Level of Internationalisation Experience	Type of international experience prior to internationalisation - 1: International business-related qualification, 2: Lived abroad, 3: Studied abroad, 4: Worked abroad, 5: Business travel abroad, 6: Worked with international partners, 7: Foreign background	Age	Gender (M/F)	Education	Interview Duration (Hours)	Interview Format	Company Age	Industry Sector	SME Size	Home Country	Format of Internationalisation	Countries Most Active In	Lifetime Stage (Startup vs Established)
42	Senior Manager	No	High	2, 3, 4, 5, 6	54	M	Architecture	01:02	Face to Face	15	Construction	Medium	UK	Joint Venture	USA, France	Established
43	Managing Director	Yes	High	2, 3, 4, 5, 6	49	M	Mathematics MSc	01:20	Face to Face	12	Manufacturing	Medium	Iran	Direct Export	Middle East, Eastern Europe	Established
44	Managing Director	Yes	Medium	5, 6	37	F	Business Administration Degree	01:11	Skype	9	Fashion	Small	China	Direct Export	Worldwide	Established
45	Senior Manager	No	High	1, 2, 3, 5, 6	40	M	Business Degree	01:22	Skype	16	Fashion	Small	China	Direct Export	Worldwide	Established
46	Managing Director	Yes	Medium	4, 5, 6	47	M	Area and Cultural Studies Degree	01:06	Face Time	4	Manufacturing	Small	Italy	Direct Export	Europe	Start-up
47	Managing Director	Yes	High	1, 2, 3, 4, 5, 6	51	M	Computer Science MSc	01:08	Face to Face	16	Manufacturing	Medium	Iran	Joint Venture and Direct Export	China, Hong Kong, South Korea, Singapore, Malaysia	Established

Participants	Professional Position	SME Founder	Manager's Level of Internationalisation Experience	Type of international experience prior to internationalisation - 1: International business-related qualification, 2: Lived abroad, 3: Studied abroad, 4: Worked abroad, 5: Business travel abroad, 6: Worked with international partners, 7: Foreign background	Age	Gender (M/F)	Education	Interview Duration (Hours)	Interview Format	Company Age	Industry Sector	SME Size	Home Country	Format of Internationalisation	Countries Most Active In	Lifetime Stage (Startup vs Established)
								Demographical Information		**Interview Details**				**SME Characteristics**		
48	Managing Director	Yes	High	2, 3, 4, 5, 6, 7	54	M	Electrical Engineering MSc	01:02	Face to Face	17	Engineering	Small	UK	Direct Export	Norway, Sweden, Denmark	Established
49	Senior Manager	No	High	5, 6	45	M	Mechanical Engineering Degree	01:05	Skype	35	Manufacturing	Medium	Germany	Manufacturing FDI	China, Turkey	Established
50	Managing Director	Yes	High	1, 2, 3, 4, 5, 6,	53	M	Chemical Engineering MSc	01:14	Face to Face	24	Manufacturing	Medium	Iran	Outsourced Manufacturing, Direct Export	China, UAE, Iraq, Turkey	Established
51	Managing Director	Yes	Medium	2, 5, 6	49	M	Civil Engineering MSc	01:03	Skype	12	Construction	Small	UAE	Joint Venture	Qatar, Saudi Arabia, Oman, Bahrain, Kuwait	Established
52	Managing Director	Yes	Medium	1, 3, 5, 6	44	M	Business Degree	00:57	Skype	9	Manufacturing	Medium	China	Direct Export	Worldwide	Established

Appendix E - Background & Context of Interviewed SMEs - Full Table

The following table presents the collected evidence and provides a contextual overview of the researched SMEs. The table provides a detailed insight to the researched SMEs including, their lifetime stage, their strategic motivation/drive for internationalisation, some of the challenges they faced when trying to internationalise and some of the enablers they used to achieve internationalisation.

Table 18 : Background & Context of Interviewed SMEs - Full Table

Participant	Company Age	Product Category	Industry Sector	SME Size	Home Country	Format of Internationalisation	Countries Most Active In	Technological Intensity (% R&D to turnover)	Lifetime Stage (Start-up vs Established)	Internationalisation Approach - Proactive, Reactive or Mixed	SME Overview	Motives and Drivers of Internationalisation	Enablers Used to Internationalise	Challenges and Barriers Faced During Internationalisation
1	+20	Metalworking company operating in the field of electrical low voltage equipment	Manufacturing	Medium	Italy	Direct Export	UK, Germany, France, Belgium, Netherlands, Spain, Portugal, USA, Canada	Low	Established	Mixed	An Italian medium sized SME manufacturing firm which is specialised in metalworking in the field of domestic electrical equipment. It was the managers intentions to internationalise the SME having had to deal with the stagnating domestic market, due to the high competition from the more established and bigger domestic firms. The manager highlighted their level of experience and their ability to understand the market and utilise their competencies as the main reasons for their success in internationalisation. Manager highlighted the closeness of the markets they were engaged in as a positive factor which meant he was able to directly apply the competencies which he had experienced in other international ventures	Managers extensive experience and positive attitude towards internationalisation, the wider western European market and the US market was seen as an opportunity to increase sales and to enlarge customer base. The motivation to internationalise was further encouraged by the limited Italian domestic market	Managerial competencies and experience were identified as the main enabler for the firm to internationalise, the manager rereferred to their competencies and pervious international experience as a major contributor, the chosen markets close distance to the domestic market minimised the issues related to cultural differences which in turn helped ease the internationalisation process	Difficulties in finding the right distributors in the foreign markets meant that the manager decided the best entry mode would be to engage in direct exports. They faced certain standard and specification issues due to the requirements of the US and Canadian market
2	8	Sports Fashion Brand	Fashion	Micro	UK	Direct Export, Production facility abroad	Germany, Netherlands, Italy, Sweden, Norway, Denmark, Qatar, UAE, Kuwait, China	Low	Established	Mixed	The internationalisation was a result of both proactive and reactive factors and was mostly initiated due to the managerial urge. However, the manager highlighted another important factor was receiving unsolicited foreign orders when the firm was operating in the domestic market which highlighted the international demand for the company's' products which furthered encouraged the manager and fast tracked the internationalisation efforts. Another import contributor was the utilisation of production facilities in other countries such as china	The managers desire, drive and enthusiasm were highlighted as one of the main drivers of internationalisation, the manager identified their entrepreneurial motivations as a major driving factor as well as the profit and business growth opportunities present in the international market	The internationalisation was enabled by the positive attitude of the manager. Furthermore, the entrepreneurial and agential approach of the manager was also highlighted. The manager as well as recognising the importance of managerial competencies focused on the significance of being culturally aware and sensitive when internationalising	The manager identified his initial lack of knowledge regarding operating internationally as well as lack of international market information and appropriate networks and contacts as a major challenge. The manager further highlighted that the limited financial resources available and the difficulties with logistics and distributions proved to be challenging. Even though the manager claimed to be culturally sensitive, he suggested that managers need to recognise the importance of cultural differences as failing to recognise or lacking competencies to deal with cultural issues can have serious negative impacts on internationalisation of the SME

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Participant	Company Age	Product Category	Industry Sector	SME Size	Home Country	Format of Internationalisation	Countries Most Active In	Technological Intensity (% R&D to turnover)	Lifetime Stage (Start-up vs Established)	Internationalisation Approach - Proactive, Reactive or Mixed	SME Overview	Motives and Drivers of Internationalisation	Enablers Used to Internationalise	Challenges and Barriers Faced During Internationalisation
3	14	Business Tech	Services	Small	UK	Licensing & Franchising	Ukraine, Bulgaria, Russia, Romania, Hungary	Medium	Established	Proactive	The SME was established as a result of a unique service and the company providing a service that was not available from international competitors because of the service's unique technological features. The selected markets were chosen because of the managers personal background, access to exclusive market information in that region as well as the fact that the markets were considered as culturally close	Managerial urge, profit and business growth especially the opportunity to increase sales as well as the company providing specialised services which were not available from international competitors were the main motives for the internationalisation of this company	Internationalisation was initiated as a result of the manager's desire for growth and expansion and it was enabled by the manager's high international experiences as well as the manager having access to market information due to personal background and network. The SME had access to exclusive market information associated with eastern European countries in which the SME operated in. Additionally, the manager highlighted his competencies and extensive personal network as the major contributing factors to the SME internationalisation	Some of the challenges that the company faced was due to the fact that even though the manager was proactive in the process, the process was still considered a big risk due to the lack of financial resources as well as operating and working with less stable economies of the eastern European countries in comparison to that of the UK. The managers also highlighted the lack of governmental incentives and financial support as a challenge.
4	3	IT Solutions	IT	Micro	UK	Service FDI	Germany, France, Argentina	Medium	Start-up	Proactive	Sales carried out by foreign based non-producing affiliates based in Germany, France and Argentina. The two European markets were chosen due to their geographical closeness and ease of access in terms of market information and the similarities to the domestic market. The choice to also operate in Argentina was purely based on the manager's emotional inclination to re-establish links to his home country	The internationalisation of this SME was due to managerial urge as well as profit and business growth opportunities presented in the international market. The manager's Argentinian background and his desire to establish a business network with his home country was also a motivation to internationalise. Germany and France are considered as big European markets with a strong market for IT and technology related products and services hence the manager looked to increase the company's market size by entering those markets	The managerial competencies, extensive experiences as well as relevant education helped the internationalisation process. The Argentinian market was entered due to the manager having an Argentinian background and therefore having strong established networks as well as being familiar with the countries market conditions, culture and legal requirements	Difficulties in identifying international business opportunities, inability to contact potential international customers and obtaining reliable international representatives as well as limited information to locate and analyse markets as well as the lack of human resources due to the size of the SME and being untrained to deal with international markets were identified as some of the major challenges that the SME faced

Participant	Company Age	Product Category	Industry Sector	SME Size	Home Country	Format of Internationalisation	Countries Most Active In	Technological Intensity (% R&D to turnover)	Lifetime Stage (Start-up vs Established)	Internationalisation Approach - Proactive, Reactive or Mixed	SME Overview	Motives and Drivers of Internationalisation	Enablers Used to Internationalise	Challenges and Barriers Faced During Internationalisation
5	3	Business Services/ Intelligent Offices	Services	Micro	USA	Licensing & Franchising	Canada, UK	Medium	Start-up	Mixed	A micro start-up SME based in the US that begun the internationalisation process after having attended an exhibition on smart offices in London. The manager in order to avoid cultural and linguistic challenges decided to operate in the UK and Canadian market as they were perceived to be easier to operate in due to the shared spoken language and their closer cultures. Prior to the exhibition she had very little experience in the international market and felt that she lacked the competencies to internationalise but highlighted that with experience she felt more confident about internationalisation. The manager described her approach to internationalisation as experimental	A combination of both proactive and reactive motives due to the attractiveness of the international market and the compulsion of the domestic market. General managerial motivation to internationalise increased revenue, long term growth strategy, establishing a stronger market position, seeing the competitors' success in international markets, enhancement of company image was all considered as contributing factors to the motivation to internationalised	Ease of access to advanced technology such as improved communication and information processing capabilities were highlighted amongst the many contributing factors which enabled the SME to internationalise. Managerial competencies were highlighted and were signified as most important factor during internationalisation	Inability to contact potential international customer, inadequate managerial competencies, lack of time and lack of knowledge as well as lack of financial resources, human capital and market information were highlighted as some of the biggest challenges
6	17	Textiles	Manufacturing	Medium	UK	Outsourced manufacturing & Manufacturing FDI	Sri Lanka, India, Bangladesh, China	Low	Established	Mixed	A medium sized textile manufacturing SME based in the UK which sought to internationalise its manufacturing and production operations by directly investing in foreign companies and also establishing partnerships with international manufacturing firms in order to become more competitive in the UK market	Managerial urge including the manager's experience of operating in international markets. Profit and business growth opportunities achieved by increasing profit margins and reducing manufacturing costs. Economies of scale and enhancement of supply chain and production capacity were highlighted as some of the main motivations. Furthermore, the manager highlighted the increasing foreign market entry of the competitors and his fear of losing foreign markets permanently to domestic competitors	Managerial competencies and the experiences were highlighted as one of the most influential factors. The managers highlighted that his competencies along his previous international experience better positioned him to initiate the internationalisation of the SME by establishing manufacturing sites in foreign countries and also outsourcing some of the manufacturing to more specialised manufacturers in order to achieve economies of scale and become more competitive	Investing in foreign markets and moving some of the operations abroad was considered as a major challenge due to the many risks involved including the fact that the manager had to deal with unfamiliar business practices and procedures. Exchange rate fluctuations and barriers of bureaucracy were also highlighted as well as the difficulties in establishing appropriate networks and contacts in the foreign markets

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7	12	Communication products	Manufacturing	Small	UK	Direct Export	Norway, Sweden, Denmark	Low	Established	Mixed	A small sized SME, manufacturing communication products with direct exports to the Scandinavian countries including, Norway, Sweden and Denmark. The internationalisation was first initiated by entering the Swedish market having established strong contacts with the Swedish Market because of the Swedish clients they were working with at the time in the UK. Due to the close cultures and geographical locations the manager decided to expand to the markets of Norway and Denmark	Cultural socialisation of the manager as well as establishing international links in the domestic market were considered as the main contributing factors to the SME internationalisation. The company operated in Scandinavian countries as they were considered as culturally and geographically close markets. Operating internationally enabled the company to gain extensive business networks and to establish closer relationships with the customers. This was further encouraged by international demand for the products	The SME internationalised as a result of working with international clients (Swedish Backgrounds) in the UK market. This assisted the SME in establishing strong connections with the Swedish market. This enabled the company to have access to exclusive market information.	One of the major challenges that the manager faced was the uncertainty of operating in the international market, the unfamiliar environment. Unfamiliar foreign business procedures, strict laws and regulations as well as administrative procedures and high import tariffs were highlighted. Different needs of the market and meeting export specifications were also considered as challenging.
8	16	Plastic mould injection parts	Manufacturing	Medium	China	Direct Export	Worldwide	Low	Established	Mixed	A highly experienced manager both in the field of manufacturing and also international business. The manufacturing facility was set up initially to serve the fast-growing domestic market but the manager having international experience soon realised the high profit and business growth opportunities of the international market and thus diverted its efforts into serving the worldwide market. The manager stressed the difficulties of operating in the international market including the higher level of uncertainty and diversity and stressed the vital role of the manager to have clear goals and to actively engage and drive the SME towards its business targets	The main motive and driver for the internationalisation of this SME was the market opportunities in the international market. Increased sales and higher profit margins which enabled the SME to achieve its long-term growth strategies, due to the intense competition in the domestic market and popularity of Chinese manufacturing in the worldwide market internationalisation was considered as a logical strategic decision	Cheap labour cost, established transportation methods, ease of access to information, worldwide recognition of China as an exporting country. The production capacity and cheaper labour compared to the international competitors, enabled the SME to produce products at lower prices which made the SMEs offering much more attractive to the international markets	The manager highlighted that at times because of the uncertainties present in the international market such as legal, political and economic issues he felt that lack inadequate managerial competencies were felt. Company being an older manufacturing company faced challenges due to the lack of innovation in the production. Limited information to locate/ analyse markets, intense international competition and the difficulties in finding the right contacts in the distant markets, due to cultural differences, language barriers and varying time zones were highlighted. Lack of innovation sometimes caused challenges for the SME in meeting export standards and specifications

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9	12	Specialised mechanical parts	Manufacturing	Medium	UK	Joint Venture	Germany, Netherlands, Austria	High	Established	Mixed	A high-tech manufacturing SME based in the UK producing specialised mechanical components, lacked the knowledge assets and the technology to further innovate their products, therefore through establishing joint ventures with companies based in Germany, Netherlands and Austria, the SME was able to gain access to the required technology and knowledge in order to improved products and remain competitive in the market	Availability of specialised technological information and knowledge assets in the international market recognised as the main driving factor for the SME internationalisation. R&D investment, innovation capabilities and unique product technology. The SME actively looked for ways to gain knowledge and gain access to technological and innovations available in foreign markets	Establishing join venture agreements with international companies which possessed the knowledge assets and technological capabilities that the SME lacked provided the SME with an opportunity to become more competitive and produce technologically advanced products with the support of the partners which provided the SME with stronger market position both domestically and internationally	Inadequate knowledge assets, technology and lack of sufficient production capacity was identified as the main challenges which related to the non-financial resources of the SME. The SME faced numerous challenges in the domestic market due to the difficulties in developing new technologically advanced products which threatened the SME's competitive advantage
10	2	Luxury fashion brand	Fashion	Small	UK	Direct Export & Outsourced Manufacturing	Worldwide	Low	Start-up	Mixed	A new small sized SME operating in the luxury fashion industry. Internationalisation was encouraged by the managers long term strategies and vision. Enhancement of the company image by becoming recognised as an international brand was one of the main motives, the manager had clear goals and visions for the SME and used the example of a football team to illustrate the importance of having dynamic competencies when operating in the international market. The manager referred to the competencies as the players off a football team and how depending on the situation the positions and roles of each player needs adjusting to suit the conditions of the market. The manager strongly believed the managerial role and importance in internationalising the SME and had a very agential approach towards internationalisation	Manager's positive attitude towards international business, general entrepreneurial motivation including the desire for growth and market expansion. Increased sales, reduced costs in production, establishing a stronger market position due to economies of scale enable by outsourcing some of the manufacturing. Reduction of firm dependency on a single market	Establishing business network with customers and producers internationally. Enhancing supply chain and production capacity, manager acting as an agent driving the internationalisation effort. Establishing closer relationship with customers in foreign markets and thus capturing the opportunities associated with foreign markets	Lack of financial resources to initiate internationalisation and to expand the company product range was highlighted as one of the main challenges. Other issues included the high cost of marketing in foreign markets and wasted marketing efforts due to the unfamiliarity with the language, culture and expectations of customers in the international market. Lack of appropriate networks and contacts, unfamiliar foreign business practises and administrative procedures, difficulties with logistics and distributions as well as in some cases lack of managerial competencies, experience and knowledge were also highlighted

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11	9	Business Services	Services	Small	UK	Licensing & Franchising	Germany, Italy, Spain	Low	Established	Mixed	The SME focused on culturally and geographically close markets as the manager perceived that those markets had similarities with the opportunities in the domestic market. Furthermore, the manager highlighted that the SME was suffering due to the high number of similar businesses based in the UK and those the manager actively sought to follow the examples of similar companies which embarked on international business and had success those the manager was highly motivated by the internationalisation of similar domestic firms and the increased pressure of domestic market	Manager's positive attitude towards international business demonstrating drive, desire and enthusiasm highlighting the central role of managerial urge to internationalise the SME. Profit and business growth opportunities associated with international business and the manager's long term growth strategy	The internationalisation was enabled by the manager taking an active role to follow the examples of the similar domestic firms that were finding success in the international markets. The internationalisation was believed to have been made possible due to the extension of operations to psychologically closer markets such as western European countries	The manager highlighted difficulties in identifying international business opportunities, inadequate managerial competencies due to lack of international experience in certain scenarios as well as lack of available financial resources as some of the challenges faced during internationalisation of the SME. He additionally suggested that the fear of operating in the international markets due to various risks involved can be a daunting experience for the less competent and experienced managers
12	11	Leather Goods	Manufacturing	Small	Italy	Joint Venture	USA, Canada	Low	Established	Mixed	Joint venture created to access the expertise and knowledge of the already established firms operating in the US and Canadian markets. The manager decided that the best way to achieve internationalisation was to gain access to market information and an already established customer base. Gaining recognition in large markets such as the ones of USA and Canada was one of main goals for internationalisation. Manager's lack of time and knowledge was identified as a challenge and thus the managers decided to internationalise through establishing joint ventures	Enhancement of company image, international demand especially within the USA and the Canadian market for the products, manager's positive attitude towards, internationalisation, manager's previous international experience gained from working with international partners previously, potential for increased sales and establishing a stronger market position gained from the market knowledge of the joint venture firms.	Managerial agency was highlighted as the main contributing factor. The manager was able to identify his strength and weaknesses and hence make strategic decisions which would benefit the SME. Gaining access to exclusive market information and specialised knowledge	Inability to contact potential international customers directly, difficulties in obtaining reliable international representations, manager's lack of knowledge and limited information to locate and analyse international markets, lack of human resources, unfamiliar foreign business practices and administrative procedures and barriers of bureaucracy as well as the different needs of the international markets and the difficulties with logistics and distribution were highlighted as some of the major challenges.

Participant	Company Age	Product Category	Industry Sector	SME Size	Home Country	Format of Internationalisation	Countries Most Active In	Technological Intensity (% R&D to turnover)	Lifetime Stage (Start-up vs Established)	Internationalisation Approach - Proactive, Reactive or Mixed	SME Overview	Motives and Drivers of Internationalisation	Enablers Used to Internationalise	Challenges and Barriers Faced During Internationalisation
13	+20	Fashion Brand	Fashion	Small	France	Direct Export	Europe	Low	Established	Reactive	Small sized fashion industry SME operating initially in only domestic market but over the years the brand begun gaining international exposure through brand recognition and social media and the SME started receiving foreign orders for their products which lead to the manager recognising the many benefits of operating internationally. Including the growth opportunities such increase in revenue and sales. The orders were mainly from close European countries due to the cost of transportation	The main reason for the SME to initiate internationalisation was due to the shifting customer base and receiving unsolicited foreign orders. The manager soon after realised the profit and business growth opportunities and realised the international demand for the products	Internationalisation occurred as a result of a reactive approach by the manager in which after realising the demand for the product and receiving constant order from the foreign markets begun to divert some of her attention to catering for the international market. She highlighted the importance of managerial competencies and signified the role that the managers play in the internationalisation of the SME.	Lack of financial resources impacted the SME's ability to effectively identify international business opportunities, contact potential international customers. The manager highlighted the inadequate knowledge assets and limited information to locate and analyse markets were also barriers to internationalisation. She also highlighted the different needs of the international market.
14	+20	Financial Services	Finance	Micro	UK	Merger	Switzerland, Luxemburg	Low	Established	Mixed	The choice of the markets to operate in were highly influenced by the industry experience of the manager as well as the high demand of the markets for finance professionals, including accounting, financial auditors and analysts. The manager identified Switzerland and Luxemburg as ideal markets to operate in as they seemed to be a perfect match for the SME 's services and thus provided the SME with the appropriate client base.	The decision to internationalise was motivated by recognition of the selected international markets as providing the best opportunity to extend the domestic activities to markets which are considered as relevant to the field of the SME business thus providing a higher likelihood of success and business growth. Internationalisation also provided the SME with an opportunity to be closer to the international customers that they were working with in the domestic market	the manager having a high level of international experience was positioned to identify potential markets which suited the nature of the business and would provide the SME with a larger customer base. The SME possesses specialised market knowledge which was highly in demand in those markets and that encouraged the internationalisation efforts of the SME. Furthermore, the internationalisation was assisted by the favourable governmental policies and regulations of Switzerland and Luxemburg.	The SME faced challenges relating to the different needs of the customers which mostly related to the different assessment of the services provided. The Manager also identified the lack of managerial competencies in certain scenarios especially in events were the manager failed to recognise the different expectations of the service due to slight cultural differences

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15	10	Semi-conductors & electronics	Manufacturing	Small	UK	Manufacturing FDI	China, Taiwan	Low	Established	Proactive	A small sized SME manufacturing semi-conductors and electronic products. Due to the high costs of manufacturing in the UK the manager after several business trips to Chinese exhibitions decided to engage in manufacturing FDI in order to reduce costs of production and to gain access to the high knowledge assets available in the Taiwan regarding semiconductor manufacturing. The decision enabled the manager to access cheaper labour, reduce production costs and gain access to both physical resources and knowledge assets available in those markets.	Manager's positive attitude towards international business demonstrating drive, desire and enthusiasm highlighting the central role of managerial urge to internationalise the SME. Profit and business growth opportunities associated with internationalisation in particular the increased profit opportunities, reduction of manufacturing costs and motivation to grow the business. Establishing a stronger market position due to economies of scale by opening production facilities abroad.	Manager's proactive approach to internationalisation as well as his managerial competencies alongside previous experience enabled the internationalisation of the SME. The process was the result of the manager seeking to reduce production costs, by enhancing the production capacity and to gain access to a specialised market	Inadequate managerial competencies in certain situations during internationalisation when dealing with an uncertain environment, manager's lack of knowledge regarding the markets and administrative procedures. Lack of sufficient production capacity and inadequate knowledge assets and technology were also highlighted as some of the challenges that the SME faced during internationalisation.
16	31	Residential construction projects	Construction	Micro	UAE	Foreign Direct Investment	UK, France, USA, Qatar, Saudi Arabia	Low	Established	Proactive	A micro sized SME operating in the construction industry building high end residential properties. The SME was first set up long before the UAE became an established international hub. The SME which is a family operated company has operated in numerous locations including countries in which the owner has personally resided in. Internationalisation was never a business intention and only occurred due to personal reasons especially that of residing in different countries. The owner of the SME which is based in the UAE is originally from Saudi Arabia and thus has an immigrant background, which he claimed has influenced a lot of his business and lifestyle decisions and especially that of working and living abroad.	Manager's previous experience of living and working abroad and the personal background of the manager who was from an immigrant family led him to the decision to internationalise the business. The decision of internationalising the SME was a highly personal one as it was mostly due to the manager's lifestyle choices and wanting to live abroad therefore taking the business with him. Cultural socialisation of the managers (manager's background, experience of living, travelling and working abroad) was highlighted as the main factor for internationalisation. Thus, signifying the managerial urge to internationalise as the main driver.	The manager initially internationalised by entering the countries that were considered to be culturally and geographically closer and thus having similarities with the opportunities in the domestic market. This was enabled by the personal network and contacts of the SME manager. Later on, having lived in countries such as UK France and the USA the manager managed to enter those markets by focusing on developing properties for high net-worth individuals who had also immigrated from the Arabic countries such as UAE, Qatar and Saudi Arabia but were now residing in UK, France and USA. This meant that there was an international demand for the SME's offerings.	Inadequate managerial competencies in dealing with international markets were highlighted a result of facing cultural difficulties and disputes with foreign contractors as a result of cultural misunderstandings. Lack of market information, untrained staff to operate internationally, lack of appropriate contacts and unfamiliarity with foreign business practices and administrative procedures especially in the western countries were highlighted as some of the main obstacles that the manager had to overcome during internationalisation.

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17	4	Domestic Services	Services	Small	UK	Licensing & Franchising	Russia, China, Germany, France, Romania	High	Start-up	Mixed	An innovative domestic services start-up company which was very successful in the UK market and having tested the smaller markets such Romania, through franchising decided to enter bigger markets such as China and Russia but faced many challenges due to the unfamiliarity with the bigger markets such as china and Russia. The SME also faced tough competition from host markets domestic firms and because of the lack of market information and limited financial resources had to withdraw from (China and Russia) as the resources of the company were completely outstretched and threatened the overall success of the business. Even though the firm's services were unique in nature the alternatives in the foreign market provided a similar service at a lower price which made it difficult for the manager to compete with the host nations domestic companies providing similar services.	Customer base enlargement by entering larger foreign markets such as Russia and china, increase in sales, establishment of an innovative concept in foreign countries and gaining international recognition and hence enhancement of SME image. The international market also represented an opportunity to growth the business	Innovative concept, Managerial Urge including manager's competencies and positive attitude to initiate internationalisation of the SME	Difficulties in identifying international business opportunities, inability to efficiently identify and contact potential international customers, difficulties in obtaining reliable international partners, inadequate managerial competencies in dealing with highly competitive international markets. The manager identified his lack of market knowledge and underestimating the competitiveness of the host domestic companies as a major challenge amongst other factors such as limited financial resources, information and unfamiliarity with business practices of the host countries.

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18	14	Residential construction projects	Construction	Small	Qatar	Joint Venture	UAE, Turkey, Iran, Saudi Arabia, Spain	Low	Established	Mixed	A joint venture was established with international firms operating in the same industry as a commercial alliance between two or more separate entities that enabled them to share risks and rewards of carrying out the projects. The business model was created to which each party contributed resources such as land, capital, intellectual property, skills, credentials or equipment in carrying out the projects. The manager of this small SME was an Iranian born civil engineer living in Qatar. The manager focused on first operating in geographically and culturally closer markets such as UAE, Turkey, Iran and Saudi Arabia and having gained international exposure and experience decided to enter the European market through utilising the established network of contacts in the industry.	Manager's positive attitude towards international business demonstrating drive, desire and enthusiasm highlighting the central role of managerial urge to internationalise the SME. Furthermore, the internationalisation was encouraged by the cultural socialisation of the manager as he had an immigrant background having immigrated to Qatar. Internationalisation was viewed as an opportunity to grow the business internationally, first by entering markets which are perceived to be less risky due to the cultural similarities. Internationalisation also provided the SME with an opportunity to be less dependent on the highly competitive and small domestic market	The internationalisation of the SME was enabled and encouraged by the manager's positive entrepreneurial attitude toward market expansion and business growth. Competencies gained from personal and business experiences from living and working abroad enabled the manager to act as an agent and internationalise the SME. Favourable government policies and regulations of both the domestic country and the host countries also assist the internationalisation efforts	The manager identified unsuitable firm structure as a challenge when entering new markets, which he believed was an issue that was linked to the inadequate managerial competencies in identifying the appropriate firm structure for each foreign market. Obtaining reliable international contractors was considered a lengthy and challenging process and was addressed with the help establishing joint venture agreement with host countries domestic companies. Lack of trained staff to handle the complexities and uncertainties of the international markets was also considered a major challenge
19	3	IT solutions for SMEs	IT	Micro	USA	Joint Venture	Mexico, Peru, Brazil, Spain, Portugal	Medium	Start-up	Mixed	The company is a family-owned micro sized SME operated by Peruvian nationals who immigrated to the USA. The firm provides IT solutions to SMEs and has used its cultural and linguistic (Spanish language) links with the international markets in which they operate in as their competitive advantage. The manager believed that extending the domestic activities to psychologically and geographically close markets such as Mexico, Peru and Brazil proved to have a major positive effect on the internationalisation of the SME, as culturally closer nations tend to share similar perceptions and values which in turn helps reduce the uncertainties associated with the international market	The motivation for internationalisation was the result of lack of demand in the domestic market due to stagnating domestic market due to recession and struggling economy. The negative government policies of the domestic market and the favourable policies of the foreign countries (such as grants and incentives for Tech companies) provided an incentive for the SME to internationalise, Managerial urge, profit and business growth opportunities as well as the cultural closeness of the host nations were also considered as important factors.	Managerial competencies, language and cultural similarities as well as having access to market information enabled the internationalisation of the SME	Currency devaluation and exchange rate fluctuations, lack of domestic governmental assistance and incentives, unstable economy and difficulties in obtaining reliable international partners were considered as the main internal and external challenges which the SME faced. Inadequate managerial competencies in internationalising the SME were also highlighted

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20	15	Clothing Supplier	Fashion	Medium	Iran	Direct Export & Outsourced Manufacturing	China, Turkey, UAE, Qatar, Italy	Low	Established	Mixed	A highly experienced entrepreneur who had previously engaged in other international business prior to starting this busines, a highly engaged and motivated individual with a very positive attitude towards internationalisation. The SME was involved in both imports and exports of clothing and has very strong links with manufacturers in China, Turkey and Italy. Turkey, UAE and Qatar were chosen as exporting destinations, whilst China and Italy were chosen for outsourcing some of the manufacturing.	Financial Incentive, Enhancement of product designs through a more diverse network, exploration of new markets, expansion of the business, becoming a more established brand with a greater market share and presence	Diverse Designs, market demand and managerial competencies were regarded as the main enablers of internationalisation	Managerial capacity barriers due to the fast-expanding business, outstretched resources both in terms of production and management. Different needs of each market, high foreign import tariffs on imported goods, unstable economy and sanction imposed on Iranian businesses, political and economic (currency devaluation) instability were also highlighted as some of the challenges that the SME had to overcome
21	23	Architectural Firm	Construction	Medium	UK	Joint Venture	Saudi Arabia, UAE, Qatar, Spain	Low	Established	Mixed	The manager having lived and worked abroad encouraged the efforts of internationalisation in order to increase market size and enlarge their client base. The manager having previously worked and lived in the UAE begun to internationalise the SME by entering the UAE market and soon after expanding to the neighbouring countries as the company felt more experienced and confident to enter culturally similar countries such as Saudi Arabia and Qatar. It was highlighted that developing gulf region countries often encourage and provide incentives for European companies to engage in their markets. Service of European construction firms in particular those of the British architectural firms are in high demand in the gulf region.	Managerial urge, desire for growth and market expansion, the high demand for the services of British architectural firms in the gulf region, following the examples of similar domestic competitors' success in the gulf markets encouraged the SME internationalisation. Additionally, fears of losing foreign markets permanently to domestic competitors were as well as lack of demand in the UK domestic market were identified as motives to internationalise the SME	Internationalisation was enabled by the previous experience of the managers having worked and lived in the UAE prior to initiating the internationalisation of the SME. The competencies and their significant role in the success of the SME were also highlighted. Furthermore, the host countries provided lucrative incentives for the SME to engage in their market	Due to the geographical and cultural differences identifying international business opportunities and contacting potential international clients proved to be a challenge hence way establishing joint venture agreements with the firms based in the international markets was recommended. The SME also experienced payment issues due to contractual disputes both with the partners and clients as a result of being unfamiliar with the business practices of the foreign markets. Language barriers and miscommunications were also highlighted

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22	16	Industrial Mechanical components	Manufacturing	Medium	Germany	Direct Export & Service FDI	Worldwide	High	Established	Mixed	A medium sized manufacturing SME producing industrial mechanical components based in the Germany. Due to highly specialised nature of the products the company engaged in Direct exports and service FDI as there was a high international demand for the product. Due to the high level of technology and complexity of the manufacturing process, the components are technologically advanced and very difficult and expensive to replicate.	Managers previous experience with international business, utilising established contacts with international entities, foreign demand for the products and services as well as motives related to profit and business growth	Constant development of the capabilities of the individuals and the organisation as a whole, Actively sought for new way of making the company more appealing, through enhanced creativity and innovation, actively looked at different ways of improving designs, constantly looked at ways of improving manufacturing techniques, attended training courses including team building activities, communication, attending seminars on understanding the culture and the markets of the markets that company engaged in	Obtaining reliable international representatives in the foreign markets proved to be a difficult task. Due to the high international demand for the product, lack of sufficient production capacity was highlighted as a challenge for meeting the demands of the international market
23	12	Medical and health equipment	Manufacturing	Small	UK	Direct Export	Europe	Medium	Established	Proactive	A small medical and health equipment manufacturing SME based in UK, actively sought to develop its market in Europe by directly engaging in export activities. The SME also actively engaged with international industry partners to gain competitive advantage by further developing their products as well as establishing industry networks. The manager decided to operate in the European market since it is considered and perceived as a close market as the market has similarities with the opportunities in the domestic market.	The manager highlighted his desire, drive and enthusiasm of internationalisation as well as desire for growth and market expansion as the main drivers of the SME internationalisation. Increased sales, long term growth strategy, establishing a strong presence in the European market as well as the SME actively seeking technological advantages both through product innovation and knowledge available in the foreign markets were also highlighted.	Managerial competencies, firm's active search for technology and knowledge available in the international market, international industry contacts were recognised as some of the significant enablers.	Difficulties in establishing appropriate networks and contacts in the market as well as difficulties with logistics and distribution channels were posed challenged to the internationalisation of the SME. The manager also identified his lack of adequate competencies in dealing with the international environment as a major challenge during the internationalisation of the SME

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24	3	Travel and Hospitality	Services	Micro	UK	Joint Venture and Franchising	France, Italy, Spain, Malta, Croatia	Low	Start-up	Mixed	A micro sized SME operating in the services industry providing an exclusive travel concierge service for high net-worth individuals. The manager sought to capitalise on the fast-growing market for travel concierge services. The manager internationalised the SME by increasing their presence in top European holiday destinations which are geographically close to the UK and cater for the highest number of British travellers. The joint venture and franchising models were adapted in order to quickly grow the business and to establish the SME in the international market.	Managerial urge, desire for growth and market expansion were highlight as the main motives for internationalisation. Another major driver of internationalisation was considered to be the urgency of quickly establishing a strong market position before the competitors in the same market. Competitors success in foreign markets was considered as encouraging factor to also engage in international business	The manager demonstrated entrepreneurial motivations such as desire for growth and market expansion and possessed the necessary competencies to engage with the international market in order to quickly expand the business through joint ventures and Franchising business growth models.	The SME faced challenges relating to fast growing competition targeting the same markets. Lack of managerial knowledge, time and competencies due to lack of international experience and knowledge of the industry posed numerous challenges for the SME. Lack of financial resources to support the fast expansion into the international market also caused challenges to the internationalisation of the SME
25	12	Infrastructure construction projects	Construction	Medium	Saudi Arabia	Joint Venture	Nigeria, Egypt, Algeria, Morocco, Tunisia	Low	Established	Mixed	A Saudi Arabian construction company that internationalised by bidding for infrastructure projects in African countries. The first international project took place in Nigeria. The SME in order to gain a better in depth understanding of the foreign business practices and administrative procedures decided to establish joint venture agreements with Nigerian domestic companies. Having successfully completed the projects in Nigeria the company decided to carry on in Africa by establishing further joint ventures in other African countries as they found it easier to internationalise in Africa due to lower competition both from international and domestic companies	The decision to internationalise was made as a result of gaining market information regarding the African market situations which revealed the lower competition present in the African countries. The SME recognised the lower competition levels in the markets and those saw it as an opportunity to establish its presence in the African market. Motivation to grow and a long-term growth strategy as well as increased profit opportunities were identified as the main motives and drivers of internationalisation	The SME quickly begun to establish personal and business network and social ties which enabled the SME to gain further exclusive knowledge about other African countries which further assisted the SME in expanding its operation in other countries. CEO's competencies in establishing links in international markets as well as the team's positive attitude towards internationalisation enabled the firm to quickly expand and grow in the international market. Another factor which was highlighted was the cultural awareness of the team and recognition of the importance of following and respecting the host nations traditions, customs and the ways of doing business	Manager's lack of foreign market knowledge was highlighted as factor which made the internationalisation of the SME more challenging which is why the SME at all times sought to find reliable and knowledgeable partners in each of the markets in order to compensate for the lack of market information. Cultural differences, language barriers, internationally untrained SME staff, political and economic instability were all highlighted as challenges of operating in international markets

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26	7	Fashion Brand	Fashion	Micro	Italy	Outsourced Manufacturing, Direct Export	Worldwide	Low	Established	Reactive	Italian fashion brand which began its business domestically but soon received recognition internationally with the help of social media campaigns. Because of the fast-growing demand for the products the SME looked for potential countries to outsource some of their production and as a result worked with manufacturers based in turkey, SriLanka, Pakistan and China. The SME also directly exported their products to the worldwide market.	The internationalisation of the SME was a reactive decision to addressing the increasing international demand for the brand's products. This decision was further encouraged by the manager identifying that the rather small Italian domestic market could not satisfy the strategic ambitions of the business. Profit and business growth opportunities of the international market played a significant role in the internationalisation decision	Technological developments such as improved information processing, design software with multi location access, improved communication channels, power of social media as well as more reliable and faster transportation methods enabled the SME to outsource some of its manufacturing to other countries	Some of the challenges that the SME faced were due to cultural issues and the different assessments of products. The fast-growing brand needed to show cultural awareness and to cater for the different needs of each market in order to remain competitive, this proved to a challenging task due to the lack of human resources to deal with the increasing demands and expectations of the market. Lack of governmental assistance limited financial resources, insufficient production capacity, manager's lack of international market knowledge and competencies required to deal with the challenges of operating internationally all posed serious challenges.
27	34	Kitchenware and domestic appliances	Manufacturing	Medium	Iran	Direct and Indirect Export	UAE, Iraq, Qatar, Turkey	Low	Established	Proactive	An Iranian manufacturing SME which initially only engaged in indirect export of their products through a network of independent distributors. However, the manager soon recognised the vast opportunities of the international market in further solidifying the companies market presence. The SME first expanded its exports to the neighbouring countries just to test whether it would be a financially viable option as the manager had extensive knowledge regarding the neighbouring countries through long established personal and business networks. Once the manager was satisfied with the outcomes he decided to fully engage in regional internationalisation and directly exporting to pre-selected markets such as UAE, Iraq, Qatar and Turkey which all demonstrated similarities to that of the domestic market	Reduction of firm dependency on the Iranian domestic market, establishing a closer relationship with the customers which were once served by independent distributors, firm's international market knowledge and contacts as well as having exclusive market information on the neighbouring countries were some of the drivers of the SME internationalisation. Other factors included the urge to establish a stronger regional market position as well as the motives related to profit and business growth and personal motives and managerial urge and desire to operate internationally	Managerial competencies, experience and agential behaviour enabled the SME to initiate the internationalisation process. Manager's personal and business network and contacts enabled the manager to identify the neighbouring countries which possessed similar characteristics as that of the domestic market.	Lack of domestic governmental assistance and incentives to promote and encourage SME internationalisation, tough governmental laws and export controls to monitor foreign exchange transactions. Difficulties of engaging with wider international market due to the numerous economic sanctions imposed on Iran by the US government. Currency devaluation and exchange rate fluctuations were highlighted as a major challenge of operating internationally as an Iranian SME

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28	10	Jewellery	Fashion	Small	China	Direct Export	Worldwide	Low	Established	Proactive	a small sized SME based in china with an international customer base. The company due to its access to cheap domestic labour, production cost and lower raw material costs was able to gain competitive advantage and establish itself as a recognised jewellery producer. The company presented itself to a large international market through the utilisation of technology such as social media marketing efforts and being listed on alibaba.com which is a go to source for finding Chinese based manufacturers and wholesale suppliers. Attending world famous exhibitions such as Canton fair has also helped the company gain access to many international markets.	Managerial urge and the motivation to expand the business internationally were highlighted as the main drivers of internationalisation. Market development (increasing market size and customer base enlargement), following the example and success of competitors in foreign markets, the firm producing products that are not available from other international competitors at similar prices (price advantages) were all drivers which allowed the SME to internationalise	The manager highlighted that he actively sought out opportunities whenever possible to learn and get involved in any sort of training or travel opportunities, therefore maximising his exposure to the international business environment. Active engagement in understanding other cultures, and developing managerial competencies required for operating internationally. Recognising the importance of acting agentially depending on the various challenges of the international environment.	Some of the major challenges that the SME faced related to the external barriers such as cultural, geographical and market conditions. These challenges included difficulties in finding and establishing reliable distributors in the foreign markets, logistical and distribution difficulties, varying time zones to those of the clients, cultural and language barriers as well as meeting the different export product standards and specifications of each market.
29	14	Financial Consultancy	Finance	Small	UK	Strategic Alliance & Non-Equity Association	UAE, Saudi Arabia, Qatar, Switzerland	Low	Established	Mixed	A small sized financial consultancy SME based in the UK which internationalised through establishing strategic alliance and non-equity associations with international firms in the same industry in order to gain access to their markets. This approach was chosen as a strategic decision by the SME managers in a decision which would provide the SME with access to the foreign markets whilst minimising the risks involved in particular the lack of familiarity with international business procedures and general market knowledge. The foreign markets were chosen because of the already established personal contacts and networks of the manager. They also contained the client base that the firm was looking to attract	The internationalisation was initiated with the motive to achieve the SME's long term growth strategy. Other motives included the manager's positive attitude towards international business	The internationalisation was made possible because of the experience of the manager in international settings, the education as well as his desire, drive and enthusiasm in operating internationally. One of the main enablers used to achieve internationalisation was establishing alliances and partnerships with local firms in the international markets to gain exclusive insight to the market and the ways in which business is carried out	Host countries tough regulatory procedures and barriers of bureaucracy (laws and regulations) posed many challenges which is why it was necessary to establish strategic alliances with local firms to overcome such obstacles due to their higher familiarity with such procedures. Other challenges were cultural differences, language barriers and misunderstandings as well as the general uncertain environment of operating internationally, which highlighted the inadequate areas of managerial competencies and knowledge

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30	8	Consultancy	Engineering	Micro	Germany	Strategic Alliance (Contractual Agreements)	Turkey, Iran, UAE, Qatar	High	Established	Mixed	A micro sized German engineering consultancy firm working as a consultancy firm providing manufacturing engineering solutions to factories seeking to innovate their production facilities or machinery. The SME internationalised by attending specialised exhibitions held in Germany which attract customers and clients all around the world looking for innovative solution for their production facilities. The firm has engaged in contractual agreements with companies in Turkey, Iran, UAE and Qatar which are some of the most active manufacturing countries in the region.	The internationalisation of the SME was initiated by recognising the international demand for the company's products and services in contrast to the lack of demand in Germany's domestic market. Increasing the market size and customer base, motivation to grow the business as well as increasing sales were identified as some of the contributing factors alongside the manager's positive attitude towards international business and experience of operating in international markets.	High level of investment in innovation, R&D and advanced technology. International demand for company's unique high-tech products and services	The firm faced major challenges in handling the diversities, uncertainties and complexities inherent in the international business environment. The managers identified their lack of market knowledge and competencies in certain scenarios as some of the contributing factors as to why the firm faced difficulties in engaging with some international markets. The company also faced some challenged because of the presence of competitors.
31	3	Communication products and components	Manufacturing	Small	UK	Direct Export	Denmark, Sweden, Norway, Finland	Low	Start-up	Proactive	SME based in the UK, producing specialised communication components which sought to internationalise by exporting its products to the Scandinavian countries as they are considered as a good export destination for electronic and communication products. However, the SME being a young start-up company failed to prepare for the challenges of the host countries highly competitive market. This lack of preparation was due to the lack of prior research before entering the target markets.	The Manager's decision was highly influenced by numerous proactive motives and drivers. The SME wanted to capitalise on the popular Scandinavian market for electronic and communication goods as it was perceived as the ideal export destination and would provide the highest potential for business growth and profitability. Additionally, the decision was influenced by the manager's positive attitude towards internationalisation. Gaining personal and business networks in the industry was also a major motive.	Producing products which met the demands of the host countries enabled the manager to initiate the internationalisation of the SME.	Some of the challenges faced were due to the manager's lack of experience of operating in international markets. Inadequate managerial competencies were also highlighted and posed threats to the success of the internationalisation efforts. Lack of research and understanding the dynamics of the markets and the high level of competition (lack of market information & knowledge) which the company aimed to enter in was another reason why the SME faced some challenges

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32	9	Fashion Brand	Fashion	Small	Italy	Direct and Indirect Export	Worldwide	Low	Established	Mixed	A small sized SME operating in the fashion industry based in Italy. Began its life serving the domestic market but gain international recognition after attending several fashion shows around the world including, France, USA and the UK. This newly gained status as a fashion brand attracted international demand for company products.	International demand for the company's products were recognised as the most significant driver of internationalisation. Other factors included limited domestic market opportunities, reduction of firm dependency on the small Italian market, lower competition in certain foreign markets, establishing a closer relationship with the customers, establishing a stronger market position as well as motivation to grown and increase profitability.	Manager's positive attitude and experience of operating in international markets, managerial competencies, cultural understanding and recognition of the different demands of the market as well as the fast-changing international market enabled the manager to demonstrate agency and to make decision which would promote the company's international position and presence. Technological developments including enhanced communications, better access to information and improved transportation were also highlighted as some of the enablers of internationalisation	Inadequate managerial competencies required for operating internationally in certain scenarios, difficulties in predicting the potential different assessment of product due to cultural differences, lack of human resources due to financial limitations to meet the fast-growing demands of the market, customer service issues and handling complaints across several different countries
33	15	Residential construction projects	Construction	Small	UAE	Foreign Direct Investment & Joint Venture	Lebanon, Jordan, Syria, Kuwait	Low	Established	Mixed	A small construction SME based in UAE. The internationalisation efforts managed by an Iranian senior manager. The manager highlighted that the personal experience of immigrating to UAE made him culturally aware and has provided him with a higher understanding and empathy for cultural issues. Additionally, he highlighted that the countries in which the SME operated internationally were ideal destinations as they posed the least number of cultural challenges as the markets were very similar to that of the domestic market and thus made the internationalisation feel more like an extension of the domestic business activities. Shared spoken language was highlighted as a major factor which assisted the SME in handling the challenges of internationalisation	Managerial urge, profit and business growth opportunities. Access to market information due to the close proximity and business contacts.	The internationalisation was initiated as a result of the manager's positive attitude towards internationalisation and having personal and business experience in international markets enabled him to better operate in international settings and demonstrate higher levels of cultural awareness. entering culturally and geographically close markets minimised the risks involved with internationalisation due to the many similarities including culture and language as well as similarities to the opportunities in the domestic market. Importance of managerial competencies were also highlighted as major contributing factor.	Difficulties in finding the right distributors in the foreign markets, intense international and domestic competition targeting the same markets, barriers of bureaucracy (Administrative procedures, laws and regulations), lack of international market information and limited information to locate and analyse markets. Another challenge that the SME faced during internationalisation was the bankruptcy of one of the partners which created legal and contractual disputes

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34	22	Agricultural Chemicals	Manufacturing	Small	Saudi Arabia	Direct Export & Joint Venture	USA, Jordan, Syria	Low	Established	Mixed	Agricultural chemicals manufacturing firm based in Saudi Arabia that is engaged in a joint venture partnership with a US based company in the same industry. This has enabled the US company to acquire new resources and gain local knowledge and regional expertise from the Saudi company whilst the Saudi company has benefited from the credibility, industrial expertise and the financial stability of the larger US company. Having gained the competitive advantage of partnering with a larger and more renowned US firm, the Saudi SME was able to dominate the domestic market as well as to establish direct exports to neighbouring countries of Jordan and Syria	The motivation for internationalisation was due to the lack of demand in the domestic market due to high level of competition from the domestic firms. Other motives and drivers included managerial urge and profit and business growth opportunities of operating internationally.	Establishing a joint venture agreement with a larger and more recognised US company allowed the SME to differentiate itself from the competition to gain competitive advantages due to the superior quality of the products and higher credibility as a result of association with the US company. The manager's competencies to actively engage in the initiation of the internationalisation as well as their agency during the process were considered as the main enablers of the SME internationalisation	Difficulties in accessing international business opportunities because of the high level of competition, inadequate knowledge assets and technology, difficulties in developing new and more innovative products due to lack of specialised expert knowledge. There were also many political and legal challenges that the SME faced during the internationalisation and that included the wars in Syria affecting the exports as well as the US imposed sanctions on Syria, creating complicated legal administrative procedures.
35	32	Commercial waste containers	Manufacturing	Small	UAE	Joint Venture	Qatar, Jordan, Saudi Arabia, China	Medium	Established	Mixed	A highly automated manufacturing SME producing large commercial waste containers that established joint venture agreements with several international companies. Manufacturing joint venture partnerships were established to lead to a greater distribution of the products. Joint venture was decided to be the ideal solution to expand the SME's reach into foreign markets. The agreement reduced the risks involved with entering new markets as the SME was able to gain market and local knowledge from the expertise of the partners and to share risks and costs.	Manager's positive attitude towards international business, potentials for increasing sales, long term growth strategy, reduction in costs of production, establishing a stronger market position due to economies of scale and gaining access to local knowledge and technical knowledge of the partners as well as reduction of firm dependency on the small UAE market. Reactive motives included the lack of demand and a higher level of competitive pressure in the domestic market in comparison to the foreign countries,	Manager's experience and competencies in operating in international markets, extension of domestic activities to psychologically close markets, establishment of joint ventures with domestic companies in the foreign markets to gain access to their technical and local market information and knowledge as well to reduce the costs and risks associated with international business.	Difficulties in finding the right partners in the foreign markets due to the inherent international market conditions, barriers of bureaucracy and unfamiliar foreign business practices, lack of international market information, limited information to locate and analyse potential markets, lack of sufficient production capacity, fears of uncertain international environment, managerial lack of knowledge and competencies in operating internationally.

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36	16	Industrial electrical components	Manufacturing	Medium	Iran	Direct Export	Turkey, UAE, Iraq	Low	Established	Mixed	Industrial electrical component manufacturing SME based in Iran which internationalisation by exporting the products to neighbouring countries with similar market demands as that of Iran, the close geographical proximity of the firm to the foreign markets made it very easy for the manager to fully evaluate the export decision and to gain in-depth insights regarding the target markets. The manager had many strong established links with the countries prior to the internationalisation decision and had previously engaged in short term partnership agreements with them. The decision to export to Iraq was mainly encouraged by the high demand for rebuilding the infrastructure in the Iraqi cities after the huge damages to the country's infrastructures caused by the war. The many governmental incentives as a result of Iran-Iraq political partnership agreements have opened the doors for many Iranian SMEs to operate in Iraq. The decision to export to UAE and Turkey was due to similarities in market conditions to that of Iran.	Managerial urge, profit and business growth, culturally and geographically close markets, access to exclusive market information such as knowledge about the foreign customers and market conditions, foreign market entry of competitors, fear of losing the foreign markets permanently to domestic competitors, following the examples of competitors success in the same markets, availability of governmental support and incentives and production capacity to serve additional markets	Favourable governmental policies and regulations of both the home and host countries by providing grants, subsidies and incentives to encourage internationalisation of the SMEs and in particular the governmental policies of Iran-Iraq to promote business partnerships and foreign investments. Managerial competencies and the importance of it thorough all the stages of the internationalisation was highlighted as the most influential factor in enabling the SME to internationalise	Political barriers were highlighted as the main challenges that SME faced during internationalisation. The intense political tensions in the region due to recent wars and revolutions making political instability a major challenge. American imposed sanctions as well as instability of the economy and constant exchange rate fluctuations. Inadequate managerial competencies to handle the constantly changing and uncertain international environment

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37	17	Food & Beverage	Manufacturing	Medium	Iran	Direct Export	Europe	Low	Established	Mixed	An Iranian manufacturing SME in the food and beverage manufacturing industry specialised in packaged foods. The SME set up a B2B distribution channel in UAE to bypass the sanctions against Iranian-origin imports. This distribution channel served as a platform to export the products to the European markets, to serve the large Iranian expat markets around Europe	The main motives for the internationalisation of the SME was to serve the Iranian expat markets around Europe, this was encouraged by the lower competitive pressure in the European market in comparison to the domestic market with many big established players. Therefore, serving a niche market internationally would be enough to reduce the SME's dependency on purely domestic market. The internationalisation was driven by the identification of niche market in the international market, market development (increasing customer base), having access to a very niche knowledge regarding the target market as well as profit and business growth motives and managerial urge.	Managerial competencies, experience and knowledge were considered as significant enablers. Extension of domestic activities to international markets but targeting a similar customer base as that of the domestic one, as there is a stable demand for the SME's products in the international markets by the Iranian expats. Thus, serving an international market which is identical to the domestic market but with less competition.	Trade with Iran is subject to the general EU import regime, since Iran is not a member of the World Trade Organisation (WTO) and no bilateral agreement exists between the EU and Iran was a major challenge which had to be overcome by establishing a distribution channel in UAE. Governmental control and restrictions and bypassing the US sanctioned created many challenges for the SME. There were also challenges which were linked to the manager's inadequate competencies in dealing with the uncertain environment of operating internationally

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38	4	IT Services & Consultancy	IT	Micro	UK	Outsourced Services	India, Poland, Ukraine	Medium	Start-up	Mixed	A micro sized SME specialised in IT services which internationalised with the motivation to reduce its costs and speed up its growth by outsourcing some of its services to countries with skilled and talented human resources specialised in the IT industry. The strategy enabled the SME to take on more clients both domestically and internationally which has contributed to its fast growth rate. The SME initiated its internationalisation by outsourcing its services to India as the country is renowned for its high quality skilled human resources and also holds the distinction of being the largest English-speaking nation in the world, these characteristics made India the ideal first choice for the manager. The SME also engaged with more geographically and culturally closer markets such as Ukraine and Poland, which also offered similar quality work forces.	Managerial urge and desire for growth and market expansion, increased sales, reduced costs, establishing a stronger market position internationally, competitors' success in foreign markets, increased market size, capacity to serve growing demand, international demand for the SME's services as well as technological developments such as improved communications and information process and technology were highlighted as some of main motivations and drivers of internationalisation	Manager's experience and competencies in operating in international markets, utilising the human resources available in the foreign markets and being responsive and quickly addressing the fast-growing demand by increasing the capacity of the SME by outsourcing its service	Inadequate managerial competencies in operating internationally and obtaining reliable international partners proved to be a major challenge. Other challenges included the manager's lack of time and capacity to handle the fast-growing demands on the international market. There were other more specific industry challenges too such as cybersecurity related issues; including, hacking, fraud and customer's privacy violations.
39	12	Aerospace equipment	Manufacturing	Medium	UK	Direct Export	USA, Saudi Arabia, Australia, India, Egypt, Algeria	High	Established	Proactive	A high-tech manufacturing SME based in the UK producing highly specialised aerospace equipment. The high-tech nature of the product provided the SME with a major competitive advantage, this technological advantage meant that they faced very little competition from other international competitors and that their product was in high demand which meant that the SME was able to sell and export their products directly to customers in the international market	Profit and business growth, product innovation, market dominance, worldwide recognition, long term growth strategy as well as managerial urge were identified as some of the motivation for the internationalisation of this particular SME	The managerial competencies and highly specialised technical team as well as the, high tech knowledge assets of the SME enabled the company to internationalise. Furthermore, the SME produces aerospace equipment that are high tech and highly specialised and therefore that are not widely available from international competitors. Because of the level of technology involved the products are considered as unique and they provide the SME with a sustainable competitive edge and thus enabled the SME to successfully internationalise.	The manager highlighted some situational challenges that related to inadequate managerial competencies, such as dealing with the diversity and uncertainties present in the international market. More specific challenges included the barriers caused by bureaucracy (laws and regulations) due to the nature of the products being exported as well as high level of governmental control and restrictions due to the security and informational sensitivity issues

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40	18	Petroleum products	Manufacturing	Medium	Nigeria	Joint Venture	USA, UK, France, Italy	Low	Established	Proactive	Joint ventures were selected as an internationalisation strategy for this particular Nigerian based SME. The partnership enabled the SME which has limited productive resources and market knowledge to enter the international markets. The joint venture agreements enabled the SME to take advantage of the combined resources of both companies to achieve the goal of the venture. The SME having a well-established manufacturing process, used the superior distribution channels of the other companies to enter foreign markets.	Profit and business growth, establishing reliable international distribution channels, managerial urge and gaining access to exclusive market information which were readily available to the domestic companies operating in their respective markets	Internationalisation was enabled through the use of joint ventures to enter foreign markets. The SME which had a long-term growth strategy and wanted to expand its distribution network to new countries entered into joint venture agreement to supply products to companies based in USA, UK, France and Italy, thus benefiting from an already existing distribution network. The establishment of these agreement relied on the international competencies and knowledge of the SME manager to identify the appropriate international partners and to establish strong contact to enable the SME to internationalise.	Difficulties with logistics and distribution, lack of domestic governmental assistance and incentives, lack of international market information, limited information to locate/analyse markets, exchange rate fluctuations. The manager also highlights lack of competencies and international market knowledge as a factor which resulted in certain challenges which related to the organisational and management barriers.
41	8	Financial Consultancy	Finance	Micro	UK	Direct Export	Hong Kong, China, Australia	Low	Established	Mixed	This consultancy SME internationalised for a number of different reasons, firstly it was as a result of the pull effect from clients in the domestic market in which the firm internationalised because its domestic clients did so. Therefore, the firm internationalised with its client. Another reason was that the highly competitive domestic market which pushed the firm to internationalise in order to discover new business opportunities abroad. Foreign demand for the service of the SME were highlighted as an additional reason for why the SME internationalised.	Benefit from increased sales, a diversified market and thus reduced risk, extension of product life cycles, economies of scale, a better understanding of foreign markets and increased competitiveness were highlighted as the motives and drivers for the internationalisation of this SME	The manager highlighted that having a good customer relationship and effective management are factors that contribute to a successful SME internationalisation. Other factors that were mentioned were the ability to identify and focus on a market niche, having a good service and delivery system, availability of financial resources and having a visionary manager who is competent to operate internationally.	Lack of local knowledge was identified as a major challenge as it was considered to be a disadvantage when competing against the local firms. Additionally, the newness of the SME in the foreign markets meant that the legitimising and establishing the SME in the foreign market was a very expensive and time-consuming process, particularly since the SME was not well-known.

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42	15	Construction Projects	Construction	Medium	UK	Joint Venture	USA, France	Low	Established	Proactive	A UK based SME with a long-term growth strategy through internationalisation actively sought the opportunity to internationalise and gain access to international markets in order to take on and complete larger construction projects which were financially more attractive. The joint venture agreement enabled the UK SME to partner up with other foreign SMEs in order to deliver larger projects by combining their expertise and resources. The agreement also enabled the SME to gain local knowledge in overseas markets which resulted in reduced risks and costs.	Managerial urge, profit and business growth including reduced costs and increased profit opportunities, gaining access to foreign market knowledge were highlighted as the main drivers of the internationalisation	Gaining access to local knowledge including established networks and contacts and reducing the costs associated with establishing resources in foreign markets was achieved by establishing a joint ventures agreement with local SMEs in the foreign markets. Managerial competencies, desire, drive and enthusiasm as well as the managers previous experiences of operating in international markets enabled the SME to internationalise	Lack of financial resources, risks of losing capital in case of joint venture failure posed and constant Stakeholder pressures for meeting deadlines and financial targets placed a lot of pressure on the SME. Other challenges included meeting the different needs of the market, unfamiliar foreign business practices, managers lack of knowledge and competencies in dealing with the obstacles faced as a result of operating internationally.
43	12	Home appliances	Manufacturing	Medium	Iran	Direct Export	Middle East, Eastern Europe	Medium	Established	Proactive	Manufacturing SME based in Iran, manufacturing electrical home appliances and directly exporting them to the eastern European countries and to some middle eastern countries as there is a strong demand for the products due to their superior quality and lower prices in comparison to other international competitors producing similar products. The SME had experienced intellectual property right infringements by its competitors when the products were imitated in order to compete in the same market and attract the same customer base. The SME first target culturally and geographically closer markets but soon after establishing its market position it expanded the operation to markets further away in order to meet the growth targets set by the manager.	Manager's positive attitude towards international business demonstrating drive, desire and enthusiasm to grow the business internationally. SME producing products that are not available (in terms of quality and price) from international competitors were considered as some of the main motives	Initially targeting culturally and geographically closer markets allowed the SME to establish its market position to gain experience in markets with lower risk level due to their similarities to the home market. Gaining experience and competencies related to operating internationally allowed the manager to then further expand the operations, thus highlighting managerial agency, experience and trained staff to operate in international markets as significant factors in enabling the SME to internationalise	Unstable economy (currency devaluation and fluctuations), political issues including sanctions, legal issues as governmental export and import restrictions, cultural differences, logistical difficulties and issues of protection of intellectual properties

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44	9	Clothing Supplier	Fashion	Small	China	Direct Export	Worldwide	Low	Established	Proactive	A Chinese clothing supplier which gained international market recognition from attending exhibitions and online marketing efforts. By raising demand for the products, the SME was able to internationalise by directly exporting to the international market. The manager highlighted the ease of access to worldwide customers with the help of technology as a big factor in internationalisation of the SME	Motives related to market size such as reduction of the firm dependency on a single market, lack of domestic demand for the products, market development as well as other drivers such as the competitors' success in foreign markets, establishing a closer relationship with customers. Other motives to internationalise included managerial urge related and business growth motives.	Firm producing products that are not available from international competitors, offering products for lower prices thus attracting customers looking for cheaper products, market information accessed via the internet and the help of technology to identify and promote markets internationally	Logistical issues such as the lengthy shipping times deters some customers from doing business with the SME, Cultural differences in terms of the different needs of the market and different assessment of the products, lack of governmental support, the high level of international and domestic competition serving the same market, lack of financial resources
45	16	Clothing Supplier	Fashion	Small	China	Direct Export	Worldwide	Low	Established	Proactive	Chinese clothing manufacturer which sought to gain international market share through directly exporting its competitively priced products to an international customer base. Market development and customer base enlargement was one of the main strategies of the SME and they followed the examples of other SMEs who successfully internationalised to achieve their international business targets. Due to the existence of highly competitive domestic market in China, the manager decided that internationalisation would provide the opportunity to operate in certain foreign countries with less competitive pressure and thus allow the firm to achieve higher profit levels and grow. The manager also highlighted that operating internationally can drastically improve the company image and enhance its credibility.	Managerial urge and desire for growth and market expansion, increased sales, establishing a stronger market position internationally, competitors' success in foreign markets, increased market size, highly competitive domestic market	The competitive prices allowed the SME to attract international markets. Advancement in information technology made is possible to the SME to establish link and business partnerships with customers internationally. Manager's and the team's positive attitude towards internationalisation motivated the drive to international expansion	The company structure, lack of human resources both in terms of the competencies and training as well as the number of staff to efficiently operate in international markets, unfamiliarity with the market requirements, unfamiliarity with the foreign business practices, cultural related issues, such as misunderstandings were highlighted as some of the barriers the SME faced

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46	4	Sporting Goods	Manufacturing	Small	Italy	Direct Export	Europe	Medium	Start-up	Proactive	High-end sporting goods manufacturing SME based in Italy. The availability of sporting goods industry knowledge assets, expertise, technology and skilled work force in the domestic market allowed the SME to gain competitive advantage over its competition and create unique high-quality products that were not as widely available from the SME's international competitors. The manager having travelled and worked in the same industry aboard had many personal experiences and had gained expertise on the products was able to develop the products to serve a niche market internationally. It was the managers intension from the beginning to operate internationally and to serve the European market as he felt a culturally and geographically close market can help ease the internationalisation of the SME and the European market provided the type of customer, they intended to serve	Managers positive attitude towards internationalisation, Born Global strategic approach, business growth and increased sales and profit opportunities, the European market providing a relatively culturally/geographically close market, production of products which were not widely available form international competitors	Intentions to serve an international market from the foundation of the SME meant that the company structure and management style was set up to efficiently serve the international market. The SME chose to engage with only the European market as it provided the SME with a customer base which was very similar to that of the domestic market, this also reduced the uncertainties of operating in completely unfamiliar markets and minimised the risks associated with cultural issues. Managerial competencies and their significance in internationalisation were also highlighted	Difficulty with logistics and distribution, Barriers of bureaucracy (administrative procedures), unfamiliar foreign business practices, difficulties in establishing reliable networks and contacts internationally, lack of sufficient production capacity to meet the growing demands of the market, difficulties in identifying and contacting potential international customers, inadequate competencies and knowledge of the management and the teams to cope with the uncertain and dynamic environment of international business.

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47	16	IT components	Manufacturing	Medium	Iran	Joint Venture and Direct Export	China, Hong Kong, South Korea, Singapore, Malaysia	High	Established	Mixed	An Iranian SME, manufacturing IT components such as microchips, internationalised by establishing an equipment and staff based joint venture agreement with a Chinese company which enabled the SME to gain access to the resources, technology and expertise of the Chinese firm. The joint venture also enabled the SME to gain access to the already established trade links of the Chinese company with other Asian countries. However, the introduction of American imposed sanctions on Iran, which included sanctions on companies doing business with Iran meant that the joint venture agreement was called off and this caused many legal and payment issues due to contractual disputes.	Managerial urge including desire, drive and enthusiasm as well as manager's experience of international business and travel, reduction of production costs, increased profit opportunities, gaining access to production facilities abroad, utilising the specialised industry knowledge available in foreign markets, enhancement of supply chain, lack of demand in the domestic market due to economic recession	Gaining access to specialised industrial knowledge, production facilities and established network of foreign customers meant that the SME could use these newly gained resources and knowledge as a result of the joint venture agreement to expand its business reach to target international markets. The internationalisation was highly driven by the manager's urge to grow the business and to operate internationally in order to increase profits by reducing costs associated with entering foreign markets	Political, economic and legal barriers were highlighted as the main challenges that the SME faced during the internationalisation process. One of the main challenges that the SME faced was the US imposed sanction on Iran which meant that the SME could no longer take part in joint ventures as the sanctions would also affect the partnering companies too. This effected the joint venture agreement and caused a lot of disputes. Other challenges related to lack of expertise and technological knowledge as well as cultural differences and language barriers
48	17	Industrial tools manufacturer	Engineering	Small	UK	Direct Export	Norway, Sweden, Denmark	High	Established	Proactive	UK based industrial tools manufacturing SME. the firm being owned and ran by the founding family who are Norwegian expats, the firm´s internationalisation process was highly personal and dependent of the manager's personal management style. Additionally, to high emphasis on R&D and product innovation due to the function of the products, the company targeted niche markets in the Scandinavian part of Europe, firstly because of the high demand for the products and secondly because of the manager's background (Norwegian). The manufacturing of the products is concentrated in the UK based factory however the company relies in sales representatives/ distributors based in Norway, Sweden and Denmark; therefore, the international entry mode is considered to be exports.	Market development (increased market size and customer base enlargement), SME producing products that are not available from international competitors due to its high tech and innovative nature, firm's international reach and contacts, access to exclusive market information, having the same cultural background as some of the foreign markets being entered, familiarity with market conditions, managerial urge and business growth	The manager being a Norwegian expat living in the UK had access to exclusive foreign market information which included knowledge about the market situation, market requirements and needs. The cultural socialisation of the manager consisting of the manager's background, experiences gained from living, travelling and working abroad as well as the manager's competencies and the desire for growth also assisted and enabled the initiation of the SME internationalisation	Obtaining reliable international representatives in the foreign markets proved to be a difficult task. The manager also highlighted some challenges caused due to inadequate managerial competencies in dealing with international scenarios such as sudden changes in legislations and exporting tariffs, customer specifications requirements and the uncertain international market environment in general

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49	35	Automotive Parts	Manufacturing	Medium	Germany	Manufacturing FDI	China, Turkey	Low	Established	Proactive	German automotive parts manufacturing SME started a subsidiary of its domestic company in foreign markets with already strong established governmental level business partnerships with Germany. Foreign direct investment was selected as the mode of international market entry in order to lower labour costs, gain access to cheaper raw materials, gain access to preferential tariffs and incentives as well as to develop human capital resources and to increase production capacity. The SME through horizontal foreign direct investment expanded its domestic operations to foreign countries, China and Turkey, both recognised manufacturing hubs. The SME conducted the same manufacturing activities but in the chosen foreign markets as it gave the SME total control of business whilst benefiting from the many benefits associated with oversea production.	Increased profit opportunities, Reduction of costs in purchasing, production, distribution and sales, motivation to grow (long term growth strategy), SME and manager's positive attitude towards international business	Opening foreign subsidiaries and foreign production facilities, establishing a stronger market position due to economies of scale, favourable governmental policies and regulations (Grants, subsidies and incentives), being culturally aware when operating internationally, developing the competencies of the team and the manager to better operate in international markets	The geographical spread of the acquired production facilities, cultural issues, difficulties with logistics, need for the manager to be physically present at the different production locations, varying time zones, unfamiliar foreign business practices and administrative procedures, untrained domestic staff to deal with issues arising as a result of internationalisation, lack of international market information (high dependency on foreign market's local consultancy firms for information and advice), difficulties in obtaining reliable business partners, language barriers

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50	24	Home Appliances	Manufacturing	Medium	Iran	Outsourced Manufacturing, Direct Export	China, UAE, Iraq, Turkey	Low	Established	Mixed	Iranian manufacturing SME which directly exported its products to the geographically/culturally close markets. The SME which initially only operated in the domestic market was facing overproduction issues due to the stagnating domestic market. Therefore, the manager made a strategic decision to internationalise. The SME after gaining considerable shares in the foreign markets, was now facing major challenges because of the lack of production capacity and was not keeping up with the fast-growing demands of the market which were the direct result of foreign market expansion. As a solution the manager of the SME decided to outsource some of its manufacturing process to factories based in china and have the finished parts imported before assembling them at the final product at the SME's domestic facilities before exporting them to UAE, Iraq and Turkey. The foreign markets were selected as they were considered very similar to the domestic market and the manager has strong contacts and social ties with some of the customers in those markets.	Limited or stagnating domestic market, lack of demand in the domestic market, domestic market recession, motivation to grow the business, general entrepreneurial motivation of the SME manager, enhancement of supply chain and production capacity, market development, reduction of firm dependency on a single market	Internationalisation was enabled by extending the domestic activities to culturally and geographically close market, which helped reduce risks associated with internationalisation due to lack of familiarity with market business procedures and lack of foreign market knowledge as well as cultural issues. Enhancement of production capacity by outsourcing some of the manufacturing allowed the SME to meet the growing demands of the international markets in which the SME was now operating in.	Inadequate managerial competencies and knowledge, unsuitable firm structure, lack of production planning, lack of sufficient production capacity, lack of human resources, unstable domestic market economy, high foreign import tariffs on imported products from China

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51	12	Construction Projects	Construction	Small	UAE	Joint Venture	Qatar, Saudi Arabia, Oman, Bahrain, Kuwait	Low	Established	Proactive	UAE based construction SME which utilised the many benefits of establishing joint venture agreements to internationalise. The SME was able to deliver projects internationally by combining the expertise and resources with the foreign market's local construction firms. The joint venture agreement also enabled the SME to gain local knowledge of markets in which they operated in thus reducing the risks of operating internationally as well as the costs of market research and establishing networks in unfamiliar markets. The agreement meant that each party involved was responsible in contributing resources such as land, capital, intellectual property, skills, credentials and equipment. The markets were selected because of the manager's extensive experience in operating in the selected markets, the shared language, values and cultural similarities was considered as a main driver for entering those markets. The manager took a very proactive but technical approach towards internationalisation and utilised his experience as well as extensive market research to analyse and locate the markets	Manager's positive attitude towards international business demonstrating drive, desire and enthusiasm to grow the business internationally, long term growth strategy, less competitive foreign markets, reduction of firm dependency on the small UAE market	Manager's experience of living and operating in foreign markets gave the SME access to exclusive market information hence reducing the risks involved with uncertainty present in international business environments, cultural awareness, international market entry by establishing joint venture agreements to gain access to local knowledge and expertise, entering culturally and geographically close markets to reduce risks associated with market unfamiliarity and cultural differences, Manager's extensive market research and analysis, managerial competencies	Inability to directly contact potential international customers without the help of local experts, difficulties in identifying reliable international joint venture partners, inadequate managerial competencies and knowledge in dealing with internationalisation related issues as well as legal issues, manager's lack of time, lack of international specific foreign market knowledge, unfamiliar business practices in foreign markets, barriers of bureaucracy

Participant	Company Age	Product Category	Industry Sector	SME Size	Home Country	Format of Internationalisation	Countries Most Active In	Technological Intensity (% R&D to turnover)	Lifetime Stage (Start-up vs Established)	Internationalisation Approach - Proactive, Reactive or Mixed	SME Overview	Motives and Drivers of Internationalisation	Enablers Used to Internationalise	Challenges and Barriers Faced During Internationalisation
52	9	Clothing	Manufacturing	Medium	China	Direct Export	Worldwide	Low	Established	Proactive	A born global Chinese clothing manufacturer marketed its products and contacted potential international customers through various domestic and international trade fairs as well as the use of internet. The SME started internationalisation from inception, or rather it was established with the specific purpose of exports, which comprised over 90% of their initial sales. Initially the SME mostly exported through agents but soon after started direct exports as it became more experienced. The manager emphasised the importance of using trade fairs to get customer contacts, promote products and learn about product and market trends of the international markets. The manager further highlighted the importance of customer relationships in facilitating the SME's international development through the acquisition of market knowledge, potential new customers and business opportunities.	Manager's positive attitude towards international business, a born global SME thus internationalisation is part of SME's growth strategy from inception, general entrepreneurial motivation of the SME manager, profit and business growth opportunities, SME seeking knowledge available in foreign markets (product and market trends), competitor's success in foreign markets, market development, fears of losing foreign markets permanently to domestic competitors, international demand for company products	Establishing closer relationship with customers, technological developments such as improved communication and information technology, ease of access to information using the internet, manager's and the team's competencies and positive attitude towards internationalisation	high level of competition in the foreign markets, meeting export product standards and quality, language barriers, time differences, logistical and distribution difficulties, lack of international market information, difficulties of developing new products for foreign markets, manager and the team's lack of market knowledge, difficulties in identifying international business opportunities,

Appendix F - Supportive Finding

The unique, individual and dynamic nature of competency: Challenging the functionalist perspective of managerial competency in SME internationalisation

Overview

All managers interviewed provided their own unique account and experience of internationalisation. These accounts were diverse and dynamic and included their motives, their experience and the way they handled the process all together. The interviews highlighted that there is some level of discrepancy between the reality that the managers were portraying based on their experience of internationalisation and what has been described in the literature. The difference lies in the fact that the literature tends to demonstrate managerial competence from a functionalist perspective, i.e. as static and structured, whereas the managers interviewed revealed experiences of managerial competence highlighting its dynamic, unique and individual nature. The managers provided different answers to the question of what it means to be a manager during the internationalisation process.

"To be a manager during the internationalisation of the company, in my opinion [Long Pause] that involves a lot of things […] where do I begin, there is so much to handle and each different in their own rights" (Respondent 12)

"I would say that as a manager there are numerous things which need to be dealt with […] the management structure is very close to my personal style of management and what feels right to me; so, in my opinion they reflect closely the ideas and personalised management style of the owners" (Respondent 27)

"[Required competencies for SME internationalisation] The main problem that I have right now is telling you exactly what competencies you need, I say this because I struggle to justify why you should have a particular competence, the whole concept is so complicated that I am genuinely struggling to give you an answer. I can maybe try and give you a few examples but those would be entirely based on my experience so I don't know if that would be the right answer, I'm not sure if I'll be answering your question then" (Respondent 13)

"So [Pause] what this means to me as manager is that [Long pause] I need to welcome and have an appreciation that others may have opposing views and beliefs […] just because I deal with my problems, how I want to deal with them doesn't mean that everyone else should too" (Respondent 41)

"[What does it mean to be a manager during SME internationalisation] you should demonstrate the ability to take responsibility and to lead functions" (Respondent 20)

"I don't know if I'm giving you the right answers here, in fact [Pause] let me give you a background on how it all happened. I feel that my answers are all over the place, they make sense to me, but not sure if they do to you" (Respondent 3)

"[Required managerial competencies during SME internationalisation] All these situations and competencies that I told you about worked for me and that is key. Remember, they won't give you 'the' answer. Like I don't know how to put this. It's not a simple drag and drop scenario, [Long Pause] what's the right word here; its more subjective, its more personal" (Respondent 32)

Such answers indicate that the process of SME internationalisation is complex, with no right or wrong answer to the question of which competencies are required for internationalization. They differed from one respondent to the next suggesting that they are unique and are highly dependent of the environment that the managers find themselves in and their personal style of management. Some managers took on a more structured and planned approach towards internationalising their organisations whereas others took a more relaxed and flexible approach, yet in both cases they talked about experiences rather than providing lists of competencies only. Even though each manager outlined their own unique approach there was a level of convergence in their views on competencies such as planning, communication, etc.

"Again, original management skills like effective decision-making, communication and leadership skills are all essential" (Respondent 17)

"There are the obvious duties like planning, organizing, directing, supervising and etc but the main job is to handle diversity, it can be people, circumstances, tasks [Pause] anything". (Respondent 4)

"Organising and task management, conflict resolution, handling interpersonal relationships and also in a lot of cases just being empathetic can help. I won't go into listing the more obvious ones, I am sure you have heard them enough by now [Laughs]" (Respondent 14)

The respondents described very diverse scenarios and experiences in terms of the environment and the challenges that they faced during internationalisation. Each of the managers highlighted different competencies which occasionally they outlined in a list-form, suggesting a functionalist perspective. These answers can be classified in three categories of competencies that were talked about in a functionalist way. These included:

- Knowledge competencies, such as general management competencies such as leadership, negotiation, communication, team building and other human resource management competencies that are necessary in any management position; knowledge of the generally accepted project management capacities including the tools used in those areas, such as project scope management, project time and cost management; and industry specific knowledge in management, development management and methodologies that are specific to the industry.
- Experience-based competencies which relate to competency areas which come from the managers experience, and which interviewees referred to by outlining past involvements, hours of project management exposure, size, type and complexity of project managed. However, the interviews underlined that even though the years of experience may be helpful in achieving managerial competence for SME internationalisation it does not necessarily suggest that one is competent in internationalising an SME.

- Personality-related competencies, such as people management including ability to communicate, ability of motivation, ability to influence and political sensitivity, and attributes such as can-do attitude, confidence, enthusiasm, open mindedness, adaptability, and personal integrity.

In all cases, the managers talked about the external factors and the multi-dimensional nature of the internationalisation process of an SMEs. For them, this was a process that could be seen as the result of the context of internationalising SMEs where factors such as culture and politics were inherently present. The managers highlighted the importance of being aware of these factors and underlined awareness of such contextual circumstance as an important competency by itself. They suggested that it is key to be aware of politics and to understand the dynamics that evolve in an international environment, but also believed that one should try and avoid becoming part of them.

Indeed, in the development of their answers, the SME managers quickly developed these lists into accounts of experiences which they had lived and therefore were not only relevant to the situation but inextricably immersed in the environment. Some accounts started from outlining strategy implementation, flexibility, environmental awareness, courage, resilience, negotiation and others and were built into dynamic and higher-level experiential competencies such as the ongoing negotiation with the external forces, acting as an agent or a leader who is immersed in handling complexity and uncertainty.

In many cases, the answers of the respondents were initially framed as predictable, almost textbook style answers and involved to some extent conflicting views, such as:

"[It is about] making sure that the strategy is implemented. [The manager] …needs to come up with all the tactics and strategies to fit the scenarios that the company would need to deal with [Long Pause] So […] as a manager you are responsible for planning, organising and making decisions. You also have to deal with a lot of risks and a lot of resistance that can come from anywhere" (Respondent 8)

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As the answers were elaborated, conflicting views were reconciled in the experience of internationalisation and the answers themselves became more personal and emotional, for instance highlighting traits such as the need for resilience and flexibility.

"[During internationalisation] to improve the dynamics of the company, the manager needs to be able to deal with change effectively, efficiently and stay aware of any rising situations, they need to stay optimistic and be very resilient. So, they do have an important role in my opinion" (Respondent 19)

"What you have to realise is the personal element of this process, it is my company and carries my ideologies and it's a reflection of my identity. there is a level of emotional attachment when you are dealing with companies like mine that you have to consider" (Respondent 50)

"[Competencies required during internationalisation] all my hard work, sleepless nights, personal savings and so many more sacrifices were made on my part and of course those around me to get the firm to where it is now" (Respondent 5)

Ultimately, they developed into being more experiential.

"[The] manager should be fascinated by other cultures and be curious enough to explore different things within that environment. And then there are the more common traits like being a good negotiator, having a strong presence and making good strategic decisions" (Respondent 35)

"Ultimately, internationalisation is an adventure [...] I think it's a misconception that challenges are bad [Pause] funnily enough, it is all the ups and downs that makes it [SME Internationalisation] a special experience" (Respondent 15)

The sheer variety of answers suggested the multiplicity and the diversity of the internationalisation process in SMEs, which was seen as a unique and individual experience which is far more complex than the way it is portrayed in the literature.

Analysis and Discussion

Even though all the accounts of the respondents were highly diverse and may have given the impression that there was not much in common between the respondents' internationalisation processes, the one aspect that they all agreed on was that internationalisation of SME is an experience when viewed holistically. At first glance, looking at all of the transcripts together it became quite evident that the way managerial competence is portrayed in most literatures reflects a structured approach which is often limited to listing a number of competencies which managers are said to require in order to internationalise which are often generic and rather predictable. In this study the managers of SMEs provided very different and highly individualised accounts and experiences regarding the process. The multiplicity and the diversity of the answers given to the questions suggested that the internationalisation process in SMEs is a very unique and individual process and it is far more complex than the way it is portrayed in the literature. The literature on SME internationalisation portrays an image of internationalisation as a static, step by step process which requires certain structured and fixed competencies (functionalist perspective). It demonstrates a very lethargic and rather apathetic image of the required competencies. These interviews highlight a more elaborate, more interesting and varied story suggesting that the process of SME internationalisation is not generalizable and reflective of the analytical steps in the current literature or the typologies of definitive competencies. Therefore, by comparing the answers, it became apparent that the process of internationalisation for SMEs is dynamic unique and individual in the sense that it is personal and experienced differently by different individuals, in this case managers. That means a one-size fits all approach to managerial competencies for SME internationalisation is not the most relevant approach and a more tailor-fitted approach holds promise for our understanding of managerial competence and SME internationalisation. The interviews point to the literature on dynamic capabilities in the sense that the experience of internationalising an SME requires and will involve the adaptation and adjustment of the limited resources of the SME to the constantly changing and evolving external environment (Teece, Pisano, and

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Shuen, 1997; Helfat et al., 2007). More specifically in relation to managerial competencies, the unique, individual and dynamic experiences of managers were rooted in efforts towards integration, building and reconfiguration of available resources and capabilities (Teece, 2007) building a viable fit between the SME and its new environment – an idea reflected once again in the dynamic capabilities literature (Adner and Helfat, 2003; Bergen and Peteraf, 2002; Sirmon and Hitt, 2009; Helfat & Peteraf, 2009). Therefore, in combination the findings of this study and ideas from the literature suggest that the managers of SMEs play a key part in SME internationalisation, primarily by acting opportunistically when growing their SMEs and by positioning it more rationally in the international environment. This demonstrates the aspects of the internationalization process that the functionalist perspective does not capture, and which become visible only under a more experiential lens. This is portrayed well in the findings of this study and suggests that the managerial competencies required for SME internationalisation are rather dynamic and are not as structured and systematic as the ones portrayed in the literature (Kor & Mesko, 2013; Kor et al.,2007; Castanias and Helfat, 1991; Mahoney, 1995; Penrose, 2009).

The findings revealed that managerial competencies of the SME owner-manager (case of many of the interviewees) has an influence on the internationalisation of the SMEs. Acknowledging the importance and versatility of the role of the manager, who can also be seen and frequently is an entrepreneur, can give a better insight about what competencies are required by SME managers who as entrepreneurs are key actors in ensuring the survival of the organisation during internationalisation and within the business context as a whole. Furthermore, the findings highlighted the importance of the role of the manager as not only an entrepreneur, but also a key decision maker in the internationalisation process and the development of managerial competencies. These ideas are also reflected in the entrepreneurial literature (Kiggundu, 2002) which emphasises how various managerial competencies come together over the particular competencies needed in any given situation. Even in the most functionalist-based entrepreneurial accounts which conceptualise

entrepreneurial competencies as the total sum of entrepreneurs' attributes such as attitudes, beliefs, knowledge, skills, abilities, personality, expertise and behavioural tendencies needed for success and sustaining entrepreneurship (e.g. Kiggundu, 2002), the emphasis is still on how managers bring together the competencies in a dynamic, unique and individual experience. Whether they are knowledge-based, experience- or personality-related competencies, competencies are deeply rooted within the manager of the SME, their lifetime experience and career, as well as in the internationalisation process. Similar to findings of this study, Zoysa and Herath (2007) point that the capabilities and personal characteristics of managers are and should be regarded as one of the most influential factors in having a positive or negative impact on internationalisation process. The previous themes and the finding of the research as seen in the quotes from the interview transcripts highlights the unique nature of the competencies of SME managers and emphasises the dynamic nature of these competencies thus further supporting the fact that in SMEs the performance and in this case the internationalisation of SMEs in highly dependent on the competence of the owner/manager and their entrepreneurial characteristics.

Literature and Manifestation	Level of focus	
	Existing literature - Towards Function	This Study - Towards Experience
Functionalist perspective list of competencies	High	Low
Entrepreneurial literature and dynamic arrangement of competencies	Medium	Medium
Experience-based competencies and agency literature Competence as (higher-level) lived experience of the agent	Very low	Very High

In the preceding paragraphs, the analysis and discussion of the findings highlighted that managerial competence can be seen from a functionalist perspective, but is better understood as dynamic in nature and, even more relevantly, as an experience. This indeed reflects the central point of the argument of the thesis which shifts the focus in the literature

- *from* heavily functionalist interpretations, more recent dynamic interpretations and limited reference to the experience of managerial competence,

- *to* lighter, even descriptive, functionalist interpretations, particular reference to the dynamic nature and extensive, in-depth reference to the experience of managerial competence

The dynamic arrangement of various competencies seems to sit between, on one hand, competencies being seen from a functionalist perspective and, on the other, the more experiential approach to managerial competence. Before looking into managerial competence

as an experience, it is worth delving deeper into the dynamic arrangement of various managerial competencies.

Moving away from a functionalist perspective: the dynamic arrangement of functional competencies - Overview

In combination the answers of the respondents showed that even though managerial competencies can be viewed under a functionalist perspective, the latter does not reflect the nature of managerial competence. The majority of the responses showed that this was an experience (which we look in the next section), but also highlighted that a key part of this experience is the dynamic arrangement of individual competencies, i.e. some emphasis was placed on the ideas that reflect the dynamic capabilities literature, whilst – still – the overall views reflected a more agential interpretation of managerial competence. This section briefly looks into the ideas that are relevant to dynamic capabilities, before moving to the accounts of managerial competence as an experience which follows immediately after this section.

In several instances, the respondents talked about managerial competence as the dynamic arrangement of various, context-free or, even generic, competencies, such as communication and planning skills. The interviews highlighted that the dynamic arrangements of competencies are determined by the industry and the challenges that the SME manager faces in the international context. For example, a manager in the fashion industry and a manager in the manufacturing industry would both dynamically bring together the various competencies that they need to deliver their products and/or services and address the challenges relevant to the international context. But they would bring together different competencies which are task and industry specific. Across industries, all managers had to dynamically bring together their competencies even though these competency arrangements varied depending on the task and the industry.

> "[Managerial competencies during internationalisation] I don't personally agree that it's what competencies are needed as such, because it [SME internationalisation] is not a

simple matter, I would say the best way of describing it is that I am responsible for assigning tasks to the line managers, but also simultaneously supervising and coordinating them to ensure that we are meeting the deadlines, [Pause] also trying to remain focused and stay switched on in terms of new emerging technologies, their integration and handling of any regulatory compliance policy changes and on top of all this maintaining a good customer satisfaction rating" (Respondent 38 – IT Industry)

"For example, in our industry attention to different taste and styles in very important and we had to make sure that our range were well aligned with the customers' expectations. In terms of being able to follow trends and have a good eye for anticipating what your audience will respond to next. It is important to become completely immersed in the culture and the countries individual sense of style." (Respondent 28 – Fashion Industry)

A question that helped the interviewees provide more insightful description regarding their perceptions of the managerial competencies was the following question: 'Did the required competencies change or stay the same as the firm progressed in the internationalisation process'. This question allowed the managers to reflect on the competencies which they had developed before the start of the internationalisation process and how they perceived those competencies had changed as they progressed with the internationalisation of the SME.

"…In regards to how they changed throughout the process I have to say that at the start of the process you are still in familiar grounds and it takes some time for the effects of operating internationally to kick in and once that happens that's when you notice the change in the dynamics and the way in which you have to handle the situations" (Respondent 30)

Another SME manager responded by stating that:

"The competencies have not changed but I think the focus just shifts to different competencies as the organisation becomes established in an international market" (Respondent 34)

And another SME manager used a football analogy to explain how the SME internationalisation requires a dynamic arrangement of competencies;

> "…going back to my earlier example. The teams and the players are still the same, the game is still the same, we are still talking about football, what changes? [Pause] who you play changes, your opponent changes. Do you see where I'm going with this? the football manager doesn't use the same formation week in week out do they? why? Because it won't work, you will lose the game. So, going back to the company it's the same concept. I had to change and adapt to the environment, my competencies I don't think changed a lot but how I used them certainly changed every time I faced a new challenge" (Respondent 10)

Whilst another SME manager addressed the question by saying:

> "I don't believe that there is a right or wrong competency to be quite frank, there is always so much in play simultaneously, realistically as a human being we are limited to how much knowledge, competence, skill, information [we have] … we take on board, we have so many constraints both physically and mentally that stops us, but one thing we are good at is making the best of what we have" (Respondent 12)

All these answers follow the same theme and that is that the managers need to be competent in arranging their competencies in a way that is responsive and in line with the context of the environment in which they are operating and that the dynamism and flexibility with which they arrange and bring together their various competencies is indeed a competency in itself. This manifested in taking on board information from their environment and reconfiguring their organisation in a way that can handle the forthcoming challenges of internationalisation. The managers interviewed believed that to succeed in an international environment the managers need to demonstrate a strong dynamism in employing and embodying their competencies. The majority of the managers outlined job specific competencies alluding to a functional perspective, but their focus was on how they dynamically bring these competencies together:

> "…It is my responsibility to ensure employees and business practices conform to country, regional and international regulations. Again, original management skills like effective decision-making, communication and leadership skills are all essential." (Respondent 23)

And another quote by a manager in the fashion industry SME;

> "…of course, planning, organising, leading and coordinating and of course competencies related to my industry, knowing the fashion trends, staying updated all are competencies and important ones for that matter, but if they are enough [by themselves] to internationalise that's another question" (Respondent 26)

The dynamic arrangement of competencies alludes to the dynamic capabilities of adaptation and integration that are relevant in the dynamic capabilities literature and which are addressed below in this study. Therefore, this study suggests that the dynamic capability perspective is still important, yet not as important as it has been considered in the literature. Similarly, RBV is relevant here as, according to the respondents, the dynamic configuration of managerial competence can be seen as a resource that is important i.e. rare, valuable and difficult to imitate, as the respondents highlighted. Here it is important to note that all respondents talked about the dynamic arrangements of managerial competence as a higher-level competency in itself – a level up from the generic competencies that the functionalist perspective outlines.

Moving away from a functionalist perspective: the dynamic arrangement of functional competencies - Analysis and Discussion

Having reviewed the interviews it became evident that the internationalisation managerial competence is viewed as a dynamic arrangement and integration of functional competencies on a more embedded level. What this essentially means is that the functional competencies which are often listed on majority of the related managerial competence literature (Minet and Morris, 2000; Baum et al., 2001; Man et al., 2002; Sony and Iman, 2005; Smith & Morse, 2005)

are still relevant and applicable but their nature and application and the way in which they are dynamically embedded and merged in action is what this study emphasises. The findings from the interviews and the feedback gathered on the questions such as the following for example; 'What competencies did you possess which allowed you to initiate the internationalisation process' or 'What competencies did you need during the internationalisation process and why' as well 'What competencies do you believe were more significant during the internationalisation process and why' revealed that SME managers tend to initially describe their competencies using a functionalist perspective, thus referring to them as stand-alone competencies but soon after they develop their answers to signify their role in bringing together these functionalist competencies. They outlined competencies such as interpersonal competencies, communication and planning but they kept referring to the way in which they bring these competencies together as the factors which dictates the progress of internationalisation process (Man et al., 2000). This insight to the experience of the managers suggests a greater a higher-level competence which is the act of dynamically arranging functional competencies. They applied specific competencies dynamically and in a manner which intently matches the external environment. This finding further highlights the importance of staying relevant to the context and the changing environment as well as highlighting the role that SME managers play in acting as agents by using the competencies they hold and acquire and integrating and adapting them in a dynamic way so that the enterprise is well geared to face the challenges presented by process of internationalisation (Abraham , Karns, Mena, & Shaw, 2001). An interesting finding is that majority of the managers admitted that this happened rather inherently and instinctively, which can be linked back to their personal characteristics and prior experience in managing their organisation in the domestic environment and which was extended to the way in which they came to internationalise their SMEs.

The SME managers highlighted that when these functional competencies are well developed and dynamically combined, they bring about complementarities which enable organisations to

achieve coordination in international environments (Gammelgaard & Larson, 2001). Developing leadership and decision-making competencies with the consideration of the external environment and organisational processes is an essential managerial competence and can assist organisation and the SME manager to sense and seize opportunities. The dynamic integration and adaptation of these competencies was the foundation required for SME internationalisation (Shields, 2007).

The major finding is the fact that managerial competence needed in internationalisation is viewed as a dynamic arrangement of functional competencies and that a competent manager needs to continually balance the time, money, knowledge, security and overall status of the organisation, which some referred to as the prestige of the organisation, whilst going through the internationalisation of the SME (Hoffmann T. , 1999). The dynamic employment of competencies and the understanding of the mentioned concepts (cost, time, knowledge, security and prestige) alongside the experience gained previous to the internationalisation of the SME and throughout the process can help place the manager and SME in a better position to achieve the goal of internationalisation.