New Insights on the Internationalisation Process of SMEs

A Study of Foreign Market Knowledge Development

An increasing number of small and medium-sized enterprises (SMEs) expand their businesses into foreign markets. Some SMEs begin to operate abroad soon after their establishment. These so-called born globals demonstrate a more rapid internationalisation compared with other SMEs. This thesis develops a deeper understanding of the internationalisation process of SMEs, by studying how born globals and other SMEs develop foreign market knowledge during the international expansion. The internationalisation process is divided into three phases; the pre-firm internationalisation phase, the initial internationalisation phase and the continued internationalisation phase. Based on a qualitative study of 14 biotech SMEs and a questionnaire survey of 188 SMEs from various industries, new insights on the internationalisation process of SMEs and born globals are presented.

By extending the analysis of SMEs’ internationalisation to a phase prior to their establishment and by continuing to follow these firms during their operations in foreign markets, the findings of this thesis show how the knowledge and personal networks of key individuals relate to the firm’s development of foreign market knowledge. The thesis also advances the understanding of how an SME develops foreign market knowledge from its business network relationships. In summary, the result of this thesis shows that a rapid expansion in several foreign markets can hold back an SME’s development of foreign market knowledge and lead to difficulties in developing the firm’s operations in the continued internationalisation phase.

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