

SUPSI

Leadership Capabilities in internationalising Swiss SMEs

Student

- Andrea Sabatino

Supervisor

- Rico J. Baldegger

Degree course

- Business Administration

Major

- Innovation Management

Project

- Master of Science Thesis



Place and date

Manno, January 2016

SUPSI

MASTER OF SCIENCE THESIS
LEADERSHIP CAPABILITIES IN INTERNATIONALISING SWISS SMEs.
ANDREA SABATINO

University of Applied Sciences and Arts of Southern Switzerland (SUPSI)

Department of Business Economics, Health and Social Care

Manno, January 2016

“The sole responsibility for the content of this document lies with the author.”

Abstract

Nowadays business growth, especially in countries with a small or at least limited domestic market, involves an unavoidable process of expansion into foreign markets that every enterprise will have to undergo eventually. As a consequence, it is necessary to consider the interdisciplinary study of leadership and its global competencies and capabilities as a key element for the success of the internationalisation process. Besides of acquiring basic knowledge on how to handle favourably the transaction from a domestic to a foreign market in terms of leadership and management skills, the study has two further main goals. Firstly, it aims at testing the importance of capabilities required by leaders of Swiss SMEs to internationalise their firm. Secondly, the study reflects the impact of entering foreign markets on the firm's performance. The research is conducted by means of a qualitative approach consisting in the analysis of a sample of eleven Swiss SME leaders. The critical evaluation of the data gathered during the interviews in relation to the research questions, together with the knowledge and tools acquired through the previously performed literature review, is used to compare the obtained results in order to identify possible congruencies and/or differences in theory and practice. In particular, the study correlates the accomplishment of internationalisation in practice with that described in the literature before investigating which personal capabilities are most exploited by leaders throughout the process. First and foremost the study reveals that the successful leaders are those who stimulate the company's achievements by exploiting their personal capabilities. Interestingly, SME leaders do not need to strive for any particular capability cluster. Rather it seems important to recognise and master the one fitting the strategy of the respective company and internationalisation stage. However, international experience and therefore knowledge of the target market as well as managerial competence appear to be of deep value for internationalising a company, and thus should not be neglected in any of its strategic moves toward this goal. Furthermore, the thesis confirms that during the expansion into foreign markets Swiss SMEs experience noticeable consequences on their performance, particularly in terms of profitability, corporate culture and strategy. In conclusion, this research project shows that adaptation to the target market is the key for business expansion. Most importantly, it is here where the decision-makers' international capabilities and experiences prove to be beneficial. Intercultural dialogue serves as the essential starting point: whilst knowledge of the other language and cultural customs or traditions does not ensure alliance, it can reduce the chance of perceiving inaccurate stereotypes and thus having to embrace failure.

Table of Contents

Abstract	I
Table of Contents	II
List of Tables	IV
List of Figures	V
List of Abbreviations	VI
1. Introduction	1
1.1. Background and Status Quo	1
1.2. Definitions of the Main Subjects	1
1.3. Relevance of the Topic	4
1.4. Aims of the Thesis	5
1.4.1. Research Questions and Propositions	5
1.4.2. Objectives	6
1.5. Research Methodology	7
1.6. Structure of the Thesis	8
2. Literature Review	9
2.1. Internationalisation Process in SMEs	10
2.1.1. Internationalisation and Market Entry Strategies of SMEs	10
2.1.2. Reasons and Barriers of Internationalisation in SMEs	17
2.2. Performance Consequences of Internationalisation in SMEs	20
2.3. Leadership Capabilities and Competences in SMEs	21
3. Internationalisation of SMEs in Practice	25
3.1. Data Collection Methodology	25
3.2. Overview of the interviewed Leaders	26
3.3. Internationalisation Process in Case Companies	31
3.3.1. Internationalisation and Market Entry Strategies of Case Companies	31
3.3.2. Reasons and Barriers of Internationalisation in Case Companies	33
3.4. Performance Consequences of Internationalisation in Case Companies	35
3.5. Leadership Capabilities and Competences in Case Companies	38
4. Differences and Complications between Theory and Practice	39
4.1. Accomplishment of Internationalisation	40
4.2. Personal Capabilities of Leaders	47
5. Conclusion	51

Bibliography	55
Appendixes	60
1. Aggregate Ranking of Export Barriers	61
2. Full Table of major faced Obstacles	62
3. Full Table of most exploited Capabilities	63
4. Questionnaire	64
5. Case studies	69
5.1. Albrecht Lang from OPHARDT Hygiene AG	69
5.2. Christoph Brönnimann from IBT Ingenieurbüro Brönnimann Thun	70
5.3. Daniel Rolla from Swiss Interim Management GmbH	71
5.4. David Smith from AZAD Pharmaceutical Ingredients AG	72
5.5. Martin Hodler from Infré SA	73
5.6. Matthias Etter from Cuboro AG	74
5.7. Michael Tütsch from Pro Gravur AG	75
5.8. René Werthmüller from Eyerex AG	76
5.9. Robert Stucki from Stucki Leadership-Teambuilding AG	77
5.10. Ueli Schwaller from Gautschi AG	78
5.11. William V. Wirz from Wintion AG	79
6. Master's thesis proposal	80

List of Tables

Table 1: International Sales Ratios	27
Table 2: Adopted Market Entry Strategies	32
Table 3: Driving Forces for Internationalisation	33
Table 4: Major faced Obstacles	34
Table 5: Most exploited personal Capabilities	38
Table 6: Suitability of Market Entry Strategies according to the Literature	41
Table 7: Comparison of Leadership Capabilities Rankings	49

List of Figures

Figure 1: Structure of the Thesis in four Stages	9
Figure 2: Internationalisation Typology	12
Figure 3: Example of a precise Model for empirical Examination	21
Figure 4: Factors influencing the Accomplishment of a Firm's Internationalisation	52

List of Abbreviations

AEE	Association for Experiential Education
API	Active Pharmaceutical Ingredient
CEO	Chief Executive Officer
FDF	Finished Dosage Form
SECO	State Secretariat for Economic Affairs
SIES	Swiss International Entrepreneurship Survey
SME	Small or medium-sized Enterprise

1. Introduction

1.1. Background and Status Quo

Globalisation is not only a trend. It involves an unavoidable process of internationalisation that every growing enterprise will have to undergo eventually. The advances in production, transportation and communication technologies have led to this process, which constantly involves more and more business realities without leaving them room for stepping back. Moreover, the increasing internationalisation or globalisation leads to an increasing homogeneity of markets and this has been shown to produce multiple effects. Brechbühler Pešková (2006) described two of these effects: the removal of the barriers between national and international markets on the one hand, and the separation of small and large firms' competitive space on the other hand. Although these effects could be seen as detrimental for a business, according to Porter (1990), they create the precise suitable conditions for the internationalisation of firms. Consequently, these conditions shall be exploited by growing Small or medium-sized Enterprises (SMEs).

Access to foreign markets is, however, an expensive cost for a company. It was appropriately addressed by Zaheer (1995) as "the liability of foreignness" (as cited in Schüffel & Baldegger, 2015), because of its intrinsic necessities of acquiring knowledge of the legislative, social, economic and cultural customs in the first place, and surviving the adaptation cost of the foreign organisational and bureaucratic culture in the second place (Schüffel & Baldegger, 2015). Being able to embrace this international business implies therefore the management of two cultural dimensions at the same time, one of a national and the other of an organisational type. As a consequence, also in the case of SMEs, it is necessary to consider the interdisciplinary study of leadership and its cross-cultural competencies as a key element for the internationalisation process. As for its importance, the topic has been largely investigated by Geert Hofstede over the last four decades and more recently through the GLOBE Study (House et al., 1999).

1.2. Definitions of the Main Subjects

Leadership:

To better understand the term "Leadership", for the purposes of this study, it will be important to differentiate it from similar expressions, such as "Entrepreneurship" or "Management". According to Coglisier & Brigham (2004) the contrast between managers and entrepreneurs is similar to the one between managers and leaders but there is a substantial overlap between Leadership and Entrepreneurship. In Schumpeter's (2011) understanding of the entrepreneur role, they are a special sort of leader. While a leader only directs an existing company, the entrepreneurial leader is in charge of creating them. The differences between "Leaders" and "Entrepreneurs" lie mainly in their function and behaviour: leaders, for example, focus on influencing others toward a goal, while entrepreneurs are known for seeing opportunities and marshalling resources to accomplish their vi-

sion. This means that leaders are task-oriented and relations-oriented. Entrepreneurs are more resource-oriented: they behave achievement seeking and risk-avoidant (Cogliser & Brigham, 2004). A manager, on the other hand, is someone who controls, guarantees, disciplines and introduces order (Schumpeter, 2011). Mendenhall et al. (2013) aptly describe the difference as follows:

“The leader innovates; the manager administers.

The leader inspires; the manager controls.

The leader sees the long term; the manager sees the short term.

The leader asks ‘what?’ And ‘why?’ – the manager asks ‘how?’ and ‘when?’” (p. 11).

Concluding, in respect to its focus on the capabilities of the leading role of an internationalising SME, this study will endorse Schumpeter's (2011) point of view, which recognises entrepreneurs as leaders, who not only lead but also own a company. Thus, entrepreneurs will be recognised as leaders with entrepreneurial behaviour. It is therefore worthwhile to describe entrepreneurship in an internationalising company as “the process of creatively discovering and exploiting opportunities that lie outside a firm's domestic markets in the pursuit of competitive advantage” (Zahra & George, 2002, p. 261).

Capabilities:

Capabilities are “those specific physical [...], human [...], and organisational [...] assets that can be used to implement value-creating strategies” (Eisenhardt & Martin, 2000, p. 1106-1107).

By means of this thesis, capabilities refer to the above mentioned human assets, which have its roots in the resource-based view of the firm. The resource-based view describes a method of building a competitive advantage. At the core of this viewpoint the hypothesis is that the resources must be rare, difficult to imitate and non-substitutable. Also, they must endure over time (Barney, 1986; Rugman & Verbeke, 2002). Scholars recognise intangible resources such as leaders' capabilities and competences, management skills and organisational knowledge as particularly important for the resource-based view. They suggest that it is the distinctiveness of these capabilities that allows firms to build a competitive advantage. Changing circumstances is another crucial factor to which firms have to respond quickly, e.g. the internationalisation process. From this perspective, the complexity and uncertainty related to the external environment forces the management of the firm to develop specific entrepreneurial capabilities (Karra, Phillips, & Tracey, 2008).

Dana (2004) refers to personal entrepreneurial capabilities as the cluster of abilities embedded in the individual throughout the venturing career that is subjected to the “learning by doing”. Additionally, it can be described as the action taken with the purpose of influencing the environment.

Further, Karra et al. (2008) state that these individual capabilities are understood as “the ability to identify and acquire the necessary resources to act upon opportunities identified in the market, or to create new market opportunities. While entrepreneurial capabilities are crucial to success at the

inception of the venture, they become less relevant as the venture matures” (Karra et al., 2008, p. 443).

Small or medium-sized Enterprises (SMEs):

As indicated above individual capabilities become less crucial to success as the venture matures or in other words, as the company grows. Thus, it is important to define the size of the companies included in this study. As the analysis focuses on leading a company throughout internationalisation the attention will be on the organisational level. Therefore, it excludes partially the financial component of the firm and assigns to the quantity of employees much more significance in defining what determines a small or medium-sized enterprise (SME).

There is no official definition of SMEs in Switzerland. The State Secretariat for Economic Affairs (SECO) has the number of employees as only criterion. Any company is recognised as an SME regardless of its legal form or its main sector, as long as the number of employees is not greater than 250, which is also the limit set by the European Union (“KMU-Portal - Die Schweizer KMU-Politik: Zahlen und Fakten,” n.d.).

However, the European Union goes further by including as main factors for classification also either the turnover or the balance sheet, which enable SMEs to be divided in different categories. For the purpose of this thesis only the following will be relevant (“European Commission - What is an SME?,” n.d.):

- Medium-sized: less than 250 employees;
- Small: less than 50 employees;
- Micro: less than 10 employees.

Internationalisation:

The term “Internationalisation” can have two accepted and documented meanings. One is the approach that helps designing products or services that are easily adaptable to different cultures and languages, while the other concerns the tendency of enterprises to operate across borders (“Internationalization. BusinessDictionary.com,” 2015). As for the topic of this research, the latter will be the focus of interest.

Nonetheless, from a commercial point of view there is no consistent definition of what an international-active corporation might be. The attempt of Kormann (1970) in conjunction with the suggestion of Baldegger (2012) to correct popular fallacies about those companies appears appropriate for this research:

“A company is referred to as international if its spatial decentralisation stretches across the sovereign territory of several national economies. This firm has founded branch offices and subsidiaries in other countries and holds a relevant stake in foreign corporations.” (Kormann, 1970, as cited in Baldegger, 2012, p. 169)

As explained above, the author denies popular fallacies by making amends to the definition of international companies, such as (Baldegger, 2012, p. 170):

- These companies do not necessarily operate numerous subsidiaries abroad;
- They are considered international if any part of the value chain activities are mainly achieved abroad;
- Companies do not have to be a large scale enterprise in order to be internationally active;
- They do not necessarily focus on their domestic market for a long time before the internationalisation;
- International companies do not have to be manufacturing companies or be only limited to real assets.

The concept of internationalisation is often mistaken for or confused with globalisation. Internationalisation refers mainly to the process of increasing cooperation between activities across state borders, as for example trade. Globalisation, on the other hand, generally relates to the process of increasing convergence of economies and to the liberalisation of markets. While it is clearly one of the drivers of the internationalisation process, it should be considered in a more political perspective, in which the process of globalisation will turn nation states into powerless institutions, whose role will vanish ultimately (Van Der Wende, 2001).

This thesis will repeatedly use the conception of a process. The internationalisation process, therefore, describes the transition from businesses serving only the domestic market to businesses operating across borders.

1.3. Relevance of the Topic

Switzerland has a small or at least limited domestic market and 99.7% of Swiss firms are SMEs. As a result, in combination with intense competition, growing SMEs are pushed towards foreign markets (Baldegger & Wyss, 2007). According to the Swiss National Bank (n.d.), the export ratio of Swiss companies has risen steadily since 1996. This increase has allowed achievement of good business results in terms of income and is therefore an indicator of the importance of the internationalisation process in SMEs. According to “The Observatory of Economic Complexity” (2013) Switzerland is ranked 16th in worldwide exports. In 2013 it exported 311 Billion US Dollars, which represents a very significant amount compared to the GDP of 685 Billion US Dollars.

The above figures show clearly the importance of SMEs and their international relevance. The high proportion of SMEs and their exports, however, is generated by individuals. Thomsen & Pedersen (2000) state that the ownership nature influences the company’s approach towards risk and strategic behaviour. Bürgi (2014), supporting this statement, sustains that besides the surrounding environment, the attitudes, culture and behaviour of the owners and the management team have an important effect on the performance of a firm, which means that the key to the economic performance is entrepreneurship. In other words, the leaders stimulate the company’s success. Because

of its direct responsibility on strategic decisions, research has constantly pointed to management as the principal force behind the firm's initiation, development, sustenance, and success (Leonidou, Katsikeas, & Piercy, 1998). Other scholars explained this phenomenon by highlighting the important role of firms' executives and their cognitive base at the organisational level (Von Den Driesch, Eva Susanne da Costa, Christina Flatten, & Brettel, 2015). Personal knowledge, skills and abilities contained in people are the human capital of a firm, which is often defined as a source of firms' competitive advantage (Coff, 2002).

To summarise, leaders are those who stimulate the company's success by exploiting their capabilities. Consequently, it is now clear that these capabilities are of high relevance in current discussions about effective export efforts and internationalisation in SMEs.

An increasing number of researchers have analysed the internationalisation process of SMEs and its methods over the past decades. Nevertheless, only little research has been conducted on what capabilities are needed by Leaders of SMEs of limited domestic markets to go international.

An additional review from www.scholar.google.com in order to gather information on the matter resulted in a short list of articles concerning the relations between "SMEs", "Leaders/Entrepreneurs" and "Capabilities" and their interplay (data accessed up to 15 September 2015). Almost no articles could be found by adding the variable "Internationalisation" and none were found after adding "Switzerland" to the research. The fact that there are only few research projects concerning SMEs in Switzerland and very little about their interplay with leader's capabilities certainly justifies the purpose of this thesis.

1.4. Aims of the Thesis

1.4.1. Research Questions and Propositions

Past research has revealed that globalisation has led to the removal of barriers between national and international markets, as well as separation of small and large firms' competitive space. This creates the precise suitable conditions for an internationalisation process (Brechtbühler Pešková, 2006; Porter, 1990). The amplitude of capabilities that are needed to successfully exploit the conditions for the internationalisation is the focus of this research project. The goal is to understand how leaders of Swiss SMEs accomplish the internationalisation process and which personal competencies are required to succeed.

For these reasons the study will aim at answering the following questions:

- How is the internationalisation of Swiss SMEs accomplished, through which channels?
- Which personal capabilities or skills does the leader of a Swiss SME need to internationalise their company?
- Are specific capabilities encountered repeatedly for a successful internationalisation?

The leaders with their world-wide vision are at the core of this thesis. Therefore, it is important to recognise what capabilities are essential during the internationalisation process. The key to a successful business across borders is undeniably the leader himself and his effect on the company, together with that of the management team. Their influence should not be underestimated; it affects not only the level of internationalisation, but also the firm's success. Following these aspects, the propositions are:

- Swiss SMEs experience noticeable consequences in terms of profitability, corporate culture and strategy during the internationalisation process. National culture differences and the need to adapt to foreign markets force the companies to acclimatise to the new international reality on the one hand, while acquired tacit knowledge¹ helps improve the firm's internal structure and strategy on the other hand.
- The more the leader is personally skilled the more the company is able to exploit opportunities abroad. International experience, resilience and knowledge of the target culture and language are particularly beneficial, because they help connecting to the target market on the one hand and to endure the thought of a possible failure on the other hand.

1.4.2. Objectives

The main aim focuses on acquiring basic knowledge of what tools and competencies are required to direct the process of internationalisation. To do so, best practices will be derived from the literature and interviews to leaders of Swiss SMEs, and thus analysed.

The thesis aims at providing new perspectives on how to handle the transaction from a domestic to a foreign market in terms of leadership and management skills. By comparing the literature and gathered information from leaders of Swiss SMEs it is expected to find differences regarding the approaches of internationalisation. There is a high probability that further studies will be required to fully analyse the topic of this Master's thesis. In a future doctorate program, it is a personal wish of the author to continue investigating the field of Economics with specific regard to the business consequences of national culture collisions due to internationalisation of domestic companies.

Further main objectives are in particular to gain knowledge on:

- Why the interviewed SMEs decided to go international;
- What the consequences are in terms of profitability;
- What the consequences are in terms of corporate culture, vision and strategy;
- Which methods are predominantly used for the internationalisation process.

¹ Tacit knowledge refers to "knowledge that you do not get from being taught, or from books, etc. but get from personal experience, for example when working in a particular organization" ("Tacit knowledge. Cambridge Dictionaries Online," n.d.).

1.5. Research Methodology

The research methodology applied to this thesis project is based on the “Case Study Research” suggested by several researchers (e.g. Eisenhardt & Graebner, 2007; Eisenhardt, 1989; Yin, 2009). There are various definitions to describe this method presented by various scholars and authors. In general, the following two examples outline the most important characteristics: A case study research is “the act or an instance of analysing one or more particular cases or case histories with a view to making generalizations” (“Case Study. Collins English Dictionary - Complete & Unabridged,” 2015) or “(in the social sciences) an analytical study of the development of an individual unit, as a person, family, or social institution” (“Case Study. Random House Webster’s College Dictionary, Revised & Updated,” 2015).

According to Yin (2009) case study research has gained considerable acceptance as a research method during the last 30 years and should not be considered as limited to data collection or as a single element of a research method but instead as a separate and “all-encompassing” (p. 18) method with an own design. The focus of this type of research is on understanding a social phenomenon. The case study research method becomes more relevant the more the research question seeks to explain how and why it focuses on contemporary events. By comparing this statement to the aims of this study it is possible to notice analogue objectives. Indeed, the main research goal is to understand how leaders of Swiss SMEs accomplish the internationalisation process and which personal competencies are needed to succeed.

Further, the approach is here particularly appropriate because a theory-building process relies on past literature and empirical observation (Eisenhardt, 1989). Little is known about this research field or current observations do not consider the capabilities of leaders and their influence but tend to credit them to the firm’s capabilities and seem therefore inadequate.

The procedure of the research method of this thesis is inspired by Eisenhardt (1989), who sustains that the research question and the objectives or goals have to be defined first. The risk hereby consists in theoretical propositions that may bias or limit the outcomes. The research problem should be formulated specifying some potentially important variables. However, specific relationships between those variables should be avoided as much as possible. According to the author the next step shall consist in priori specification of the constructs, which will help to shape the initial design of theory-building research. This is followed by the observation that in some cases the research focus emerges only after the data collection has started, which is meant to be avoided in this study. The final part of the procedure involves the comparison of multiple cases, a technique that allows to clarify whether a finding is unique or regular and thus found in different cases. This will be accomplished by selecting dimensions that are suggested by the thesis’ aims: “Reasons”, “Strategies”, “Barriers”, “Consequences”, “Leader’s Capabilities” and their interplay with a successful internationalisation of Swiss SMEs. Then, it will be necessary to look for similarities and differences between the case companies and the literature review.

The purpose of this kind of research is to develop theory, not to test it, and therefore theoretical sampling is appropriate (Eisenhardt & Graebner, 2007). Theoretical sampling describes the selection of cases in a non-random or non-stratified manner. Interviewees will be selected based on both, the contribution to theory development and their particular characteristics, suitable for the analysis of the specific research problem.

According to Eisenhardt & Graebner (2007) theory building from case studies faces some predictable but legitimate challenges that, in order to avoid bias, will be mitigated through: “careful justification of theory building, theoretical sampling of cases, interviews that limit informant bias, rich presentation of evidence in tables and appendixes, and clear statement of theoretical arguments” (p. 30).

The data will exclusively be collected through direct questionnaires and interviews held by the author of this thesis. The qualitative approach will require only a little number of interviewed companies that can be easily found in Switzerland. Unfortunately, due to the limited time, the research project will be principally focused on the objectives beforehand described without including profound examinations of cultural status quo (neither corporate nor national) and its change.

1.6. Structure of the Thesis

The research will be conducted, as described above, by means of a qualitative approach. The process consists in analysing in detail a small number of companies, which will be identified later. The research project can be divided into four stages of work, during which the use of literature will be exploited to face possible research problems.

First stage:

In the first stage the focus will be on literary research and analysis to examine in general the process of internationalisation. Hereby, contributions of conceptual nature will be considered. The goals are to comprehend all relevant problems connected to this phenomenon and to find existing theories and models dedicated to solve them.

Second stage:

This stage focuses on the construction of the empirical analysis. Based on the outcomes from the first stage, a questionnaire will be developed, which will allow the gathering of all the information needed to answer the research question. In parallel, together with different experts (university staff, chamber of commerce, consultants, etc.), a sample of companies will be identified that are in the middle of or have already gone through a process of internationalisation and operate therefore on markets other than the domestic one. Despite the decision of using a qualitative approach, in order to avoid research bias, it will be of high importance to circumscribe a particular group of companies. Therefore, each company will have to satisfy a generic requirement for being included in the

sample, which will be presented later. Subsequently, the companies will be contacted to inquire their willingness to participate in the analysis.

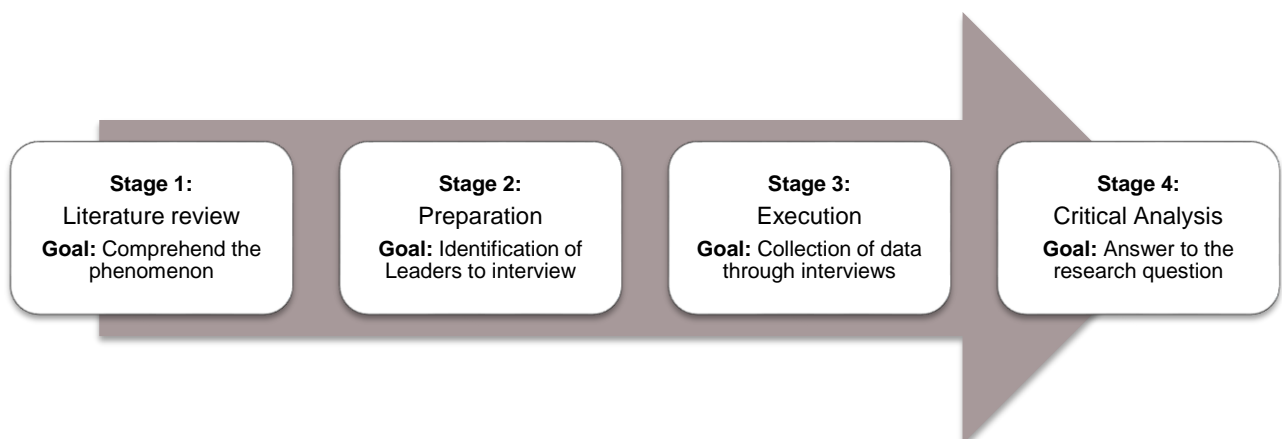
Third stage:

This stage will be mainly dedicated to the execution of interviews through qualitative questionnaires and the collection of empirical data. Moreover, a first data analysis to systematise the gathered information will be performed.

Fourth stage:

The last stage will consist in the critical analysis of the data gathered during the interviews in relation to the research questions. The knowledge and tools acquired during the first stage will be used to evaluate the results obtained by comparing them between each other in order to identify possible differences. The final part will involve the structuring of the main findings in order to formulate conclusions.

Figure 1: Structure of the Thesis in four Stages



Source: Figure generated by the author.

2. Literature Review

The aim of the literature review is to create a theoretical reference model, which is subsequently used to challenge the outcomes of the interviews. Practically, in this chapter information is gathered through articles, papers, books and reports centred on the reasons and strategies of internationalisation, its performance consequences and its actors. The result will be an overview allowing the comparison between theory and practice.

2.1. Internationalisation Process in SMEs

As per aims of this research, the thesis deals with Swiss SMEs and their internationalisation process. Since there is no official Swiss definition of an SME ("KMU-Portal - Die Schweizer KMU-Politik: Zahlen und Fakten," n.d.) those used in literature and applied to this research can vary substantially.

However, the literature review including empirical research reports is carried out independently of the definition of SME used in this thesis, which means that the definitions of SMEs in the analysed studies may differ considerably from the literature and so they are not always directly comparable.

It is supposed that the definition of SME by the European Union is rapidly becoming the generally accepted framework for research, especially, because it is applied by the Statistical Office of the European Community (Eurostat) (Brechtbühler Pešková, 2006). As it is for this thesis, the definition thereby is modified and the turnover and balance sheet criteria are left aside for reasons of practicability.

2.1.1. Internationalisation and Market Entry Strategies of SMEs

Research about the internationalisation process, as described in previous chapters of this study, has focused on increasing involvement of firms in international markets. Two broad theoretical streams have emerged, the traditional theories and the entrepreneurship-related theories. The main traditional ones are the "Stage Theory" (Johanson & Vahlne, 1977) and the "Internalization/Transaction Cost Theory" (Buckley & Casson, 1976). Those have paid their attention especially on larger firms, because of their linear focus on factors influencing the internationalisation, such as transaction costs and control of markets. These traditional approaches have been the subject of significant criticism (Wright, Westhead, & Ucbasaran, 2007). As a counterpoint to the traditional theories the entrepreneurship-related approaches have been developed. They intend to acquire knowledge on the strategic choices that are available to entrepreneurs and to incorporate entrepreneurial behaviour into conceptual models of internationalisation (Wright et al., 2007). There are three main theories regarding entrepreneurship approach, which are: the "Strategic Choice Theory" (O'Farrell, Wood, & Zheng, 1998), the "Learning/Knowledge Theory" (Zahra & George, 2002) and the "Resource-based/Network Theory" (Patricia Phillips McDougall, Scott Shane, & Benjamin M. Oviatt, 1994). Zahra & George (2002) define international entrepreneurship as the process of pursuing competitive advantage by creatively discovering and exploiting opportunities in foreign markets.

Although it is not a main element of this research, it is still important to delineate the rapidity of the internationalisation process, as it seems that the internationalisation of SMEs is occurring faster than in the past (Della Corte, 2014). In fact, there are new types of SMEs, which either adopt very early or are born directly with an internationalisation strategy, so called "Born Global Firms" and "Born-again Global Firms" (Baldegger & Wyss, 2007). These firms demonstrate that a quick inter-

nationalisation process can occur. The first one is conceived as oriented internationally from its beginning and it reaches high levels of internationalisation in the short term, while the second is intended to stay for a certain number of years on the domestic market before rapidly innovating through internationalisation (Della Corte, 2014).

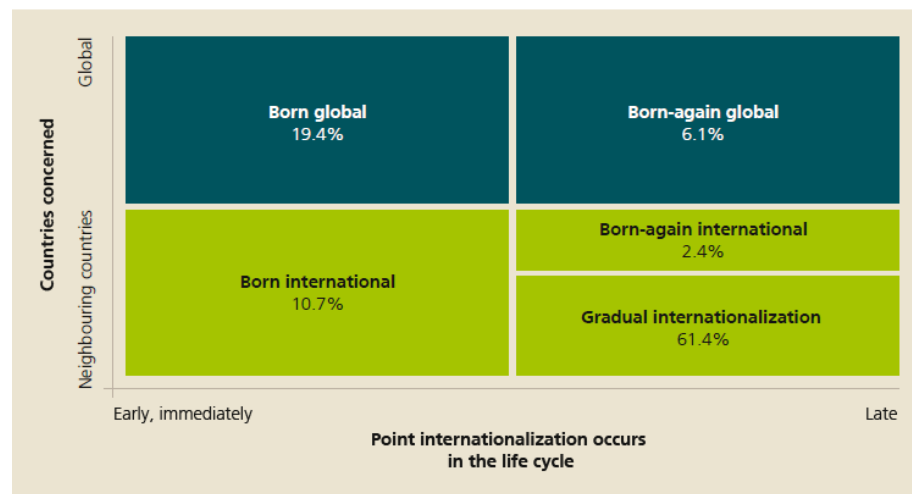
Baldegger (2013) conducted an empirical research named “The Swiss International Entrepreneurship Survey” (SIES) on this matter, which shows how and where Swiss enterprises are successful by examining quantitative questionnaires. It also lighted up different challenges of SMEs in comparison to bigger enterprises and Born Globals. The study examined the state of the internationalisation behaviour of Swiss SMEs and indicated new trends. Further, a vast number of the enterprises² renounced their anonymity and participated in workshops which were carried out in autumn, 2013. The aim of the SIES was to examine in detail the internationalisation behaviour of already abroad active Swiss SMEs and to gain knowledge about the internationalisation process as well as the factors of a successful internationalisation. The SIES came to the conclusion that a substantial number of SMEs still operates in a local, regional or national market. However, the portion of dynamic and innovative micro and small enterprises that are internationally active or plan to build an international business grows visibly. As Figure 2 shows, internationalisation usually begins with the expansion to neighbouring countries, even though other continents are taken into consideration very quickly. Born Globals are with 19.4% the second biggest typology of internationalised SMEs, while the gradual internationalisation of the firm is still the most practiced form with 61.4%.

Hill (2009) described that there are three basic decisions that require to be traded off by the firm’s decision-maker before internationalising a company. These consist in: a) seeking the right market, b) choosing the right timing (first-mover or follower strategy) and c) deciding whether to enter on a large scale (rapidly with involvement of significant resources) or on a small scale (allowing the firm to learn from the foreign market with less exposure). Considering these three key-decisions beforehand will help choosing the adequate market entry strategy. For the purpose of this thesis these points will not further discussed, rather it will be of interest to discuss more profoundly the market entry strategy adopted by an SME, without analysing the reason of the choice.

SMEs with the aim to internationalise, need a particular strategy allowing them to penetrate the foreign market. This strategy is what makes the entry of a company’s products, technology, human skills, management or other resources into a non-domestic market possible (Root, 1994). For the purpose of this thesis it will be mainly referred to it as market strategy or market entry strategy.

Further, it is of great importance to note that in the SIES 2013 the market strategy “Direct export” is the only category that has been classified as particular successful in Switzerland (Baldegger, 2013, p. 25), even though it is easily possible to find several entry strategies suitable for SMEs.

² The enterprises that renounced their anonymity have been the pool of companies contacted for the interviews of this thesis.

Figure 2: Internationalisation Typology

Source: Baldegger, SIES, 2013, p. 13.

The literature identifies various ways of market penetration, of which some considered relevant for the purpose of this thesis will be depicted below.

Export:

Export is often the first choice for manufacturing companies when it comes to internationalisation. Only later they might switch to other entry strategies (Hill, 2009). There are two predominant forms of international sale: the direct and the indirect export. The direct mode consists in foreign trade activities, which are carried out either by selling products directly to companies and private consumers or through a distributor. On the contrary, indirect means that the internationalising company makes use of an intermediary to reach their foreign partners. This can be done executed with the support of local export management companies, which are often specialised in selected countries or markets (Baldegger, 2012). Through these modes of penetration the company has the possibility to avoid high establishing costs in the target country, which make this entry strategy highly flexible since few resources are required. The direct exports allows the company also to sell complex products and services abroad thanks to the interaction with its clients (Baldegger, 2012). Moreover, by manufacturing the product in a centralised location and exporting it to foreign markets, the firm can realise significant scale economies resulting from the herewith combined global sales volume (Hill, 2009).

Nevertheless, export has a number of drawbacks, as well. First, it may not be appropriate if other countries offer lower production costs, although this is not really an argument against export itself but against selling outside the firm's domestic market (Hill, 2009). Second and even more important for Switzerland as domestic market, exporting companies are directly challenged by volatile exchange rates (Baldegger, 2012).

The phenomenon of the volatile exchange rate was observed in the beginning of the year 2015, when the exchange rate ceiling, introduced by the Swiss National Bank (SNB), has been dropped. Once the ceiling was established Swiss exporters started to suffer, as the Euro became weaker and the Eurozone has always been Switzerland's largest trading partner. The minimum was introduced during a period of exceptional overvaluation of the Swiss franc and an enormously high level of uncertainty on the financial markets. The SNB stated that this exceptional and temporary measure was meant to protect the national economy from serious harm. The fixed minimum value of 1.20 francs to 1 euro has cost vast amounts of money on buying euros. So on January 15th, when the SNB suddenly announced that it would no longer hold the Swiss franc at a fixed exchange rate with the euro, the value of the franc lost 30% ("Swiss National Bank discontinues minimum exchange rate and lowers interest rate to – 0.75%. Press release," 2015, "Swiss National Bank scraps exchange rate ceiling," 2015).

Indeed, the SME Export Indicator (2015) shows clearly the negative effect of the Swiss franc value drop. This weakening can be read out plainly from the Switzerland Global Enterprise (S-GE) SME Export Outlook Index, which has dropped quarter-on-quarter to the lowest level since their survey conducted in 2010. This index is calculated by taking export sentiment of SMEs for the third quarter of 2015 and combining that with actual exports in the prior quarter. It indicates that Swiss SME export prospects have fallen to 46.6 points, down from 65.4 points at the start of 2015, on a scale from 0 to 100. Indeed, 74% of the surveyed SMEs confirmed that the stronger Swiss franc has had a negative impact on their export volume (*SME Export Indicator. Strong franc drives export sentiment to record low*, 2015).

Licensing:

The entry strategy that is particularly prevalent in research and development focused fields is the licensing agreement (Baldegger, 2012). This is an arrangement whereby a licensor grants the rights to intangible asset to a licensee for a period of time and receives a royalty fee from the licensee, in return. This form of entry is frequently used when a firm possesses an intangible asset that might have a profitable business application, but no intention to develop this application itself (Hill, 2009).

The main advantages are that the licensee bears the costs and risks of opening a foreign market (Hill, 2009) and that, as Baldegger (2012) stated, hardly any resources are required even though it is possible that licensing could lead to continuous and stable earnings. Intangible assets that can be used for licensing are:

- patents,
- utility models,
- trademarks, intellectual property rights,
- technical and commercial know how.

Of course, this market entry strategy is only suitable for companies that have such assets at their disposal. The risk of losing technological know-how to the licensee, which could bring to a loss of competitive advantage, could damage the company and transform the partner into a competitor (Hill, 2009). Further disadvantages of this strategy are the limited control of the licensee, the choice of the right partner and the allocation of the license, which could reduce the flexibility of the internationalisation strategy.

Franchising:

Franchising is a specialised form of licensing in which the franchisor not only transfers intangible assets but also insists that the franchisee accepts strict rules regarding the business model or policy and approach (Hill, 2009). By closing a franchise contract, the franchisor is bound to support and advise the franchisee in managing his business, while the franchisee has the duty to keep the rules and pay a franchise fee. The franchisee operates an independent company under the corporate identity provided by the franchisor (Baldegger, 2012; Hill, 2009).

Many times, the customer is not informed that the franchisee is not a subsidiary of the parent company (Baldegger, 2012). The fact that the customer is not aware that the franchisee operates on its own could become a significant disadvantage of this entry strategy. The quality control is a challenge because the firm's brand name carries a message to their customers about, which is also the main reason for a franchising contract. Thus, a client using a service or buying a product in a franchise in a specific country can reasonably expect the same quality and service that they would receive in another country. The franchisors' brand is supposed to guarantee consistent product quality. This becomes a problem when foreign franchisees are not as concerned about quality as they are supposed to be. This particularity can affect the firm's worldwide reputation (Hill, 2009).

Further, only limited room is given to business decisions from the franchisee's side. This can result in motivation problems. Although certain country-specific adjustments are possible, franchising is only reasonable when the aim is a consistent appearance throughout the different markets (Baldegger, 2012).

Joint Venture:

Establishing a joint venture means creating a new company with one or more partners. Following Hill's statement (2009), undertaking business activities with a foreign firm has long been a widespread strategy for entering new markets. The new entity is built by the contribution of equity from every partner and the share of revenues, costs and control of the new company. Joint ventures are viable alternatives to export and it is worth considering them when a target country has important entry restrictions. There are various forms of joint ventures, which are differentiated by the following criteria (Baldegger, 2012):

- the number of partners,
- functional and geographical area,
- objectives,
- equity participation and voting rights,
- time horizon.

This entry form has many advantages. Some of the most important are outlined in the following. First, a local partner's knowledge is an enormous competitive advantage, since it is difficult to acquire knowledge on a different culture, language, political systems, and business systems. Partnering up also provides new technological, commercial know-how and products, as well as the marketing expertise necessary for competing in that country (Hill, 2009). Second, joint ventures are able to accelerate the market penetration, because the establishment of subsidiaries or firm acquisitions can be very time and resource consuming. Third, not only horizontal joint ventures create economies of scale they require also on the one hand less capital for the individual partner and on the other hand reduced risk, which is of high importance for projects in markets with high uncertainty (Baldegger, 2012).

Notwithstanding numerous advantages, this entry mode has also several disadvantages. Just as licensing, a firm that enters into such a partnership risks giving control of its technology. Arrangements, in which the ownership is shared, can eventually lead to conflicts between the partners. Battles regarding the control of the joint venture could arise, if the goals and objectives of the investing firms change (Hill, 2009). Legal influence and competition law could constrain the creation of joint ventures. Because decisions will further on be made together with the partners, the firms' are, therefore, not acting independently anymore. Time and resources play a significant role since the coordination of a firm by different partners located with major geographical distances is a complex activity. Moreover, it is difficult to integrate those joint ventures in existing networks, because of their mixed corporate culture. Considered all the above, these newly created companies tend to be unstable (Baldegger, 2012).

Subsidiaries:

Subsidiaries are independent entities owned by a company. The ownership can be shared, such as for a subsidiary as majority holding, or it can be wholly owned by one company. The establishment in a foreign market can be performed in two ways. The firm can either found a new subsidiary, often referred to as a greenfield operation, or it can acquire one in a target country (Baldegger, 2012; Hill, 2009). Further distinction is possible when observing the value chain activities, i.e. while some subsidiaries operate through the whole value chain, others are specialised in a certain activity (Baldegger, 2012, p. 185).

A subsidiary will often be preferred as entry strategy when a firm's competitive advantage is based on technological competence (Hill, 2009). The reason is that it reduces the loss of control over that

asset, being control essential for a strategic coordination of internationalisation. Cost pressure is a further motive for this entry strategy. In case of intense cost pressure, reconfiguring the value chain might be opportune. A subsidiary may specialise in manufacturing only certain components of the end product, so that the value added at each stage is maximised (Hill, 2009).

According to Baldegger (2012) the implementation of the company's strategy is more efficient with subsidiaries, because they permit direct presence in a target market. Moreover, wholly owned subsidiaries are independent, since there is no third party involved. They also increase the market power of the owner, which does not need to be shared with partners, as it is for franchise, strategic alliance, etc.

The possibility of creating a subsidiary is in certain countries limited by law, and this causes a penetration of the market to be difficult or even impossible. This is especially known for politically unstable countries, in which the risk of capital control exists. The company is responsible for all the risks and expenses and this under the consideration that the establishment of subsidiaries abroad requires rich investments (Baldegger, 2012).

Several other implications, in form of advantages and disadvantages, would be open for discussion, but since they depend on whether the subsidiary is acquired or founded by the owner, this issue is outside the scope of this thesis, and thus it is not necessary to dwell any further.

Contractual Manufacturing:

The market entry strategy of contractual manufacturing involves mainly outsourcing. The domestic firm commissions a foreign firm to take over one or more stages of production. "As a general rule, contractual manufacturing is defined by a contract for work and labour that is limited in time" (Baldegger, 2012, p. 178). Contractual manufacturing is characterised by the fact that it benefits from differences in cost and quality between domestic and foreign markets. It has the potential to cut high local production costs by transferring them to a country with lower labour cost where domestic resources can be used more efficiently. Also, it can be reasonable because of foreign incentives or promotional programs as well as it can be used to improve the image of the firm by outsourcing the final assembly (Baldegger, 2012). Nonetheless, it has to be extremely coordinated to avoid problems regarding the timing of product delivery. If unsuccessful it can result in a higher dependency on the producer and image damage. Moreover, problems concerning product quality can arise when the contractual manufacturer is not reliable.

To summarise, this strategy is a viable alternative in countries with import restrictions and low production costs, assuming a reliable partner is found.

Mergers:

A merger consists mainly in the combination of two companies. To be connoted as a market entry strategy the merger must occur between a domestic and a foreign company. From a legal point of

view a distinction has to be pointed out: the first kind of merger is a merger by acquisition. In this form a domestic company acquires and integrates a foreign company so that this ceases to exist. The second form is a merger into a newly-established company. Hereby both companies, the domestic and the foreign company cease to exist and a new company is founded (Baldegger, 2012).

The actual purpose of this strategy is to gain efficiency, which often leads to increased contractual power over suppliers and clients. The disadvantages are found in the selection of suitable candidates. Incompatibility between merging companies in terms of corporate culture and strategy can have great impact on the merger success. Additionally, some planned mergers risk to not be approved due to legal restrictions created by the Competition Commission (Baldegger, 2012).

Strategic Alliance:

Strategic alliances refer to a cooperation between competitors. These competitors can be actual or potential rivals on the market. In recent decades the number of strategic alliances is increased exponentially; they are considered fashionable (Hill, 2009). For the purpose of this thesis only alliances between firms in different countries are relevant.

This strategy can acquire various shapes, ranging from joint ventures to short-term contractual agreements (Hill, 2009). The motives for the formation of these strategic relationships are very complex in practice. It is, therefore, difficult to describe the whole array of advantages and disadvantages, although some of the most important are presented below.

The major incentives for strategic alliances are to achieve economies of scale and to enter new markets. This can be done by either sharing parts of a supply chain or joining an already existing strategic alliance. Complementary alliances, on the other hand, are achieved when two or more firms work together in order to share integral resources and skills. In addition, the so called “burden-sharing-alliances” occur when a partnership is formed in order to minimise the investment and thus the risk of a new project (Baldegger, 2012).

Minority Holding:

This market entry strategy is characterised by the acquisition of a foreign company's share that does not exceed 49.9% of the capital of voting rights. Therefore, the acquiring company will not take over the control of the acquired company. Minority holdings can take up financial and management resources, which could be used in a more productive way, especially, when considering the very limited influence on the company's strategy and objectives (Baldegger, 2012).

2.1.2. Reasons and Barriers of Internationalisation in SMEs

With regard to the reasons of internationalisation, the SIES in 2013 showed that pull and push factors are balancing out one another. Despite of the demand from abroad being a dominant factor, SMEs know how to benefit from their innovative, high-quality products and services. The survey,

further, described what the main drivers of internationalisation were by giving the interviewees the possibility of choosing from multiple responses. The vast number of possible reasons for a leader of an SME to start selling its products and services abroad can be summarised in the following four categories:

- Economies of scale, such as lower production and transaction costs, or the need for satisfying a particular supplier.
- Competitive advantages, such as international demand or strong competition in the home market.
- International resources, such as raw materials, know-how, business relationships or funds.
- Investors/financiers, such as successions or mergers and acquisitions.

From the extensive list of possible motives mentioned in the SIES 2013, the most selected was “Demand from foreign customers” with 71.8%, followed by “Limited potential of home market” with 56.7%, “Use of existing networks” with 49.8%, “Major market opportunities thanks to innovative products” with 37.8% and “Exploiting the benefits of ‘Swissness’” with 24.4%. The remaining options were selected only by 22% or less (Baldegger, 2013, p. 23-24). Of these five reasons, only “Use of existing networks” tends toward the category “International resources”. All the others can be allocated to the category “Competitive advantages”.

As previously described internationalisation is mainly the tendency of enterprises to operate across borders. “Across borders”, in most cases, means that the firm faces different customs and traditions on multiple dimensions, which may be business-, personal-, and legislation-related. Even though many barriers have decreased throughout the constantly growing process of globalisation, which relates to both the increasing convergence of economies and the liberalisation of markets, some obstacles still exist and complicate the entry of Swiss SMEs in a foreign market. Some barriers involve all forms of businesses, either small or large, while others may be specific for SMEs.

Due to the constraints of SMEs, overcoming these obstacles can be much challenging. SMEs regularly have limited resources and international experience, and thus little knowledge of foreign markets as well as restricted international networks (Onkelinx & Sleuwaegen, 2008). Brechbühler Pešková (2006) gathered a number of studies in which researchers focused on the identification of factors affecting SMEs' internationalisation choice. While some researchers investigated the internal and external motives (Leonidou, 2004), others underlined the barriers and risks in order to increase comprehension about internationalisation of SMEs. The identified barriers were “Lack of knowledge about foreign markets”, “Lack of resources”, and “Import duties and restrictions” (Brechbühler Pešková, 2006, p. 34). Onkelinx & Sleuwaegen (2008, p. 21) pointed out several barriers, which had been collected by means of different empirical researches. They stated that amongst other things the size of the company do not restrain or affect both the international competitiveness and the sales abroad. However, small firms have not all options in the internationalisation process, due to structural impediments such as limited resources. In fact, while country-

specific factors seem to be impedimental as well, the main obstacles to internationalisation of SMEs consist in limited resources and capabilities. Furthermore, lack of access to information about labour, raw materials and output market conditions are mentioned as most important barriers. In another empirical study related to manufacturing SMEs, Onkelinx & Sleuwaegen (2008) found further barriers including foreign customer habits and politico economic hurdles.

Since this research focuses on leadership capabilities intended as specific human and organisational assets that have their roots in the resource-based view of the firm, physical resources, e.g. financial or raw materials, will not be considered as barriers for the purpose of this thesis. The above revealed barriers have also been found in other research papers. Amongst others the analysis on internationalisation barriers of Indian apparel SMEs from Venkatesh, Dubey, & Bhattacharya (2015) identified obstacles that have been studied empirically in detail based on the literature review and by using the Delphi technique. In Leonidou's "Analysis of the Barriers Hindering Small Business Export Development" (2004), the author classified export barriers by separating them into internal and external obstacles, which led to a series of specified and detailed internationalisation challenges (for further information please refer to Appendix 1). The most relevant for the aim of this thesis can be summarised as follows (Leonidou, 2004, p. 283):

- Cultural and linguistic obstacles:

"Limited information to locate/analyze markets"; "Adapting export product design/style"; "Obtaining reliable foreign representation"; "Adjusting export promotional activities"; "Problematic communication with overseas customers"; "Different foreign customer habits/attitudes"; "Unfamiliar foreign business practices"; "Different sociocultural traits"; "Verbal/nonverbal language differences".

- Familiarity with international laws and regulations:

"Meeting export product quality standards/specs"; "Meeting export packaging/labeling requirements"; "Adjusting export promotional activities"; "Unfamiliar exporting procedures/paperwork"; "Unfavorable home rules and regulations"; "Political instability in foreign markets"; "Strict foreign rules and regulations".

- Difficulties in networking:

"Inability to contact overseas customers"; "Accessing export distribution channels"; "Complexity of foreign distribution channels"; "Unavailability of warehousing facilities abroad"; "Maintaining control over foreign middlemen".

- Available time:

"Lack of managerial time to deal with exports".

2.2. Performance Consequences of Internationalisation in SMEs

The literature suggests that a firm's internationalisation process will directly influence its performance in two dimensions: financial and non-financial (Jones & Coviello, 2005). Generally, the word "financial" describes a monetary and economic attribute. In connection to the topic of consequences a change is pointed out, which has monetary repercussions. The same applies for the "non-financial" dimension, where the repercussions are not monetary but of behavioural nature. For the purpose of this thesis these terms will be understood as consequences on the profitability on the one hand and consequences on the company's corporate culture, vision and strategy on the other hand.

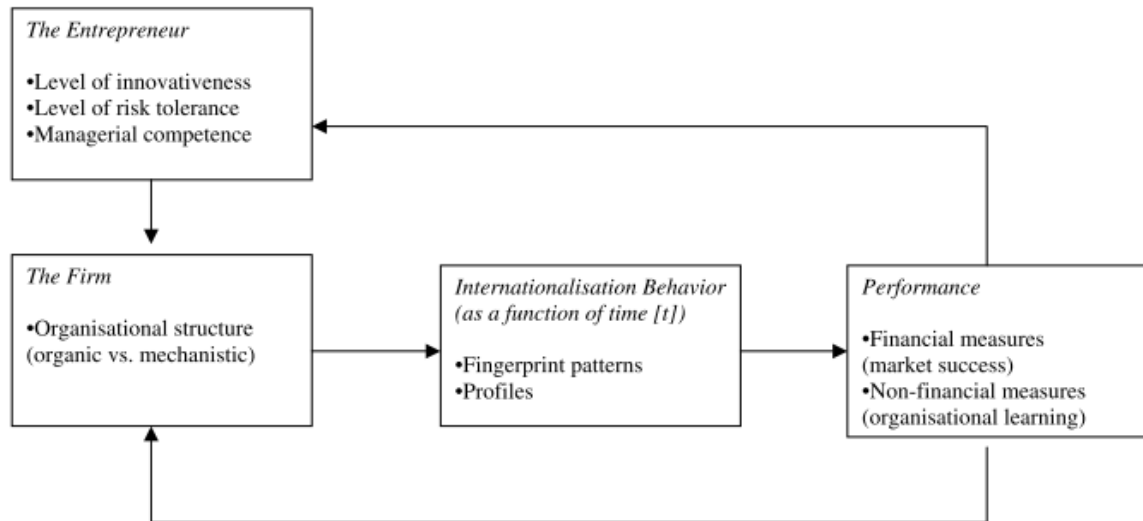
In order to explain the influence of internationalisation on the performance of a firm, Jones & Coviello (2005) developed a model that is based on international entrepreneurship models in the context of international new ventures. In their model they chose four variables: the entrepreneur, the organisational structure, the internationalisation behaviour, and the performance (please see Figure 3). It showed that the entrepreneur (or leader with entrepreneurial behaviour) is the driving influence on the firm's structure, which in turn shapes the firm's internationalisation behaviour and eventually its performance. In this context, it is not the internationalisation itself that influences the performance but the leader's level of innovativeness and risk tolerance through the organisational structure. Besides, the organisational structure is directly associated with the firm's entry strategy in the foreign market. Jones & Coviello (2005) argued that the impact on performance occurs in both financial and non-financial dimensions, which they interpreted as market success and organisation learning, respectively. The latter is based on the experience developed and improved throughout the internationalisation process.

The review of Wright et al. (2007) provided a few suggestions about the relationship between internationalisation and performance consequences. Firstly, they reasonably claimed this relation to be country-, region- and industry-specific, and to be presumably fraught with a number of other methodological problems that could be related to the context of the firm. Secondly, the authors reported a research performed by Lu & Beamish in 2001 demonstrating that foreign activity was at first associated with a decline in profitability, but with superior performance later. A third important consideration was that the relationship between internationalisation and performance is weakened by other strategic variables. This turns out to be particularly relevant to those SMEs pursuing a growth strategy that allows to expand by internationalising. Therefore, those enterprises require simultaneous strategic adaptations in order to increase the performance. In conclusion, Wright et al. (2007) stated that their reviewed literature fails to suggest a consistent enhancement in the performance of internationalising SMEs.

According to these findings it is hardly possible to express whether there are directly related intensifications of performance due to internationalisation or not. However, the results suggest that the firm's leader could be responsible for immediate impacts on performance. In fact, as previously

mentioned, the leader is the driving influence on the firm's structure, and this is particularly relevant to SMEs.

Figure 3: Example of a precise Model for empirical Examination



Source: Jones & Coviello, 2005, p. 297.

The above-described tendency of fluctuating performance consequences after an internationalisation process leads to a number of assumptions, which are related to the different dimensions of the firm and concern profitability, corporate culture, vision and strategy. These implications could be described as follows:

- The SME is either more profitable or less profitable than before internationalisation.
- Through learning and experience the management team and the employees behave differently with one another after the internationalisation process, because of the adaptation to values that are closer to those of foreign companies.
- Internationalisation brought new insights on the market structure and competitive environment and the firm changed therefore its objectives and goals.
- The SME adapted their marketing strategies and tactics, as well as the way it achieves its goals.

2.3. Leadership Capabilities and Competences in SMEs

Building on the insights from entrepreneurship literature focusing on new firm creation from a resource-based perspective, the following chapter of this thesis identifies capabilities and competences required by leaders engaged with internationalised SMEs.

As underlined earlier, scholars recognise these leader capabilities and competences as intangible assets that are particularly important for the resource-based point of view. Knowledge, personal

skills and abilities are the human capital of a firm, which is often defined as a source of competitive advantage (Coff, 2002). The competitive advantage is the distinctiveness of just those individual capabilities (Karra et al., 2008). Research has constantly pointed at management as the principal force behind a firm's initiation, development, sustenance, and success, precisely because of its direct responsibility on strategic decisions (Leonidou et al., 1998). Other authors highlighted the important role of firms' executives at the organisational level as a result of their cognitive base (Von Den Driesch et al., 2015).

Thus, managerial attributes and their influence on international trade have been the focus of many empirical studies. Although in the literature it was possible to find an excessive quantity of managerial characteristics with a possible effect on internationalisation (Cogliser & Brigham, 2004; Karra et al., 2008; Kuemmerle, 2002; Leonidou et al., 1998; Leonidou, 2004; Mendenhall et al., 2013; Phillips & Tracey, 2007; Reuber & Fischer, 1997; Vecchio, 2003; Wright et al., 2007), here they were reduced into a list of nine features in order to allow a better comparison with the results obtained from the interviews. This reduction in the number of leader capabilities was deemed necessary because some skills were too similar to each other, others could scarcely be related to management, and some others were infrequently reported.

Cogliser & Brigham (2004) examined the intersection between the fields of leadership and entrepreneurship. First, they identified numerous areas where these fields converge. The following step consisted in an historical perspective. The result was a number of activities and characteristics of leaders. According to them, the leader is the one who makes the difference in new venture success through risk-taking propensity, need for achievement, high self-efficacy and ability to recognise opportunities. Further, flexibility, managerial competencies and cross-cultural entrepreneurship are also mentioned as relevant characteristics of both the leadership and the entrepreneurship model.

The research paper of Karra et al. (2008) considered the capabilities of entrepreneurs required by a new successful international venture. Following an exhaustive case study of a successful entrepreneur and his two international new ventures, the authors proposed three entrepreneurial capabilities that are particularly important for successful international new venture creation. As "value creation lies at the heart of entrepreneurship" (Karra et al., 2008, p. 446), it is through active search, passive search or fortuitous discovery as well as creativity and imagination that international opportunities are identified. In addition, the authors observed institutional distance between distinct national contexts, possibly due to differences in business environments encountered by companies entering foreign markets. They suggested that leaders with entrepreneurial behaviour have the capability of translating business opportunities between separate national contexts, together with the ability of recognising the potential of an idea existing in one market for value creation in another market. Further, they detected a third capability that has its rationale in social inter-

actions: in order to build international bonds the decision-maker must own the capacity to create cross-cultural social relationships.

In Kuemmerle's (2002) paper an examination of the scope and sequence of international activities can be found. In this study his suggestion was that, where different cultures, corporate governance systems, time zones and languages are involved, the management of knowledge and the mobilisation of resources are particularly challenging. Therefore, in order to achieve a preset business goal alertness to business opportunities, a strong willingness to pursue the objects, the ability to accumulate and manage knowledge, and the ability to mobilise resources are required. The analysis was based on six case studies and sought to generate propositions in five topics, including that focused on the "profiles of entrepreneurs". In this section he revealed that all six analysed leaders had considerable international exposure and that all of them were influenced by their international experience when they started their business activity. According to the author this finding is also in line with other scholars who believe that the degree of a firm's internationalisation is positively correlated with prior professional experience abroad (Kuemmerle, 2002).

The capability of opportunity recognition is also covered by Phillips & Tracey (2007). In their paper they recognised this skill as one of the most important for a successful entrepreneur. By citing Eckhardt & Shane (2003) they described it as the capacity to recognise "situations in which new goods, services, raw materials, markets and organising methods can be introduced through the formation of new means, ends, or means-ends relationships" (Phillips & Tracey, 2007, p. 314).

Leonidou et al. (1998) pointed out that management is critical and decisive in developing successful export activity. In particular they underlined as crucial the propensity to initiate exports, the advancement along the export development path, the aggressiveness of export behavior, and the performance in foreign markets. In their study the authors aimed at answering, amongst other questions, which managerial factors facilitate or inhibit exportation. The question was approached by categorising the factors in two typologies, which are objective/subjective and specific/general. These are consequently combined into a framework consisting of four categories: general-objective, specific-objective, general-subjective and specific-subjective. While the subjective-specific category's output reflects only the leader's perception to risk, cost, profit, growth and complexity, all the three remaining categories contribute to the collection of capabilities. Eventually, a series of skills and characteristics are named, including professional experience, language proficiency, time spent abroad, risk tolerance, innovativeness, flexibility, commitment.

Need for achievement and risk-taking propensity are apart from the need for autonomy, self-efficacy and locus of control found in Vecchio's "Big 5" (2003). He explained that need for achievement can be understood as a high achievement motivation. Whereas, risk-taking propensity is, according to the author, "a decision-making orientation toward accepting greater likelihood of loss in exchange for greater potential reward" (Vecchio, 2003, p. 307).

Internationalisation experience, management know-how and opportunity identification are also mentioned in the paper written by Wright et al. (2007), which discussed internationalisation of SMEs and international entrepreneurship. They stated that in previous studies human assets were found to be the most important resources for the internationalisation process of firms and that “experience adds to individuals’ specific human capital by providing valuable episodic knowledge” (Wright et al., 2007, p. 1022). This experience, in turn, can be exploited to identify international business opportunities. Further, they observed that firms with greater management know-how were significantly more likely to export their products and services.

The knowledge acquired through experience brings expertise, which may be highly influential in international opportunity identification (Wright et al., 2007). Even if not referring directly to internationalisation, von den Driesch et al. (2015, p. 250) concluded in a similar way that the decision-maker’s age affects marketing, R&D and production capabilities. The executives accumulate experience over the years, and this improves their management skills and promotes the development of dynamic capabilities, which are critical in changing environments and therefore in the process of internationalisation as a dynamic activity (Von Den Driesch et al., 2015; Wright et al., 2007).

Reuber & Fischer (1997) discussed the extensions of Hambrick and Mason’s “upper echelons” perspective on organisational outcome, which is split in two observed items. It considers the experience of the whole top management team on the one hand and the influence of the management experience on the firm’s internationalisation process on the other hand. This approach makes this study not suitable for the analysis of the leader capabilities, since its focus is on the whole top management team rather than specifically on the decision-maker of the firm. Nevertheless, it is directly relevant to understand how international experience affects the process of internationalisation. The authors proposed that leaders with international experience are more likely to have been observing the advantages of internationalisation, to have been generating foreign business networks and to have been developing skills that help create cross-cultural relations. In fact, they concluded that businesses with a more international-experienced management team collaborate more with foreign partners and are therefore faster in creating foreign revenues after start-up. This, so their statement, leads to a higher level of internationalisation.

As described at the beginning of this chapter the capabilities and characteristics delineated above were reduced into a list of 9 items in order to make a comparison between interviews and literature possible. The leader’s international experience has proven to have an outstanding role when it comes to his influence during the internationalisation process and will therefore be analysed separately as a particular characteristic and thus not included in the below ranking list of the residual 8 features.

In the following the skills listed in order of importance, determined by how frequently the skill has been named in the literature:

1. Opportunity recognition,
2. Entrepreneurial and management competence,
3. Knowledge of the target culture and language,
4. Commitment,
5. Risk tolerance,
6. Flexibility,
7. Need for achievement, determination,
8. Innovativeness.

3. Internationalisation of SMEs in Practice

The purpose of this chapter is to concisely describe backgrounds, determinants and outcomes of the internationalisation process of the case companies through the eyes of their leaders. The overall objective hereby is the collection of information that describes how and why Swiss SMEs achieved the internationalisation and what personal capabilities were needed according to their leaders. In conjunction to chapter 2, this fragment will provide not only an overview, but also the basis to compare theory and practice. Due to space constraints, it was not possible to replicate the details of the interviews. However, the questionnaire and the interview transcriptions can be found in the appendixes.

3.1. Data Collection Methodology

The selection of the interviewed leaders was not random. Before contacting the case companies, information had been collected and a sample, suitable for the purpose of this thesis, discussed with Swiss experts of SME internationalisation³. This resulted in the decision of selecting only the enterprises that renounced their anonymity during the SIES in 2013. For a company belonging to this pool, further requirements for selection were to be based in Switzerland, to have an absolute number of full-time employees lower than 250 and to have been active on both the domestic and at least one foreign market.

The information was gathered by interviewing the key actors of Swiss SMEs involved in implementing the internationalisation strategy. Previously to the interviews the companies had been contacted and asked for the compilation of a questionnaire that included all the necessary questions to fulfil the purpose of this study. These questions were created on the basis of the results from the literature review, so that to leave the interviewed leaders with a multiple-choice test with the possibil-

³Including: Prof. Rico J. Baldegger (Director of HEG Fribourg: School of Management and Professor of Strategy, Innovation and Entrepreneurship and supervisor of this thesis) and Mr. Alberto Silini (Head of Consultancy of Switzerland Global Enterprise - <http://www.s-ge.com>).

ity to add either their own comments where capabilities or market entry strategies were aimed to be tested or a full answer where consequences of the company's internationalisation were aimed to be tested instead.

The ensuing interview with the leaders was solely necessary to discuss unclear and/or imprecise answers. Additionally, other published data (mainly from each company's website) was used to prepare the interviews and to obtain background information. After completing the interviews, the results were assembled and displayed in a separated table as homogenous as possible in order to observe, analyse and above all compare them.

The methodology of a structured interview, which is a verbally directed list of predetermined questions with no variation between the interviewed persons, was chosen because the data collection is not only relatively quick and easy to administer, but also of particular use if clarification of questions is required (Gill, Stewart, Treasure, & Chadwick, 2008). A second reason for this structure is the necessity to yield as much information about the research phenomenon while spending as little of the leaders' time as possible. This was achieved by asking precise questions without suggesting answers. The purpose, according to Gill et al. (2008), of such research interviews is to detect the views, experiences, beliefs and/or motivations of the respondents. This method therefore is considered to provide a more profound understanding of social phenomena.

Regarding the sampling of the interviewed persons, Eisenhardt & Graebner (2007) described a key approach to limit bias by using numerous and highly knowledgeable sources. In addition to the literature overview gathered in the previous chapters, this thesis provides information through direct informants from different companies that might happen to show diverse perspectives and opinions. Another step to limit bias was made by selecting a pool of companies beforehand, thus avoiding company selection bias (Collier & Mahoney, 1996).

As described above the gathered data was summarised in a separate table. This theoretical construct is a particularly effective way to present the case evidence. Moreover, as suggested by Eisenhardt & Graebner (2007), a table as prepared for this thesis for the observation, analysis and comparison of results creates a particularly strong bridge from qualitative evidence to theory-testing research and thus increases the testability of the previously performed literature review.

3.2. Overview of the interviewed Leaders

As described earlier, the study was addressed to the decision-makers of the above-mentioned sample of companies. The results are therefore based on both the companies' websites and the responses from CEOs (two out of eleven), founders & CEOs (six out of eleven), one successor and CEO, one member of the senior management and one Chairman of the Board of Directors (previously CEO), who are mainly responsible for strategic decisions. The interviewed leaders have been holding the current position in the average for about 20 years. Although the sample of eleven leaders is relatively small, the level of internationalisation encountered varies notably. By observing

and comparing the case companies' international sales ratio, which is the ratio of foreign sales to the total sales, it is possible to describe in a simplified way how much those companies are active on a foreign market. The companies' international sales ratios have two concentrations. While five leaders stated that their company has an international sales ratio below 50% and six leaders above 50%, by looking closer four out of eleven were either below 20% or above 75%.

Table 1: International Sales Ratios

Percentage	up to 20%	between 20% and 50%	between 50% and 75%	above 75%	above 50%	below 50%
Number of companies	4	1	2	4	6	5

Source: Table generated by the author.

Ultimately, all leaders were asked to express an advice they would tell their younger self if they had the chance to do so before the internationalisation of their company. The motive behind this question was to better understand where their managing focus lies. The leaders' main features, activities and experience as well as their contribution to the company's internationalisation are briefly presented below.

Leader of OPHARDT Hygiene AG: Albrecht Lang

Albrecht Lang is the CEO of OPHARDT Hygiene AG, which has been developing, manufacturing and distributing products and compliance solutions for hand hygiene for medical facilities and public washrooms for more than 50 years worldwide. The company, with headquarters in Niederbipp, has been internationally active since 1999 and managed to sell their products abroad through export. Albrecht Lang is at the top of well-experienced engineering and design teams and thus leader of 19 employees. Before initiating the internationalisation of his company he was already collaborating with an international business partner that provided him with the necessary know-how to achieve this objective. His 16 years of experience in this position led him to give his advice to a hypothetical his younger self (A. Lang, personal communication, 28.10.2015): "*Analyse the situation, set the targets, define the processes, make a risk analysis, GO*".

Leader of IBT Ingenieurbüro Brönnimann Thun: Christoph Brönnimann

IBT Ingenieurbüro Brönnimann Thun is managed by its Founder & CEO Christoph Brönnimann and produces embedded network devices. In 1996 his decision to go international with the company in consequence of networking efforts in international non-profit organisations and standardisation. His commitment led to export and strategic alliances through the creation of SME research communities that shared software and hardware efforts known as "Infranet-Partners" (www.infranet.partners.com). The group was founded in 1999 by four independent companies,

which started to operate under a single brand. It now includes twelve leading companies in this sector in Europe and Asia. The enduring experience of 28 years has turned Mr. Brönnimann into a proficient leader and brought him to say (C. Brönnimann, personal communication, 29.10.2015): *“Be more focussed on risk management and partner selection. Be more patient and focus over a longer period”*.

Leader of Swiss Interim Management GmbH: Daniel Rolla

Swiss Interim Management in Hersau provides highly qualified services for human resources in the areas of Troubleshooting, Change Management, Business Development, Innovation Management, Coaching and Project Management. In this direction, the company's selling point is to make an interim manager available to provide the client company with all the skills and experience sought-after. Daniel Rolla has been the Founder & CEO of this firm for ten years and has delivered high proficiency and competence to a team of 22 employees, which were the reason for the internationalisation process started in 2014. The driving force, so the statement of the leader, was the employment of internationally focused interim managers. His words to his younger self would be (D. Rolla, personal communication, 28.10.2015): *“Take the opportunity, manage the risk and look forward”*.

Leader of AZAD Pharmaceutical Ingredients AG: David Smith

David Smith is the Sales Director and thus member of the Senior Management of AZAD Pharmaceutical Ingredients AG headquartered in Schaffhausen. Mr. Smith is one of 75 employees that are part of active pharmaceutical ingredients (API) and finished dosage forms (FDF) businesses. AZAD, a privately held company, was established in 2000 to handle Cilag's (subsidiary of Johnson&Johnson and investor of AZAD) global sales and marketing activities of APIs exclusively. The internationalisation happened because of the trust Cilag had in the CEO Mike Baronian at the time, and so the company began to extend its presence in the healthcare industry worldwide. David Smith has been directly involved in the internationalisation process since 1979 as he manages autonomously the sales team and prepares events to represent the company abroad. After 26 years of leadership experience and activity in this area here is his personal advice (D. Smith, personal communication, 30.10.2015): *“Listen more, talk less”*.

Leader of Infré SA: Martin Hodler

Infré was founded in 1946 in Semsales and is the original patent holder of a solvent-based process to decaffeinate tea. It is therefore the first company to have ever decaffeinated tea. The company was internationally active since the start of the business, which qualifies it as a Born Global firm. One of the leaders of the firms' 32 employees and the responsible person for research projects and quality management is Martin Hodler, Chairman of the Board of Directors since 2011, and previously CEO. Obviously, the company was already internationally active when Mr. Hodler joined,

but his outstanding international experience from previous engagements in companies, such as F. Hoffmann-La Roche AG and Attisholz Infra AG, has been of much contribution to the success of the firm. His advice to his younger self would be (M. Hodler, personal communication, 29.10.2015): *“Be as strong as possible in the language of the country into which you intend to export”*.

Leader of Cuboro AG: Matthias Etter

Cuboro AG is an award winning and outstanding Swiss SME in Hasliberg Reuti, founded and managed by Matthias Etter. In his 27 years as CEO he has succeeded in winning several prizes for product development in the toy industry, e.g. "Complimenti" (1995 Ornaris, Zurich), "Major Fun Award for Toys" (2003 in the US) and "das goldene Schaukelpferd" (by the German magazine Familie&Co). As executive Mr. Etter is directly involved in the development and representation of high-end toys and leads a team of 15 persons. In 1992 he decided to internationalise his company, and his previous experience and networking efforts across borders evidently have proven helpful. In fact, his words to his younger self would be (M. Etter, personal communication, 17.11.2015): *“Without being active internationally, a Swiss producer has no chance! Be careful with the relationships with foreigners!”*

Leader of Pro Gravur AG: Michael Tütsch

Michael Tütsch is the leader of Pro Gravur AG, founded in 1971. In 2012 he became owner of the company as successor, although he was already CEO for 4 years before taking over the business. His company's competitive advantage lies in the ingenious tool manufacturing for the graphic print industry holding many years of market experience. Moreover, the company has a solid expertise for technical engraving, embossing tools and moulds for highest quality demands and individual client requests. Mr. Tütsch's main activities in the company are general management, technical management as well as marketing, while leading a team of 18 employees in his company with headquarters in Bern. The leader has been convinced that internationalisation, started in 2008, was only achievable with the relationships he had built in his previous international activities in other sectors. During the interview he declared (M. Tütsch, personal communication, 02.11.2015): *“It is very important that the main business is working. Whoever you will get in a business relation with; there is a chemical reaction behind”*.

Leader of Eyerex AG: René Werthmüller

The Founder & CEO of Eyerex AG is René Werthmüller that with his previous 12 years of international experience has contributed to the company with his profound know-how in the field of technology transfer. The firm was founded in 2000 in Schindellegi and has currently 8 employees. It is specialised in auto-darkening welding helmets, personal safety eyewear and personal protection equipment. The management and engineering divisions have more than 25 years of experience in their sector and were therefore able to internationalise the company immediately after its founding.

Mr. Werthmüller is a leader with very clear ideas on how to manage his company, which he demonstrated by saying the following during the interview (R. Werthmüller, personal communication, 03.11.2015): *“Never start your own business if you do not have enough independent finances. Make your own brand and focus on marketing and sales, which are the most important. Build up different sales channels and follow the big players in the game (Amazon, Alibaba etc.). There is an overcapacity regarding manufacturing and services worldwide. So outsourcing is very important to keep costs as low as possible. But watch out for good quality that pays you back in the long run. We tried for too long to withstand global structural changes with our company”*.

Leader of Stucki Leadership-Teambuilding AG: Robert Stucki

The Stucki Group is named after its Founder & CEO Robert Stucki and based in Thun. It is specialised in team-building and leadership seminars, and is a member of the global Association for Experiential Education (AEE) with high management experience in international and multilingual contexts. Mr. Stucki is an instructed engineer and has been conducting leadership and team-building seminars since 1984. Before that, he directed specialist teams as a corporate executive. His leadership skills are also substantiated by the fact that in his spare time he guides teams in mountain expeditions under extreme conditions. Moreover, shortly after founding the company, he was the protagonist of the internationalisation process, which led to assignments from multinational companies, such as Novartis, Bosch or ABB. This description of him and his tendency of expanding abroad are strongly identifiable in his words to a younger self (R. Stucki, personal communication, 04.11.2015): *“Go outside Switzerland, it opens your mind and horizon”*.

Leader of Gautschi AG: Ueli Schwaller

Ueli Schwaller is CEO of Gautschi AG, a company that has been producing for over 40 years high quality sauces in Utzenstorf. Flexibility, individual approach to customer requests and modern infrastructures are keystones in their quality thinking, which was demonstrated by the acquisition of ISO 9001 and IFS food certifications. The company has been internationally active since 1990, six years before Mr. Schwaller's entry. Therefore the internationalisation process was not influenced by his contribution. Moreover, even though he is currently leader of 54 employees, he had no further international experience before starting as CEO in this company. This profile might explain why his words tend to be very cautious and reserved regarding foreign markets (U. Schwaller, personal communication, 02.11.2015): *“Export is for the Swiss Food-industry certainly an option and a chance. But it is important to think about what products and what markets make sense”*.

Leader of Wintion AG: William V. Wirz

Wintion AG is a very small enterprise with two employees headquartered in Mühlendorf. William V. Wirz is the Founder & CEO of the analytical instruments for chemic and physical parameter selling company, so far in that position for 45 years. Previously, he had a few international experiences,

mainly through seminars and employments in other companies. The internationalisation of his firm was initiated by himself and would not have occurred without him, because as Mr. Wirz states, “few would have known about the pioneering development of pH metrology” (W. V. Wirz, personal communication, 05.11.2015). However, after this process began, the company faced a tough regression due to both cases of death in the client base and clients rejecting to buy supplies in Switzerland as in a referendum of 1992 the country refused to become member of the European Economic Area. It is likely due to these reasons that the leader made a demotivated impression, which was accompanied by two main observations: Firstly, he did not pursue a growth strategy after the regression period and secondly, when asked what he would tell his younger self, he did not add further comments.

3.3. Internationalisation Process in Case Companies

3.3.1. Internationalisation and Market Entry Strategies of Case Companies

As described in the literature review entrepreneurship-related approaches have been developed by scholars in the past, which are intended to gain knowledge on the strategic choices available to entrepreneurs as well as to incorporate their behaviour into conceptual models of internationalisation (Wright et al., 2007). One of the main theories, the “Resource-based network theory” (Patricia Phillips McDougall et al., 1994), matches most of the interviewed companies together with their leaders, as it supports the idea that a) the focus during the internationalisation process is on the entrepreneur and his network rather than on the firm; b) the SMEs must not necessarily outperform after internationalisation; and c) it is possible for these SMEs to internationalise from the outset, if resources are available. The interviewed leaders clearly confirmed those points for their firms. For example, there is a variability in the timing of internationalisation: while AZAD and Infré were immediately internationalised at the start, the other companies preferred to stay for a certain period in their domestic market, either to generate first the necessary capital for establishing an international trade or simply because the process was simply not initiated by someone before. Thus, by observing who the main initiators of the internationalisation process were, it appears clear that the focus, being predominantly network efforts and/ or CEO-initiated, is evidently on the entrepreneur and his network.

SMEs with the aim to internationalise require a market entry strategy in order to penetrate a foreign market (Root, 1994) and so did all the interviewed companies. The answers have been collected through a multiple choice questionnaire with suggested answers taken from the literature, though giving the opportunity to add comments or details to their choices.

Even if the results are quite mixed, one entry strategy was found to be predominant. “Export” was the most chosen form of entering foreign markets as it was practiced by seven out of eleven interviewed companies. In addition, Lang’s and Etter’s firms decided to implement “Export” as their only market entry strategy. Other interviewed leaders that adopted only one market entry strategy are

Tütsch with a “Joint venture”, Schwaller with “Contractual manufacturing”, and Rolla with the recruitment of multinational-oriented employees. In Rolla’s case employees are transferred to companies, abroad or local, to cover management positions. “Export” was also exploited by Brönnimann’s company that, as AZAD, Infré and Eyerex, adopted also “Strategic alliance”. Brönnimann described his particular strategic alliance as a “Research community”, called Infranet-Partners, which currently includes twelve companies in Europe and Asia. David Smith’s company, AZAD, besides “Export” and “Strategic alliance”, implemented “Licensing”, which is common in pharmaceutical companies that are research and development focused and thus in possession of an intangible asset that might have a profitable business application (Baldegger, 2012; Hill, 2009). “Licensing” was embraced by Stucki Leadership-Teambuilding AG as well, which in addition to granting the rights of an intangible asset to a licensee adopted also “Export” and “Joint venture” as entry schemes.

In the case of Infré, Martin Hodler compared the worldwide tea industry to a big family, where the main actors are well-known (M. Hodler, personal communication, 29.10.2015). Strategic alliances are therefore based on real partnerships and are the key to success.

Among all the interviewed leaders, only William V. Wirz owns a “Subsidiary” in Germany, while Ueli Schwaller practices “Contractual manufacturing”.

In Table 2 a summary with the intention of presenting an overview of the above-described leaders’ choices regarding their market entry strategies.

Table 2: Adopted Market Entry Strategies

Market entry strategy	Number of companies
Export	7
Strategic alliance	4
Licensing	2
Joint venture	2
Contractual manufacturing	1
Subsidiaries	1
Recruitment of multinational employees	1

Source: Table generated by the author.

3.3.2. Reasons and Barriers of Internationalisation in Case Companies

In order to make a useful comparison between theory and practice this chapter will provide an account of the reasons for the internationalisation process and the barriers encountered on the way by the interviewed SME leaders.

The interviewees have been asked what the driving forces for internationalising their company were and what obstacles they encountered in progress. For each of these questions the leaders had the chance to add their own ideas and to explain in detail their choices. The motivations were listed as multiple choice options, while the suggested barriers had to be numerated in order of importance. The pre-determined answers were decided following the results of the literature review (please see chapter 2). In Table 3 the number of times a specific reason for internationalisation has been named by the leaders is displayed.

Table 3: Driving Forces for Internationalisation

Driving force	Number of leaders
Competitive advantages	7
Economies of scale	3
International resources	3
Investors/financiers	1

Source: Table generated by the author.

Some of the interviewees selected more than one of the pre-determined answers. “Competitive advantages” was selected seven times and thus four times more than “Economies of scale” and “International resources”. Instead, “Investors/financiers” as driving force for the internationalisation was chosen only once by Smith, who explained that, AZAD has been founded as separated Born Global, in order to sell and market Cilag’s APIs (D. Smith, personal communication, 30.10.2015).

With regard to “Competitive advantages”, for Wirz, Tütsch, Hodler and Brönnimann this was the only reason for internationalising their company. In fact, Hodler stated that the biggest tea consumer is the United Kingdom, while Switzerland, not being a “tea country”, does not consume like England or Ireland. Infré SA therefore had to start its business straight through exportation, with a current sell of less than 2% of their production in Switzerland (M. Hodler, personal communication, 29.10.2015). Brönnimann’s explanation for “Competitive advantages” as driving force was based on niche competency. He pointed out that products and services offered by IBT Ingenieurbüro Brönnimann Thun have been selected and developed in order to satisfy specific niches in growing markets. Likewise, this niche placement helped achieving a networked SME approach (C. Brönnimann, personal communication, 29.10.2015). For Rolla and his Swiss Interim Management GmbH it was the know-how of employees that increased the client portfolio. He explained, for ex-

ample, that Iran has no management know-how and that it is therefore crucial for businesses in Iran to buy know-how abroad (D. Rolla, personal communication, 28.10.2015).

Besides “Competitive advantages”, Rolla indicated “International resources” as reason to internationalise. According to his opinion being active on foreign markets helps gaining new knowledge on the international business. Moreover, he has been closing new contracts with internationally focused employees in order to acquire human resources that benefit the company by simplifying the market penetration (D. Rolla, personal communication, 28.10.2015).

Both Stucki and Lang, selected “Competitive advantages” and “International resources”. In the case of Stucki the real driving force was the collaboration with multinational companies. Due to his collaboration with companies like Novartis, ABB and Bosch, eventually he felt the pressure of establishing his presence internationally (R. Stucki, personal communication, 04.11.2015).

“Economies of scale” was chosen three times by Werthmüller, Schwaller and Etter. Matthias Etter, leader of Cuboro AG, affirmed that economies of scale are crucial for expensive products (M. Etter, personal communication, 17.11.2015). Increasing the number of sold products through the expansion in other markets and thus that of potential customers is the only way to remain profitable for Swiss manufacturers.

Table 4 shows how many times a barrier to company’s internationalisation has been named as the most encountered. The chart creates an overall order of importance for all the interviewed companies by counting the number of appearances of each obstacle as first placed (for further information please refer to Appendix 2).

Table 4: Major faced Obstacles

Obstacle	Placed first	Average
Difficulties in networking	2 times	2.82
Familiarity with international laws and regulations	4 times	2.09
Cultural and linguistic obstacles	3 times	2.45
Available time	2 times	3.00

Source: Table generated by the author.

Both the obstacles “Difficulties in networking” and “Available time” have been selected two times as the most encountered. In order to give those obstacles a specific ranking, the average number of the placements will be taken into consideration, as well. The one with the higher average will in turn be the least overall encountered. Therefore, “Difficulties in networking” ended up at the 2.82nd place in average, while “Available time” was placed 3rd in average.

In summary, the theoretical overall ranking of encountered obstacles of the interviewed leaders is as follows:

1. Familiarity with international laws and regulations,
2. Cultural and linguistic obstacles,
3. Difficulties in networking,
4. Available time.

3.4. Performance Consequences of Internationalisation in Case Companies

As described in Chapter 2.2, the literature highlights that internationalisation may have performance consequences concerning profitability, corporate culture, vision and strategy. In order to test this tendency of fluctuating performance after internationalisation, a number of assumptions based on the literature analysis were created before interviewing the leaders. The questions were organised as statements that had to be confirmed or contradicted by the interviewees on the basis of both their experience gained during the internationalisation of their company and their knowledge on the firm's internal financial structure and strategy. The questionnaire aimed to find answers on whether there were changes in the performance of the company since the internationalisation process occurred or not. The four assumptions regarding performance that were included into the questions covered three dimensions: profitability, corporate culture, and vision and strategy. Further, the questions were designed as simple as possible, with the intention to stimulate a more exhaustive answer during the interviews. The questions were the following:

1. We have much higher profit now. Why or why not?
2. Our management team and our employees now behave differently with one another because we adapted our values to those of foreign companies we took example from. Why or why not?
3. Since the internationalisation we have totally changed our objectives and goals. We are clearly more ambitious. Why or why not?
4. We changed our marketing and tactics, as well as the way we achieve our set goals. Why or why not?

In terms of profitability the leaders' answers provided a clear picture. With the exception of Smith, speaking for AZAD, every leader stated that there were no higher profits solely due to the expansion in foreign markets. In the case of AZAD the exception is explained by the fact that the company, after the start with Cilag, developed its own APIs and even own FDFs thanks to the strategic partnership with Yonsung (D. Smith, personal communication, 30.10.2015). This change improved the cost structure of the company and thus provided higher profits. Ophardt's leader, A. Lang, correspondingly experienced higher profits at first, which unfortunately decreased with the drop of the Euro/Swiss franc exchange (A. Lang, personal communication, 28.10.2015). The majority of leaders, among them Rolla, Tütsch, Stucki and Etter, explained that there were no differences between

local and abroad businesses. The services offered by the interviewed companies have been generally the same in all markets, and thus the profit and cost structure similar. However, the leaders experienced massive pressure due to currency issues on the one hand (C. Brönnimann, 29.10.2015; U. Schwaller, 02.11.2015) and customs regulations accounting for less profitable transactions on the other hand (W. V. Wirz, personal communication, 05.11.2015). Further, Wirz and Werthmüller agreed on the opinion that there is no big future for exporting manufacturers in Switzerland, as the labour costs are too high when compared to other exporting countries (R. Werthmüller, 03.11.2015; W. V. Wirz, 05.11.2015).

In terms of corporate culture the picture changes. Some interviewed leaders argued that no changes (Lang, Smith, Stucki, and Schwaller) in the culture and behaviour of the management team and employees occurred, while others stated that adaptations were necessary. Brönnimann, for example, was convinced that international relations do have an impact on the culture of the firms and that a more open, broader understanding for the different ways of doing business is indispensable for a successful collaboration between different markets (C. Brönnimann, personal communication, 29.10.2015). Similarly, another leader answered to the second question with the following statement: "Yes, we must be more open to other cultures" (M. Tütsch, personal communication, 02.11.2015). In Werthmüller's response, the management team and the employees have faced many changes after internationalisation in order to withstand the above-described cost pressure. However, he stated further, they have not been able to change their internal structures as fast as the market may require (R. Werthmüller, personal communication, 03.11.2015). Moreover, the answers showed that while most leaders were willing to change, as for example Rolla who was pleased by the fact that both skills and leadership style have varied, other leaders did not embrace the challenge but simply accepted an arguable negative impact on their previous culture. Wirz, in fact, instead of endeavouring adaptation reduced his business activities in order to avoid failure, despite his understanding that soon nobody will be aware of their services (W. V. Wirz, personal communication, 05.11.2015).

Concerning vision and strategy, the leaders had to answer both the third and fourth question. Some leaders observed no change in their vision and strategy since the internationalisation of their company. For example, Schwaller explained in his answers and during the interview (02.11.2015) that the export activities have not had a significant impact on the business goals and objectives. In his case the goal of a healthy company, which guarantees job security to employees and provides the owners with a reasonable return on capital, remains the same. Also, in his opinion it makes no essential difference whether you want to sell products in Switzerland or abroad, as far as the products maintain a high quality and meet the standards of customers. Incongruously, other leaders experienced the internationalisation of their company differently, resulting in an interesting variety of statements delineated in the following.

Lang declared that their high customer orientation has never changed with internationalisation, but that their focus has shifted toward sales, thus increasing their sales force (A. Lang, personal communication, 28.10.2015).

Brönnimann admitted their tendency to be too ambitious from the beginning. International deals have the need to be realistically calculated, due to losses originated by differences between cultures, e.g. differences between the business behaviour of China and Europe. The leader explained that only after long they have learned the importance of keeping fixed costs as low as possible in order to be competitive. As matter of fact, they have adopted a tactic in which manufacturing is handled outside the company (C. Brönnimann, personal communication, 29.10.2015).

Rolla's company has experienced changes in the ability of negotiation, while in marketing and business tactics no changes have occurred. This is due to the fact that these activities are strongly decentralised. Since the employees act on their own while temporary managing foreign firms, they create their own tactics and methods (D. Rolla, personal communication, 28.10.2015).

Regarding AZAD, Smith clarified that the company has started and remained ambitious. Their vision and strategy have constantly been focused on international activities. Their business is significantly larger today than in 2000, because new business areas are being explored and developed continually. Indeed, the good reputation of the company drives the business forward (D. Smith, personal communication, 30.10.2015).

In Tütsch's firm while the vision has not changed, the marketing has experienced variations. These concern the creation of a bigger international team and a switch in the mentality of doing business. All of this with the persistent desire of increasing the sales volume in Switzerland as well (M. Tütsch, personal communication, 02.11.2015).

Eyerex has modified their objectives following the market needs, even though the possibilities in terms of resources were limited. Many changes have occurred also in the marketing activities, despite these activities proved to be expensive. To solve the problem, when the costs reached unproportioned levels compared to the costs of competing companies in China, they decided to reduce such activities (R. Werthmüller, personal communication, 03.11.2015).

Similar to Eyerex, Wintion has reduced its activities in marketing. Wirz believed that the firm is too small for enabling business travels to be profitable. The marketing focus is therefore on direct advertisement via telephone and email (W. V. Wirz, personal communication, 05.11.2015).

All in all, it can be concluded that, according to the information provided by the interviewed leaders and their answers to the questionnaire, the internationalisation process have had a significant impact on their firms. One part of the companies experienced a neutral impact on profit and cost structure, while another part a negative impact on the profitability. The reasons for this negative impact were firstly a massive pressure due to currency issues and customs regulations preventing profitable transactions, and secondly the high cost of labour in Switzerland. Regarding the varia-

tions in corporate culture, it can be noticed that in cases where the leaders experienced a consequence, this often concerned national culture differences between the business parties. In terms of vision and strategy, seven leaders have undergone a few changes, even though they were subtle in some cases. Major changes in this dimension occurred to marketing activities, while vision and objectives were either pre-determined or passively adapted to the market needs.

3.5. Leadership Capabilities and Competences in Case Companies

Similar as before and in order to maintain a comparative structure this chapter aims at creating an overall order of importance in regard to how many times a capability has been named as the most exploited during the internationalisation process. Therefore, the leaders had to choose from a list of eight personal skills by giving an order of importance, with “1” being the most important and “8” the less important. The number of appearances of each capability placed as first and the average place for each pre-determined capability resulted in a ranking that is displayed in Table 5. The lower the average the more often the specific capability has been named on a higher position, thus the more important the skill.

Table 5: Most exploited personal Capabilities

Capability	Placed first	Average	Distance
Flexibility	2	3.45	-
Knowledge of the target culture and language	0	4.09	0.64
Entrepreneurial and managerial competence	3	4.36	0.27
Innovativeness	3	4.45	0.09
Commitment	1	4.55	0.09
Need for achievement, determination	1	4.64	0.09
Opportunity recognition	1	4.91	0.27
Risk tolerance	0	5.55	0.64

Source: Table generated by the author.

It is obvious that no concentration of answers is given. Every leader showed a different order of importance regarding these pre-determined capabilities, and only few were named multiple times (for further information please refer to Appendix 3). In addition, ProGravur’s CEO, Mr. Tütsch added a further capability, which was “Humour”. He explained that humour is needed because on some occasions it is important to accept things the way they are, as it would be only counterproductive to waste much time and effort on events or turnouts that cannot be changed (M. Tütsch, personal communication, 02.11.2015). The other leaders did not add further comments. Thus, the

final classification resulted in “Entrepreneurial and managerial competence” and “Innovativeness” selected three times as most exploited capabilities, followed by “Flexibility” nominated twice, and “Commitment”, “Need for achievement, determination” and “Opportunity recognition” only once. Interestingly, “Knowledge of the target culture and language” and “Risk tolerance” have been selected by none of the leaders as first place.

These divergent opinions on which capabilities are decisive during the internationalisation of a firm resulted in the need for considering the average place. The theoretical overall ranking is therefore as follows:

1. Flexibility,
2. Knowledge of the target culture and language,
3. Entrepreneurial and managerial competence,
4. Innovativeness,
5. Commitment,
6. Need for achievement, determination,
7. Opportunity recognition,
8. Risk tolerance.

What is noticeable is that, despite “Entrepreneurial and managerial competence” and “Innovativeness” being the most chosen, they were ranked at the third (4.36th in average) and fourth (4.45th in average) places when considering the whole ranking of all leaders. Moreover, it is important to underline the distance between the positions. The highest differences are between the first and the second as well as between the seventh and the eighth places. This difference is rather decreasing in the middle of the ranking. In fact, the distance between third and fourth places, which happen to be the most chosen first places, accounts only to 0.09 in average. It is therefore of importance to consider the minimal distance between the places in the above theoretical overall ranking.

4. Differences and Complications between Theory and Practice

According to Eisenhardt & Graebner (2007, p. 29) a useful way to cope with the challenge of multiple case study analysis is to write each proposition formulated in chapter 1.4.1 separately and link them to the supporting results both based on the literature review and gained during the research. The aim of this chapter is to create for each construct a comparison between theory and practice by following Eisenhardt & Graebner's (2007) suggestion. Therefore, starting with the accomplishment of internationalisation in theory and practice and concluding with the personal capabilities of leaders in theory and practice, the formulated propositions will be tested and the related research questions answered. Ultimately, it will be possible to identify if specific capabilities are encountered repeatedly in order to formulate best practices for leaders of Swiss SMEs.

4.1. Accomplishment of Internationalisation

Question and Proposition:

- How is the internationalisation of Swiss SMEs accomplished, through which channels?
- Swiss SMEs experience noticeable consequences in terms of profitability, corporate culture and strategy during the internationalisation process. National culture differences and the need to adapt to foreign markets force the companies to acclimatise to the new international reality on the one hand, while acquired tacit knowledge helps improve the firm's internal structure and strategy on the other hand.

In order to obtain an exhaustive answer, during the analysis the question was split into four considerations: "Reasons", "Strategies", "Barriers" and "Consequences on performance". The results of the literature review and interviews will be discussed in the following.

Reasons:

The literature provided a vast number of possible reasons for a leader of an SME to start selling its products and services abroad. According to the SIES (Baldegger, 2013, p. 23-24) "Demand from foreign customers" was, with a distance of 15.1 percentage points to the second, the most important reason for internationalisation. The other main reasons were "Limited potential of home market", "Use of existing networks", "Major market opportunities thanks to innovative products" and "Exploiting the benefits of 'Swissness'". Clearly, they can be all allocated to the category "Competitive advantages" with the exception of "Use of existing networks", which belongs to that of "International resources". Thus, competitive advantages play a dominating role in the internationalisation of Swiss SMEs. In fact, as it was seen in Table 3, where the number of times a specific reason for internationalisation has been named by the interviewed leaders is displayed, "Competitive advantages" was selected seven times and thus four times more than "International resources". The importance of this driving force was also proven by the fact that four out of those seven leaders only selected that as a reason for establishing an international trade. Hodler from Infré SA even stated that the company's main reasons for selling their products abroad lie in the demand from foreign costumers on the one hand, and in the limited potential of the home market on the other hand, being Switzerland not considered a "tea country". Brönnimann's driving force relied on niche competency. Products and services offered by IBT Ingenieurbüro Brönnimann Thun have been selected and developed in order to satisfy specific niches in growing markets. This reason can be associated to that found in the literature under "Major market opportunities thanks to innovative products". "International resources" as a driving force was selected among three others by Rolla, who has aimed at gaining knowledge abroad and acquiring internationally focused employees.

Further, four leaders mentioned different driving forces at the interviews. "Economies of scale" was named three times and "Investors of financiers" once. While "Investors/financiers" as motive can be seen as an exception in the case of AZAD, surprisingly "Economies of scale" was named the same

number of times by the interviewed leaders. The leaders explained that economies of scale are essential for expensive products. Indeed, increasing the number of sold products through the expansion in other markets so that to reach new potential customers is the only way to remain profitable for Swiss manufacturers.

Generally, theory and practice seem to be congruent regarding the reasons of internationalisation of Swiss SMEs. The results show for both the literature review and the data collection through the interviews, that competitive advantages are the most important reason to internationalise an SME. Also, similar to scholars' statements in the literature, leaders recognise international resources as important driving forces. According to the interviewees all the other reasons belong to the minority, with the exception of "Economies of scale", to which the literature assigns no importance.

Strategies:

The literature review identified a series of market entry strategies, with the aim to penetrate a foreign market as SME. These strategies were explained in chapter 2.1.1 and embodied advantages and disadvantages. In Table 6 the reviewed suitability of market entry strategies during the internationalisation process of a Swiss SME.

Table 6: Suitability of Market Entry Strategies according to the Literature

Market entry strategy	Suitability
Export	Often the first choice for manufacturing companies during internationalisation. SIES 2013: "Direct export" is the only category that has been classified as particular successful in Switzerland.
Licensing	Particularly prevalent in research and development focused fields. Only suitable for companies that have licensable assets at their disposal.
Franchising	Only reasonable when the aim is a consistent appearance throughout the different markets.
Joint Venture	Viable alternatives to export and worth to be considered when a target country has important entry restrictions due to an enormous competitive advantage presented by a local partner. High importance for projects in markets with high uncertainty, even though newly created companies tend to be unstable.

Market entry strategy	Suitability
Subsidiaries	<p>Often preferred as entry strategy when a firm's competitive advantage is based on technological competence.</p> <p>May be specialised in manufacturing only certain components of the end product, so that the value added at each stage is maximised.</p> <p>May be limited by law in certain countries.</p>
Contractual Manufacturing	Viable alternative in countries with import restrictions and low production costs, assuming a reliable partner is found.
Mergers	<p>The selection of suitable candidates is a challenge. Incompatibility between merging companies has great impact on the merger success.</p> <p>Must occur between a domestic and a foreign company in order to be used as market entry strategy.</p>
Strategic Alliance	Suitable for SMEs when partnerships are formed in order to minimise the investment and the risk of a new project, together with sharing integral resources and skills.
Minority Holding	Can consume financial and management resources, which could be used in a more productive way. Tends to be not suitable for SMEs.

Source: Table generated by the author.

The literature statements found above show a clear picture of which market entry strategy can be considered as appropriate for a Swiss SMEs. Each of them has their “raison d’être”, although some are suitable for a wider range of companies and others tend to be appropriate only for specific company types.

Scholars classified exporting as particular successful in Switzerland (Baldegger, 2013), even though the SME Export Indicator (2015) showed a strong negative effect of the Swiss franc value drop. The analysis revealed that the stronger Swiss franc has had a negative impact on the export volume of 74% of the surveyed SMEs (*SME Export Indicator. Strong franc drives export sentiment to record low*, 2015). This result is reflected in the interviewed leaders of Swiss SMEs. “Export” was selected in a predominant way (7 out of 11 leaders), moreover with Lang’s and Etter’s firms implementing export as their only market entry strategy. Nevertheless, this choice had severe consequences considering the drop of the Euro/CHF exchange that caused a decrease in the margin on exported products, especially for firms like Etter’s that mainly produce in Switzerland and export expensive toys. Despite the fact that export resulted in the most adopted entry strategy, the inter-

views presented a very pessimistic picture. In fact, according to Werthmüller, their profit has suffered so much under the exchange pressure that in his opinion there is no big future for exporting Swiss manufacturers. Interestingly, the interviewees confirmed disadvantages including volatile exchange rates and high labour costs in Switzerland while advantages such as avoiding the high establishing costs were not addressed to any extent. All in all, it appears clear that exporting may not be appropriate when the foreign markets intended to enter offer lower production costs. However, it becomes a reasonable choice when exploiting the 'Swissness' of products with premium prices.

As in the literature the interviews identified "Licensing" as particularly prevalent in research and development focused companies with licensable assets at their disposal. The benefits of the licensee are those of bearing costs and risks of entering a foreign market with hardly any resource required. AZAD and Stucki Leadership-Teambuilding AG exploited this strategy. Smith (personal communication, 30.10.2015) stated that for a pharmaceutical company the disadvantages are avoided through legal protection of intellectual property as, being research and development focused, the firm is usually in possession of an intangible asset that might have a profitable business application. Franchising on the other hand, which according to Hill (2009) is a specialised form of licensing, was not encountered during the interviews.

"Joint venture" was named only twice by the interviewed companies, despite a vast number of advantages, such as the acceleration of market penetration, the creation of economies of scale, the minor need of capital and a reduced risk, it benefits from. As previously stated joint ventures are considered viable alternatives to export. Moreover, it is worth considering them when a target country has important entry restrictions due to a local partner's knowledge conferring enormous competitive advantage (Baldegger, 2012). Unexpectedly, these features were neither confirmed nor mentioned in practice. In fact, Stucki referred to this entry strategy only in combination with "Export" and "Licensing". On the other hand, drawbacks like the increased complexity in the coordination of a firm by different partners and the fact that shared ownership may lead to conflicts between the partners were also not addressed by the interviewees.

Another difference between theory and practice was found in the foreign market penetration with "Subsidiaries". While the literature referred to it as often preferred by firms that establish their competitive advantage through technological competence (Hill, 2009), in practice it was addressed by only one leader. In theory the implementation of a company's strategy is more efficient with subsidiaries, because they permit direct presence in a target market whilst increasing the market power of the owner at the same time. Moreover, this entry tactic provides the possibility to be independently present on a foreign market, assuming no third party is involved in the ownership. Nevertheless, only William V. Wirz's firm owns a subsidiary in Germany, but it is not active anymore.

Similar to what happened with the subsidiaries, Ueli Schwaller was the only leader mentioning "Contractual manufacturing" as entry strategy. For this reason, although this option is recognised

by the literature as viable alternative in countries with import restrictions and low production costs (Baldegger, 2012), it will not be taken into consideration as a practical solution for Swiss SMEs.

“Mergers” and “Minority Holding”, as it was for “Franchising”, were not accounted by the eleven interviewed leaders, and this choice is congruent to the literature. In fact, Baldegger (2012) stated that minority holdings can consume financial and management resources, which could be alternatively used in a more productive way. Otherwise, mergers face the complexity of the right selection of appropriate candidates, and the resulting compatibility/incompatibility between merging companies has great impact on the merger success. These two strategies can therefore be considered as not flawlessly suitable for Swiss SMEs.

The importance given to “Strategic Alliance” in the literature, on the other hand, was confirmed in practice. This strategy is suitable for SMEs when partnerships are formed in order to minimise both the investment and the risk of a new project by sharing integral resources and skills (Baldegger, 2012). Its major incentives are to achieve economies of scale and to enter new markets, and are performed by either sharing parts of a supply chain or joining an already existing strategic alliance. Four out of eleven leaders confirmed that they have internationalised their company through this market entry strategy. One of them in particular affirmed that, because in the worldwide tea industry everybody knows everybody, strategic alliances based on real partnerships are the key to success (M. Hodler, personal communication, 29.10.2015).

Barriers:

As mentioned earlier, Leonidou's "Analysis of the Barriers Hindering Small Business Export Development" (2004) classified export barriers into internal and external obstacles, resulting in a series of internationalisation challenges. For the aim of this thesis, in order to create an overall ranking and to show which barrier category had the highest impact, only the internal obstacles were considered, for which the consequent barriers were summarised into four categories:

- Cultural and linguistic obstacles,
- Familiarity with international laws and regulations,
- Difficulties in networking,
- Available time.

In the next step the quantity of obstacles inside every above-listed barrier category and the impact of every category (very high, high, moderate, low & very low) were measured. Based on the impact, a percentage showing what barrier category resulted to have most of the obstacles was calculated (for further information please refer to Appendix 1). Thus, the more the obstacles in a barrier category, the higher their percentage value. Eventually, the Leonidou's (2004) internal obstacles had the following theoretical impact when summarised in barrier categories:

1. Cultural and linguistic obstacles,
2. Familiarity with international laws and regulations,
3. Available time,
4. Difficulties in networking.

In practice, the approach exploited to test this ranking was to ask the interviewed leaders to numerate the above mentioned barrier categories in order of importance, providing also the possibility to add further barriers and personal comments. Despite the fact that no comments or additional barriers were remarked, the results were quite satisfying. As shown in Table 4 in Chapter 3.3.2, the internationalisation barriers selected by the leaders resulted to be coherent between theory and practice. As listed below, the overall order of importance for all interviewed leaders presented “Familiarity with international laws and regulations” and “Cultural and linguistic obstacles” in a higher average ranking, while “Difficulties in networking” and “Available time” reached inferior ranking places in average. In the following the overall ranking of encountered obstacles:

1. Familiarity with international laws and regulations,
2. Cultural and linguistic obstacles,
3. Difficulties in networking,
4. Available time.

As aforementioned a correspondence is identifiable. Even though the first and second places as well as the third and fourth places are inverted here, they consistently share the same half of the assumed ranking. In conclusion, practice confirms partly what identified in the literature.

Consequences on Performance:

For SMEs pursuing a growth strategy the market success and the organisation learning is particularly relevant. In addition, those enterprises require simultaneous strategic adaptations in order to increase their performance (Wright et al., 2007). The literature suggested that a firm’s internationalisation process will directly influence its performance in two dimensions: financial and non-financial (Jones & Coviello, 2005). Further, according to Jones & Coviello (2005), in Chapter 2.2 of this research project the crucial role of a leader with entrepreneurial behaviour was pointed out as driving influence on both a firm’s structure and performance, eventually. Moreover, performance consequences may be country, region and industry specific, and it was demonstrated that although foreign activity was at first associated with a decline in profitability, it gained superior performance later (Wright et al., 2007).

Although the literature did not provide a concrete statement about the exact performance consequences, the findings suggest that it is not internationalisation alone to have an impact on the firm’s performance, but the leader of the internationalising company. Being in charge of a firm’s structure, the leader influence is particularly relevant in SMEs and has the potential to be directly responsible for impacts on performance. As described in Chapter 3.4, it was therefore reasonable

to test a few assumptions derived from the literature analysis in relation to the different dimensions of the firm, which aimed to answer whether in practice there were changes in the performance since the internationalisation process occurred or not. This assessment relied on the interviewees' international experience and tacit knowledge about the firm. The supposed statements included into the four questions regarding performance presented in the questionnaire covered three dimensions: profitability, corporate culture, and vision and strategy.

By confirming or contradicting the assumptions elaborated in Chapter 2.2 the leaders provided a series of testimonials. Generally, they affirmed that internationalisation had a significant impact on the analysed dimensions. Importantly, the majority of the leaders confirmed to be the main drivers for internationalisation and thus had direct impact on the performance consequences. In particular, the leaders have either contributed to internationalisation by providing the necessary knowledge and the right network or initiated the internationalisation process completely by themselves.

Considering profitability, some interviewees experienced a rather neutral impact on profit and cost structure, others a negative impact. The latter was predominantly due to a massive pressure resulting from currency issues and customs regulations, which included transactions made less profitable and the high cost of labour in Switzerland, respectively.

Changes in corporate culture were mostly correlated to national culture differences between the business parties. According to some leaders adaptations were necessary, as for maintaining a fruitful business relation a more open and broader understanding for the foreign counterparty is indispensable. Overall leaders perceived that openness to other cultures is a key to success, even when the company's size is limiting. However, although the leaders have experienced changes, in practice they have not actively and consciously influenced them. This because the market changes so fast that SMEs, especially the smaller ones, are mainly focused on the daily business and thus do not possess resources allowing culture adaptations and management in the long term.

Regarding vision and strategy, the majority of leaders indicated that changes occurred, even though they were subtle. Vision and objectives were either pre-determined or adapted passively following the market needs, while major consequences were identified at the core of marketing activities. Generally, the leaders did not express ambitious visions or goals. The focus lied mainly on supporting a healthy, job security guaranteeing and capital returning company.

Conclusions:

At this point it is possible to identify partly how the internationalisation process of Swiss SMEs is accomplished. Theory and practice seemed to agree that a way to achieve competitive advantages is by internationalising a business. The literature and interviewees recognised also international resources as an important benefit deriving from entering foreign markets. Growth is necessary for a successful and sustainable business (Rugman & Verbeke, 2002; Sapienza, Autio, George, & Zahra, 2006). Sooner or later, an SME has therefore to face a change that may imply entering a

new market, especially if its origin is a small or restricted market. In order to access a market and to expand its sales a firm utilises particular market entry strategies. On this matter, the study identifies a few differences but also congruity in some cases between the theoretical assumptions and the experiences of the leaders in practice. In fact, joint ventures were encountered in only two of the eleven interviewed companies, even though the literature considered them as viable alternatives to export. This difference between theory and practice was also observed with subsidiaries. While the literature underlined their utility in the case of firms relying on technological competence as a competitive advantage (Hill, 2009), in practice this strategy was addressed only by one leader. “Contractual manufacturing” presented another incongruence. The literature recognised this option as viable alternative, but in practice it was considered only by one interviewed leader. An entry strategy that was found to be important for both scholars and leaders was the creation of strategic alliances. Among all the strategies, the predominantly encountered in both the literature and interviews was exporting, although the interviews showed a very pessimistic picture. In fact, it turned out that this entry strategy is burdened with exchange rate pressure, especially in countries where the exchange rates are volatile and high labour costs challenge the cost structure of the firm. Further analysis showed that SMEs face other obstacles that complicate or even prevent a successful internationalisation. Cultural and linguistic obstacles, familiarity with international laws and regulations, available time as well as difficulties in networking proved to be serious threats to overcome in order to avoid negative impacts on a firm’s success. In fact, some interviewed companies experienced a negative impact on the profitability, which was correlated to exporting and thus to a massive pressure due to currency issues, customs regulations and the high cost of labour in Switzerland causing the transaction to be less profitable. The analysis indicated also that theory and practice agreed on the fact that the internationalisation has an impact on corporate culture, vision and strategy.

As a matter of fact, these conclusions confirm the following proposition of this thesis: Swiss SMEs experience noticeable consequences in terms of profitability, corporate culture and strategy during the internationalisation process. National culture differences and the need to adapt to foreign markets force the companies to acclimatise to the new international reality on the one hand, while acquired tacit knowledge helps improve the firm’s internal structure and strategy on the other hand.

4.2. Personal Capabilities of Leaders

Questions and Proposition:

- Which personal capabilities or skills does the leader of a Swiss SME need to internationalise his company?
- Are specific capabilities encountered repeatedly for the successful internationalisation?

- The more the leader is skilled the more the company is able to exploit opportunities abroad. International experience, knowledge of the target culture and language and resilience are particularly beneficial, because on the one hand they help connecting to the target market and on the other hand they help to endure the thought of a possible failure.

Encountered Personal Capabilities:

The literature review of this thesis recognised leader capabilities and competences from a resource-based perspective as intangible assets that are building on the insights of entrepreneurship theory. Scholars defined them as a source of firms' competitive advantage (Coff, 2002) and indicated the leader with entrepreneurial behaviour as directly responsible for strategic decisions and the principal force behind the firm's initiation, development, sustenance, and success (Leonidou et al., 1998). Further, the literature analysis showed that these decisions are the result of the executives' cognitive base. Therefore, it is the distinctiveness of this cognitive base that allows firms to build a competitive advantage. This competitive advantage, to which Dana (2004) referred as the cluster of abilities embedded in the individual throughout the venturing career, has been the focus of many empirical studies and thus the literature review of the previous chapters returned an excessive quantity of leader characteristics. In this study the vast number of features were reduced to a list of nine items, as some skills were too similar to each other, others could scarcely be related to management, and some others were infrequently reported. While the leaders' international experience has proved to have an outstanding role in influencing the internationalisation process, the residual eight items were listed in order of importance on the basis of how frequently the skill was encountered in the literature (please see Table 7).

The tendency in theory to define the leaders' capabilities as a source of firms' competitive advantage or at least as the principal force behind the firm's initiation, development, sustenance, and success, was also encountered in practice. The majority of interviewed leaders, in fact, stated repeatedly that they were at the basis of every development related to the firm's internationalisation process. Even though they were not directly referring to themselves as being at the core of the competitive advantage, in some cases, they admitted to be the driving force behind the firm's international success and network. Besides, the interviewees were asked to create a ranking of personal capabilities they exploited the most during the internationalisation process. "Entrepreneurial and managerial competence" and "Innovativeness" was nominated three times as most needed, "Flexibility" two times, and "Commitment", "Need for achievement, determination" as well as "Opportunity recognition" only one time. "Knowledge of the target culture and language" and "Risk tolerance" were never positioned at the first place. The average place for each pre-determined capability resulted in the overall ranking displayed in Table 7.

Table 7: Comparison of Leadership Capabilities Rankings

Place	Theory	Practice
1.	Opportunity recognition	Flexibility
2.	Entrepreneurial and manag. competence	Knowledge of the target culture and lang.
3.	Knowledge of the target culture and lang.	Entrepreneurial and manag. competence
4.	Commitment	Innovativeness
5.	Risk tolerance	Commitment
6.	Flexibility	Need for achievement, determination
7.	Need for achievement, determination	Opportunity recognition
8.	Innovativeness	Risk tolerance

Source: Table generated by the author.

The above Table shows clearly that theory and practice disagreed in regard to an overall ranking. Every single capability has a different importance even though some tendencies are visible. For example, “Knowledge of the target culture and language” and “Entrepreneurial and managerial competence” are either at the second or third place. “Commitment” is either at the fourth or at the fifth place and “Need for achievement, determination” is either at the sixth or at the seventh place. “Opportunity recognition” represents the greatest difference. The literature praises this capability as one of the of the most important abilities of a successful leader and that as such it is a central concept in research (Cogliser & Brigham, 2004; Karra et al., 2008; Kuemmerle, 2002; Phillips & Tracey, 2007; Wright et al., 2007). Further, according to the same scholars, the difference in new venture success is accomplished through this capability, as alertness to business opportunities is indispensable in order to achieve a preset business goal. Interestingly, only one out of eleven leaders identified this competence as the most important, and in average it reached the 4.91st place with an outstanding distance of 1.46 points from the first place, which is the reason for its seventh place in the ranking (please see Table 5). This example explains why a fruitful comparison is hardly possible. Necessarily, an important consideration has to be pointed out at this point. As described previously the cluster of capabilities tested was created by analysing the literature and accumulating the repeatedly named competences that were mentioned as important for successfully leading an SME. However, what has to be considered is that internationalisation is a long term event that incorporates a vast number of other processes. Considering this, it is easy to imagine that every one of these single, underlying processes would need a different “most exploited capability”. Thus, due to the high variability in the internationalisation processes an overall ranking for different companies is hard to achieve without resulting superficial.

Conclusions:

Despite the fact that no final overall ranking seems to be achievable, still the eight capabilities were confirmed by the leaders. Moreover, with the exception of the single nomination of “Humour” as a capability, the leaders had no need for adding further abilities. Therefore, the analysis provides enough information to answer the related research question by indicating with certainty that this cluster of capabilities is the one a leader of a Swiss SME needs in order to successfully internationalise his company.

As aforementioned, the international experience of leaders resulted to be of particular importance for the internationalisation of Swiss SMEs. According to the literature leaders with more international experience are more likely to have observed the advantages of internationalisation, to have promoted a foreign business network and to have developed skills that help create cross-cultural relations (Kuemmerle, 2002; Reuber & Fischer, 1997). Wright et al. (2007) added that this personal experience can be exploited to improve the ability of identifying international business opportunities, which, according to the literature and as described previously, is the most important capability of a successful leader. Further, the literature review showed that international experience is critical in changing environments and therefore in the process of internationalisation (Von Den Driesch et al., 2015; Wright et al., 2007). In fact, excluding the interviewed leaders that joined the company after being already active abroad, almost every leader had previous international experience that contributed to the firm’s internationalisation success. Thus, international experience can be described as repeatedly encountered capability for a successful internationalisation. To summarise, international experienced leaders have a higher inclination to seek business opportunities abroad.

This conclusion partly confirms the proposition associated to this chapter. Unfortunately, no evidence for resilience was detected during this research, which is why the proposition shall be changed into the following statement: The more the leader is skilled the more the company is able to exploit opportunities abroad. International experience and knowledge of the target culture are particularly beneficial, because they help connecting the current business with the target market.

5. Conclusion

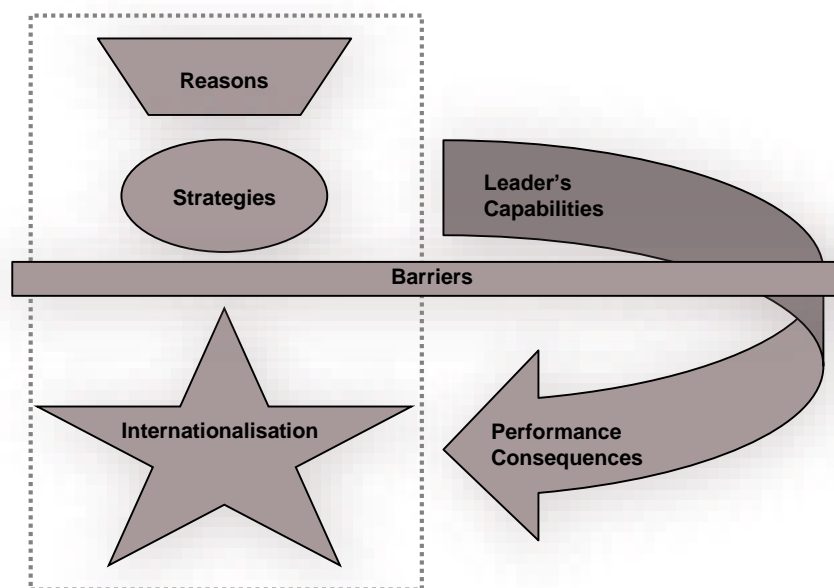
The fifth chapter provides the conclusions of the completed research. It summarises the key findings and draws a number of implications for Swiss SME leaders aiming to expand their activities abroad. The thesis' pursuit focused on acquiring basic knowledge of what tools and competencies are required to direct the process of internationalisation of Swiss SMEs. The research design combined the empirical study of Swiss SMEs in the literature review with its validation by means of interviews with decision-makers of a sample of such firms.

The traditional view of a large multinational corporation as dominant international form is likely to evolve. Theory and practice seemed to agree that a way to achieve competitive advantages is by internationalising a business. Sooner or later a SME has to face a change that may imply entering a new market, especially if its origin is a small or restricted market. On this matter, the thesis confirms that Swiss SMEs experience noticeable consequences in terms of profitability, corporate culture and strategy after selling their products and services abroad. During this process the leaders acquire tacit knowledge that helps improving the firm's internal structure and strategy on the one hand and supports the adaptation to foreign markets on the other hand. Consequently, it is evident that the more a leader is skilled the more their company is able to exploit opportunities abroad. Knowledge, personal skills and abilities of a leader are the principal forces behind a firm's success, surely because of their direct responsibility on strategic decisions. In addition, the results of this thesis suggest that international experience and knowledge of the target culture are particularly beneficial, because they help connecting the current business with the target market. Although no final overall ranking seemed to be achievable, international experience as a key factor and further eight personal capabilities were confirmed by the interviewed leaders, indicating with certainty that in order to successfully internationalise a firm a Swiss SME leader needs to master the cluster of capabilities displayed in Table 7. Moreover, this research project underlined how the influence of a leader on the internationalisation process is linked to various aspects of firm performance. Particularly relevant to SMEs, the firm's leader is responsible for immediate impacts on performance. In fact, there are the driving forces on a firm's structure. Therefore, the competences and resources specific to the decision-maker are crucial for a successful internationalisation.

To summarise these findings, Figure 4 displays what factors influence the accomplishment of a firm's internationalisation. In particular, the graph shows on the left half (dotted rectangle) a medal typically awarded to a person or organisation as a form of recognition for various achievements. This achievement is, for the purpose of this thesis, the firm's internationalisation. It can be noticed that the medal is interrupted by a barrier symbolising the firm's internationalisation obstacles. Further, the figure suggests with a curved arrow that specific leader capabilities are needed to overcome these obstacles and that these capabilities in turn have consequences on the firm's performance. Strategies are contiguous to reasons for internationalisation, meaning that SMEs with the

aim to exploit competitive advantages in foreign markets require a market entry strategy. On these subjects the results were quite mixed, but considering the reasons for internationalisation “Competitive advantages” played a dominant role in the decision whether to internationalise or not. Otherwise, “Export” and “Strategic Alliances” were the market entry strategies found to be predominantly used by Swiss SMEs. Besides external impediments including massive currency pressure, customs regulations and the high cost of labour in Switzerland, the question of what prevents Swiss SMEs from international expansion was answered by remarking internal barriers. Among these, “Familiarity with international laws and regulations” and “Cultural and linguistic obstacles” appeared to be the most important ones, followed by “Difficulties in networking” and “Available time”. The consequences on performance were related to profitability, corporate culture, vision and strategy. As mentioned above, these are firmly influenced by the capabilities of the firm’s leader. Managerial competence, knowledge of the target culture and language, ability to adapt as well as innovation strength were strongly represented. However, the leaders’ international experience was the one proving an outstanding impact on the internationalisation process and the resulting exceptional performance.

Figure 4: Factors influencing the Accomplishment of a Firm’s Internationalisation



Source: Figure generated by the author.

In terms of practical implications the thesis’ results can highlight a few guidelines for leaders intending to internationalise their company.

Internationalisation can present new horizons, especially when used as a driving force for growth in Swiss SMEs. Every country and region has its own peculiarities, to which a firm willing to establish a business there has to adapt. Here is where the decision-makers’ international experience proves to be beneficial. Intercultural dialogue serves as the essential starting point: in fact, whilst

knowledge of the other language and cultural customs or traditions does not ensure alliance, it can reduce the chance of perceiving inaccurate stereotypes.

The leader profiles do not imply a ranking or a hierarchy. SME leaders do not need to strive for any particular capability cluster, rather than for the one fitting the strategy of the respective company and internationalisation stage. This is supported by the fact that all the Swiss SMEs included in the sample have survived in the market for a long time after internationalisation. However, international experience and therefore knowledge of the target market as well as managerial competence are considered decisive, and should not be neglected in any strategic move of the company. The analysis performed for the scope of this thesis confirms that several factors under the control of Swiss SME executives have impact on international performance. A possible explanation for this could be that prior strategic planning and target market research are strongly and positively associated with the internationalisation success of a Swiss SME. Therefore, in order to choose the appropriate target market leaders should perform a market research ahead. Analysing the foreign market volume, the customer preferences, the competitor force and gaining familiarity with its laws and regulations could reveal as vital for the success abroad. However, there are also many variables, e.g. disrupting innovations, that cannot be influenced and the leaders should be aware of that. Thus, with clear goals and strategies it is possible to both hold these obstacles under control and improve the success rate of internationalisation.

Furthermore, external barriers have to be considered. Some leaders of the interviewed sample experienced substantial impacts on profit and cost structure. In relation to that, customs regulations and currency exchanges have to be taken into account together with a possible high cost of labour. Respectively, depending on the exported product's characteristics and the availability of resources, internationalising Swiss SMEs are recommended to concentrate their resources on a precisely analysed scope and market. This choice can have severe consequences as it was seen with the drop of the Euro/CHF exchange that caused a decrease in the margin on exported products, especially for exporting manufacturing firms. In some cases the profit suffered so excessively to provide a demotivating picture for the future of Swiss manufacturers.

Strategic alliances were recognised as practical and suitable for SMEs when partnerships are formed in order to minimise the risk of a new project, together with sharing integral resources and skills. To create such alliances, independently from the size of the SME, the interviewed leaders indicated personal and formal networks as the most helpful tool. Moreover, any past experience gained abroad was considered a big plus. While there is no substitution for experience, effective global leadership courses could help leaders of SMEs aiming to expand internationally to become proficiently trained in this direction.

Being the internationalisation of a firm and its resulting performance a highly complex research problem, several limitations have arisen from the restrictions in available time and size of this Master's thesis. Firstly, the performed research project included mainly SMEs based in the German

speaking part of Switzerland. This is why the findings as well as the internationalisation performance have to be generalised with care. Accordingly, the internationalisation of SMEs in the French and Italian speaking parts of Switzerland should also be emphasised before drawing definitive conclusions. Secondly, while many external factors were recognised during the research, for the scope of this thesis, only the firm's internal factors were substantial and thus included in the investigation. Thirdly, the results related to the capability ranking and performance consequences were limited because of a lack of data. Indeed, in the attempt to create an overall ranking the differences between the places in the series were too small to be considered decisive and the ranking for the whole internationalisation process in different SMEs resulted to be too short-sighted for being taken into consideration. Further, in terms of consequences on the performance, although the results demonstrated that several impact factors exist, it was not possible to determine exactly what changes, e.g. tangible values regarding profit, occurred after the process. A fourth limit lied in the different timing of entering a foreign market each interviewed SME had. The time the company had decided to become international active seemed to have an impact on how well-internationalised the company is. Consequently, the level of internationalisation and what impact it had on the performance could not be fully compared between these firms, as they stood at different stages of internationalisation at the time of analysis. In addition, the international sales ratio proved to be not sufficient in determining the level of internationalisation, because indirect sales and international supply chain management were not considered. Last, being the current thesis the first attempt to measure the importance and to create a ranking of a leader's capabilities in Swiss SMEs, it was not possible to compare the results to previous empirical findings.

In conclusion, in order to complete the information concerning the internationalisation process of Swiss SMEs, future research should focus on few more points that could not be analysed due to the constraints of this research project. Referring back to the limitations described above the analysis of single processes occurring during the internationalisation of a firm would provide a better understanding of how and when exactly a specific capability is exploited. This would possibly allow the formulation of propositions that state which capability is needed at which stage of the internationalisation process. Moreover, the business consequences of national culture collisions due to differences between domestic and target markets, which would include profound examinations of the company's cultural status quo and its change, would help providing a higher quality of capability analysis. The focus hereby would lie in the assumption that the adaptation to cultural differences leads to more tacit knowledge, and this can be then exploited for achieving a successful business. Furthermore, a deeper analysis regarding the impact on profit, corporate culture, vision and strategy would be achievable through the consultation of historic data (before, during and after the internationalisation) of a greater number of companies. Additionally, it could be interesting to analyse the importance of the association between international performance and the leader's international experience. Potentially, the empirical data could show if a beginner as well as an experienced leader can achieve the same international performance.

Bibliography

Bibliographic sources:

- Baldegger, R. J. (2012). *Entrepreneurial Strategy and Innovation*, 2nd. ed. Bern: Growth Publishers.
- Baldegger, R. J. (2013). *Swiss International Entrepreneurship Survey 2013 Studienergebnisse zum Internationalisierungsverhalten von Schweizer KMU*. Swiss International Entrepreneurship Survey. PostFinance AG & Bisnode D&B Schweiz AG. Retrieved from http://www.kmu.admin.ch/publikationen/index.html?lang=de..#sprungmarke0_22
- Baldegger, R. J., & Wyss, P. (2007). *Profiling the Hybrid: Born-again Global Firms*. Fribourg, Bern, New York: Growth Publisher.
- Barney, J. B. (1986). Organizational Culture: Can It Be a Source of Sustained Competitive Advantage? *Academy of Management Review*, 11(3), 656–665. <http://doi.org/10.2307/258317>
- Brechbühler Pešková, M. (2006). *Internationalization of Swiss SMEs: State, Performance & Influencing Factors*. University of Fribourg (Switzerland). Retrieved from <http://doc.rero.ch/record/6065>
- Buckley, P., & Casson, M. (1976). *The Future of the Multinational Enterprise*. <http://doi.org/10.1093/spp/1.9.233>
- Bürgi, J. F. W. (2014). *Improving Sustainable Performance of SMEs. The Dynamic Interplay of Morality and Management Systems*. Geneva: Globethics.net.
- Coff, R. W. (2002). Human Capital, Shared Expertise, and the Likelihood of Impasse in Corporate Acquisitions. *Journal of Management*, 28(1), 107–128. <http://doi.org/10.1177/014920630202800107>
- Cogliser, C. C., & Brigham, K. H. (2004). The intersection of leadership and entrepreneurship: Mutual lessons to be learned. *The Leadership Quarterly*, 15, 771–799. <http://doi.org/10.1016/j.leaqua.2004.09.004>
- Collier, D., & Mahoney, J. (1996). Insights and Pitfalls: Selection Bias in Qualitative Research. *World Politics*, 49(01), 56–91. <http://doi.org/10.1353/wp.1996.0023>
- Dana, L. P. (2004). *Handbook of Research on International Entrepreneurship*. Edward Elgar Publishing, Incorporated.
- Della Corte, V. (2014). Towards a New Model of SMEs' Internationalization. In *Handbook of Research on Strategic Management in Small and Medium Enterprises*. Hershey PA: IGI Global. <http://doi.org/10.4018/978-1-4666-5962-9>

- Eisenhardt, K. M. (1989). Building Theories from Case Study Research. *Academy of Management Review*, 14(4), 532–550. <http://doi.org/10.5465/AMR.1989.4308385>
- Eisenhardt, K. M., & Graebner, M. E. (2007). Theory Building From Cases : Opportunities and Challenges. *Academy of Management Journal*, 50(1), 25–32. <http://doi.org/10.2307/20159839>
- Eisenhardt, K. M., & Martin, J. A. (2000). Dynamic capabilities: what are they? *Strategic Management Journal*, 21(10/11), 1105–1121. Retrieved from <http://jpkc.zju.edu.cn/k/439/download/ktsj/03.pdf>
- Gill, P., Stewart, K., Treasure, E., & Chadwick, B. (2008). Methods of data collection in qualitative research: interviews and focus groups. *Bdj*, 204(6), 291–295. <http://doi.org/10.1038/bdj.2008.192>
- Hill, C. W. L. (2009). *International Business Competing in the Global Marketplace*. Seventh Edition. New York. McGraw-Hill/Irwin.
- House, R. J., Hanges, P. J., Ruiz Quintanilla, S. A., Dorfman, P. W., Javidan, M., & Dickson, M. (1999). Cultural influences on leadership and organizations: Project GLOBE. *Advances in Global Leadership*, 1, 171–233. <http://doi.org/8042818>
- Johanson, J., & Vahlne, J.-E. (1977). The Internationalization Process of the Firm—A Model of Knowledge Development and Increasing Foreign Market Commitments. *Journal of International Business Studies*, 8(1), 23–32. <http://doi.org/10.1057/palgrave.jibs.8490676>
- Jones, M. V., & Coviello, N. E. (2005). Internationalization: conceptualizing an entrepreneurial process of behaviour in time. *Journal of International Business Studies*, 36, 284–303. <http://doi.org/10.1057/palgrave.jibs.8400138>
- Karra, N., Phillips, N., & Tracey, P. (2008). Building the Born Global Firm. Developing Entrepreneurial Capabilities for International New Venture Success. *Long Range Planning*, 41(4), 440–458. <http://doi.org/10.1016/j.lrp.2008.05.002>
- Kormann, H. (1970). *Die Steuerpolitik der internationalen Unternehmung*, 2nd ed. Düsseldorf: Verlagsbuchhandl. d. Inst. d. Wirtschaftsprüfer.
- Kuemmerle, W. (2002). Home base and knowledge management in international ventures. *Journal of Business Venturing*, 17(2), 99–122. [http://doi.org/10.1016/S0883-9026\(00\)00054-9](http://doi.org/10.1016/S0883-9026(00)00054-9)
- Leonidou, L. C. (2004). An Analysis of the Barriers Hindering Small Business Export Development. *Journal of Small Business Management*, 42(3), 279–302. <http://doi.org/10.1111/j.1540-627X.2004.00112.x>
- Leonidou, L. C., Katsikeas, C. S., & Piercy, N. F. (1998). Influences Identifying Managerial Past Research and Future Directions on Exporting. *Journal of International Mar*, 6(2), 74–102. Retrieved from <http://onlinelibrary.wiley.com/doi/10.1111/j.1468-0297.2007.02018.x/full>

- Mendenhall, M. E., Osland, J., Bird, A., Oddou, G. R., Maznevski, M. L., Stevens, M., & Stahl, G. K. (2013). *Global Leadership 2e: Research, Practice, and Development*.
- O'Farrell, P. N., Wood, P. A., & Zheng, J. (1998). Regional influences on foreign market development by business service companies: Elements of a strategic context explanation. *Regional Studies*, 32(1), 31–48. <http://doi.org/10.1080/00343409850123602>
- Onkelinx, J., & Sleuwaegen, L. (2008). Research Report. Internationalization of SMEs. Flanders District of Creativity. Retrieved from <https://biblio.ugent.be/publication/361141>
- Patricia Phillips McDougall, Scott Shane, & Benjamin M. Oviatt. (1994). Explaining the formation of international new ventures: The limits of theories from international business research. *Journal of Business Venturing*. [http://doi.org/10.1016/0883-9026\(94\)90017-5](http://doi.org/10.1016/0883-9026(94)90017-5)
- Phillips, N., & Tracey, P. (2007). Opportunity recognition, entrepreneurial capabilities and bricolage: connecting institutional theory and entrepreneurship in strategic organization. *Strategic Organization*, 5(3), 313–320. <http://doi.org/10.1177/1476127007079956>
- Porter, M. E. (1990). The Competitive Advantage of Nations. *Harvard Business Review*, (March-April).
- Reuber, R. A., & Fischer, E. (1997). The Influence of the Management Team's International Experience on the Internationalization Behaviours of SMEs. *Journal of International Business Studies*, 28(October 1996), 807–825.
- Root, F. R. (1994). *Entry Strategies for International Markets*. University of California: Lexington Books.
- Rugman, A. M., & Verbeke, A. (2002). Edith Penrose's contribution to the resource-based view of strategic management. *Strategic Management Journal*, 23(8), 769–780. <http://doi.org/10.1002/smj.240>
- Sapienza, H., Autio, E., George, G., & Zahra, S. (2006). A capabilities perspective on the effects of early internationalization on firm survival and growth. *Academy of Management Review*, 31(4), 914–933. <http://doi.org/10.5465/AMR.2006.22527465>
- Schüffel, P. E., & Baldegger, R. J. (2015). Performance-Messgrößen von internationalisierenden KMU - eine explorative Studie. *BFUP - Betriebswirtschaftliche Forschung Und Praxis*, 67(2), 198–215. Retrieved from <https://hesso.tind.io/record/787>
- Schumpeter, J. A. (2011). *The Theory of Economic Development: An Inquiry into Profits, Capital, Credit, Interest, and the Business Cycle*. Transaction Publishers.
- Thomsen, S., & Pedersen, T. (2000). Ownership Structure and Economic Performance in the Largest European. *Strategic Management Journal*, 705(January), 689–705. [http://doi.org/10.1002/\(SICI\)1097-0266\(200006\)21:6<689::AID-SMJ115>3.0.CO;2-Y](http://doi.org/10.1002/(SICI)1097-0266(200006)21:6<689::AID-SMJ115>3.0.CO;2-Y)

- Van Der Wende, M. C. (2001). Internationalisation policies: About new trends and contrasting paradigms. *Higher Education Policy*, 14(3), 249–259. [http://doi.org/10.1016/S0952-8733\(01\)00018-6](http://doi.org/10.1016/S0952-8733(01)00018-6)
- Vecchio, R. P. (2003). Entrepreneurship and leadership: common trends and common threads. *Human Resource Management Review*, 13(2), 303–327. [http://doi.org/10.1016/S1053-4822\(03\)00019-6](http://doi.org/10.1016/S1053-4822(03)00019-6)
- Venkatesh, V. G., Dubey, R., & Bhattacharya, S. (2015). An analysis on internationalisation barriers of Indian apparel SMEs in the post-MFA period – A modelling approach. *International Journal of Business and Globalisation*, 14(3), 351–381. <http://doi.org/10.1504/IJBG.2015.068641>
- Von Den Driesch, T., Eva Susanne da Costa, M., Christina Flatten, T., & Brettel, M. (2015). How CEO experience, personality, and network affect firms' dynamic capabilities. *European Management Journal*, 33(4), 245–256. <http://doi.org/10.1016/j.emj.2015.01.003>
- Wright, M., Westhead, P., & Ucbasaran, D. (2007). Internationalization of Small and Medium-sized Enterprises (SMEs) and International Entrepreneurship: A Critique and Policy Implications. *Regional Studies*, 41(7), 1013–1030. <http://doi.org/10.1080/00343400601120288>
- Yin, R. K. R. (2009). *Case study research: Design and methods*. Sage Publications, 5, 219. <http://doi.org/10.1097/FCH.0b013e31822dda9e>
- Zahra, S., & George, G. (2002). International Entrepreneurship: The Current Status of the Field and Future Research Agenda. In Hitt, M., Ireland, D., Sexton, D., Camp, M. (eds.), *Strategic Entrepreneurship: Creating an Integrated Mindset*, Strategic Management Series. Oxford: Blackwell Publishers.

Electronic sources:

- Case Study. Collins English Dictionary - Complete & Unabridged. (2015). Retrieved October 25, 2015, from <http://www.collinsdictionary.com/dictionary/english/case-study>
- Case Study. Random House Webster's College Dictionary, Revised & Updated. (2015). Retrieved October 25, 2015, from <http://www.kdictionaries-online.com/DictionaryPage.aspx?ApplicationCode=18&DictionaryEntry=case+study&SearchMode=Entry&TranLangs=18>
- European Commission - What is an SME? (n.d.). Retrieved November 14, 2015, from http://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition/index_en.htm
- Internationalization. BusinessDictionary.com. (2015). Retrieved November 14, 2015, from <http://www.businessdictionary.com/definition/internationalization.html>

- KMU-Portal - Die Schweizer KMU-Politik: Zahlen und Fakten. (n.d.). Retrieved October 10, 2015, from <http://www.kmu.admin.ch/politik/02961/index.html?lang=de>
- SME Export Indicator. Strong franc drives export sentiment to record low.* (2015). Retrieved October 10, 2015, from <http://www.s-ge.com/en/blog/sme-export-indicator-q3-2015-strong-franc-drives-export-sentiment-record-low>
- Swiss National Bank. (n.d.). *Development of direct investment in 2004*. Zurich. Retrieved from www.snb.ch
- Swiss National Bank discontinues minimum exchange rate and lowers interest rate to – 0.75%. Press release. (2015). Zurich: Swiss National Bank. Retrieved from http://www.snb.ch/en/mmr/reference/pre_20150115/source/pre_20150115.en.pdf
- Swiss National Bank scraps exchange rate ceiling. (2015). Retrieved November 21, 2015, from http://www.swissinfo.ch/eng/euro-floor_swiss-national-bank-scraps-exchange-rate-ceiling/41217364
- Tacit knowledge. Cambridge Dictionaries Online. (n.d.). Retrieved November 14, 2015, from <http://dictionary.cambridge.org/it/dizionario/inglese/tacit-knowledge>
- The Observatory of Economic Complexity. (2013). Retrieved October 11, 2015, from <http://atlas.media.mit.edu/en/profile/country/che/>

Appendixes

1. Aggregate Ranking of Export Barriers

Table 3
Aggregate Ranking of Export Barriers

Very High Impact	
Limited information to locate/analyze markets	
Inability to contact overseas customers	
Identifying foreign business opportunities	
Difficulty in matching competitors' prices	
Excessive transportation/insurance costs	
Different foreign customer habits/attitudes	
Poor/deteriorating economic conditions abroad	
Political instability in foreign markets	
High Impact	
Offering satisfactory prices to customers	
Accessing export distribution channels	
Obtaining reliable foreign representation	
Granting credit facilities to foreign customers	
Unfamiliar exporting procedures/documentation	
Unfavorable home rules and regulations	
Foreign currency exchange risks	
Strict foreign rules and regulations	
Moderate Impact	
Problematic international market data	
Lack of managerial time to deal with exports	
Inadequate/untrained personnel for exporting	
Shortage of working capital to finance exports	
Providing technical/after-sales service	
Complexity of foreign distribution channels	
Adjusting export promotional activities	
Problematic communication with overseas customers	
Slow collection of payments from abroad	
Lack of home government assistance/incentives	
Keen competition in overseas markets	
High tariff and nontariff barriers	
Unfamiliar foreign business practices	
Different sociocultural traits	
Low Impact	
Meeting export product quality standards/specs	
Lack of excess production capacity for exports	
Verbal/nonverbal language differences	
Very Low Impact	
Developing new products for foreign markets	
Adapting export product design/style	
Meeting export packaging/labeling requirements	
Maintaining control over foreign middlemen	
Difficulty in supplying inventory abroad	
Unavailability of warehousing facilities abroad	

Source: Leonidou, 2004, p. 286. Colours added by the author.

Aggregate Ranking of Export Barriers in absolute numbers				
Impact/Barrier	Cultural and linguistic obstacles	Familiarity with international laws and regulations	Difficulties in networking	Available time
Very high	2	1	1	0
High impact	1	3	1	0
Moderate impact	4	1	1	1
Low/ very low impact	2	2	2	0
Sum	9	7	5	1

Aggregate Ranking of Export Barriers in percent				
Impact/Barrier	Cultural and linguistic obstacles	Familiarity with international laws and regulations	Difficulties in networking	Available time
Very high	22%	14%	20%	0%
High impact	11%	43%	20%	0%
Moderate impact	44%	14%	20%	100%
Low/ very low impact	22%	29%	40%	0%
Sum	100%	100%	100%	100%

Source: Table generated by the author.

2. Full Table of major faced Obstacles

Obstacle / Leader	1	2	3	4	5	6	7	8	9	10	11	x times first place	Average
Familiarity with international laws and regulations	1	3	1	4	2	1	1	2	2	2	4	4	2.09
Cultural and linguistic obstacles	3	2	3	4	1	2	3	4	1	3	1	3	2.45
Difficulties in networking	4	1	2	3	3	3	4	3	4	1	3	2	2.82
Available time	2	4	4	1	4	4	4	1	3	4	2	2	3.00

Legend:

No.	Leader name
1	Albrecht Lang
2	Christoph Brönnimann
3	Daniel Rolla
4	David Smith
5	Martin Hodler
6	Matthias Etter
7	Michael Tütsch
8	René Werthmüller
9	Robert Stucki
10	Ueli Schwaller
11	William V. Wirz

Source: Table generated by the author.

3. Full Table of most exploited Capabilities

Capability / Leader	1	2	3	4	5	6	7	8	9	10	11	x times first place	Average
Flexibility	1	3	4	4	3	5	2	4	1	5	6	2	3.45
Knowledge of the target culture and language	5	8	6	3	2	7	3	3	2	2	4	0	4.09
Entrepr. and manag. competence	3	4	1	1	5	8	1	2	8	7	8	3	4.36
Innovativeness	8	7	3	8	6	1	8	1	3	3	1	3	4.45
Commitment	6	2	5	5	1	2	7	6	7	4	5	1	4.55
Need for achievement, determination	4	5	7	6	4	6	4	5	6	1	3	1	4.64
Opportunity recognition	2	1	8	2	8	4	6	8	5	8	2	1	4.91
Risk tolerance	7	6	2	7	7	3	5	7	4	6	7	0	5.55

Legend:

No.	Leader name
1	Albrecht Lang
2	Christoph Brönnimann
3	Daniel Rolla
4	David Smith
5	Martin Hodler
6	Matthias Etter
7	Michael Tütsch
8	René Werthmüller
9	Robert Stucki
10	Ueli Schwaller
11	William V. Wirz

Source: Table generated by the author.

4. Questionnaire

Scuola universitaria professionale della Svizzera italiana
Dipartimento economia aziendale, sanità e sociale

SUPSI

Questionnaire:

Leadership capabilities in internationalising Swiss SMEs

Student:
- Andrea Sabatino
Degree course:
- Business Administration
Project:
- Master of Science Thesis

Supervisor:
- Prof. Rico J. Baldegger, PhD
Major:
- Innovation Management

Dear Sir or Madam,

My name is Andrea Sabatino and I am currently working on my Master's thesis at the University of Applied Sciences and Arts of Southern Switzerland (SUPSI).

Your company is among a small selection of firms that I would like to interview to collect information on specific business activities. The answers will help me to understand how leaders of Swiss small and medium sized enterprises accomplish the internationalisation process and which personal competencies are needed to succeed.

My thesis would only be achievable with your cooperation. Therefore, I would be very thankful if you could spare 20 minutes or less of your time to complete this and send it back to me via email.

As a matter of course, it is optional whether you disclose any information that reveals the identity of your company. However, if you do so, rest assured that I will treat all information with absolute confidentiality.

Many thanks in advance for your valued help.

Andrea Sabatino

Mobile +41 76 339 4550

Email andrea.sabatino@student.supsi.com

P.S: If there is any preference to complete the questionnaire in another language (German or Italian) please do not hesitate to contact me via email and I will be happy to send you the questionnaire in the language of your choice.

STUDENTSUPSI

2/5

General information about you and your company

What position do you hold at your company?

- ☐ Founder & CEO
 ☐ Successor & CEO
☐ Senior Management
 ☐ CEO
☐ Other: _____

How long have you been in this role? (Also in other companies)

In years: _____

What is the main sector in which your company operates?

How many employees did the company have at the end of 2014? (Absolute number of full-time positions)

Number of employees: _____

Questions on Internationalisation

When did your company first start to become internationally active (initial exports, etc.)?

Month, Year: _____

What was/were the driving force(s) that brought you to internationalise your company?

- ☐ Economies of scale (e.g. lower production costs, lower transaction costs, particular supplier, ...)
☐ Competitive advantages (e.g. international demand, strong competition in home market, ...)
☐ International resources (e.g. raw materials, know how, business relationships, finance, ...)
☐ Investors/financiers (e.g. succession, mergers & acquisitions, ...)
☐ Other: _____

Please explain: _____

STUDENTSUPSI

3/5

Would you say that the internationalisation would have happened either with or without your contribution to the company?

☐ Yes. What kind of contribution? _____

☐ No, because _____

Which one of the following market strategies matches your internationalisation process/ methodology the most?

☐ Export

☐ Licensing

☐ Franchising

☐ Joint venture

☐ Contractual manufacturing

☐ Strategic alliance

☐ Minority holding

☐ Subsidiaries

☐ Mergers

☐ Others: _____

Please describe briefly: _____

What has changed since the internationalisation of your company? (Please confirm or contradict the statements below)

We have much higher profit now. Why or why not?

Our management team and our employees now behave differently with one another because we adapted our values to those of foreign companies we took example from. Why or why not?

Since the internationalisation we have totally changed our objectives and goals. We are clearly more ambitious. Why or why not?

We changed our marketing and tactics, as well as the way we achieve our set goals. Why or why not?

STUDENTSUPSI

4/5

What is your ratio of foreign sales to total sales?

In percentage: _____

Leaders' competences and capabilities

Please explain briefly your main activities in the company:

What international experience did you possess when the company took its first steps toward internationalisation?

Please explain: _____

In order of importance, what were the personal skills you exploited most during the internationalisation process? (With 1 being the most important and 11 the less important)

Innovativeness . Place

Knowledge of the target culture and language . Place

Flexibility . Place

Commitment . Place

Need for achievement, determination . Place

Risk tolerance . Place

Entrepreneurial and management competence . Place

Opportunity recognition . Place

Other: . Place

STUDENTSUPSI

5/5

In order of importance, what were the major obstacles that you had to face and overcome during the internationalisation process? (With 1 being the most important and 11 the less important)

Cultural and linguistic obstacles . Place

Available time . Place

Familiarity with international laws and regulations . Place

Difficulties in networking . Place

Other: . Place

If you had the chance to speak to your younger self before the internationalisation of your company, what would you tell him/her?

Closing remarks

Contact information (the following information about you and your company is optional):

Surname, Name:

Company:

Address:

Address:

Postal code, Place:

Email / Telephone:

Would you like to be informed on the results of the study?

☐ Yes (please do not forget your contact information).

☐ No.

STUDENTSUPSI

5. Case studies

5.1. Albrecht Lang from OPHARDT Hygiene AG

Interest in results of the study	Yes
Contact information	Lang, Albrecht OPHARDT Hygiene AG Herrenmattweg 1 4704 Niederbipp alang@ophardt.ch
Position	CEO
Years in that position	16
Main company sector	Hygienic Solutions
Employees	19
Company's first international activities	In 1999
Driving forces of Internationalisation	<ul style="list-style-type: none"> ▪ Competitive advantages ▪ International resources
Contribution to the Internationalisation	"Initiated it."
Company's market strategy	Export
Changes since the internationalisation	<p>In terms of Profitability: At first higher profits. After the drop of the Euro/CHF exchange the profit decreased.</p> <p>In terms of Corporate culture: No changes.</p> <p>In terms of Vision and Strategy: The high customer orientation has not changed, but they expanded their sales force.</p>
International sales ratio	85%
Leader's main activities in the company	General Management, guiding all relevant areas, managing development.
International experience before internationalisation of the company	Albrecht Lang was working in an international company before, he have had practical experience in foreign countries.
Most exploited personal skills (in order of importance)	<ol style="list-style-type: none"> 1. Flexibility 2. Opportunity recognition 3. Entrepreneurial and management competence 4. Need for achievement, determination 5. Knowledge of the target culture and language 6. Commitment 7. Risk tolerance 8. Innovativeness
Major faced and overcome obstacles (in order of importance)	<ol style="list-style-type: none"> 1. Familiarity with international laws and regulations 2. Available time 3. Cultural and linguistic obstacles 4. Difficulties in networking
Words to younger self	"Analyse the situation, set the targets, define the processes, make a risk analysis, GO"

5.2. Christoph Brönnimann from IBT Ingenieurbüro Brönnimann Thun

Interest in results of the study	Yes
Contact information	Christoph Brönnimann Hubelmatt 27 - 3624 Goldiwil +41332230080 info@ibt.ch
Position	Founder & CEO
Years in that position	28
Main company sector	Embedded Devices/Networked Devices
Employees	2
Company's first international activities	In 1996
Driving forces of Internationalisation	Other - Niche competency: "Products and services have been selected due to niche placement in growing markets; networked SME approach"
Contribution to the Internationalisation	"Networking efforts in international NPO's and standardiz."
Company's market strategy	<ul style="list-style-type: none"> ▪ Export ▪ Strategic alliance ▪ Others – Research communities: pooling SW and HW efforts with other SMEs (www.infranet-partners.com)
Changes since the internationalisation	<p>In terms of Profitability: No, we have more opportunities. Profit pressure was becoming very high in 2015 due to currency issues.</p> <p>In terms of Corporate culture: International relations do have an impact to the culture of the business. More open, broader understanding for the different ways of doing things.</p> <p>In terms of Vision and Strategy: "We have a tendency to be too ambitious from the beginning. International relations tailored to a scope of being more realistic due to losses generated by different cultures in between China & Europe." "We have a tactic of external manufacturing and operate the business at minimal fixed costs instead of blowing us up. We are anything small for what we do nowadays... after a long learning process."</p>
International sales ratio	10% direct; 50% indirect
Leader's main activities in the company	Management, The development Cycle, Marketing
International experience before internationalisation of the company	"Teaming up with partner being in international business for 15 years."
Most exploited personal skills (in order of importance)	<ol style="list-style-type: none"> 1. Opportunity recognition 2. Commitment 3. Flexibility 4. Entrepreneurial and management competence 5. Need for achievement, determination 6. Risk tolerance 7. Innovativeness 8. Knowledge of the target culture and language
Major faced and overcome obstacles (in order of importance)	<ol style="list-style-type: none"> 1. Difficulties in networking 2. Cultural and linguistic obstacles 3. Familiarity with international laws and regulations 4. Available time
Words to younger self	"Be more focussed on risk management / partner selection. Be more patient, focus over a longer period to the same"

5.3. Daniel Rolla from Swiss Interim Management GmbH

Interest in results of the study	Yes
Contact information	Daniel Rolla Swiss Interim Management GmbH Bruggebn 9 9100 Hersau daniel.rolla@swiss-interim-management.ch +41445853971
Position	Founder & CEO
Years in that position	10
Main company sector	Interim Management
Employees	22
Company's first international activities	In 2014
Driving forces of Internationalisation	<ul style="list-style-type: none"> Competitive advantages: know-how of employees bring new clients. Example: Iran has no know-how. It is crucial for businesses in Iran to buy know-how abroad. International resources: gaining new knowledge about the international business "New contracts with international focussed employees"
Contribution to the Internationalisation	"No, because driven by employees."
Company's market strategy	Others: "Recruitment of multinational employees"; Employees are sent into companies, abroad or local which then cover management positions. Client acquisition through word of mouth/viral marketing
Changes since the internationalisation	<p>In terms of Profitability: "No." Almost no difference between local business and abroad. The service is the same, thus the profit and cost structure similar.</p> <p>In terms of Corporate culture: "New skills and different leadership in the company."</p> <p>In terms of Vision and Strategy: New experience and abilities in negotiation. No changes in marketing and tactics or set goals. Very decentralised, because employees act on their own.</p>
International sales ratio	20%
Leader's main activities in the company	Interim Management, Temporary Management
International experience before internationalisation of the company	"Contract negotiation". Daniel Rolla studied abroad and travelled in order to manage international acquisitions.
Most exploited personal skills (in order of importance)	<ol style="list-style-type: none"> 1. Entrepreneurial and management competence 2. Risk tolerance 3. Innovativeness 4. Flexibility 5. Commitment 6. Knowledge of the target culture and language 7. Need for achievement, determination 8. Opportunity recognition
Major faced and overcome obstacles (in order of importance)	<ol style="list-style-type: none"> 1. Familiarity with international laws and regulations 2. Difficulties in networking 3. Cultural and linguistic obstacles 4. Available time
Words to younger self	"Take the opportunity, manage the risk and look forward"

5.4. David Smith from AZAD Pharmaceutical Ingredients AG

Interest in results of the study	Yes
Contact information	David Smith AZAD Pharmaceutical Ingredients AG Durachweg 15 8200 Schaffhausen dsmith@azad.ch
Position	Senior Management (Sales Director)
Years in that position	3 years AZAD; Since 1989 in Pharmaceutical Companies
Main company sector	Develop, sell active pharmaceutical ingredients (API) and finished dosage forms (FDF)
Employees	75
Company's first international activities	In 2000
Driving forces of Internationalisation	Other: Cilag (Subsidiary of Johnson&Johnson didn't want to see themselves as an API seller and thus AZAD has been founded, which is totally separated from Cilag but has a contract to market and sell their APIs.
Contribution to the Internationalisation	No Internationalisation without CEO Mike Baronian. J&J wanted a CEO they trusted.
Company's market strategy	<ul style="list-style-type: none"> ▪ Export ▪ Licensing ▪ Strategic alliance
Changes since the internationalisation	<p>In terms of Profitability: "Yes, started with Cilag, developed own APIs. Strategic partnership with Yonsung. Developed own FDF."</p> <p>In terms of Corporate culture: "No, the ethics and working style of the management team is the same. We started with high standards and maintain them."</p> <p>In terms of Vision and Strategy: "We are and remain ambitious. The Business is significantly larger today than in 2000. New segments/ business areas are continually being explored and developed. The good reputation of the company drives the business forward. People you can trust."</p>
International sales ratio	98%
Leader's main activities in the company	Sales Director – Managing sales team, preparing various events and a variety of other tasks.
International experience before internationalisation of the company	Started in Export in 1979 and have remained active in the area since then.
Most exploited personal skills (in order of importance)	<ol style="list-style-type: none"> 1. Entrepreneurial and management competence 2. Opportunity recognition 3. Knowledge of the target culture and language 4. Flexibility 5. Commitment 6. Need for achievement, determination 7. Risk tolerance 8. Innovativeness
Major faced and overcome obstacles (in order of importance)	<ol style="list-style-type: none"> 1. Available time 2. Familiarity with international laws and regulations 3. Difficulties in networking 4. Cultural and linguistic obstacles
Words to younger self	"Listen more, talk less"

5.5. Martin Hodler from Infré SA

Interest in results of the study	Not answered.
Contact information	Martin Hodler Infré SA Route de la Broye 121 1623 Semsales martin.hodler@infre.ch +41796673753
Position	Other: Chairman of the Board of Directors
Years in that position	14 years
Main company sector	Beverage Industry (Decaffeination of tea)
Employees	32
Company's first international activities	In 1947. Infré SA has been internationally active since it started to do business back in 1947. Infré SA was founded in 1946.
Driving forces of Internationalisation	Other: "The tea market no. 1 is the United Kingdom. Switzerland is not a 'tea country', like for example England or Ireland. Infré SA therefore had to export right from the beginning. We currently sell less than 2% of our production in Switzerland."
Contribution to the Internationalisation	"No, because I was logically not involved, when the company started its activities in 1947."
Company's market strategy	<ul style="list-style-type: none"> ▪ Strategic alliance ▪ Others: "The worldwide tea industry is like a family. Slightly exaggerated: everybody knows everybody. Therefore strategic alliances, based on real partnerships, are the key to success. Such partnerships are based on a top quality of the products, on a perfect service and a good quality/price ratio."
Changes since the internationalisation	Born global "These questions cannot be answered, because Infré SA was internationally active since it started to do business."
International sales ratio	98%
Leader's main activities in the company	"I was CEO from 1994 to 2001 and CEO and Chairman of the board from 2001 to 2011. Since 2011 I am Chairman of the board and the responsible person for our research projects and the quality management system."
International experience before internationalisation of the company	When I joined the company in 1994, the company was already internationally active. I had international experience, because I worked for Hoffmann-La Roche and Attisholz Holding (including Hakle in Germany) prior to joining Infré SA.
Most exploited personal skills (in order of importance)	<ol style="list-style-type: none"> 1. Commitment 2. Knowledge of the target culture and language 3. Flexibility 4. Need for achievement, determination 5. Entrepreneurial and management competence 6. Innovativeness 7. Risk tolerance 8. Opportunity recognition
Major faced and overcome obstacles (in order of importance)	"This cannot be answered, because the company was internationally active since it started to do business. The key success factors must have been: cultural and linguistic knowledge and good networking."
Words to younger self	"Be as strong as possible in the language of the country into which you intend to export."

5.6. Matthias Etter from Cuboro AG

Interest in results of the study	Yes.
Contact information	Matthias Etter Cuboro AG 6086 Hasliberg Reuti Telephone +41339715950 Fax +41339715950 matthias.etter@cuboro.ch
Position	Founder & CEO
Years in that position	27 years
Main company sector	Development and distribution of high-end toys
Employees	5; +10 in producing partner-company
Company's first international activities	In 1992.
Driving forces of Internationalisation	<ul style="list-style-type: none"> ▪ Economies of scale ▪ Other: "Mainly we produce in Switzerland. Export is existentially for expensive toys (to have bigger market)"
Contribution to the Internationalisation	"No."
Company's market strategy	Export
Changes since the internationalisation	In terms of Profitability: "No." In terms of Corporate culture: "Yes, e.g. Japan has other 'rules' for relationships" In terms of Vision and Strategy: "No."
International sales ratio	75%
Leader's main activities in the company	"Development of high-end toys, Key-accountant, Representation, Education"
International experience before internationalisation of the company	Not answered.
Most exploited personal skills (in order of importance)	<ol style="list-style-type: none"> 1. Entrepreneurial and management competence 2. Commitment 3. Innovativeness 4. Opportunity recognition 5. Flexibility 6. Need for achievement, determination 7. Risk tolerance 8. Knowledge of the target culture and language
Major faced and overcome obstacles (in order of importance)	<ol style="list-style-type: none"> 1. Familiarity with international laws and regulations 2. Cultural and linguistic obstacles 3. Difficulties in networking 4. Available time
Words to younger self	"Without internationally market, Swiss producer have no chance! By carefully with the relationships with foreigners!"

5.7. Michael Tütsch from Pro Gravur AG

Interest in results of the study	Yes
Contact information	Michael Tütsch ProGravur AG Lagerhausweg 34 3018 Bern +41319962828 michael.tutsch@progravur.ch
Position	Successor & CEO
Years in that position	7 years CEO; 3 years Successor
Main company sector	Tool manufacturing for graphic print industry
Employees	18
Company's first international activities	In 2008
Driving forces of Internationalisation	<ul style="list-style-type: none"> Competitive advantages Other: "Join together the power"
Contribution to the Internationalisation	Internationalisation only achievable with relationships
Company's market strategy	Joint venture
Changes since the internationalisation	<p>In terms of Profitability: "Not yet." "Würde ich nicht nach außen gehen, wären die Preise gleich."</p> <p>In terms of Corporate culture: "Yes; we must be more openly to other cultures."</p> <p>In terms of Vision and Strategy: The vision hasn't changed: "we like to create volume in Switzerland" Marketing and tactics has changes: "we have a bigger international team and different mentality"</p>
International sales ratio	60-70% direct, additional indirect sales. Local clients sell abroad their products.
Leader's main activities in the company	"Mädchen für alles" Technical director and general management as well as marketing
International experience before internationalisation of the company	"We exported before directly." In Frankreich gearbeitet, Bankgeschäfte
Most exploited personal skills (in order of importance)	<ol style="list-style-type: none"> 1. Entrepreneurial and management competence 2. Flexibility 3. Knowledge of the target culture and language 4. Need for achievement, determination 5. Risk tolerance 6. Opportunity recognition 7. Commitment 8. Innovativeness 9. Humour "Manchmal die Sache nicht zu ernst nehmen"
Major faced and overcome obstacles (in order of importance)	<ol style="list-style-type: none"> 1. Familiarity with international laws and regulations 2. Available time 3. Cultural and linguistic obstacles 4. Difficulties in networking
Words to younger self	"It is very important that the main business is working. Whoever you will get in a business relation with; there is a chemical reaction behind"

5.8. René Werthmüller from Eyerex AG

Interest in results of the study	Yes
Contact information	Eyerex AG Czhaltenbodenstrasse 4B 8834 Schindellegi eyerex@eyerex.com, +41446877434
Position	Founder & CEO
Years in that position	15 years
Main company sector	Welding Technology, eye protection
Employees	8
Company's first international activities	2000
Driving forces of Internationalisation	Economies of scale
Contribution to the Internationalisation	His contribution was the technological transfer.
Company's market strategy	<ul style="list-style-type: none"> ▪ Export ▪ Strategic alliance
Changes since the internationalisation	<p>In terms of Profitability: "No, the profit is much lower and competition became much harder. There is no big future for manufacturers in CH which exports internationally. Labour costs are too high in CH now."</p> <p>In terms of Corporate culture: "Our management and employees made many changes during the last 15 years to withstand the cost pressure but the structural change is too strong and too fast for our business."</p> <p>In terms of Vision and Strategy: „Yes, we changed our objectives following the markets with our limited possibilities“; "Yes, we changed many things in the marketing but when our costs compared to e.g. Chinese costs reached the double we had to shrink our BIZ"</p>
International sales ratio	95%.
Leader's main activities in the company	CEO, Sales.
International experience before internationalisation of the company	12 year experience before in the same business as production and product manager.
Most exploited personal skills (in order of importance)	<ol style="list-style-type: none"> 1. Innovativeness 2. Entrepreneurial and management competence 3. Knowledge of the target culture and language 4. Flexibility 5. Need for achievement, determination 6. Commitment 7. Risk tolerance 8. Opportunity recognition
Major faced and overcome obstacles (in order of importance)	<ol style="list-style-type: none"> 1. Available time 2. Familiarity with international laws and regulations 3. Difficulties in networking 4. Cultural and linguistic obstacles
Words to younger self	"Never start your own business if you do not have enough independent finances. Make your own brand and focus on marketing and sales, which are the most important. Build up different sales channels and follow the big players in the game (Amazon, Alibaba etc.). There is an overcapacity regarding manufacturing and services worldwide. So outsourcing is very important to keep costs as low as possible. But watch out for good quality that pays you back in the long run. We tried for too long to withstand global structural changes with our company"

5.9. Robert Stucki from Stucki Leadership-Teambuilding AG

Interest in results of the study	Yes
Contact information	Robert Stucki Stucki Leadership-Teambuilding AG Moosweg 36 3645 Thun-Gwatt +41333341300 robert.stucki@stucki.ch
Position	Founder & CEO
Years in that position	31
Main company sector	Leadership and Teambuilding Seminars
Employees	10
Company's first international activities	In 1986
Driving forces of Internationalisation	<ul style="list-style-type: none"> ▪ Competitive advantages ▪ International resources ▪ "We work for multinational company (Novartis, ABB, Bosch...) so we had to go international.
Contribution to the Internationalisation	"I was the driver."
Company's market strategy	<ul style="list-style-type: none"> ▪ Export ▪ Licensing ▪ Joint venture
Changes since the internationalisation	In terms of Profitability: No. In terms of Corporate culture: No. In terms of Vision and Strategy: No.
International sales ratio	30-50%
Leader's main activities in the company	Leading the company, Sales (key account), Senior trainer and supervisor for our staff, Development of our services (innovation)
International experience before internationalisation of the company	"Not much"
Most exploited personal skills (in order of importance)	<ol style="list-style-type: none"> 1. Flexibility 2. Knowledge of the target culture and language 3. Innovativeness 4. Risk tolerance 5. Opportunity recognition 6. Need for achievement, determination 7. Commitment 8. Entrepreneurial and management competence
Major faced and overcome obstacles (in order of importance)	<ol style="list-style-type: none"> 1. Cultural and linguistic obstacles 2. Familiarity with international laws and regulations 3. Available time 4. Difficulties in networking
Words to younger self	"Go outside Switzerland, it opens your mind and horizon"

5.10. Ueli Schwaller from Gautschi AG

Interest in results of the study	Yes
Contact information	Ueli Schwaller Gautschi AG Industriering 8 3427 Utzenstorf u.schwaller@saucen.ch
Position	CEO
Years in that position	6 years
Main company sector	Food
Employees	54
Company's first international activities	Ca. 1990
Driving forces of Internationalisation	Economies of scale
Contribution to the Internationalisation	International before his entry.
Company's market strategy	Contractual manufacturing
Changes since the internationalisation	<p>In terms of Profitability: "Nein, weil insbesondere durch die Kursprobleme mit dem Euro, die Margen massiv geschrumpft sind."</p> <p>In terms of Corporate culture: "Nein, weil wir im Ausland mit den gleichen Produktgruppen tätig sind wie im Inland und so auch die gleichen Werte vertreten."</p> <p>In terms of Vision and Strategy: „Nein, die Unternehmensziele haben sich durch Exporttätigkeit nicht wesentlich verändert. Die Grundziele einer gesunden Unternehmung, welche den Mitarbeitenden sichere Arbeitsplätze garantiert und den Besitzern einen angemessene Kapitalverzinsung ermöglicht, bleiben dieselben.“ „Nein, es macht keinen wesentlichen Unterschied, ob man in der Schweiz oder im Ausland Produkte verkaufen will. Die Produkte müssen gut sein und den Geschmack der Kunden treffen.“</p>
International sales ratio	5%.
Leader's main activities in the company	CEO.
International experience before internationalisation of the company	Not part of the company, during internationalisation process.
Most exploited personal skills (in order of importance)	<ol style="list-style-type: none"> 1. Need for achievement, determination 2. Knowledge of the target culture and language 3. Innovativeness 4. Commitment 5. Flexibility 6. Risk tolerance 7. Entrepreneurial and management competence 8. Opportunity recognition
Major faced and overcome obstacles (in order of importance)	<ol style="list-style-type: none"> 1. Difficulties in networking 2. Familiarity with international laws and regulations 3. Cultural and linguistic obstacles 4. Available time
Words to younger self	"Export ist für die CH-Nahrungsmittelindustrie sicher eine Option und eine Chance. Es ist aber wichtig sich Gedanken zu machen, welche Produkte und welche Märkte Sinn machen."

5.11. William V. Wirz from Wintion AG

Interest in results of the study	Yes
Contact information	William V. Wirz Wintion AG Breite 71, 3116 Mühliendorf williamvwirz@hotmail.com +41317811646
Position	Founder & CEO
Years in that position	45 years
Main company sector	Analytical instruments for chemic and physical parameter.
Employees	2
Company's first international activities	Ca. 1972
Driving forces of Internationalisation	Competitive advantages
Contribution to the Internationalisation	No internationalisation without him, because few would have known about the pioneering development of pH metrology.
Company's market strategy	<ul style="list-style-type: none"> ▪ Export ▪ Subsidiaries "Tochterfirma in Brackenheim 7 Kreis Heilbronn gegründet mit Behausung c/o meinen Freund"
Changes since the internationalisation	In terms of Profitability: "Herstellung in der Schweiz (Preise CH viel höher). Nachteil: ZOLL Stress, zu viel Aufwand Ein- und Ausfuhr Papiere." In terms of Corporate culture: Mit dem EWR 1992 NEIN er [Chefeinkäufer bei Kraft] nicht mehr bei CH einkaufen will, wegen den Grenzumtrieben, wie hier zitiert. Dann machen wir einfach auf kleinstem Feuer weiter und sind noch heute da, aber bald niemand mehr hat Kenntnis von uns. Todesfälle bei guten Kunden lösen uns auch vom Geschäft ab." In terms of Vision and Strategy: Wir sind zu klein. Da sich Reisen nicht mehr lohnen (Preisdruck in der Branche), verkaufen wir nur noch mit tel./e mail/Postwerbung Einzelbehandlung."
International sales ratio	10%.
Leader's main activities in the company	Generalist.
International experience before internationalisation of the company	"Von vorhergehender Tätigkeit in Schweizer Firmen; Kurse, Seminare für Export der Handelskammer und Dr. Goldinger (Swissexport)"
Most exploited personal skills (in order of importance)	<ol style="list-style-type: none"> 1. Innovativeness 2. Opportunity recognition 3. Need for achievement, determination 4. Knowledge of the target culture and language 5. Commitment 6. Flexibility 7. Risk tolerance 8. Entrepreneurial and management competence
Major faced and overcome obstacles (in order of importance)	<ol style="list-style-type: none"> 1. Cultural and linguistic obstacles 2. Available time 3. Difficulties in networking 4. Familiarity with international laws and regulations
Words to younger self	"No comment."

6. Master's thesis proposal

Scuola universitaria professionale della Svizzera italiana
Dipartimento economia aziendale, sanità e sociale

SUPSI

Master of Science in Business Administration with Major in Innovation Management

TEMPORARY TITLE OF THE MASTER'S THESIS

Global Leadership capabilities in internationalizing Swiss SMEs

STUDENT

Name Andrea Sabatino

Address Via Ceresio 5B
 CH-6963 Lugano

E-Mail a.sabatino@mail.com

Telephone +41 (0)76 339 45 50

SUPERVISOR

Name Rico J. Baldegger

Address Chemin du Musée 4
 CH-1700 Fribourg

E-Mail rico.baldegger@hefr.ch

Telephone +41 (0)79 719 19 20

FOCUS OF THE TOPIC

Starting point/ general context/ premises	<p>Globalization is not only a trend. It can be considered as an unavoidable process of internationalization that will occur to every growing enterprise eventually. The advances in production, transportation and communication technologies have led to this process, which constantly involves more and more business realities without leaving them room for stepping back.</p> <p>Switzerland has a small or at least limited domestic market and 99.7% of Swiss firms are small and medium-sized enterprises (SMEs). As a result, in combination with intense competition, growing SMEs are pushed towards foreign markets (Baldegger and Wyss, 2007). According to the Swiss National Bank (2005), the export ratio of Swiss companies has risen steadily since 1996. This increase has allowed achievement of good business results in terms of income and is therefore an indicator of the importance of the internationalization process in SMEs. Moreover, the increasing internationalization or globalization leads to an increasing homogeneity of markets and this has been shown to produce multiple effects. Pešková (2006) describes two of these effects: the removal of the barriers between national and international markets on the one hand, and the separation of small and large firms' competitive space on the other hand. Although these effects could be seen as detrimental for a business, according to Porter (1990), they create, however, the precise suitable conditions for the internationalization of firms. Consequently, these conditions shall be exploited by growing SMEs.</p> <p>Access to foreign markets is an expensive cost for a company. It was appropriately addressed by Zaheer as "the liability of foreignness", because of its intrinsic necessity.</p>
---	--

Scuola universitaria professionale della Svizzera italiana

	<p>ties of acquiring knowledge of the legislative, social, economic and cultural customs in the first place (Baldegger and Schueffel, 2015), and surviving the adaptation cost of the foreign organizational and bureaucratic culture in the second place. Being able to embrace this international business implies therefore the management of two cultural dimensions at the same time, one of a national and the other of an organizational type. As a consequence, also in the case of SMEs, it is necessary to consider the interdisciplinary study of Global Leadership and its cross-cultural competencies as a key element for the internationalization process. As for its importance, the topic has been largely investigated by Geert Hofstede over the last four decades and more recently through the GLOBE Study.</p> <p>The amplitude of capabilities that are needed to successfully combine those two dimensions is the focus of this research project. The goal is to understand how leaders of Swiss SMEs accomplish the internationalization process and which personal competencies are needed to succeed.</p>
--	--

LINK TO THE MASTER'S PROFILE

Link to the content developed during the educational program	<p>During the Master's program the students faced different lectures and papers that had a strong connection to this research project. Especially two modules are worth mentioning: Creativity and Entrepreneurship lectured by Professor Rico Baldegger and Organization and Leadership lectured by Professor Patrick Reinmoeller and Monica Pongelli. The objectives of those modules that are relevant to this thesis were the following:</p> <ul style="list-style-type: none"> • Appreciation of the phenomenon of leadership in different contexts including organizations and cultures. • Increased competence in recognizing and identifying leadership styles at the personal and organizational level. • Appreciation and description of the 'entrepreneurial ways of thinking' applicable to all areas of life and work. • Transformation of an entrepreneurial idea into a Business Model. • Discovery and awareness of the process by which creativity can become a research method. <p>In addition, this thesis aims at both understanding managerial decisions and improving them by acquiring knowledge on internationalization processes and their consequences in the context of SMEs. According to SUPSI's description the Master of Science in Business Administration with Major in Innovation Management is intended to provide knowledge of general management as well as to train business professionals how to assume positions of responsibility, to manage strategic projects and to give life to own businesses. It is focused on strategic management of enterprises and emphasizes the generation of value through innovation. A link between the content developed during the Master's degree in Business Administration and this work is therefore incontestable.</p>
--	--

Scuola universitaria professionale della Svizzera italiana

MAIN OBJECTIVES

Objectives of the work

(What should have been reached at conclusion of the thesis?; contribution to the solution of the problem)

It is to be expected that the outcome of this research project will be of importance for improving theoretical insight into the managerial activities of SMEs. The main aim focuses on acquiring basic knowledge of what tools and competencies are required to direct the process of internationalization. To do so, practical and experience based best practices will be derived from literature and interviews of Swiss SMEs and thus analysed.

A further objective of the thesis will be to provide insights that bring new perspectives on how to handle the transaction from a domestic to a foreign market in terms of cultural differences between them. This aspect is of particular interest for the author and will be also subject of future studies.

Other main objectives are in particular to gain knowledge on:

- Why the interviewed SMEs decided to go international;
- What the consequences are in terms of profitability;
- What the consequences are in terms of corporate culture, vision and strategy;
- Which methods are predominantly used for the internationalization process.

Scuola universitaria professionale della Svizzera italiana

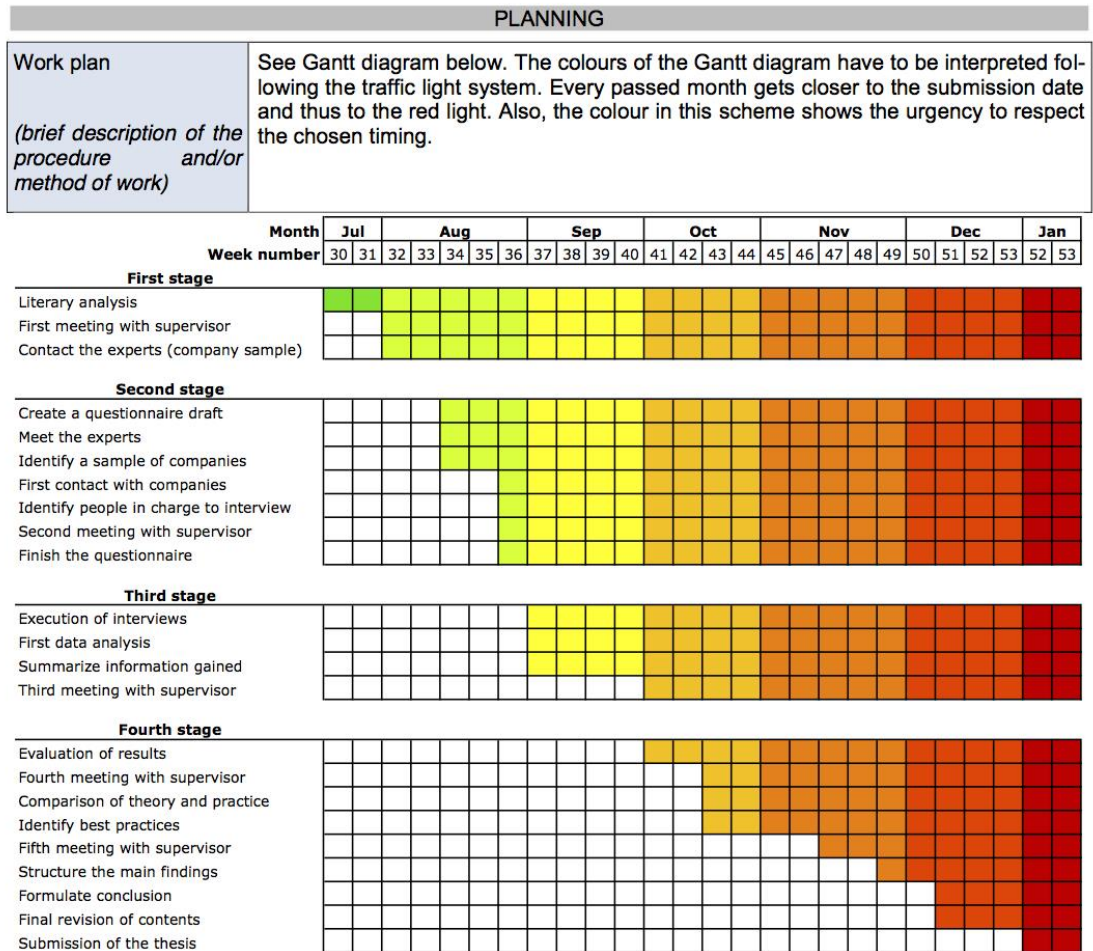
METHODOLOGY

<p>Approach and tools to use to achieve the objectives</p>	<p>The research will be conducted by means of a qualitative approach. The process consists in analysing in detail a small number of companies which will be identified later. The research project can be divided into four stages of work, during which the use of literature will be exploited to face possible research problems.</p> <p><u>First stage:</u></p> <p>In the first stage the focus will be on literary research and analysis to examine in general the process of internationalization. Both contributions of conceptual nature and real case studies will be considered. The goals are to comprehend all relevant problems connected to this phenomenon and to find existing theories and models dedicated to solve them.</p> <p><u>Second stage:</u></p> <p>This stage focuses on the construction of the empirical analysis. Based on the outcomes from the first stage, a semi-structured questionnaire will be developed, which will allow the gathering of all the information needed to answer the research question. In parallel, together with different experts (professors, university staff, chamber of commerce, etc.), a sample of companies will be identified that are in the middle of or have already gone through a process of internationalization and operate therefore on markets other than the domestic one. Despite the decision of using a qualitative approach, in order to avoid research bias, it will be of high importance to circumscribe a particular group of companies. Therefore, each company will have to satisfy a generic requirement for being included in the sample, which will be selected later. Subsequently, the companies will be contacted to inquire their willingness to participate in the analysis.</p> <p><u>Third stage:</u></p> <p>This stage will be mainly dedicated to the execution of interviews through qualitative questionnaires and the collection of empirical data. Moreover, a first data analysis to systematize the gathered information will be performed.</p> <p><u>Fourth stage:</u></p> <p>The last stage will consist in critically analysing the data gathered during the interviews in relation to the research questions. The knowledge and tools acquired during the first stage will be used to evaluate the results obtained from the interviews in order to identify best practices and possible differences. The final part will involve the structuring of the main findings to formulate a conclusion, together with a set of guidelines that will be made available to assist SMEs during the planning and execution of the internationalization process.</p>
--	--

FEASIBILITY OF THE PROPOSAL

<p>Necessary resources, access to documentation, availability of data and/or information, level of complexity and/or amplitude of the topic, time available</p>	<p>An increasing number of researchers have analysed the internationalization process of SMEs and its methods over the past decades. Nevertheless, only little research has been conducted on what capabilities are needed by SMEs of limited domestic markets to go international.</p> <p>The qualitative approach used in this thesis will require only a little number of interviewed companies that can be easily found in Switzerland. In addition, the author's language skills allow to interview also companies located in the German speaking cantons of the country, which will highly facilitate the acquisition of participating companies.</p> <p>Unfortunately, due to the limited time, the research project will be mainly focused on the objectives above described without including profound examinations of cultural status quo (neither corporate nor national) and its change.</p>
---	--

Scuola universitaria professionale della Svizzera italiana



Scuola universitaria professionale della Svizzera italiana

STRUCTURE OF THE THESIS	
Index <i>(if possible, a description of the likely content of the chapters)</i>	<p>The following is an attempt to describe the future content of the thesis and shall not be understood as the ultimate version.</p> <p style="text-align: center;">INTRODUCTION</p> <p>This chapter will contain a description of the status quo, the relevance of the topic and the research question as well as the objectives.</p> <p style="text-align: center;">↓</p> <p style="text-align: center;">METHODOLOGY</p> <p>The content of this chapter will be a detailed description and the rationale for the chosen methodology.</p> <p style="text-align: center;">↓</p> <p style="text-align: center;">INTERNATIONALIZATION THEORIES OF SMEs</p> <p>This chapter is one of the main chapters and will contain an overview of the relevant literature about SMEs and their internationalization. At this point the goal will be to first identify theories and methods used to direct and regulate the process of internationalization and second to underline what capabilities are needed for this.</p> <p style="text-align: center;">↓</p> <p style="text-align: center;">INTERNATIONALIZATION IN PRACTICE</p> <p>The next main chapter will include the results of the empirical study which will be represented by the qualitative questionnaires answered by the interviewed Swiss SMEs. An attempt will be made to structure this chapter accordingly to the previous one in order to allow a comparison between theory and practice.</p> <p style="text-align: center;">↓</p> <p style="text-align: center;">COMPARISON AND BEST PRACTICES</p> <p>The intention of this chapter will be to find similarities and differences between the internationalization processes discovered in literature and those examined during the interviews at the SMEs. By achieving this, it will be possible to formulate best practices to spread as guidelines for assisting SMEs during the planning and execution of the internationalization process.</p> <p style="text-align: center;">↓</p> <p style="text-align: center;">CONCLUSION</p> <p>This chapter will be the summary section in which the developed ideas and concepts will be elaborated in order to answer the research question of the thesis and formulate a conclusive perspective.</p>
PARTICULARITY	
<p>There is a high probability that further studies will be required to fully analyse the topic of this master's thesis. In a future doctorate program, it is a personal wish of the author to continue investigating the field of economics with specific regard to the business consequences of national culture collisions due to internationalization of domestic companies.</p>	

Scuola universitaria professionale della Svizzera italiana

STARTING BIBLIOGRAPHY

Arvanitis, S. and Marmet, D. (2001). Unternehmensgründungen in der Schweizerischen Wirtschaft, Strukturberichterstattung Nr. 4, Staatssekretariat für Wirtschaft seco.

Baldegger, R. J. and Schueffel, P. (2015). Performance-Messgrößen von Internationalisierenden KMU - eine explorative Studie. Article in BFUP – Betriebswirtschaftliche Forschung und Praxis, March 2015.

Baldegger, R. J. and Wyss, P. (2007). Profiling the Hybrid: Born-again Global Firms. A Case Study on the Internationalisation Behaviour of Mature Firms in Switzerland. Bern: Growth Publisher Fribourg.

House, R.J., Hanges, P.J., Javidan, M., Dorfman, P.W., & Gupta, V. (eds.). (2004). Culture, Leadership, and Organizations: The GLOBE Study of 62 Societies. Thousand Oaks: Sage Publications.

Hofstede, G., Hofstede, G. J., Minkov, M. (2010). Cultures and Organizations: Software of the Mind. 3rd Edition, McGraw-Hill USA.

Perkins, A. W. (2009). Global Leadership Study: A Theoretical Framework. In Journal of Leadership Education. Volume 8, Issue 2 – Fall 2009.

Pešková, M. B. (2006). Internationalization of Swiss SMEs state, performance & influencing factors.

Porter, M. E. (1990). The competitive advantage of nations, London.

Swiss National Bank (2005). Development of direct investment in 2004, Zürich. Web page: http://www.snb.ch/en/mmr/reference/Direktinvestitionen_2004/source/Direktinvestitionen_2004_12.en.pdf (consulted on 10.07.2015).

Place and date: Lugano, 15.07.2015

Student's signature



Supervisor's signature

