

Chapter 19

Internationalization Services for Small and Medium Enterprises: A Case Study

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ABSTRACT

To be successful exporters, SMEs have to penetrate foreign markets rapidly, at low cost, maintaining control of core technologies and products, while adapting product features to local customer requirements and preferences. Entrepreneurs have to find and evaluate potential partners, overcoming differences in business cultures and their ignorance of foreign accounting rules. Internationalization has deep and relevant implications in effective human resources management. In fact, the expansion of the firms allows the creation of new job opportunities both in the home country and abroad. This process could be seen as a solution, or better as mitigation, for the current problem of unemployment that our society has to face in this period of crisis. SMEs need to be supported in their expansion abroad. In Italy, public and private agencies provide services to achieve this. The aim of this chapter is to analyze how they operate, what services they provide, and how much they support enterprises. As a case study, the authors examine services provided by Chinese agencies because China is one of the most active countries in international markets. Italian and Chinese agencies are compared focusing on the existing standard services provided and their customization according to specific domain needs. Finally, the authors present a global view of today's scenario to define future directions of current internationalized services.

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INTRODUCTION

In Italy SMEs (Small and Medium Enterprises) represent the 99% of the total national enterprises. However just 13% of them are active on international markets, although extending their business abroad should be undoubtedly better as shown later (Cliti, 2012). To give explanation to this trend the authors investigate customers (companies) needs, requirements and main issues in extending business abroad, comparing them with the services that are actually provided by agencies and banks. The comparison is focused on: (i) Existing services offered by agencies including public institutions, consulting agencies, private institutions and banks to support SMEs in extending their businesses abroad; (ii) Service customization and solutions for specific domains and sectors to help SMEs grow internationally.

This part is the core of the chapter and it is structured as follows. The first section is devoted to figure out the scenario of Italian SMEs and their role in the internationalization market; the second section analyses the agencies and services available, with a close eye on China, one of the most active countries in international markets in the last 30 years due to the opening on foreign markets and the growth of foreign direct investments. The third section is about classification and main features of the considered type of services and the analysed agencies are evaluated according to this classification. The result of the comparison gives a global view of the actual scenario.

The end of the chapter includes final comments and suggestions in order to define possible directions of improvement and enhancement of actual services.

BACKGROUND

During the past decades SMEs have been the backbone of the Italian entrepreneurial system and have provided the main drive for its eco-

nomical development. Nevertheless their structural weaknesses, SMEs remain the platform on which the Italian economy should build new growth processes. To become the driving force behind the Italian production system, SMEs should necessarily undertake strategies to increase their degree of internationalization (Calcagnini & Favaretto, 2011).

The reason why internationalization is such a crucial topic is that among Italian SMEs the performance of those which directly export on foreign countries is much better in respect to ones only oriented on the Italian market (Libero quotidiano, 2012). About enterprises with 1-9 employees, the productivity of “internationalized” ones is 38.4% more than others, while it is 26.6% among enterprises with 10-19 employees and it rises at 34.5% in firms with 20-99 employees.

The globalization has stressed the competitiveness or even the survival problems of small enterprises, mainly because significant competitive factors, such as scale economies and technological research/innovation, are generally not very developed within Italian SMEs (Cedrola et al., 2009). Small enterprises are too often focused on product and on use innovation (Von Hippel, 1988) rather than on intangible resources such as knowledge and information (Plechero & Rullani, 2007).

On this basis, it is clear that small sized companies face significant difficulties in the international competition (Ohmae, 1985) when focusing on domestic markets or on personalized products for the international markets.

It is imperative that all SMEs strive for repositioning themselves in competitive terms. The entire nation is interested in supporting SMEs on their difficult path towards rebuilding and the role of banks in this context is fundamental. Banks are responsible for assuring the adequate credit flows to the firms that will be able to generate a new phase of investments, necessary to foster profound innovation in Italian production structure. Investments, aimed at incorporating new technologies in the processes of SMEs, are necessary to fill

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