



International involvement of established SMEs: A systematic review of antecedents, outcomes and moderators



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ABSTRACT

This article seeks to review the present state of research on established SME's international involvement. Based on a literature review of 121 articles, we develop an integrative framework that examines the antecedents, outcomes and moderators of SME international involvement. We critically assess and examine how the literature has evolved over the last three decades. Particular attention is paid to discussing the main findings, theoretical and methodological inconsistencies, and to providing suggestions for future research. The review reveals that while international involvement research has made considerable progress over the last few years, its advances have been uneven and leave important areas of research unexplored.

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1. Introduction

Global growth and trade dynamics are opening new opportunities for small and medium enterprises (SMEs) in international markets (OECD, 2013). The international involvement of established SMEs is also gaining recognition in the academic literature (Filatotchev, Liu, Buck, & Wright, 2009; Ganotakis & Love, 2012; Gashi, Hashi, & Pugh, 2014). Indeed, a growing number of empirical studies focus on the antecedents and outcomes of SME international involvement. The state of the literature suggests that, even though the field has gained momentum and the majority of publications have appeared after 2000, there are a series of limitations that prevent the field from advancing further. While there is a proliferation of studies analyzing the environmental-, organizational- and individual-level antecedents of international involvement, it is not easy to understand these antecedents from an integrative perspective. Antecedents are often implicitly conceptualized as alternative solutions, and studies rarely incorporate antecedents coming from different theoretical perspectives and

levels of analysis. Moreover, the increasing number of empirical studies analyzing the outcomes of SME international involvement has yielded contradictory results and method bias (e.g., Lu & Beamish, 2006; Pangarkar, 2008). This is partly due to major differences in construct operationalization (Calof, 1993), single-country samples (Westhead, Wright, & Ucbasaran, 2001), lack of more sophisticated methodological approaches than the prevailing reliance on large-scale surveys, and methodological flaws such as not accounting for endogeneity issues (Cassiman & Golovko, 2011; Golovko & Valentini, 2011).

In this paper we contribute to the field by reviewing and assessing the SME international involvement literature and, based on this review, we identify gaps and inconsistencies in the literature. Based on our literature review, we propose a comprehensive framework that synthesizes and organizes prior empirical research. Our framework not only allows to portrait the current state of the literature, but also identifies the dominant and less explored relationships between the most relevant variables. Based on the gaps we identify, we develop a roadmap for future research avenues.

Although our goal is to capture the field's complexity, a detailed analysis of all types of SMEs would be too broad for a single study. This literature review is limited to studies of the international involvement of established SMEs, as opposed to international new ventures or born-global firms. We review studies that focus on

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SMEs that have decided not to sell abroad from inception; that is, SMEs that have been operating in a given market for a number of years before deciding to export. This differentiates our paper from existing literature reviews that focus on the internationalization of new ventures (e.g., Keupp & Gassman, 2009; Oviatt & McDougall, 1994; Peiris, Michèle, & Paresha, 2012; Rialp, Rialp, & Knight, 2005).

International involvement is defined as the extent to which a SME's revenues are derived from exports (Fernandez & Nieto, 2006). Fernandez and Nieto (2006) identify two distinct dimensions of international involvement: propensity to export and export intensity. Propensity is a dichotomous variable that indicates whether or not an SME derives part of its sales from exporting (i.e., whether foreign sales are greater than or equal to zero), whereas intensity reflects the importance of exports relative to domestic sales (i.e., ratio of foreign sales to total sales). Fernandez and Nieto's (2006) conceptualization of international involvement is well-established in the literature (e.g., Bonaccorsi, 1992; Ganotakis & Love, 2012; Gumede, 2004; Love & Ganotakis, 2013) and presents five significant advantages: First, by splitting international involvement into two separate dimensions, it allows us to include articles dealing either with both dimensions or only one of them. Second, it allows us to differentiate export intensity from international performance (e.g., return on foreign sales). While this latter distinction is not often made in the literature, a meta-analysis by Gemunden (1991) indicates that export intensity may not necessarily lead to better performance abroad. Third, propensity and intensity offer not only a comprehensive conceptualization of international involvement, but also a narrower view than some alternative conceptualizations too broad for a single literature review (e.g., Sullivan, 1994). Fourth, it allows us both to focus on exports, which is by far the most common strategy adopted by SMEs to internationalize (Wolff & Pett, 2000; Zacharakis, 1997), and to exclude papers that focus solely on joint ventures or foreign direct investments. Lastly, it clearly differentiates our study from existing literature reviews centered on the determinants of entry mode choice (i.e., low-control versus high-control) of SMEs (Coviello & McAuley, 1999; Laufs & Schwens, 2014; Street & Cameron, 2007).

Our review reveals that the vast majority of research questions in the SME international involvement literature are centered on identifying its antecedents. More precisely, at the environment-level of analysis, the most frequently researched drivers are government export programs and home market issues; at the firm-level of analysis, the most researched antecedents are SME size, firm networks and product-innovation capacity; and at the individual level of analysis, the most frequent questions revolve around the importance of manager's personal networks and their socio-cognitive characteristics (e.g., proactivity and risk aversion). However, the vast interest in the antecedents of international involvement contrasts with the relatively scarce attention paid to analyzing the outcomes of international involvement (besides financial performance) or even sparser attention paid to studying how the international involvement process takes place (e.g., implementation). The fact that these important research questions remain rather unexplored reflects an unbalanced growth of the literature.

This paper is organized as follows. In the following section, we describe the methodology used to review the literature. In the third section, we present an organizing framework derived from SME international involvement literature. In the fourth section, we outline the most studied research linkages, underline inconsistencies of the field and identify unexplored research topics. In the fifth section, we provide researchers with an opportunity to build on existing research more meaningfully by identifying areas for future research.

2. Methodology

Our review's methodology followed Denyer and Neely's (2004) systematic literature review process. As is frequently applied in other reviews (e.g., Keupp & Gassman, 2009), we considered the impact factor of the publishing journal (Journal Citation Report, 2014) as a proxy of an article's quality. Our literature review is not limited to the ten leading general management and marketing journals. We also included the six top-tier international business outlets, as proposed by DuBois and Reeb (2000), and journals that either focus on or are relevant to the study of small firms and entrepreneurship (see Table 1 for a detail description of the journals included). We omitted books and other non-peer reviewed publications since peer-reviewed journals have the most impact in the research field (Podsakoff, MacKenzie, Bachrach, & Podsakoff, 2005). Our review ends in 2014 (included) and imposes no restrictions on the initial year of analysis. Despite the fact that the field has recently gained momentum and that the great majority of publications have appeared after 2000, we believe it is important to include early publications (e.g., Beamish, Craig, & McLellan, 1993; Bonaccorsi, 1992; Calof, 1993; Holzmüller & Kasper, 1991; Keng & Juan, 1988) that have had an enormous influence in the field (see quotations per articles in Table 2).

We conducted a computerized search (JSTOR, ProQuest, and Business Source Premier) using specific Key words: SME (or SMEs), small firms, small enterprises, small and medium enterprises (or firms), and internationalization (or internationalization). This search led to the extraction of around 340 articles. To ensure objectivity in article inclusion, the two authors independently analyzed each article. For the few occasions in which there was a disagreement, the issue was discussed. This process led to the elimination of theoretical articles, articles that did not deal with established SMEs and articles that did not study SME international involvement. Our final list consisted of 121 articles (Table 2). Each article was assigned an identification number (01–121).

3. An organizing framework for SME international involvement research

A thoughtful analysis of the articles suggested a framework consisting of three top-level factors (see Fig. 1): antecedents, international involvement and outcomes. The setup-level factors were further disaggregated into middle-level factors. For instance, antecedents (number 1 in Fig. 1) were disaggregated into environmental-(1a), firm-(1b) and individual-(1c) level antecedents. The disaggregation of antecedents at the environmental, firm and individual levels is consistent with previous literature reviews (e.g., Keupp & Gassman, 2009; Raisch & Birkinshaw, 2008) and allows our framework to capture the field's complexity. To gain a more detailed understanding of the top-level factors, we further disaggregated their corresponding middle-level factors in to bottom-level factors. For example, the firm-level antecedent (1b) was disaggregated into four bottom-level factors: competitive advantages (1b.i), organizational characteristics (1b.ii), resources and capabilities (1b.iii), and strategy (1b.iv). Table 3 further disaggregates bottom-level factors into topics. For example, the organizational characteristics (1b.ii) include topics like ownership structure (e.g., Fernandez & Nieto, 2006; Piva, Rossi-Lamastra, & De Massis, 2013) as firm-level antecedents. Table 3 allows us to identify the most and least researched antecedents in the literature.

The top-level factor international involvement (number 2 in Fig. 1) is the central variable of interest in our framework. International involvement is defined as the extent to which an SME's revenues are derived from exports (Fernandez & Nieto, 2006). Fernandez and Nieto (2006) identify two distinct dimensions of international involvement: propensity (2a) and intensity

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