# Course Title: C.1.1.3 Readiness for Internationalisation of SMEs

# Abstract:

This module covers the theory needed to understand the internationalisation process. The idea that an organisation gradually grows into more and more internationalisation is challenged. SME internationalisation modes are not path-dependent, emergent, or incremental and therefore this module examines the different internationalisation types that are described by literature. A good understanding of the motives and barriers for internationalisation will help the student to determine whether an organisation is ready for internationalisation.

As SMEs are seen as key elements in economic growth, employment, and innovation, the internationalisation of SMEs is seen as a fundamental component. Now SMEs are often not rich in resources and the internationalisation process is adding extra costs, so that makes the SME more vulnerable in comparison to large business. Still there are phenomena like “Born Globals” that view the world as its marketplace from the start of the firm’s founding. Born Globals often begin exporting one or several products within two years of their establishment. The challenges that the Born Globals and other SMEs face are also being covered in this module.

# Learning Objectives:

* Learning Objective 1: Understanding internationalisation of SMEs
* Learning Objective 2: Understanding different stages in internationalisation
* Learning Objective 3: Understanding the motives for engaging in international business for SMEs
* Learning Objective 4: Understanding different types of SMEs, like Born Globals
* Learning Objective 5: Understanding how SMEs can compete successfully
* Learning Objective 6: Understanding the typical challenges facing SMEs

# Comment:

Interactive parts in blue font, self-study parts in orange.

# Assessment Method:

**Class activities for students:**

1) Class exercise 1: Watch video of MIT and Anita Roddick about (ethical) entrepreneurship. Let student write down keywords of what they found important, didn’t know, or didn’t understand. The two videos are 11 minutes in total and are followed by a short discussion of keywords that the students wrote down.

2) Class exercise 2: Motives for internationalisation. Let students write down 5 motives for internationalisation for an SME. After 5 minutes the lecturer can ask students to say what they wrote down. The answers are written on the whiteboard. In slide 8 you see a grouping of the factors for internationalisation.

3) Class exercise 3: Let some students look up the Uppsala model and other teams the Born Global model. One half of the class researches the Uppsala model of Johanson & Vahlne and the criticism this model has received. The other half of the class researches the Born Global concept. But teams set up a list to compare both concepts next to each other. Let a representative of each group write the list on the whiteboard. Slide 14 is a good example of such outcome. You can set certain limits of number of sources that need to be used, based on group size. Let students search in pairs. The full exercise will take 45 minutes.

4) Class exercise 4: Let students look up some “hidden champions” on the Internet of their own home country. Students from the same country can work in teams. Students will make slides and send that to the lecturer. The lecturer can open the slides and let students present it. One tip would be to let only a few student teams present. It is more about the research that they did than knowing a lot of examples, allow for 30 minutes.

**Homework:**

* Students make a questionnaire as a team. Workload 1 hour
* Students make a presentation of a failed internationalisation attempt. The teamwork workload is about 4 hours. Students should form teams of 5 and find an example of a company operating in a foreign market that didn’t understand the local conditions, culture, consumer preference, or local competition. Then, give a 6-minute presentation in PowerPoint, introduce the company, product and/or service, and answer what was the motive to internationalise? Explain what went wrong; give an analysis of the cause. Offer advice on what could the company have done to avoid this. Use at least 5 sources.
* Read articles:
  + IESE Business School. (2015, April 20.). How SMEs Can Internationalize. Retrieved from: <https://www.forbes.com/sites/iese/2015/04/20/how-smes-can-internationalize/>
  + Evans, M. (2015, March 4). 10 Key Steps To Expanding Your Business Globally. Retrieved from: <https://www.forbes.com/sites/allbusiness/2015/03/04/10-key-steps-to-expanding-your-business-globally/>
* Workload: 2 hours

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| # of  Session | Session Contents | Method(s) | Learning Objectives of Session | Material | Time (mins.) | Comments |
| 1.1.3 | Readiness for Internationalisation | | | | 165 |  |
| 1 | Introduction to internationalisation of SMEs | Class activity 1 + PowerPoint  Class activity 1: Explain the purpose of this class, as described in the abstract, plus watch 2 videos. Have a brief discussion of what they find important, didn’t know or didn’t understand. | Just introduction to the learning objectives | Slides 1-3  Video + sound | 20 | Videos can also be homework. Saves about 10 min class time |
| The story of Bread Internationalisation | Show Video and discuss potential challenges that the SME might encounter. Gather on board. Do not comment but use at the end of class again | Learning Objective 1 and 6 | Video + sound,  Board and pen  https://www.youtube.com/watch?v=IlMLvfTdXEI&t=4s | 10 |  |
| Why internationalise? Motives for internationalisation | PowerPoint +  Class inventory of knowledge on motives for internationalisation  Class activity 2: Ask students for motives for internationalisation. Write the motives on the whiteboard. | Learning Objective 1 and 3 | Slides 5-8  board | 25 |  |
| Current Situation of Internationalisation of SMEs | PowerPoint lecture | Learning Objective 1 | Slides 9-10 | 10 |  |
| Stages in Internationalisation | PowerPoint lecture  Class activity 3: Let some students look up Uppsala model and other teams Born Global. | Learning Objective 2 | Slides 11-20 | 35 |  |
| Review Stages of Bread Internationalisation | Refer back to initial video. Discuss shortly which approach did the Althus brothers take | Learning Objective 2 | Slide 21 | 5 |  |
| How can SMEs compete successfully? | PowerPoint lecture  Class exercise 4: Look up a hidden champion example | Learning Objective 5 | Slides 22-30 | 30 |  |
| What are typical challenges of SMEs? | PowerPoint lecture  Refer back to the bread example and discuss potential challenges (slide 33) | Learning Objective 6 | Slides 31-36 | 20 |  |
| Summarize motives in a questionnaire | Refer back to the bread example and review original discussion (slide 37)  PowerPoint lecture |  | Slide 37-39 | 10 |  |
| 2 | **Homework** | | | | 8hrs | We recommend that you choose 1 or 2 of the options provided |
|  | Homework 1 | Make a questionnaire | Learning Objective 1, 3, 5 and 6 | Slide 40 | 1hr |  |
|  | Homework 2 | Find a failed internationalisation example | Learning Objective 1, 3, 5 and 6 | Slide 41 | 4 hrs | You need to plan time for the presentations in the next class. Can also be changed to a short paper instead of a presentation as an assignment to be handed in. |
|  | Homework 3 | Insights from Videos of entrepreneurs  -students watch testimonials of entrepreneurs on the internet | Learning Objective 1, 3, 5 and 6 | Slide 42  (Buckingham Enterprise (https://www.youtube.com/channel/UCFyxtf\_nifsrhlrDsbhLqCA)  Erasmus entrepreneurs  http://www.erasmus-entrepreneurs.eu  http://www.innogatetoeurope.eu/en  Infographics to visualise results of the interview  Beamer to present results | 3 hrs | Can be also used as an in-class activity (approx. 1 hr)  Decide whether students should prepare their results as a presentation in class or as a short paper to turn in. |