

**Which SMES Internationalize  
Most Extensively and  
Effectively?  
A Literature Review and  
Examination of Implications for  
Canadian SME Policy**

Eileen Fischer,  
Schulich School of Business, York University

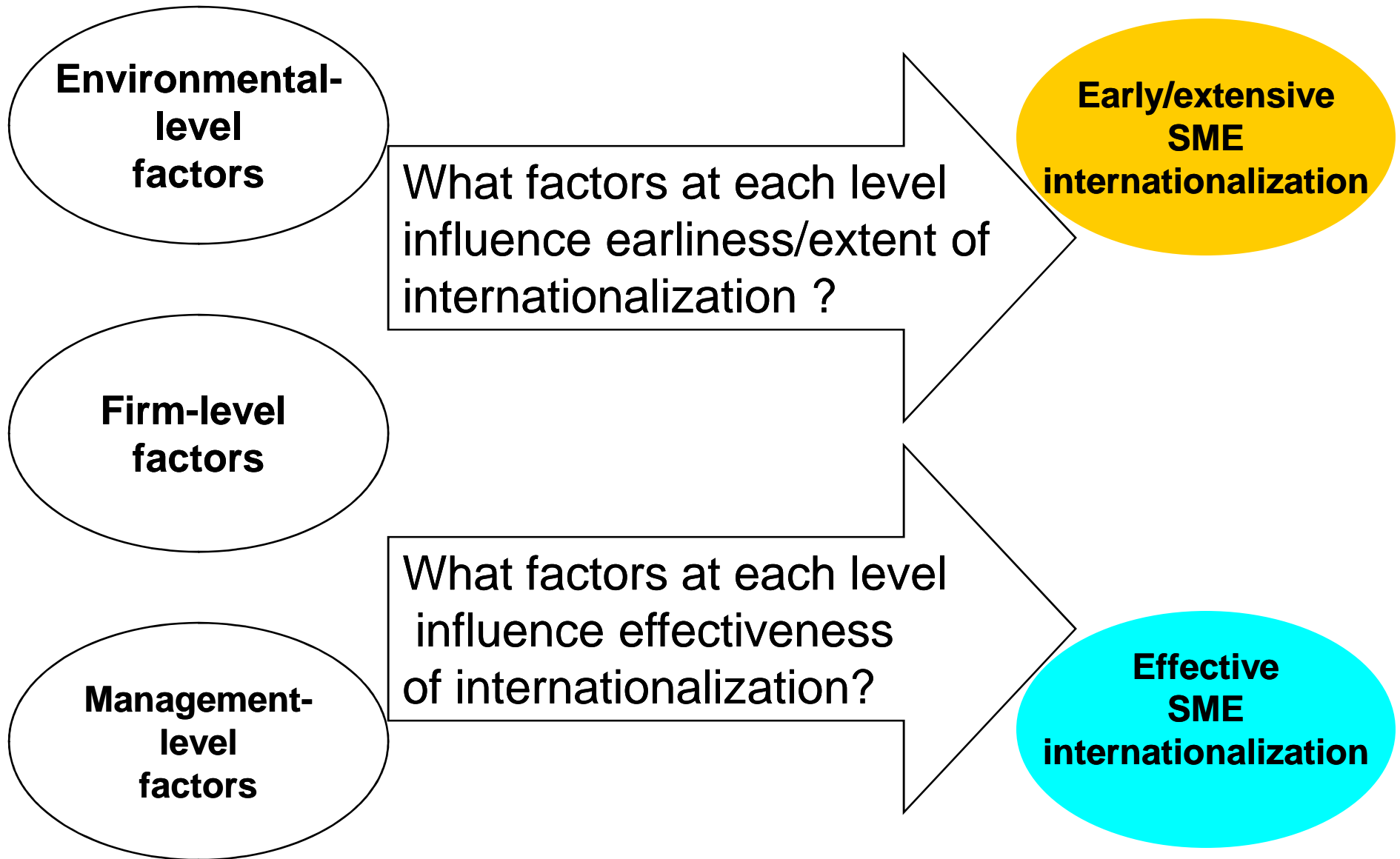
Rebecca Reuber,  
Rotman School of Management, University of Toronto

# Motivations for the research

- Puzzling, and potentially problematic pattern of internationalization by Canadian SMEs:
  - Many export
  - Few export much or internationalize extensively in other ways



# Research questions



# Method: Literature review

- Searched 13 of the best, relevant journals
- Looked at 2003-2008
- Included papers based on data from all regions
- Identified all papers pertinent to research questions
- Organized findings from papers to address research questions

# Findings: Environmental factors

- sector (manufacturing, tech-based)
- domestic market size (small)
- competition in domestic market
- competition in industry cluster (inverted U)

**Early/extensive  
SME  
internationalization**

- sector (goods producing industry)
- market (market growing in target country)
- competition (few non-domestic competitors in target country)

**Effective  
SME  
Internationalization**

# Findings: Firm factors

- innovativeness
- business networks
- learning capacity
- external ownership

**Early/extensive  
SME  
internationalization**

- innovativeness
- business networks
- learning capacity
- foreign sales as a percentage of total sales (inverted U)

**Effective  
SME  
Internationalization**

# Findings: Management factors

- international experience
- international orientation
- few perceived barriers to internationalizing
- commitment to internationalization

**Early/extensive  
SME  
internationalization**

- international experience
- perceived international opportunities

**Effective  
SME  
Internationalization**

# Observations

- What makes for early or extensive internationalization doesn't necessarily make for effective internationalization,
  - However, conclusions are tentative as not all factors studied in relation to earliness/extent have been studied in relation to effectiveness
- What evidence there is does not suggest that extensive internationalization is necessarily good for firms

# Implications: Profiling

- Public policy makers may be able to build toward a profile of firms that are more likely to
  - Internationalize extensively or early
  - Internationalize effectively

# Cases of Canadian SMEs fitting the profile of potentially effective internationalizers



# Implications: Selective targeting

- Public support programs may be better directed toward firms with high potential to benefit from internationalization
- Possibly, some should not be encouraged to internationalize
- But support for opportunistic internationalization may be warranted

# Implications: Research

- We need more Canadian research
- We need more research on the factors leading to effective internationalization, and of the nature of the relationship between extensiveness/earliness and effectiveness
- Opportunities may exist to use existing data sources by linking data bases, e.g. LEAP T2 and Exporter Registry

Questions?