
Editorial

David B. Audretsch

University of Indiana,
Bloomington, USA
Email: daudrets@indiana.edu

Domingo Ribeiro-Soriano

Department of Business Administration,
University of Valencia,
Valencia, Spain
Email: domingo.ribeiro@uv.es

Daniel Palacios-Marqués*

Department of Business Administration,
Universitat Politècnica de València,
Valencia, Spain
Email: dapamar@doe.upv.es
*Corresponding author

Biographical notes: David B. Audretsch was the director of the research unit Entrepreneurship, Growth and Public Policy Group at the Max Planck Institute of Economics Jena in Germany until 31 August 2009. He also holds the Ameritech Chair of Economic Development at the Indiana University School of Public and Environmental Affairs and is director of the Institute for Development Strategies at Indiana University and a research fellow at the CEPR, London as well as an honorary professor at WHU-Otto Beisheim School of Management in Vallendar, Germany. He is co-founder and co-editor of the academic journal on entrepreneurship and small business called Small Business Economics.

Domingo Ribeiro-Soriano is Professor of Management at University of Valencia, Spain. He has published books and papers in international reviews including: *Annals of Public and Cooperative Economics*, *Cornell Hotel and Restaurant Administration Quarterly*, *Managing Service Quality*, *International Small Business Journal*, *International Journal of Quality & Reliability Management*, *European Business Review*, *Service Industries Journal*, *Journal of Small Business Management*, *Management Decision*, *Small Business Economics*, *Group Decision and Negotiation*, *Journal of Business Research*, *International Journal of Technology Management* etc. He is Editor-in-chief of *International Entrepreneurship and Management Journal*, published by Kluwer/Springer, and *Management Decision*, published by Emerald.

Daniel Palacios-Marqués is Associate Professor in the Department of Business Organization at Universitat Politècnica de Valencia (Spain). He holds a PhD in Management from the Universitat Jaume I. His research interests are knowledge management, information technology as a source of competitive advantage and tourism management. He has done research stays in universities

in Germany, USA, UK and Thailand. He has published in international books and journals such as *Annals of Tourism Research*, *Service Industries Journal*, *Management Decision*, *International Journal of Contemporary Hospitality Management*, *International Journal of Technology Management*, *Journal of Intellectual Capital*, *Small Business Economics*, *Cornell Hospitality Quarterly*, *Service Business*, *Management Research* and *Tourism Management*.

Internationalisation can take many forms, such as imports, exports, foreign direct investment or international collaboration, in order to access know-how or technology (Delios and Henisz, 2003; Morgan et al., 2003; Blomstermo et al., 2004; Harris and Li, 2009; Yu et al., 2011). Several international studies have indicated that internationalisation is often accompanied by improved performance and competitiveness in SMEs, since internationalisation provides opportunities to improve productivity and increase their chances of survival (Siddharthan and Lall, 1982; Grant, 1987; Geringer et al., 1989; Tallman and Li, 1996; Hitt et al., 1997; Gomes-Casseres, 1997; Delios and Beamish, 1999; Beamish and Lu, 2001; Lu and Beamish, 2001; Wang and Olsen, 2002; Qian, 2002; Majocchi and Zucchella, 2003; Contractor et al., 2003; Lu and Beamish, 2004; Lu and Beamish, 2006; Morgan-Thomas, 2009; Khara and Dogra, 2009; Añón and Driffield, 2011).

The main aim of this thematic issue is to analyse the current state of the relationship between internationalisation and SMEs as a result of new factors that characterise today's international economic climate. The issue will deal with the diverse and complex characteristics of internationalisation in small organisations that lead to competitiveness in the face of the effects of globalisation.

The paper 'International capital flows and small business development: evaluating the role of international remittances' by Williams, Rodgers and Baric argues that within the international entrepreneurship and the internationalisation of small businesses literatures, little attention has been paid to studying the micro-economic effects of remittances, and how remittances from entrepreneurial endeavour in one nation might fund business development in another in particular. Even more revealing is there has been no academic scrutiny paid to how the international remittances are used in the home country of entrepreneurs operating in the informal economy in their host country. The paper engages with these questions by outlining the data generated from in-depth interviews with entrepreneurs, in the UK who send remittances to Ukraine to support business ventures, and entrepreneurs operating in Ukraine whose business ventures are supported by international remittances from friends and family.

Whilst literature on the internationalisation of SMEs often adopts a staged, resource-based view, learning and network-based view that views SMEs as internationalising over time, this paper supports emergent research which focuses on firms who undertake processes of internationalisation from their inception. The empirical findings also demonstrate the importance of remittances, gained from informal economic practices in the host country, in developing formal businesses in the home nation. More specifically, the findings highlight how one of the key barriers that SME owners and potential entrepreneurs face often (but not exclusively) in developing and/or transition economies such as Ukraine is access to capital. The remittances from friends or relatives working abroad act as a solution to such liquidity constraints, allowing the entrepreneur/business owner to often circumvent the formal credit markets and instead develop their business

using remittance payments. As such, the authors demonstrate the interlinking relations between informal work and entrepreneurship, remittances and the internationalisation of small businesses.

The paper 'Internet-enabled value co-creation in SME internationalisation: current practices from the UK food and drink industry' by Mariussen and Ndlovu adds knowledge to several research streams, including value co-creation, SME internationalisation and food e-marketing. From the managerial point of view, the study contributes by identifying current internet-enabled co-creation practices, approaches and techniques in the context of SME internationalisation.

Due to the shortage of resources and skills, internationalisation in SMEs is perceived as a challenging and risky exercise. With the help of improved information and communication technologies (ICT), however, the risk associated with the internationalisation process may be considerably reduced. In particular, ICT and the internet-enabled companies and their consumers to participate in joint co-creation of value and experiences, something that invites both stakeholders to share risk and responsibilities.

A comprehensive literature review reveals that the subject of value co-creation is gaining increasingly much attention, but is yet under-researched. This study, therefore, explores how UK-based SMEs from the food and drink industry leverage internet-enabled value co-creation to internationalise. To achieve this aim, the study combines the data from the qualitative content analysis of the selected UK-based SME websites and full company reports, obtained through the Fame database – a repository of information about UK companies. The study focuses on SMEs in the UK food and drink industry, the list of which is obtained through the UK Food and Drink Federation. Relying on the purposive sampling method, a total amount of 25 SMEs is selected and analysed.

The paper 'The Tunisian textile industry: local responses to internationalisation' by Anderson, El Harbi and Brahem has a starting point in the changing the dynamics of internationalisation. In the dynamic web of interdependencies that characterise globalisation, there are major shifts over time in competitive advantage. Whilst globalisation has brought about marketing opportunities for small firms, internationalisation brings threats to international competitiveness. The ability to compete on the international level is caught up the benefits that being successful. The paradox is that by being successful, local costs rise and reduce international competitiveness.

The context for this study is the Tunisian textile industry. This industry represents a classic situation. Low local labour costs drove international competitiveness and created success in international markets. But this competitive advantage is now challenged on two fronts. Internally, wages have risen and externally, newer low cost countries have entered international markets. But textile manufacturing in Tunisia remains an important part of the local economy, creating some 40% of all manufactured exports and involving some 2000 firms, many of whom are small. Moreover, many firms are subcontractors and have little access to the added value of upstream activities.

This paper examines 103 small firms to establish how these firms have responded to this global challenge. Authors were particularly interested in finding if they had adopted an entrepreneurial orientation to cultivate innovation, or if they had resorted to reducing costs. Authors found that most were proactive in response, with some 30% demonstrating high levels of Entrepreneurial Orientation, but about 40% remained conservative. Authors saw changes in the nature of comparative advantage, where cost was only one factor. Smartness and extending capability have become critical. So in the Tunisian context, smarter manufactures have seen this as an opportunity and adopted an entrepreneurial orientation to secure a better position in the global value chain.

The paper 'Role of cooperation in the relationship between business internationalisation and international success' by Calderón, Fayos and Tubillejas focuses on understanding successful internationalisation processes in a globalised world from the perspective of the gradualist approach of the Uppsala model and goes on to fill the gap indicated by Papadopoulos and Martín in research on the relationship between internationalisation and exporter success. They determine the effect of firm cooperation with other economic agents on export success, in an attempt to merge the two streams of literature. Using the existing models in the literature as a basis, they explain successful internationalisation by gathering trends and incorporating variables stemming from the need for firms to adapt to the global environment. The proposed model helps to explain firm export success using various mechanisms and places special emphasis on cooperation and the level of firm internationalisation.

The paper 'Born global networks: the role of connectors' by Smith, Ryan and Collings explores the role of connectors in social networks in the internationalisation of born global firms. It addresses the questions of who are the key connectors in the network of a born global and how do these networks play out in practice as firms reach out to potential customers in the global marketplace. The empirical study unfolds in the Irish digital, film and TV production industry. This is an interesting context as, for firms in this sector operating in small economies such as Ireland, this industry is almost by definition international. Given the small size of the Irish market combined with the centrality of Hollywood to the sector, indigenous firms must rather quickly tap into the global marketplace if they stand any chance of being successful. The empirical study identifies a suite of potential and important connectors in the internationalisation process of born global firms. These connectors are both strong and weak and born globals choose from that menu of connector options dependent on their requirements at a given stage.

The paper 'Decision making in the European Union under risk and uncertainty' by Merigó, Lobato-Carral and Carrilero-Castillo uses the aggregation operators in decision making at a European level. They introduce weighted averaging operator to provide a unified framework between the probability, the weighted average and the ordered weighted averaging operator considering the degree of importance that each concept has in the aggregation. In a European Union group decision-making problem regarding the selection of the optimal inflation rate in the convergence criteria to be accomplished by the members of the European Union they develop an application of the new approach. There are many decisions in EU that affect internationalisation of SMEs, they have found that in the EU a lot of key decisions are taken about EU law, EU politics, EU economics, EU finance and EU science. They have focused on an EU multi-person decision making problem concerning the fixation of the upper bounds of the inflation rate for the members of the EMU. By using the MP-IPOWAWA operator, they have been able to consider a wide range of scenarios and select the one in closest accordance to their interests.

References

- Añón, D. and Driffield, N. (2011) 'Exporting and innovation performance: analysis of the Annual Small Business Survey in the UK', *International Small Business Journal*, Vol. 29, No. 1, pp.4–24.
- Beamish, P.W. and Lu, J.W. (2001) 'The internationalization and performance of SMEs', *Strategic Management Journal*, Vol. 22, pp.565–586.
- Blomstermo, A., Eriksson, K., Lindstrand, A. and Sharma, D. (2004) 'The perceived usefulness of network experiential knowledge in the internationalizing firm', *Journal of International Management*, Vol. 10, No. 3, pp.355–373.

- Contractor, F.J., Kundu, S.K. and Hsu, C. (2003) 'A three-stage theory of international expansion: the link between multinationality and performance in the service sector', *Journal of International Business Studies*, Vol. 34, pp.5–18.
- Delios, A. and Beamish, P.W. (1999) 'Geographic scope, product diversification, and the corporate performance of Japanese firms', *Strategic Management Journal*, Vol. 20, pp.711–727.
- Delios, A. and Henisz, W. (2003) 'Political hazards and the sequence of entry by Japanese firms', *Journal of International Business Studies*, Vol. 34, No. 3, pp.227–241.
- Geringer, J.M., Beamish, P. and daCosta, R.C. (1989) 'Diversification strategy and internationalization: implication for MNE performance', *Strategic Management Journal*, Vol. 10, pp.109–119.
- Gomes-Casseres, B. (1997) 'Alliance strategies of small firms', *Small Business Economics*, Vol. 9, pp.33–44.
- Grant, R.M. (1987) 'Multinationality and performance among British manufacturing companies', *Journal of International Business Studies*, Vol. 18, pp.79–89.
- Harris, R. and Li, Q.C. (2009) 'Exporting, R&D and absorptive capacity in UK establishments', *Oxford Economic Papers*, Vol. 61, pp.74–103.
- Hitt, M.A., Hoskisson, R.E. and Kim, H. (1997) 'International diversification: effects on innovation and firm performance in product-diversified firms', *Academy of Management Journal*, Vol. 40, No. 4, pp.767–798.
- Khara, N. and Dogra, B. (2009) 'Examination of export constraints affecting the export performance of the Indian sports goods industry', *European Journal of International Management*, Vol. 3, No. 3, pp.382–392.
- Lu, J.W. and Beamish, P.W. (2001) 'The internationalization and performance of SMEs', *Strategic Management Journal*, Vol. 22, pp.565–586.
- Lu, J.W. and Beamish, P.W. (2004) 'International diversification and firm performance: the S-curve hypothesis', *Academy of Management Journal*, Vol. 47, pp.598–609.
- Lu, J.W. and Beamish, P.W. (2006) 'Partnering strategies and performance of SMEs international joint ventures', *Journal of Business Venturing*, Vol. 21, pp.461–486.
- Majocchi, A. and Zucchella, A. (2003) 'Internationalization and performance: findings from a set of Italian SMEs', *International Small Business Journal*, Vol. 21, pp.249–266.
- Morgan, N.A., Zou, S., Vordhies, D.W. and Katsikeas, C.S. (2003) 'Experiential and informational knowledge, architectural marketing capabilities, and the adaptive performance of export ventures: a cross-national study', *Decisions Sciences*, Vol. 34, No. 2, pp.287–321.
- Morgan-Thomas, A. (2009) 'Online activities and export performance of the smaller firm: a capability perspective', *European Journal of International Management*, Vol. 3, No. 3, pp.266–285.
- Qian, G. (2002) 'Multinationality, product diversification, and profitability of emerging US small- and medium-sized enterprises', *Journal of Business Venturing*, Vol. 17, pp.611–633.
- Siddharthan, N.S. and Lall, S. (1982) 'The recent growth of the largest U.S. multinationals', *Oxford Bulletin of Economics and Statistics*, Vol. 44, pp.1–13.
- Tallman, S. and Li, J. (1996) 'Effects of international diversity and product diversity on the performance of multinational firms', *Academy of Management Journal*, Vol. 39, pp.179–196.
- Wang, G. and Olsen, J.E. (2002) 'Knowledge, performance, and exporter satisfaction: an exploratory study', *Journal of Global Marketing*, Vol. 15, Nos. 3/4, pp.39–64.
- Yu, J., Gilbert, B.A. and Oviatt, B.J. (2011) 'Effects of alliances, time and network cohesion on the initiation of foreign sales by new ventures', *Strategic Management Journal*, Vol. 32, pp.424–446.