An International and Socially Responsible SME Based on Tailored Innovative Products: empakando From El Salvador

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EXECUTIVE SUMMARY

In view of the many studies carried out on multinational firms and, to a lesser degree, the internationalization of SMEs based on developed countries, it is surprising to find that so little attention is being paid to the internationalization process of SMEs based on developing countries. There is scarce evidence and knowledge available on the circumstances underlying these processes or the decisions made to successfully address internationalization. The case of the company Empakando, founded in the developing country of El Salvador in 2000 and successfully internationalized toward countries in Central America, allows the authors to make a contribution to this field. Based on the company's experience, the authors addressed a range of important aspects to understand this phenomena: (1) the internationalization process and the entry modes chosen and (2) two key elements in gaining access to the resources and connections needed to facilitate internationalization, that is, the commitment to corporate social responsibility (internal factor) and the support of export promotion programmes (external factor).

THEORETICAL BASIS FOR THE STUDY

Literature on international business has prioritized the study of large international companies rather than SMEs. Furthermore, studies on SMEs have primarily focused on companies based in developed countries (García-Cabrera, García-Soto, & Durán-Herrera, 2016). Consequently, the internationalization process of SMEs settled in developing and emerging countries has scarcely been analyzed (Zahra, Newey, & Li, 2014), and the evidence available is not conclusive. For instance, there is consensus over these economies being characterized by the weakness and instability of their institutional frameworks, and some authors have determined that such weakness hampers the international performance of SMEs (Latin-American SMEs, for example). Conversely, other authors suggest that, so as to reduce their exposure to these unstable institutional environments, SMEs often put increasing emphasis on their international expansion (Gil-Barragan, Belso-Martínez, & Mas-Verdú, 2020), consequently improving their internationalization.

The absence of studies on this issue limits our understanding of these processes (e.g. disadvantages associated with socioeconomic and institutional conditions of the country of origin, property advantages facilitating the company's internationalization), decisions made around the internationalization process (e.g. adopting an international strategy, choosing the target country and the entry mode), and the consequences of such decisions.

In an attempt to bridge the knowledge gap somewhat, this work studies a number of key topics on a company's internationalization process. These key elements will be empirically discussed for an SME based in a developing economy. The study addresses the stages of the internationalization process and its main characteristics (e.g. availability of resources for the company, choosing the target country, entry modes, and so on). In addition, two factors that may contribute to having access to the necessary information, resources and connections to facilitate the SME's internationalization are analyzed. From a company-based perspective, the commitment to corporate social responsibility and its impact on the access to valuable resources for international expansion (e.g. qualified human resources, reputation, information) are studied. Then, from an external perspective, export promotion programs available in the country are analyzed, with a particular emphasis on trade shows and commercial missions.

The Internationalization Process and the Entry Modes Chosen by the SME

Among the key variables that have been traditionally identified as key factors determining companies' international expansion, the literature highlights having property advantages (Cheng & Yu, 2008), local geographical resources (e.g. natural resources in the country, weather, geographic location) (Gilmore, O'Donnell, Carson, & Cummins, 2003), the institutional framework's level of development (e.g. property rights, corruption) (Demirbag, Tatoglu, & Glaister, 2009), and economic openness (incoming direct investments, imports) (Luo & Tung, 2007). When analyzing the international expansion of companies based in developing and emerging economies, there has been significant criticism around the emphasis that the literature has placed on property advantages. The literature seems to ignore the difficulties that these companies are faced with when developing property assets (Yan, Zhu, Fan, & Kalfadellis, 2018). In addition, Valliere and Peterson (2009) found that incoming direct investment flows have no impact on developing economies' growth. It can be partly explained by barriers such as local companies' limited capacity to absorb the knowledge transferred by foreign multinationals (Cantwell, Dunning, & Lundan, 2010). The spillover effect caused by multinationals' investments has been proven to only materialize when these acquire a shareholding in local companies (Damijan, Knell, Majcen, & Rojec, 2003). But

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