
SME Survival: The Impact of Internationalization, Technology Resources, and Alliances

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ABSTRACT:

This research examines the impact of internationalization on small and medium enterprise (SME) survival, and the direct and moderating effects of technology resources and research and development (R&D) alliances. Our survey examination of 1,612 Korean SMEs reveals that sales internationalization is associated with better survival prospects, suggesting that failure risk does not increase with cross-border sales. In addition, though technology resources provide no direct survival benefits, R&D intensity acts as a moderator in the internationalization-to-survival relationship. R&D alliances, on the other hand, are directly linked with survival but do not show a moderating effect. This supports the liabilities of newness and smallness view that external relationships can help counter survival threats but suggests that the accumulation of technology resources may be more important when firms seek international expansion.

KEY FINDINGS:

Key finding from this study are:

- A positive relationship appears to exist between sales internationalisation and the survival of SMEs.
- No significant support was found for technology resources (e.g. R&D/Employee ratio).
- Only partial and mediated support was found for R&D/Employee ratio and SME survival.
- No significant support was found for technological innovativeness on SME survival.
- A positive relationship was found between R&D alliances and SME survival.
- No significant support was found for R&D alliances as a moderating influence between sales internationalisation and SME survival.

IMPLICATIONS FOR MANAGERS:

- Expanding an SME's markets beyond its national borders, with high levels of commitment, can increase the probability of survival.
- While SMEs may experience challenges in unfamiliar international markets they may avoid direct competition within domestic markets from larger, incumbent competitors.
- Owner-managers from technology-based SMEs should be aware of the importance of external relationships and having a global perspective.
- They should develop the capabilities needed to manage these efforts effectively.
- Policy makers should seek to assist SMEs to develop international trade opportunities and widen their knowledge of overseas markets.