The Dynamic Internationalization Model of Slovenian Born Global SMEs

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Small and medium sized enterprises (SMEs) are important business actors in the Slovenian, as well as European economy. In addition to the current global market conditions, reflecting a severe economic downturn, the SMEs in Slovenia and other transition economies operate under additional extensive external pressures, arising from the opening of their domestic markets. Under such conditions, companies, including SMEs, perceive internationalization as an inevitable, or even urgent step in the process of their business operations. However, companies pursue different paths in their internationalization efforts, one of them being a rapid internationalization strategy, denoted as the Born Global concept. In the paper, we explore the internationalization process of Slovenian Born Global SMEs. We employ an exploratory qualitative case study analysis of selected Slovenian SMEs in order to grasp the key characteristics of their internationalization process. On the basis of the latter we construct a dynamic internationalization model that might be used as a conceptual framework for empirical research of dynamic SMEs market behavior in Slovenia and other transition countries.

Key words: born global enterprise, internationalization, small and medium sized enterprises, transition economies

Introduction

Globalization can be characterized as a phenomenon that especially in the last few decades has had an essential influence on the internationalization of enterprises, changing its dynamics and thus creating new patterns. The classical models explain the internationalization as an incremental process, based on the gradation of the international activities of an enterprise. In contrast to these models, the Born Global concept denotes enterprises, that encounter a rapid process of internationalization, since they start with their international activities within a short time of their inception, simultaneously entering several geographically, as well as culturally distant markets.
where they obtain a substantial part of market outlet for their total sales.

Although most enterprises that comply with the Born Global concept emerge from developed economies, there are several examples of such enterprises being found in transition economies, such as Slovenia. The transition process creates conditions that are mostly associated with a higher level of risk and limited resources, therefore seeming less beneficial. In addition to the transition process, trade liberalization in form of global or regional integration, such as European Union (\(\text{EU}\)), has a major impact on the internationalization process. Along with monetary, taxation and customs aspects, that essentially alleviate business operations in the \(\text{EU}\) area, the \(\text{EU}\) members also benefit from the European policy measures that additionally support the internationalization process of its enterprises. The characteristics of transition economies and the \(\text{EU}\) membership are therefore the components that affect the internationalization process of enterprises, and to a certain extent define its course.

Another factor, influencing the enterprises’ internationalization process is their size. Larger enterprises tend to be more internationalized than smaller, because they possess more financial and managerial resources, they have greater production capacity, attain higher levels of economies of scale and are more likely to be associated with lower levels of perceived risks in exporting operations (Glas et al., 1999). Since small and medium sized enterprises (\(\text{SMEs}\)) represent more than 99 percent of all European, as well as Slovenian businesses, it is crucial to elaborate their internationalization process in accordance with the specificities that can be ascribed to their size.

Our research is based on a qualitative case analysis of selected Slovenian \(\text{SMEs}\) with two main objectives. First, we wish to deepen the insight into the international behavior of rapidly internationalizing \(\text{SMEs}\) in order to draw some guidelines for future research on market behavior of \(\text{SMEs}\), and, second, to broaden our understanding of key aspects of \(\text{SMEs’}\) international behavior in transition countries as a starting point for designing a dynamic model of \(\text{SMEs’}\) internationalization.

**Definition of a Born Global SME**

**Theoretical background**

The classic models explain the internationalization as a gradual process that progresses in incremental stages. The most commonly cited
The Dynamic Internationalization Model

stage model of internationalization is the Uppsala model, developed by Johanson and Vahlne (1977). The latter explains the internationalization process as the gradual acquisition, integration and implication of foreign market knowledge through the increasing commitments to those markets. Similarly, the innovation related stage internationalization models (Cavusgil 1980) explain the internationalization as an innovative course of action. Although the stage models of internationalization were, especially due to their deterministic nature, often subjected to substantial criticism (Andersen 1993), they still remain the basis for empirical research and several new internationalization models that emerged in the last decades.

During the last two decades, several empirical researches have opposed the classical internationalization models by putting forward the cases of enterprises, which start with their international activities soon after inception, entering several distant markets at once, and thus overleap stages, proposed by the classic models. Such enterprises are known as International New Ventures – INVs (Oviatt and McDougall 1994), or Born Globals (Rennie 1993).

In order to comprehend the characteristics of the internationalization process, theories that focus on explaining causes and channels of the process also need to be taken into account. Whilst older theories, such as transaction cost (Williamson 1975) and internalization theory (Buckley and Casson 1976), focus on overcoming market imperfections by establishing a multinational enterprise, and eclectic paradigm (Dunning 1988) emphasizes the exploitation of specific international advantages, several new theories such as network-based (Bell 1995; Chetty and Blankenburg Holm 2000; Sharma and Blomstermo 2003), resource-based (Teece, Pisano, and Shuen 1997; Ruzzier, Antoncic, and Konecnik 2006) and opportunity-based view (Shane and Venkataraman 2000) emerge, that explain internationalization process focusing on more subjective factors, such as business and personal network contacts, managerial characteristics, opportunities recognition etc.

Whilst older theories were often criticized due to their static and deterministic nature (Andersen 1993), newer work on Born-Global firms’ internationalization process mainly focuses on the pre-internationalization and early internationalization stages, neglecting the continuance of the internationalization process in time. The dynamics of the internationalization process therefore remains relatively understudied gap in literature that we wish to fulfill by constructing a dynamic internationalization model as a conceptual framework, useful for conducting further empirical research.
DEFINING ELEMENTS OF A BORN GLOBAL CONCEPT

The aspects, which separate the enterprises, that can be subordinated to the Born Global concept, from those, internationalizing with accordance to classic models, are primarily concerned with the time frame from the enterprise’s inception to the start of its international activities, the number of foreign markets and their distances, the international market entry modes and the extent of international activities of the enterprise. The time frame aspect is defined by the time from the inception of the enterprise, to the undertaking of its first international activities. Most researches consider Born Global enterprises to start with their international activities right after or within two or three years after their inception (Gabrielsson and Kirpalani 2004), while some of them allow for longer periods, that can extent up to five, or even eight years (Zahra, Ireland, and Hitt 2000). Elaborating the time frame aspect, possible existence of enterprise’s predecessors must be taken into consideration, since the latter can essentially ease the complexity of the situation, with which the enterprise is faced, when starting its international activities (Gabrielsson and Kirpalani 2004; Fan and Phan 2007).

The foreign market aspect captures the number of foreign markets, on which the enterprise decides to enter, as well as their geographic and psychical distance. Although some of the researches define the minimal extent of foreign markets or cultural clusters, in which the enterprise must perform their operations in order to be subordinated to the Born Global concept, the definitions remain divided. Regardless to that, it is indisputable, that the geographic or psychical proximity of the foreign market diminishes entry barriers and therefore essentially alleviates the internationalization process.

The ownership aspect mainly encompasses the demand, that the enterprise represents a legally independent entity, and is therefore not a subsidiary or a branch office of another enterprise, which could potentially influence the procurement of its resources and subsequently their ability to undertake international activities. Furthermore, the ownership aspect relates to the foreign markets entry modes, separating equity entry forms from the non-equity ones. It is a common view in the economic literature, that the enterprises usually start with their international operations through exporting and later move to more complex equity forms of internationalization, although there are several cases of enterprises, many of which can be subordinated to the Born Global concept, that start with complex and demanding equity forms of foreign market entry right at the beginning of their international activities.
The extent of the enterprise’s international operations is connected to the number of value chain activities, performed on the international markets, and can be expressed as the ratio of sales on foreign markets to total sales. Whilst some authors, such as Oviatt and McDougall (1994), classify enterprises according to the number of value chain activities, which the enterprises perform on foreign markets, most of other authors focus on the share of sales on foreign markets in total sales. The latter ratio agitates from as low as 5 or 10 percent (Zahra, Ireland and Hitt 2000), to as high as more than 90 percent (Sharma and Blomstermo 2003).

In some previous empirical research, additional defining elements are incorporated in the definition of the Born Global concept, such as size and industry. Present research focuses on SMEs, since they represent around 99 percent of all European businesses. The definition of SME’s is summarized from the European Commission Recommendation 2003/361/EC (Commission of the European Communities, 2003) that uses the staff headcount ceiling and the turnover or alternatively the balance sheet ceiling as the qualifying criteria. As for the industry, several previous researches focused entirely on the high technology enterprises, whose products are sold on niche markets. Consecutively, small domestic markets do not enable them to achieve the economies of scale, which forces them into fast internationalization (Zahra, Ireland, and Hitt 2000; Sharma and Blomstermo 2003; Gabrielsson and Kirpalani 2004). On a contrary, some other authors do not contradict the presence of Born Global enterprises in more traditional industries (Rennie 1993; Oviatt and McDougall 1994).

Next to the measurable defining elements of the Born Global concept, so called vision of internationalization is commonly mentioned in previous theoretical and empirical work. The latter can be defined as a consciousness of the necessity of internationalization, which should be present at the enterprise’s inception, and is expressed in the incorporation of international operations in the mere vision of the enterprise (Oviatt and McDougall 1994; Gabrielsson and Kirpalani 2004). Primarily, it encompasses the awareness of the founder or manager of the enterprise of the necessity of ensuring the competitive advantages by international operation. Regardless to the fact, that the vision of internationalization presents a rather soft and immeasurable component, its presence is necessary for the subordination of the enterprise to the Born Global concept.

**Internationalization Process in Transition Economies**

The term transition economy denotes an economy, which is changing from a centrally planned economy to a free market economy, and
applies to several Eastern and Central European countries, including Slovenia. After gaining sovereignty by exiting the former Yugoslav Federation in 1991, and becoming a full member of the EU in 2004, Slovenian enterprises were faced with the possibility, as well as the urge of finding additional foreign markets. Changes in the business environment strongly influenced the internationalization processes of proactive and internationally oriented enterprises, several of which can be subordinated to the Born Global concept and therefore manifest its form, characterized by the influences of transition process (Peljhan, Tekavcic, and Sevic 2009).

Smaller transition economies are often characterized by factors that can be less beneficial for doing business, such as higher level of risk and limitedness of resources. It has been recognized by several authors, that such home market conditions represent an important triggering factor for undertaking international activities, whilst some of them even propose, that nations with small domestic markets have a much higher propensity to generate Born Global enterprises in order to exploit economy of scale and scope of global markets than in larger economies where domestic market is often the first growth base for most of the new ventures (Dana 2004). Furthermore they propose, that on a contrary to the fact, that Born Global enterprises from larger, developed economies, are mainly found in high technology or manufacturing industry, Born Globals from smaller and/or transition economies can emerge in a variety of industries, where the economy of scale is an important efficiency factor (Peljhan, Tekavcic, and Sevic 2009).

Nevertheless, the same authors warn about the need of intensified learning in the field of international business, that must be adequately supported by the home country (Dana 2004). The entrepreneurship in general, as well as the internationalization of European SMES, is supported by Small Business Act for Europe (SBA) that grasps a comprehensive SME policy framework for the EU and its member states (Commission of the European Communities, 2008). The measures intended for the alleviation of the internationalization process of Slovenian SMES are captured in a special governmental program for the encouragement of internationalization of enterprises (see http://www.mgrt.gov.si/si/delovna_podrocja/podjetnistvo_konkurencnost_in_tehnologija).

ENTREPRENEURIAL ENVIRONMENT IN SLOVENIA
Since the gain of independence in 1991, the conditions for entrepreneurship in Slovenia have changed significantly. The deregula-
tion of the former Yugoslav economy, that enabled the privatization of enterprises and liberalization of the economy, and the presence of several market niches, resulted in the growing numbers of small businesses and enabled them substantial revenues. As for already established enterprises, and for those, emerging after the filling of most profitable gaps, the economic crises as well as the loss of the common unified traditional Yugoslav market soon caused the need of finding substituting and/or complementary foreign markets that would enable the newly established enterprises to continue their operations.

Especially at the beginning of their operations, newly established firms require a large amount of financial sources, yet at the same time, they are exposed to substantial entrepreneurial risks. Ever since the spread of entrepreneurship in the 1990’s, Slovenian businesses are facing problems with acquiring adequate financial sources, which are mainly the result of the incapacity of the entrepreneurs, to finance their businesses themselves, as well as the uncooperativeness of commercial banks, which were unfamiliar with the new entrepreneurial ways. Another characteristic of the financial support of Slovenian enterprises has been a lack of equity, as well as venture capital, which has mainly been the consequence of the underdeveloped capital market and lack of inward foreign direct investment (Rebernik and Sirec 2012).

Government policies present an important factor in creating the entrepreneurial environment. After the dissolution from the former Yugoslav Federation, the government was focused on supporting previously publicly owned large enterprises, whilst the support of smaller businesses lagged behind, which resulted in an entrepreneurial standstill (Rebernik and Sirec 2012). With the goal of fulfilling the criteria for the EU accession, the main focus of the policy makers was on solving the transition-caused macroeconomic issues, but neglected the entrepreneurship policies (Rebernik and Sirec 2012). The most noticeable object of criticism is the complexity, duration and cost of administrative procedures. Furthermore, tax, administrative and social transfers’ burdens are perceived as one of the biggest barriers for newly established and growing enterprises.

Case Study Analysis

Research Question

The main focus of the paper was the construction a dynamic model of SMEs’ internationalization, which indicates the characteristics of
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the internationalization process of enterprises, originating in a small transition economy, namely Slovenia.

METHODOLOGY AND DATA

A case study analysis was carried out in order to comprehend the internationalization profile of Slovenian SMEs. The studied population consisted of 125 SMEs, identified from the Finance database in 2011, and analyzed with the use of national enterprise databases, companies’ websites and additional secondary sources. The choice of studied SMEs was not random, since the criteria for the selection reflected the idea of the construction of the Slovenian SMEs’ internationalization model. The first decisive criterion was the companies’ size, which had to comply with the SME definition, as administered in the European Commission’s Recommendation 2003/361/EC, according to which companies qualify as SMEs, if they employ less than 250 employees, with their turnover smaller or equal to 50 million EUR, or their balance sheet total smaller or equal to 43 million EUR (Commission of the European Communities, 2003). Similar to most other researches, the criterion of the number of employees was used for the SMEs classification. The second decisive criterion concerned the companies’ ownership. All the selected companies should represent a legally independent entity, and therefore not a subsidiary or a branch office of another company. The third decisive criterion was the indication of the companies’ internationalization activities. The time frame from the companies’ inception to the undertaking of its international activities, as well as the extent of its operations on the foreign markets and the foreign markets entry modes were taken into consideration. Since one of the main subjects of the analysis is to delineate the key characteristics and management practices of selected Slovenian rapidly internationalizing SMEs, the study includes companies, which started their international activities up to approximately five years after their inception (Zahra, Ireland, and Hit 2000; Gabrielsson and Kirpalani 2004), with the exception made in some cases, where the company launched a completely new product, very different from their former product range, with which it immediately entered foreign markets. Out of approximately 600 examined enterprises, 125 of them were identified, that met the preset conditions for case study selection.

The selected enterprises were further studied with the use of national enterprise databases, companies’ websites and additional secondary sources, mainly available articles and analyses. With the aim of constructing a dynamic internationalization model, information
The Dynamic Internationalization Model

<table>
<thead>
<tr>
<th>Industry</th>
<th>Number of enterprises</th>
<th>Share (%)</th>
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<tbody>
<tr>
<td>Agriculture, forestry and fishing</td>
<td>1</td>
<td>0.8</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>67</td>
<td>53.6</td>
</tr>
<tr>
<td>Electricity, gas, steam and air conditioning supply</td>
<td>3</td>
<td>2.4</td>
</tr>
<tr>
<td>Water supply; sewerage, waste management and remediation activities</td>
<td>2</td>
<td>1.6</td>
</tr>
<tr>
<td>Construction</td>
<td>4</td>
<td>3.2</td>
</tr>
<tr>
<td>Wholesale and retail trade; repair of motor vehicles and motorcycles</td>
<td>1</td>
<td>0.8</td>
</tr>
<tr>
<td>Transportation and storage</td>
<td>1</td>
<td>0.8</td>
</tr>
<tr>
<td>Information and communication</td>
<td>37</td>
<td>29.6</td>
</tr>
<tr>
<td>Professional, scientific and technical activities</td>
<td>6</td>
<td>4.8</td>
</tr>
<tr>
<td>Administrative and support service activities</td>
<td>2</td>
<td>1.6</td>
</tr>
<tr>
<td>Other service activities</td>
<td>1</td>
<td>0.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>125</strong></td>
<td><strong>100</strong></td>
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regarding internationalization triggers, namely inner and outer factors, initial foreign market entry and further market position development were searched out and compared in order to distinguish commonalities and differences between studied enterprises.

**FINDINGS**

The first step of the research was the classification of selected SMEs according to the industry in which they are operating. Considering the International Standard Industrial Classification of All Economic Activities (ISIC Rev. 4) (United Nations 2008), the results indicate the largest share of the studied SMEs are in manufacturing, followed by the share in the information and communication activities, whilst other industries represent a much smaller share.

Out of the 67 manufacturing SMEs, 28 of them are involved in the manufacturing of computers, electronics and optical products. Out of the 37 SMEs, that operated in the field of information and communication, 34 of them deals with computer programming, consultancy and related activities. The predominant share of computer-related SMEs can be attributed to the fact, that their global market is relatively unsaturated or at least open for new penetrating ideas. Given the innovativeness of their products or services, they are able to connect with large global partners, which enable them to launch their produce worldwide.

Furthermore, identified SMEs were classified according to the technological intensity of their activities. The OECD classification
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<table>
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<tr>
<th>Technological intensity</th>
<th>Number of enterprises</th>
<th>Share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>High technology</td>
<td>76</td>
<td>60.8</td>
</tr>
<tr>
<td>Medium-high technology</td>
<td>17</td>
<td>13.6</td>
</tr>
<tr>
<td>Medium-low technology</td>
<td>10</td>
<td>8</td>
</tr>
<tr>
<td>Low technology</td>
<td>7</td>
<td>5.6</td>
</tr>
<tr>
<td>Other</td>
<td>15</td>
<td>12</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>125</strong></td>
<td><strong>100</strong></td>
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(OECD 2005), that uses research and development (R&D) intensity as a criterion for defining high, medium-high, medium-low and low technology sectors, and high technology products, was adjusted to also grasp the information and communication, as well as professional, scientific and technical activities. The results indicate a dominant share of SMEs that operated in the high technology sector, followed by the medium-high and medium-low sectors.

The predominant share of high technology SMEs complies with previous research, which puts out the fact that their products are mostly sold on niche markets. Consecutively, small domestic markets do not enable them to achieve the economies of scale, which forces them into fast internationalization (Zahra, Ireland, and Hitt 2000; Sharma and Blomstermo 2003; Gabrielsson and Kirpalani 2004). Although 27 of the identified high technology SMEs were founded or started their operations with the help of university incubators or technology parks, the SMEs’ founders still emphasized the lack of the connection between the universities, researches and enterprises, with knowledge transfer being the main issue, since the latter is considered highly difficult due to administrative barriers.

As for the foreign market entry mode, export represents the predominant form amongst the identified SMEs. Especially medium-high and medium-low technology SMEs mostly relies on direct export, which is upgraded with the establishment of a network of representatives or subsidiaries further on in the internationalization process. On the other hand, high technology SMEs more often searched for larger foreign partners in order to obtain access to foreign output markets. The reason for such an internationalization pattern can be found in the fact that due to the domination of large multinational companies on a global market, and independent penetration is harder to achieve. The managers of high technology SMEs are also aware of the fact, that the innovativeness of their product together with the need for financial resources makes them more
attractive as an easier target for potential takeovers from larger companies.

Another distinctive feature between higher and lower technology SMES is the fact, that especially medium-low and low technology SMES tend to start their internationalization activities on geographically closer foreign markets, with the markets of former Yugoslav republics being the primary focus of internationalization activities, whilst high technology SMES try to enter several disperse geographically distant foreign markets simultaneously. Especially for the SMES dealing with computer programming, the USA represents the crucial foreign market for companies’ breakthrough. Such behavior can to a certain extent be attributed to the fact that the global market of computer technology is persistently open for innovative products and therefore remains relatively unsaturated, and the mere physical barriers of internationalization are diminished in the case of computer programming and similar activities, allowing their global outsourcing. Nevertheless, several cases of medium-low and low technology SMES emerged recently suggesting internationalization behavior similar to the high technology SMES. In most of those cases the companies detected a product niche on a foreign geographically and psychically distant market, where they sold their products. The majority of analyzed SMES created more than 40% of total sales on foreign markets, with the average share being 80% of total sales, and with several cases of SMES, that created almost entire, or more than 90% of total sales on foreign markets.

Especially amongst newly established high technology SMES a concern regarding abilities of finance acquisition is noticed. Only a few SMES were able to acquire national or foreign risk capital sources. The founders or managers of such enterprises call the attention to the fact that the acquisition of foreign capital often demands a moving of the company or its part into foreign locations, since the high administrative barriers for foreign investment often discourage potential investors.

In the majority of the SMES they emphasized the importance of exposition attendance for the acquisition of new customers and potential partners. However, only a few SMES used the advantages of the governmentally supported events, whilst others attended larger international expositions. In opposition to several previous researches, the founders or managers of the SMES rarely emphasized the importance of previous experience of doing business in foreign markets, as well as the importance of social networks. In most cases, the ability to easily market their products or the existence of a niche
market was the decisive factor for a certain foreign market entry. In most of identified SMES they put a great importance in the reinvestment of the profit in R&D, since the innovative technology or product is often their key success factor. In addition to the R&D intensity, highly educated and highly productive employees in terms of high value-added per employee represented the distinctive characteristic of most of the identified SMES.

The majority of identified SMES faced the consequences of the most recent economic recession, with only a few left completely unaffected. In their tries to compete, the affected SMES emphasized the meaning of reducing the dependency on only a single or few key customers and denoted the diversification of customers and markets as one of the crucial measures for the diminishment of the economic recession consequences. In addition to diversification, the implementation of new technologies and products is used to gain new customers and consecutively bridge by the economic recession induced income gap. The SMES that remained unaffected from economic recession are mainly those with a unique niche component in a manufacturing process of the final product as they were still dealing with undiminished demand.

**Dynamic Internationalization Model**

We synthesize the findings of the exploratory study in a dynamic model of SMES’ internationalization that might be used as a conceptual framework for empirical research on dynamic SMES market behavior in Slovenia and other transition countries.

According to the results of the performed survey, internal and external triggers of Slovenian SMES’ internationalization are identified. Amongst the internal ones, the firms’ founders or managers exposed the importance of the experiential knowledge as a key source of usable knowledge. As such knowledge is not easy to attain, both due to the firms’ limited resource base and its personal and tacit nature, firms are mostly experimenting during a foreign market entry stage in order to craft a proper strategy of developing an initial market position without excessive exposure to risks in a new foreign market context. Consecutively, as a managerial response to high-risk perception during the initial foreign market entry, exporting through independent agents is a common entry mode. Especially amongst high-tech start-ups, finding a strategic partner that contributes knowledge of placing the product on the key market is another favorable internationalization strategy. With such a limited access to market learning especially Born Global firms have to act more
proactively to develop a strong and differentiated market position for which, usually, a direct control over its marketing and product positioning is required. As for the external triggers, unfavorable business environment and the ability, or even necessity, to achieve economies of scale and scope on a foreign, or even a global market, are the main factors of influence, the latter being the most noticeable in the cases of firms, producing high-tech niche market products.

Due to the dynamic nature of internationalization process, the time needed for market position development and the gap between the partaking of different international activities should be considered in detail, as they affect the continuance of the internationalization process (Jones and Coviello 2005). At this point, a time aspect of internationalization of SMs should be seen as an ongoing strategy of internationalization (Ruzzier, Antoncic, and Konecnik 2007), as a firm’s evolving process of building its market presence in foreign markets, starting with market entry and followed by various episodes of market position development in accordance with the firm’s evolving growth ambitions and market circumstances. A firm’s post-entry period of presence in a foreign country is seen as a comprehensive set of market development activities, both at the strategic and operational level, set to develop a comprehensive distribution network for firm’s products, a desired market coverage, brand recognition, relationship with key market actors and the expected market share and share of foreign sales.

A realized market position strategy is thus not always a result of deliberate managers’ actions, but may rather occasionally develop as an emergent strategy. Consecutively, the SMs’ internationalization process is largely dependent both on their learning and absorption capacities, as well as adaptation capabilities. The firm’s post-entry market activities are thus a result of managers’ perception of market opportunities and risks, as well as of their vision of a firm’s desired position in a foreign market as a guide for resource commitment to the exploitation of its market opportunities.

Conclusions

The paper focuses on the dynamic aspect of the SMs internationalization process, trying to grasp the phases after the initial access on the foreign market and the firm’s activities therein into a dynamic internationalization model.

By theoretically and empirically examining the internationalization process of Slovenian SMs, we clarified the mechanism and dynamics of SMs’ internationalization strategy. One of the key con-
clusions of this exploratory research on the internationalization of Slovenian SMEs is that in an increasingly open and internationally competitive business context of the transition economy, new options, as well as new challenges emerge for strategic management of SMEs both in their local context and in a wider EU region. Since they are increasingly exposed to competitive pressure of new, domestic and foreign market entrants in their home market, firms are urged to improve their competitiveness and motivation for extending their operation across their home country borders. Especially high-tech start-ups are aware of the urgency of early and successful internationalization and are proactive in recognizing opportunities since their inception. But, as the appropriate institutional support is vital for firms’ accelerated internationalization, the latter is still relatively ineffective. Therefore, a greater effort should be made by governments to develop better public support mechanisms for promoting the SMEs’ internationalization.

Taking into account the dynamics of the internationalization process, the post-entry speed of developing a market position is dependent on both the firm’s foreign market knowledge absorption capability and its international competitive profile. The SMEs’ internationalization is seen as an ongoing dynamic managerial and resource commitment process of market position development, its maintenance and strengthening or even expanding, and, in certain situations, also withdrawing from the market.

The paper summarizes the distinctive features of Born Global SMEs internationalization in a small transition economy. It grasps the predominant internationalization path as well as key difficulties that enterprises are faced with in their internationalization effort. The findings are summarized in a theoretical model that provides a framework for understanding the complexity and dynamics of the internationalization process. Detected specificities in the Slovenian SMEs’ internationalization process imply for a detailed empirical research of Slovenian SMEs, as well as the SMEs from other transition countries in the CEE region in order to validate the results in different country environments and gain a more comparative insight into SMEs’ international behavior in transition countries in consideration to differences in their national market and institutional settings.

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