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Smes and export performance

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SMEs AND EXPORT PERFORMANCE

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Abstract

Large corporations have not been the only actors of multinational and global growth in recent decades. Small and medium-sized firms have demonstrated not only their capability of being convincing interpreters of internationalization processes, but they have also evidenced a variety in approaches to international markets. As a consequence, the theories that used to consider the internationalization of SMEs in a framework of homogeneity of behaviors and growth path, have to be revisited to take into account variety of strategic and organizational approaches as well as variety in international growth paths.

Moreover, the key question arising is whether the concept itself of size has to be revisited in the light of the parallel de-structuring of large corporations and innovative market seizing and growing organizational complexity of small firms.

The paper assumptions have been tested on a sample of Italian SMEs: the research reveals that nor size neither age of the firms are correlated to export performance.

The latter seems to depend primarily on the product/market segment strategy, the main variable capable of defining the different clusters emerging in international SMEs.

SMEs AND EXPORT PERFORMANCE

LITERATURE REVIEW

The literature on internationalization processes of firms has frequently been based on the observation of large firms behavior, while SMEs have been depicted as an "evolving" species, destined either to fail or to follow the growth path and international behavior of large firms.

In the recent decades the largest firms began a push toward internationalization that affected both sales and production, as well as the purchase of products, materials, semi-finished goods, services and capital.

In a context of world markets still separated by important natural barriers (the nature of demand, distribution systems, etc.) and artificial ones (duties, quotas, technical regulations) the model of the multinational firm has relied on diversity and market lag (also in temporal terms) by creating commercial and productive branches in the various countries (Bartlett, Ghoshal, 1989; Buckley, Casson, 1976; Dunning, 1993a; Hood, Young, 1979; Prahalad, Doz, 1987; Rugman, Verbecke, 1998; Vernon, 1991) and through policies of product adaptation to local specificities (Cateora, 1993; Jain, 1989; Martenson, 1987; Porter, 1986; Walters, 1986; Whitelock, 1987; Whitelock and Pimblett,1997). At the same time the multinational has fully exploited the possibility of centralizing those activities that had already taken on a global structure, such as finance (Lessard, 1986).

Beginning in the second half of the '80s, a growing number of sectors has seen the gradual dismantling of many natural and artificial barriers, along with a substantial elimination of the market lag (Levitt, 1983; Dunning, 1993b), which has given the large firms the chance to extend the global organizational approach to a large range of functions (Bartlett,Ghoshal, 1989; Ohmae, 1989; Porter, 1986).

For their part the small firms have continued to show in the '90s a strong attitude to be present and competitive in foreign markets, with an approach primarily based on exports. This internationalization process has often been defined as "asymmetrical", since along with a strong international commitment for the commercial function there exists a "domestic" organization of the remaining activities (Depperu, 1993). This "asymmetrical" view has often been led to the belief that such an international strategy is incomplete; asymmetry implicitly holds that, due to the presence of financial and managerial-organizational constraints (Moini,1997), the choices of the smaller firms have been sub-optimal with respect to the one best way represented by the model of the large firm.

The international literature has often taken this view, based on the idea that the small exporting firm represents the first step toward more intensive forms of internationalization, which in turn accompany a parallel growth in the size of the firm, from non-equity agreements to joint ventures and direct foreign investment (Bilkey, Tesar, 1977; Cavusgil, 1980; Cavusgil, Tamer and Naor, 1982; Cavusgil, Bilkey and Tesar, 1982; Czinkota, Tesar 1982; Miesenbock, 1988; Johanson, Vahlne, 1977).

The hypothesis underlying this conventional view of internationalization is that of the classical growth paradigm, which sees the small firm as a transitory model of corporate organization, by nature destined to grow or to be unsuccessful.

THE INTERNATIONALIZATION OF SMEs: RESEARCH HYPOTHESES

The continental-European literature, Italian in particular, has advanced a view of the small firm as an interpreter of the economic space alternative to the large firm, capable of continuing over time in its original structure by exploiting in the best way possible the advantages it has with regard to strategic and organizational flexibility and entrepreneurial commitment (Golinelli,1992; Grandinetti,Rullani, 1992; Mele,1986; Pepe, 1984; Usai, 1981; Velo 1997). In the wake of this tradition, which seeks to emphasize diversity, we must ask ourselves today if the moment has come to also emphasize the differences in approach within the world of SMEs.

With respect to the model of the large international company, the small firm has in fact developed different approaches to world markets. On the basis of a preliminary working hypothesis we can hold that there are two strategies explaining the behavior of smaller firms:

- **the proximity approach**, which leads the firm to expand into the nearest markets from a cultural-geographical point of view, with a gradual and sequential process of international learning;
- **the global approach,** which leads the firm to horizontally segment the world market, seen as a single entity, aiming at a restricted group of clients, wherever they may be located, with a supply of homogeneous products/services (global niche strategy), and adopting a serial-type internationalization process.

In the first instance the firm selects markets on the basis of the so-called pyschic distance (Johansson and Vahlne, 1977), favoring the better-known contexts (Liesch and Knight,1999), as these are culturally closer and thus entail only limited local adaptations of the product. This strategic option is coherent with an exporting strategy, which sees the organizational hub of the firm remaining in the home country (Brooks, Rosson, 1987; Reid,1982). In the past this organizational hub tended to coincide with the productive one. Today in many productions the need to control labour costs leads to the growing spread of production delocalization. Regarding product distribution, collaboration agreements with local partners allow for a more effective learning of the specific aspects of foreign markets, making it possible to adapt the product to different situations, even though, as we have already mentioned, this adaptation process is somewhat limited due to the choice of the proximity model.

We can thus develop a new model of the **small international firm, as the organizing hub of international supply and selling processes,** by means of its own units (production plants, sales networks) and alliance systems with other firms.

To the extent there exists a learning process regarding cooperation experiences among the firms, exploiting strategic alliances can ensure a flexible and effective road to the goal of a presence in a growing number of markets which are increasingly more “distant”.

In the global approach the firm completely overcomes the psychic distance problem and the difficulty of dealing with the diversity of foreign markets through an alternative and original view of the world market. This represents an alternative vision since, rather than proceeding by clusters of “similar” countries, from which the market segment to be reached is then determined, this view carries out an horizontal segmentation of the world market and seeks to satisfy a specific need that arises in all different parts of the world. It is an original vision, since it leads to a highly creative process for determining the group of potential customers, which are not pre-constructed segments from which to choose but groups originating from the firms product/service choice (creative segmentation). The uniqueness of the firm’s supply is coherent with the decision to export from the firms home country, with very limited, if any, forms of production delocalization, since the exclusive know-how behind the product leads to a coincidence between the organizational and productive hubs of the firm. In fact, uniqueness is often the result of business competencies and creativity joined together with “territorial competencies” (specialized workforce, services). If we consider the case of many small Italian firms, that have a world leadership in their niches, we discover that their competitive positioning is the result both of firm-specific and of local system- specific factors (firm embeddedness).

Moreover, the uniqueness of supply shifts the competitive strategy onto non-price elements, making it inopportune to decide to produce in low-labor-cost countries as well as in outlet markets in order to reduce transport costs.

Finally, creativity in the vision of world markets and uniqueness of supply lead to creating a favorable competitive environment for the firm, especially the small one, since at the same time there is:

- a strong reduction in the degree of complexity of international markets, in the sense of knowledge and control of the segment created;
- a strong reduction in the degree of complexity in the competitive environment, in the sense of determining a context dominated by non-price logic and highly circumscribed as well in terms of the number of actual and potential competitors, where a small firm can aspire to a market leadership role;
- a strong reduction in the degree of organizational complexity, since, by means of a centralized organizational structure, the firm operates on a global scale (1).

The global niche firm represents a strategic model that makes us rethink the idea of company size, as well as go beyond a "conventional" view of the small firm and its path toward international growth. The emergence of this new topic of study sees in recent years a gradual convergence of interests and views between the continental European and Anglo-Saxon literature, just as in the '80s when there was a similar convergence on the topics of inter-firm cooperation, networks and local systems of small firms (2).

In the global model the re-interpretation of the world context as a creative space and advantageous to the small firm does not imply, however, the existence of a stable niche protected from competition. The dynamism of markets, the transversality of new technologies, and the recently acquired ability of large firms to respond with a flexible strategy and to penetrate the market at the niche level (also by acquiring small firms) has created a continual challenge for small enterprises.

RESEARCH DESIGN

The empirical survey has been conducted in two stages: a first test on a sample of Italian SMEs and a second one on a sample of SMEs located in a province.

In the first stage the idea was to test the working hypotheses described using a general data set, representative of the variety of small firms: for this reason 200 Italian SMEs have been sampled (3) and a correlation analysis among exports, sales and number of employees (measures of size), and age has been carried out. Only quantitative data have been processed (sales, number of employees, age, percentage of exports to sales), extracted from the Italian Chambers of Commerce data base.

The objective was to obtain a first answer to the fundamental question arising from the working hypothesis above: is it true that export level (as measured by the ratio export to sales) does not depend either by size or by age of the firms?

This second research aims at identifying more accurately the product/market strategy of exporting SMEs.

The analysis carried out concerned a business context, that of the province of Varese, where small and medium-sized firms predominate; significant here is the degree of international openness, understood as the share of sales revenue represented by exports. Data, both quantitative and qualitative (products, competitors, competitive positioning, product positioning, marketing mix adopted, foreign markets served), were gathered for 153 small and medium-sized industrial firms with headquarters in the province (4).

We have held it appropriate to carry out a second statistical survey using a sample of small enterprises belonging to a uniform territorial and industrial context, in order to bring out possible alternative approaches to the international strategy of the small firms, thereby minimizing the "interferences" resulting from the differences in the industrial and territorial environments.
The study seeks in particular to highlight the presence of different strategic options for the SME in light of the previously formulated working hypotheses, and to identify within the general picture we have just described the evidence of strategic clusters.

RESEARCH RESULTS

Table 1 refers to the firs test, regarding 200 Italian SMEs, and shows the correlation matrix obtained, demonstrating that the evolutionary and conventional model of firms internationalization is not the sole explanation of small firms behavior.

Table 1 Matrix of correlation between exports and size-age parameters (200 Italian firms)

Exports	10,944%	16,411%	3,094%
	Revenues	79,653%	14,914%
		Number of employees	19,385%
			Age

According to this correlation analysis, export performance does not depend on the size of the firm, expressed either by revenues or by number of employees, and it doesn't seem to be influenced by the age of firms, thus denying the "experience effect" on international growth. In conclusion, the export commitment does not respond to size constraints: smallest firms are not necessarily confined to local markets due to lack of financial and managerial resources or to lack of expertise.
In my opinion, such figures should not lead to the search of the alternative model, capable of explaining SMEs internationalization. I am convinced that the traditional evolutionary model maintains its validity for a number of small firms, but for many others alternative approaches have to be found.
According to the above described working hypothesis, the analysis of the product/market policy of the firm may constitute a good perspective in order to identify clusters of SMEs according to their international behavior. For this reason a second survey has been carried out on the province of Varese. Once again, correlation analysis confirms that size does not explain the degree of internationalization of SMEs, as measured by export to revenues ratio (Table 2).
In fact, the sample includes very small firms that export nearly all their sales revenue and larger firms (even though below 250 employees) which look almost exclusively to the home market. This preliminary check by means of correlation analysis has enabled us to confirm the guiding working hypothesis, which states that it is the choice between the two models of reference that determines the degree of international opening and not the size of the enterprise.

Table 2 – Matrix of correlation between exports and sales revenue (153 firms in the province of Varese)

	Exports	Sales revenue
Exports	1.0000000	0.2049923
Sales revenue	0.2049923	1,0000000

Table 3 – The degree of internationalization of the enterprises surveyed

Exports/sales revenue	% of enterprises
0-10%	31.1%
10-20	14.2
20-50	7.4
60-80	10.8
80-90	5.4
90-100	5.5

What then is the variable that explains why and how much firms export? The result of questionnaires analysis reveals as the key element the product; or better yet, the combination of product/market segment served.

DISCUSSION ON RESEARCH RESULTS

The global niche firm

The presence of tiny and small firms with a considerable exporting vocation (in some cases almost encompassing the whole of sales revenue) is explained by the type of production, which reveals itself to be the key vehicle for internationalization.

In particular, the most internationalized enterprises undertake niche activities; that is, they produce a single product (or only a few products) aimed at a restricted segment of customers.

These are firms influenced by the natural limits of domestic demand that are looking for foreign outlets; often, however, it is the highly specialized product itself that attracts foreign customers, giving rise to the creative segmentation described above.

Niche production shows a high price-quality ratio: together with the high product specialization with an often high technological and innovative content there is the careful attention to cost control.

The study clearly shows that product quality and differentiation must combine with a competitive price in order to support the competition from international markets, which is intense even at the niche level with a reduced number of direct competitors.

These observations have been further examined and confirmed for enterprises with very high sales revenue from abroad, above 80%. The latter, while not large in number (11% of the total), represent the benchmark for the other firms that have made international growth their dominant strategy (5).

For this reason these enterprises have undergone a further examination by means of interviews, in order to grasp, in addition to quantitative data, the strategic direction of the firm.

These enterprises have not gradually broadened their international experience. In fact, it is surprising to note that nearly two-thirds of these firms have directed almost all of their sales at foreign markets from the beginning of their activity. This statistic confirms the hypothesis that niche firms adopt a serial and not a sequential/gradual approach to foreign markets.

Emblematic here is the fact that these firms do not mention among the reasons for their internationalization the excessive competition on the home market: often for niche productions the competition is restricted to a reduced number of firms at the world level. More than 60% of those interviewed measure themselves against competitors from the main industrialized countries, proving the fact that competition in niches is not from developing countries but involves a limited number of firms usually spread throughout developed countries.

We can assume that the strong international bent thus depends not only on the restricted market niche served, but also on the need to respond in a timely and effective way to a numerically restricted competition which is nevertheless well-tested in terms of quality and technology.
A deeper comprehension of the global strategy approach –as defined in the second paragraph- requires to understand the product characteristics of these firms, and above all if they undergo local adaptations in reaching the various markets.
Ninety-three percent of these "strong exporters" do not introduce any modification in the product for foreign markets: we are thus witnessing a true global product, maintaining the same features in the various countries, and confirming the previously-formulated hypothesis regarding the global model.

The proximity approach

The figures showing the geographic range of activity of SMEs help us in determining the importance of the proximity approach in SMEs. The adoption of such an approach is demonstrated by the high number of firms with a limited exporting activity (table 2). For these firms the domestic market still represents the core one, and their exports are primarily addressed to low-distance countries, both in geographic and psychic terms. Their segmentation of international markets aims at isolating an homogeneous group of countries (macro-segmentation) to be reached minimizing product adaptation, transport costs and cultural distance.
The proximity approach -in its consequences on the geographic range of activity of the firm- is demonstrated by the prevalence of european markets in the exporting strategy.
The European Union is a target export market for 80% of the firms interviewed, independent of company size. This certainly depends on the geographical proximity to Italy, but above all on a certain cultural homogeneity that makes the needs and expectations of consumers similar, thus allowing the firms to avoid or limit the product adaptations needed for exporting activity.
The growing economic, monetary and regulatory integration will soon turn the European Union into a home market. Within this area we can identify two positions that stand out: France (destinatory country for 58% of enterprises exporting to Europe) and Germany (49%), which constitute for these firms the so-called "core Europe". Outside the EU, 32% of firms target other West European countries, among which Malta, Norway and Switzerland.
Eastern Europe represents the center of interest for 13% of the enterprises as well as a pool of consumers for the near future, thanks to the gradual movement of some countries toward the EU. The most intensive commercial ties are in Hungary, the Czech Republic and Poland.
On the whole, Europe in its wider sense represents the main exporting area for the enterprises. The changes under way in the EU market, with the shift to the single currency and the prospects for the growing participation of the other European countries as well in the economic and monetary union, are thus destined to have strong repercussions on the enterprises studied.
The analysis of the geographic range of action reveals that the most diffuse strategic model is the proximity one, which leads firms to choose contexts characterized by a short psychic distance, often coinciding with markets that are close geographically. The advanced process of European integration results in the proximity approach tending to translate in the medium term into the home market approach, which is destined to reach a continental scale (Lannon, 1988;Vandermerve,1989). In fact, on a smaller geographical scale a series of particularly close markets have already taken shape as the home market for the enterprises.
Outside Europe, North America (19%) stands out among the present outlet areas coming out of the survey. This statistic should make us think, because – if we add it to the statistics regarding exports to European countries – it indicates a greater interest of these firms in

developed markets than in developing ones. The North American market, the U.S. in particular (which accounts for three-quarters of exports from these firms to North America), represents a commercial area rich in opportunities due to its size, wealth, and the considerable growth it has undergone in recent years, compared with repeated market crises in the developing markets. Nevertheless it is a difficult market to penetrate because of the existence not only of some artificial trade barriers (duties, quotas, technical regulations) but also of important natural barriers represented by the distribution system, the sophistication of demand, and in general the complexity of the market itself.

The distribution of exports by market shows less importance and similar weight for the Far East (11%), the Middle East and Latin America (both with a 10% share) and Africa (9%).

In conclusion, the small and medium-sized enterprises do not choose their target markets on the basis of their own size. The choice is once again dependent on the product/market segment strategy. The common feature of different international policies is represented by the need of avoiding excessive adaptations of the product to the different markets: this may be done either by means of the global niche approach or by means of the proximity one.

The internationalization of the SME: solitary exporter or network builder?

The high degree of competition among enterprises, due to the growing globalization and integration of markets, means firms of whatever size have to deal with competitors from all countries.

The greater complexity that firms have to deal with makes it necessary to adopt an international approach that goes beyond simple exporting.

Agreements with foreign firms or direct investments in other market makes for more effective and deeply-rooted penetration, which aims not only at reducing the production or marketing costs of the product but also at a better understanding of the market the firm intends to enter with its products. Even where alliances or direct investment produce an increase in costs with respect to traditional exports, these could be more than compensated for by middle-term advantages in the form of higher shares of sales revenue from foreign markets and better control of international competitive pressures.

The positioning in niche markets leads to many small firms not seeking forms of internationalization which are different from simple exporting activity, since the latter turns out to be the best choice with respect to the firm's product/market strategy, and not necessarily for reasons connected with a lack of resources and capabilities. Nevertheless, we can hypothesize forms of cooperation and direct investment for niche firms, at least in terms of product distribution, in order to increase the chances of penetrating the world's main markets and of dealing better with the competition at the international level.

The case is different for the other firms: these seem to have more need for more intense forms of internationalization of the value chain.

We thus thought it appropriate to examine the sample in terms of forms of internationalization, among which cooperation agreements, joint-ventures and direct foreign investment in particular.

To better understand the significance of the data obtained we must distinguish between the non-equity forms of internationalization and the equity forms.

The former, which include cooperation agreements and contractual joint-ventures, allow two or more firms of different nationalities to pursue common objectives and to take advantage of synergies, thanks to a flexible and moderately binding relationship.

The sample revealed that 12.6% of the cases involved an absolutely balanced division between commercial and production agreements.

This percentage is rather contained, even if in line with that emerging from studies carried out at the national level.

From this further study we have deduced that 63% of the commercial cooperation agreements involve foreign agents, distributors or trading companies, 25% exclusive retailers, and the remaining part channels to which the foreign partner has access.
Among the main reasons that have moved firms to stipulate an international agreement there is above all (75% of the cases) the desire to overcome difficulties in the distribution of products in foreign countries.
In the remaining cases, the determining factor is the chance to exploit the expertise of the partner in the markets in question, which underscores the critical importance of the choice of partner.
We have found several reasons for production agreements, which consist in delegating the carrying out of one or more phases of the manufacturing process: the reduction of manufacturing costs through collaboration with firms in countries with low labor costs, the widening of the firm's range of suppliers through production complementarity with the partner, and the exploitation of know-how not possessed by the firm and which is difficult to imitate.
Turning now to equity forms of internationalization, business joint-ventures are engaged in by 3.15% of the sample; the same percentage was found for direct foreign investments.
These figures reveal that for the absolute majority of SMEs going international is still largely a sole venture and that cooperative and networks arrangements are not so widespread, particularly in their equity forms.
As for the level of exports and the geographic range of activity, a further analysis by means of interviews has revealed that in the world of SMEs, there is a cluster of firms that is following a gradual step-by step approach to international growth, while other firms –even with a global range of activity- do not utilize such forms of internationalization simply because they are not coherent with the strategic option of the firms, and not due to financial or managerial constraints. Finally, other firms make FDI without previous experience of cooperative agreements or joint ventures.

CONCLUSIONS

The analysis of the internationalization strategies of small enterprises allows us to understand the great diversities that are emerging within a world that until now has been treated in a substantially homogeneous way.
The study of the relation between small enterprises and international markets requires today a more complex approach than those commonly adopted, in light of two fundamental developments:

- a strong segmentation within the world of SMEs, not in terms of size but apparently linked instead to the product/market option;
- the beginning of a phase of environmental discontinuity, where the European SMEs have to face at the same time the creation of a continental-size home market and an increasingly more integrated world economic area. Similar phenomena are occurring in other parts of the world (NAFTA, Mercosur, for example), where SMEs have to face contemporarily the challenge of globalization and that of regional integration and domestic market enlargement.

In this scenario the small niche enterprises have been able to anticipate a strategic model that is effective and coherent with the geographical expansion and the growing complexity of European and world markets. By concentrating resources on a limited product-market combination and developing exclusive competencies, these enterprises have projected themselves onto a global scene through the supply of a given product/service to a restricted segment of the international market. These enterprises have shown they have overcome a country-by-country approach that leads the firm to gradually move toward foreign markets, starting from markets which are closer and more similar and then gradually widening their range of activity. Their international strategy leads to a segmental approach no matter where the customer is located, and permits a rapid and contemporaneous penetration of world markets in relation to the group of clients chosen. Within the segment, the small firm can be one of the market leaders: firm size and market share are no longer necessarily correlated variables when the competition moves from mass markets to niche markets.

A similar strategic choice revolutionizes both the concept of sector – which in fact tends to break up into a myriad of niches – and that of the size of the enterprise, which from an absolute and objective parameter becomes relative and subjective, thereby creating new challenges for economic analysis.

This consideration is confirmed by approaches which are alternative to that of the niche strategy.

In fact, alongside the model of the solitary international niche enterprise, that of the small firm engaged in international relations will come to the fore; this model gives such enterprises the advantage of the large enterprise in terms of critical assets and the global reach of the value chain, while preserving the identity and attributes of the small firm. The agreements between firms regard not only the production of some simple components, but more and more involve advanced outsourcing processes, through which the firm obtains know-how that is essential for a global competitive advantage.

It is interesting to note that even the large firms, particularly from the 80s, began processes of de-verticalization and decentralization inside their organizations, and created networks of alliances with other firms in order to gain the organizational and strategic flexibility of the small firm and to focus internal resources and competences on core activities (Buckley, Casson, 1998).

From the two cases of international strategy that have been cited there emerges, in short, the capacity of the small firm to become "large", by preserving its strategic-organizational flexibility and customer orientation, to which corresponds a sort of rush by the large firm to become "small", flexible and customer oriented.

Finally, as an alternative to, or in combination with, the two options we have illustrated, there are other "classical" size paths, as shown by the emergence of a growing group of medium-size enterprises in the European and Italian industry. This growth can be favored by processes involving the total or partial reallocation of the control of the firm, thereby exploiting the new opportunities presented by the European financial system, such as the growing role of institutional investors and the birth of pan-European stock markets for small firms (EASDAQ, EURO-NM).

The creation of the European market and a growing global interdependence have not led to the assertion of the traditional model of the large firm as the one best way to internationalization. On the contrary, the spread of the horizon of reference has led the small firm to have a better understanding of its limits, but also to choose from a number of alternative options the one which best suits the characteristics and potential of the firm.

Notes

1) Note that the centralized hub concept (Bartlett and Ghoshal, 1992) has been proposed as the organizational model of the global enterprise, and typically considered for the large firm. In the case of the small firm , the recurring centralization of the main functions, beginning with production, has instead often been indicated as an obstacle to achieving an international presence
2) See for example Porter (1990) and Casson (1997) on Italian districts and their small enterprises, Buckley and Casson (1998) for a survey on the core research issues. The topic of niche firms has been treated by the Italian authors cited and by Bonaccorsi (1992), Calof (1994), Gomes Casseres (1997), Kohn (1997), Malaksedh and Nahavandi (1985) and Simon (1996).

3) The concept of SMEs adopted is that of the European Union, primarily based on the number of employees (till 49 for small firms and from 50 to 249 for medium ones). The sample has been extracted from the general data set on exporting firms of the Italian Chambers of Commerce.
4) In this second research, data were collected through questionnaires, followed by interviews to those firms that demonstrated the highest internationalization standards. The 153 firms of the sample are distributed by size as follows: small enterprises (up to 49 employees) make up 89% of the total, while medium sized ones (from 50 to 249 employees) the remaining 11%. The sample reflects the local distribution of manufacturing SMEs. In terms of sectors, mechanical firms represent 60% of the total, plastic and rubber 19%, clothing-textile firms 9%, while the remaining enterprises are distributed over various manufacturing sectors. The need of focusing on province-based-analysis is confirmed by some interesting international studies (Brooks, Rosson, 1982)
5) Note that these enterprises, which make up 11% of the total, qualify as niche firms, but do not exhaust this category of firm, since in firms with a medium –high level of export to revenues we can find more than a few cases of niche strategy. We have decided to isolate the former group (11%) in order to make interviews to firms that demonstrated the clearest and most advanced implementation of the global approach.

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