

Training on Basic Business Skills Needed in Internationalisation For Vietnamese Small and Medium-Sized Enterprises

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Abstract

Small and medium-sized enterprises (SMEs) are often considered the primary source of economic development and integration in developing countries, including Vietnam. However, in the process of transitioning from a controlled economy to a market-oriented economy, many Vietnamese SME managers still lack basic business skills to compete successfully in international markets. Comprehensive training programs on basic business skills, therefore, should be developed to improve the capacity of Vietnamese SME managers. This paper aims to identify the training needs and appropriate training programs to raise these skills. Fifty-eight SME managers from three major cities of Vietnam (Hanoi, Da Nang, and Ho Chi Minh City) participated in twelve focus groups with each group being between three and eight members. Participants from these SMEs were grouped either as managers presenting potential exporters or current exporters. It can be seen from the findings that two groups of SMEs emphasized a series of categories of basic business skills, namely marketing skills, production skills, management skills, financial skills, and IT skills. Nonetheless, there were noticeable differences between the two groups about specific skills. Based on the perceptions of Vietnamese SME potential exporters and current exporters with regard to basic business skills needed in exporting activities, recommendations about training programs are provided. With regard to some skills, common training programs may be provided to both groups of managers, whereas, with other skills, separate training programs for each group of managers may be more appropriate and effective. For instance, the introduction to basic knowledge about international marketing, and skills to develop products which are able to be exported should be included in the training programs for SME potential exporters. Meanwhile, the training including promotion skills, especially skills to promote brands in international markets, and guidance on managing input materials, particularly selecting suppliers and maintaining the quality of input materials to meet the requirements of foreign partners should be arranged for the current exporters only. The outcomes of this study are expected to be useful for not only SME managers but

also training organizations and government associations in designing and developing training programs. The study also adds to the body of knowledge covering human resource development in developing countries.

Keywords

Internationalisation; international management skill; export; training; developing country; Vietnam

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Introduction

SMEs are generally seen as critical to overall industrial production, exports, and employment generation in developing countries (Tambunan 2008). In particular, SMEs are recognized as a key contributor to the national development transformation from the agrarian to industrial production economies. However, there have been many challenges that SMEs have had to face in their development and internationalization. Such issues need to be adequately addressed to help SMEs be successful contributors to both their nation's economic development and today's globalized world (Arinaitwe 2006). To support the development and internationalization of Vietnamese SMEs, a range of policies with regard to activities such as financial assistance, production premises, innovation and technology capacity building, market expansion promotion, and human resources (HR) development have been issued (Government of Vietnam, 2009). This paper reports on an empirical study on a human resource to support SME managers in exporting activities. Accordingly, the paper first identifies the basic business skills needed by Vietnamese potential SME exporters

and current exporters. Based on such identifications, recommendations with regard to training programs on basic business skills are developed to support the internationalization of Vietnamese SMEs.

Literature Review

SMEs in Development and Internationalisation

Definition of SMEs

There are various 'SME' definitions, with differences that occur from country to country. Generally, each country's definition is created based on either the number of employees, sales or assets (Pandya 2012). According to the report by Dalberg (2011), in Egypt, SMEs are described as having more than 5 and fewer than 50 employees. The World Bank considers SMEs to have a maximum of 300 employees, USD\$15 million in annual revenue, and USD\$15 million in assets. The Inter-American Development Bank defines SMEs as having a maximum of 100 employees and less than USD\$3 million in revenue. SMEs are identified as employing fewer than 500 in the United States (US), and fewer than 250 employees in Europe (Natarajan & Wyrick 2011).

Motivations for SMEs to enter International Markets

Normally, SMEs are motivated to internationalize their business when they find that domestic markets for their products or services are on the decline or are going to be saturated (Daniels, Radebaugh & Sullivan 2013; Paunović & Prebežac 2010). This decision may also be made when SMEs want to develop their business in new foreign markets. Expanding markets not only helps SMEs maintain gradual development but also provides potential business opportunities. In addition, numerous beneficial learnings may be acquired when SMEs deal with experienced foreign partners. For instance, they may have opportunities to access more advanced technologies. Collaborating with other foreign firms may also provide SMEs with other funding sources. Furthermore, SME managers not only practice skills they already have as part of internationalisation but may also adopt further useful skills for their current and future work (Edinburgh Group 2014; European Commission 2003; Pangarkar 2008; Paunović & Prebežac 2010).

In the modern economy, advances in technology and regulations have encouraged a steady interchange of goods and services, finance, information among countries, and particularly facilitated the internationalization of SMEs (Andersson & Florén 2011; Chetty & Campbell-Hunt 2003; Fletcher 2004; Matenge 2011; Oviatt & McDougall 1997; Subrahmanya 2014). SMEs have increasingly been involved in various forms of international business activities such as exporting,

sourcing or distribution agreements with intermediary organizations that help them to manage transactions with foreign customers (Fletcher 2004). More SMEs are engaging in international activities in their early years of development than ever before (Andersson, Gabriellson & Victor 2004). According to Collinson and Houlden (2005), this expansion into international markets has contributed to the development of SMEs and has enabled them to become some of the fastest-growing companies in the world.

The functional barriers that SME managers need to overcome in international business

In internationalization, SMEs conducting international business are often faced with functional problems such as those regarding human resources management (HRM), production, finance, and marketing (Vozikis & Mescon 1985).

Marketing barriers

With regard to potential marketing barriers, achieving customer satisfaction can be a significant issue for exporting SMEs. Limited export production within SMEs may lead to higher costs per unit which may cause dissatisfaction among price-focused customers. These higher prices may also be caused by additional exporting expenses relating to packaging and transportation services, administration fees, extra tariffs and tax, or marketing and distribution. They may also stem from the translating and processing of export orders. If the company has a specific exports department, its operation costs may push total production costs even higher (Terpstra & Sarathy 2000).

When striving to offer satisfactory pricing for customers, many SMEs cite difficulties in matching the prices of competitors. This lack of pricing competitiveness can be influenced by both controllable and uncontrollable factors, such as the strict adoption of a cost-plus pricing method or an unfavorable foreign exchange rate. Lack of price competitiveness can also result from the policies of governments in subsidizing the local industry, including the dumping practices of competitors (Doole & Lowe 2012; Leonidou 2004).

Additionally, when doing exports, the different distribution channels between the home country and the export country as well as among export markets, along with the complexity of these channels, may create difficulties for SMEs. These differences may relate to numerous layers in the distribution system or in the range and quality of services provided by distribution members in various countries. In addition, these differences can often be seen in the size and number of wholesalers in various countries. Developed countries generally have more large-scale organizations to serve a large number of retailers; whereas in developing countries, most wholesaling firms have a limited number of employees to serve a small number of retailers (Terpstra & Sarathy 2000).

With regard to marketing and promotional activities, SMEs need to pay attention to influential factors to effectively conduct promotion campaigns, such as the different motives of buyers, consumption patterns, and relevant government regulations. In the promotion mix, the exporter should pay heed to advertise. This is not only

because of the large budget this activity requires but also due to challenges and sensitivities surrounding it. For example, in conducting advertising strategies in overseas markets, SMEs need to consider potential problems and sensitivities, such as variations in customer compositions, inappropriateness of advertising content, unavailability of advertising media, restrictions with regard to advertising frequency or duration, as well as an insufficient means to access the advertising across markets that they engage in (Leonidou 2004).

Production barriers

Exporting is often an issue for SMEs due to perceptions that expanding into exports is unnecessary, or that it is a marginal business activity compared with the main domestic business. Some non-export SME managers believe that exporting contains a high degree of risk, and requires high expertise and management capacity; thus it should be left for large enterprises. As a consequence, SME managers are often reluctant to invest in an internationalization research and development budget, particularly with regard to developing new products for overseas markets. This issue is even more serious when taking into account the diversity in customer preferences across countries. Furthermore, it is not always easy for SMEs to develop innovative products for foreign markets due to a shortage of managerial professionals, financial constraints, or insufficient research and development capabilities (McConnell 1979).

Foreign markets greatly vary with regard to a range of factors such as the ability to buy due to different income

levels, consumer tastes and needs, or conditions of use, and sociocultural settings. Such variations require firms to adapt their products, especially the style and design of products, to meet the specific needs of each market (Terpstra & Sarathy 2000). In exporting, SMEs are often required to tailor the quality of products in accordance with the quality expectations and requirements of foreign customers. In addition, the adaptation of product quality and standards may have to comply with government regulations in the export countries, such as to protect the health and safety of their population (Leonidou 2004).

In addition to the adaptation in style and quality, requirements concerning the packaging and labeling of products are also needed to be considered. Components of packaging may be listed as style features, labeling, trademarks, brand names, price and other elements of a product's package. In exports, many products are required to be packaged a certain way to guarantee their quality retention during transportation, storage, and handling. In addition, labeling requirements may have to address required information on the product's ingredients, the expiry date or the net weight. Country-of-origin labeling is also required when exporting to some countries (Cateora, Gilly & Graham 2009). While such product requirements can be perceived as barriers in SME exporting activities, they can also be seen as an opportunity for SME managers to enhance the quality of their products and build up their competitiveness (Leonidou 2004). However, when conducting such product adaptation, SMEs may face additional issues such as an increase in

cost per unit because of the lack of scale economies, weak management of export operations, or variations of marketing activities to support export business (Terpstra & Sarathy 2000).

Human resource management barriers

Insufficient HR to fulfill tasks required for export activities is often a significant issue faced by SMEs. With the HRM strategy having a considerable impact on export performance, the main barriers of export firms are largely internal rather than external (Gomez-Mejia 1988). Issues concerning HR of SMEs is often defined as a lack of specialized knowledge and professionals to conduct relevant export tasks, such as to prepare and handle documentation, to speak foreign languages, to communicate with foreign customers, to understand foreign cultures, and to obtain hands-on exports experience (Leonidou 2004).

Financial barriers

A shortage of finances can also be a key barrier for SMEs to expand their business (Korth 1991). In exporting, SMEs are required to access and provide expenditure for a range of needs including visiting foreign markets, investing in research and conducting strategies (Leonidou 2004). For many SMEs where inadequate finances are an issue, this is due to their lack of ability to seek and source additional funding opportunities. In exporting, export contracts and letters of credit (L/C) can be used as security to obtain extra export financing. Moreover, financial aid from government agencies such as Export-Import Bank may be helpful (Korth 1991).

The delayed collection of payments from abroad is another financial barrier for exporting SMEs, which may be due to a lack of immediate contact with customers or the tendency of overseas customers to ask for extra credit facilities. The slow collection of payment from abroad is more common among SMEs that use intermediaries to enter export markets, or when the central bank uses strict currency restrictions. Exporters can overcome barriers relating to late or delayed payments by using more guaranteed payment methods such as L/C or by implementing payment terms with better guarantees (Leonidou 2004).

In addition, foreign currency exchange risks may affect the international business transactions of exporting SMEs. These currency exchange risks can relate to unstable exchange rates, a revaluation of exporter's currency, and unconvertible foreign currencies. To reduce such risks, exporters can buy forward currency, use 'spot prices' on the day the order is received, or use a more stable currency basket (Czinkota & Ronkainen 2013).

The impactful role of basic business skills in conducting international business has been highlighted by many scholars such as Jackson (2010); Neupert, Baughn, and Dao (2005); Nordstrom and Kleiner (1990); and Yu et al. (2005). In line with this, Neupert, Baughn, and Dao (2005) rated marketing skills as a particularly important international management skill. In agreement, Nordstrom and Kleiner (1990) noted that to succeed in global completion, managers are required to have effective marketing skills. Standard management and production skills were also considered

as essential international management skills in the studies of Neupert, Baughn, and Dao (2005), and Yu et al. (2005). Yu et al. (2005) also emphasized the importance of financial and IT skills as part of the basic business skillset that international managers need.

Management Capacity Building for Vietnamese SME's

In the current development context of Vietnam, SMEs are seen as essential contributors to economic growth, contributing about 40% to the gross domestic product (GDP) and generating employment for roughly 50% of the national labor force. The SME sector has created new jobs for more than 1 million laborers. However, most Vietnamese SMEs workforce still belongs to the unskilled labor group. In addition, the average wage level that SMEs pay is relatively low, which in turn leads to difficulties in attracting highly-qualified or skilled laborers and management. Thus, improving the HR capacity of SMEs is urgently needed (Agency for Enterprise Development 2012).

To support the development of Vietnamese SMEs, Government Decree No. 90/2001/ND-CP, dated 23 November 2001, was issued. In this decree, the support policies concern activities such as investment promotion, the establishment of credit guarantee funds for SMEs, production premises, markets and competitiveness improvement, and in particular export promotions, and information, consultancy, and HR training. The subsequent establishment of SME promotion organizations such as the SME Development Council, technical assistance centers for SMEs,

and SME promotions in localities was also focused on in the decree (Government of Vietnam 2001). Following this, Government Decree No. 56/2009/ND-CP, dated 30 June 2009, on supporting the development of SMEs was issued. The support policies stated in this decree relate to numerous activities such as financial assistance, production premises, innovation and technology capacity building, market expansion promotion, and HR development (Government of Vietnam 2009).

To provide further comprehensive assistance for Vietnamese SMEs, the Prime Ministerial Decision No. 236/2006/QD-TTg, dated 23 October 2006, on the approval of the SME Development Plan 2006-2010 was issued (Government of Vietnam 2006). Subsequently, the Prime Ministerial Decision No 1231/QD-TTg, on the approval of the SME Development Plan 2011-2015, was issued on 7 September 2012. The overall objectives of this plan can be stated as: “Increase the development speed and competitiveness of medium and small enterprises, create favourable and healthy environment for investment and business for medium and small enterprises to contribute more in the economic development, enhance the national competitiveness and international economic integration” (Government of Vietnam 2012, p.2).

Some recent issues with regard to the internationalization of Vietnamese SMEs were investigated in the study by Thai and Chong (2013). This study emphasized the critical role of SME managers in Vietnamese SMEs’ internationalization. It argued that the major factor preventing many Vietnamese SME managers from

internationalizing their business is their fear of uncertainty and failure, which may damage their reputation, economic remuneration, and financial security. This issue becomes more serious in state-owned enterprises (SOEs) where managers are generally motivated by job security. Often because of this fear, many Vietnamese SMEs that are able to internationalize, either through opportunities and/or domestic push factors, choose not to do so.

In particular, their study stressed that decision-making in Vietnamese SMEs is generally informal and spontaneous. Vietnam’s education, especially in the north, is slowly changing to address such challenges of international engagement and trade. There is a dire need to accelerate the development of SME managers via the necessary business knowledge and skills to increase exporting activities. According to the report of the Ministry of Education and Training, in its National Congress for Assessing the Quality of University Education, held on 5 January 2008, more than 50% of graduates from Vietnamese universities must be retrained because they do not possess the technical knowledge and skills to meet the demand of potential employers (Thai & Chong 2013).

Research – Objectives and Methods

Research Objectives

This paper aims to identify the training needs and HR support needs to assist Vietnamese SMEs in their export performance. Training needs analysis may be seen as the step to set up training goals (Mayfield 2011) or the phase or tool by which the training content is

determined (Roberts 2006). In other words, outcomes of skills, knowledge, and abilities which trainees are expected to gain are created in this step.

Based on the identification of the basic business skills needed in exporting activities, recommendations to develop training programs are offered. These research outputs are expected to support SME managers, training organisations, and government associations in the development and the provision of appropriate training programs to enhance the capacity of Vietnamese SME managers in internationalization.

The following main research questions have been investigated and guide this study:

What are the perceptions of Vietnamese SME managers with regard to training needs to improve basic business skills, and HR support needs to internationalize their business?

Issues raised in the research question are discussed under the different viewpoints of Vietnamese SME potential and current exporters.

Data Collection

The data for this study were collected in Hanoi, Da Nang and Ho Chi Minh City (HCMC), which are considered Vietnam's main regional centers – covering the northern, central and southern socioeconomic regions (Hien 2010).

In this study, 60 Vietnamese SME managers were approached, and 58 of them agreed to attend group interviews (96.67%). Of the 58 participants, 23 were potential exporters and 35 were

current exporters. In each region, four focus groups were undertaken. In Hanoi, there were thirteen male participants (52.00%) and twelve female participants (48.00%). In Da Nang, there were ten male participants (52.63%) and nine female participants (47.37%). The number of participants in HCMC was six males (37.50%) and ten females (62.50%). The number of participants in each focus group was between three and eight.

According to Saunders, Lewis, and Thornhill (2012), in studies where researchers investigate the opinions of the participants, the qualitative interview technique is generally used. The qualitative semi-structured interview often enables researchers to obtain rich and detailed responses to their investigation (Bryman & Bell 2011). In this research, to study the perceptions of Vietnamese SME managers with regard to training skills and HR supports needed, a qualitative interview methodology was considered most appropriate.

To collect data via interviews, the researcher is able to select the most appropriate method from a range of options including one-to-one interviews or focus group interviews (Creswell 2014). In this study, the interview was conducted in the focus group style. The focus group interview allows the participants' perspectives to be presented in ways that are different from an individual interview, such as through further discussion or questioning among participants (Bryman & Bell 2011).

After the selection of participants from the Agency for Enterprise Development

(AED) list, the AED assisted in recruiting the participants to attend interviews. The focus group style interviews took place at convenient locations and at an appropriate time for each group of participants in the three Vietnam cities, as well as to suit the interviewer. The interviews lasted from 60 to 90 minutes and were implemented in Vietnamese as it is the first language of the interviewer and interviewees. Two good quality audio recorders were used as the main instruments to record the interviews.

Data Analysis

After the data collection stage, the qualitative data were transcribed from Vietnamese into English. Subsequently, the researcher read through all the data to gain a general sense of the information (Creswell 2014).

In the process of categorizing data, the researcher was involved in two major tasks of developing categories and attaching these categories to meaningful chunks of data (Saunders, Lewis & Thornhill 2012). To generate and use this study's categories for data analysis, the suggestions by Tesch (1990) that were re-emphasized by Creswell (2014) were considered valuable. Accordingly, in the first instance, the transcriptions were carefully read and some key ideas were jotted down as they came to mind. An interesting transcription was then picked out which the researcher would thoroughly read through to catch its underlying meanings, which were noted in the margins. This step was repeated with some other selected transcriptions. As a result, a list of initial topics was created. The similar

topics were then clustered together and arranged as main topics, unique topics, and leftovers. These categorized topics were then processed as codes and used for processing the qualitative data.

When coming back to the data, the researcher matched the codes with the appropriate segments of the transcripts. During this process, the researcher also conducted dual tasks of matching the appropriate codes and considering if there were new categories and codes that emerged. In this research, qualitative computer software, QSR Nvivo, was used for coding, organizing and sorting the information.

The narrative passage was used to convey the findings of this study's analysis. Main themes emerged from this study's group discussions, while the verbatim responses were used to emphasize the content of the responses (Kumar 2014).

Evidence Results

Basic Business Skills needed by Vietnamese SME Potential Exporters

Marketing skills

In this study, Vietnamese SME potential exporters perceive marketing skills as one of the most essential skills – without them, it would be very hard to send products overseas. Among marketing skills, Vietnamese potential exporters have emphasized the need for basic marketing skills in exports. With these basic skills, potential exporters expect that they will know how to expose their products to foreign markets and attract the attention of overseas customers and partners.

In particular, promotion skills have been highlighted as important by Vietnamese potential exporters. They believe these skills could be beneficial for introducing and enhancing the brand of their products in overseas markets, such as proactively and directly contacting foreign partners. Potential exporters generally shared the view that promotion activities are not easy to conduct. For example, an SME manager had tried to attend a trade fair in Myanmar to promote products, but due to the shortage of skills and experience, she could not conduct promotion strategies effectively and be not able to export. She commented:

“I planned to participate in one trade fair in Myanmar, but then I decided not to go because I thought that if I went there, the success rate would be quite small. I didn’t know how to promote the brand of my enterprise.”

This manager also revealed that even in cases where products of potential exporters are made by disabled people and have received the support of Vietnamese embassies in overseas countries for sending samples to potential partners, they have barely received replies from foreign companies.

Production skills

Vietnamese potential exporters have highlighted the importance of production skills to develop products that are exportable and that compete with rivals’ products in overseas markets. Numerous potential export products have been manufactured based on production processes that have had very little change or innovation introduced. As shared by one handicraft manufacturer in Da Nang:

“Most of our products are made by hand and this leads to the inequality in the product quality ... Furthermore, the development of new products has not been highly considered.”

Rivals’ competitive products, such as those from Chinese companies, are generally produced with a synchronized system that not only ensures product similarities but also reduces the production costs as well as the price. In this intense competitive situation, the only perceived strength of Vietnamese products is their ‘unique’ characteristic. However, the potential exporters also explained that they find it hard to provide unique new products to overseas markets, as this requires in-depth knowledge of what is needed and a capacity to produce them. For example, the manager of one company which specializes in stone sculptures and precious stones used for interior decoration explained that after a long period, they launched two new products – a souvenir with the shape of Da Nang Dragon Bridge, and a bedroom table light made from quartz stone. Nonetheless, he was not sure that the new design and materials used to produce these items were sufficient to satisfy the preferences of foreign customers who visit Da Nang.

In addition to product development skills, which have traditionally targeted Vietnamese customers, the potential exporters also want to understand the general and specific requirements of foreign partner needs. They believe there are many differences between production for domestic and overseas markets, as one potential exporter confirmed:

“Satisfying all technical requirements of foreign partners is also a challenge. The requirement of foreign companies is absolutely different from that of domestic companies.”

Potential exporters also expressed a need to understand the required technology skills to select, use and improve the production processes specifically, and the technology system generally. These skills are expected to help them ensure product quality, especially production consistency, when products are to be exported.

Financial skills

With regard to financial skills, Vietnamese SME potential exporters highlighted the need for skills in using financial methods such as L/C, particularly back-to-back LC. From their perspective, intermediate agencies in exports – the channel many of them plan to use while building up their own capacity to export directly – usually utilize the back-to-back L/C, which is perceived as risky. Thus, they believe they need to have a clear understanding before employing such methods. Potential exporters also want to know about financial incentives (e.g. special reductions in interest loan rates from banks related to exportable goods).

IT skills

Vietnamese SME potential exporters expressed the need for IT skills that could possibly help them to develop websites for their own business, and update valuable online business information from various sources. They expressed that the business information they receive from official online channels (e.g. relevant ministries’ websites) is not always up-to-date, which is considered one of the key barriers for Vietnamese potential exporters in seeking export opportunities.

Management skills

When discussing business management skills, the potential exporters noted their HRM skills as particularly inadequate. Thus, they generally find it hard to recruit and develop staff with international business knowledge, technology skills and the ability to speak foreign languages. Potential exporters emphasised the need for skills to effectively manage HR development, which is perceived as a foundation of business development, especially when expanding into international markets.

Table 1 below summarises the basic business skills in internationalization needed by potential exporters.

Table 1. Basic Business Skills n Internationalisation Needed By Potential Exporters

Marketing skills
Basic marketing skills in exports
Promotion skills to introduce and enhance branded products in overseas markets
Production skills
Skills to develop products that are exportable and compete with rivals' products in overseas markets
Understanding the general and specific requirements of foreign business partners
Technology skills to select, use and improve the production process specifically and the technology system generally, to ensure the quality of exported products, particularly consistency
Financial skills
Skills to use payment methods such as L/C, especially back-to-back L/C
Skills regarding management of borrowed credits from banks, especially understanding financial incentives, such as special reduction in interest rates from banks related to exportable goods
IT skills
IT skills to develop websites in order to expose potential export products to international markets and skills to seek valuable online business information
Management skills
Skills to recruit and develop staff who have proficiency in foreign languages and an understanding of international business

Basic Business Skills needed by Vietnamese SME Current Exporters

Marketing skills

In this study, Vietnamese SME current exporters highlighted the need for marketing and promotion skills, especially skills to promote brands in international markets. They believe that good brand names are extremely beneficial for standing out from the competition; thus the brand promotion skill plays a key role in the success of exporters. As one of the export managers emphasized:

“Good brand name may make customers remember our products as good items rather than normal ones. In searching companies on business websites such as Alibaba, foreign buyers compare products, and having a good brand name will be beneficial in attracting foreign customers.”

Although brand promotion is generally perceived as important among Vietnamese SME exporters, many complained that such promotions are hard work. This is partly because their knowledge about promoting the brand name is limited, as shared by the manager of an agricultural company:

“My company has been exporting to the Indian market for more than 10 years. However, our knowledge of brand names is very limited. We don't know how to promote the brand of our products effectively and to make partners and customers remember our products as quality products in the market.”

This exporter also shared his company's difficulties in developing a contemporary brand name associated with the company name, which is used domestically and named in the local language, in the international markets.

In his view, a good brand name reflects a unique and memorable name attractive to customers, and changing the current brand name associated with the company name for the international market is problematic and costly.

In addition, SME exporters have also emphasized the difficulties in developing a differentiating brand promotion from competitors. For example, one manager shared that her company specialized in exporting cinnamon products, but found it hard to promote the products, especially to differentiate the brand. In turn, this difficulty made exports all that much harder.

Most SME exporters in this study believe that the brand of many Vietnamese export products, especially agricultural products, is not strong, which is reflected in lower profits. Accordingly, many Vietnamese products such as rice products are exported to 'middle man' countries before being exported onwards to consumer markets. Companies in 'middle man' countries such as Thailand then often label the product with their well-known brand names before re-exporting to profitable markets such as the US. When they export and promote products directly to consumer markets, due to limited financial capacity, most Vietnamese export SMEs have to rely on the support of Vietnamese embassies, the chamber of commerce, or other agencies for marketing. SME exporters often revealed that they have considered some promotional activities for their products, such as improving the quality of catalogs or brochures provided to potential partners. However, most expressed a need to improve their promotion as well as brand development skills. An

exporter emphasized the importance of marketing skills as follows:

“When we do marketing effectively, our products, quality, and brands may become well-known – we may then become masters of our products in the export markets.”

In addition to promotion skills, Vietnamese SME exporters also stressed a need for basic marketing skills and those needed to align with the '4P' factors of the marketing mix: product, price, place, and promotion.

Financial skills

Vietnamese current exporters emphasized that the skills needed for signing and managing financial contracts are highly important financial skills in international business. They believe that many SMEs engaging in exports have issues with understanding financial contract terms, which makes financial negotiations difficult. This is often related to understanding financial terms concerning payment methods or payment deadlines. One exporter noted that:

“As the people in charge of issues concerning export contracts, SME export managers need skills, including soft skills and tips, to open, negotiate and sign contracts ... In fact, these are the weakness points of Vietnamese SME managers.”

The exporters strongly believe that prior to signing contracts, they should have the knowledge to adequately negotiate payment method types to be used, such as L/C or telegraphic transfer (T/T), as well as payment terms, such as after

goods are transported over the border or after they have landed in the foreign country. In addition, they require deeper knowledge about potential special cases that could arise, including the skills to handle issues arising during the contract implementation stage. Access to proficient legal support in difficult situations has also been identified as a factor that needs attention. However, many believe that the legal framework to support Vietnam's exporting SMEs is not as fully developed as it is for local competitors such as Thailand, Malaysia, and Singapore. The lesson derived from the experiences in dealing with risky partners by other exporters was mainly what they rely to effectively and professionally overcome problematic situations in exporting on but this too is not openly available.

In addition to skills concerning financial contract issues, SME exporters voiced a need for skills relating to borrowing money from banks, such as an understanding of the different types of loans available. In particular, they want to know how to collect sufficient credits to ensure they have an adequate financial capacity to undertake export orders. As shared by one exporter:

“My company is facing financial issues. Despite receiving an export order, the production and supply capacity depends very much on our financial capacity. Our financial capacity alone is insufficient to provide the customer with the products in time, as committed in the contract. With sufficient financial support, we will be able to recruit extra employees to process productively, and the targeted amount of export products may be achieved.”

Another exporter summarised the general perceptions of SME exporters with regard to bank borrowing:

“To borrow money from banks, it always requires complicated qualifications of land ownership, car ownership, or other real and personal asset ownership, and in many cases, although these qualifications are certified, it does not ensure that managers are able to borrow money from banks. Moreover, normally banks only lend 75% of total qualified assets.”

Another more financially experienced exporter opined that in the past it was not normally that difficult to obtain banks loans to manufacture products for exporting. However, due to the recent large number of bankrupt companies in Vietnam, banks now tend to have tighter restrictions on providing loans, which negatively affects enterprises, especially newer establishments.

Management skills

With regard to management skills, Vietnamese SME exporters strongly emphasized a need for HRM skills, particularly to attract, train, develop and maintain staff. Their general perception is that it is difficult to attract and train effective export staff able to work well in a range of export activities. Most university graduates only have the basic export knowledge and are required to be retrained at work. To effectively complete export tasks, staff need to have a comprehensive understanding of the business, from international business knowledge to specific skills such as communication and negotiation skills. Due to the constraints in procuring

HR, SME export staff often complete multiple tasks, including exporting and marketing or sales. As explained by one exporter:

“My company has difficulties in recruiting and using export employees. In general, new graduates are not good at working skills, especially soft skills. They just have very basic knowledge about exports, such as some general concepts in international marketing. When they work on export tasks, they have to communicate and negotiate with partners to ensure the interests in contracts.”

SME exporters also noted that few new employees are willing and able to quickly learn the required skills, even though there are many ways for them to do so, such as through experience-sharing of managers and colleagues, or via training programs.

Difficulties are not only encountered in recruiting and training staff, as some export managers also shared their difficulties in retaining trained export staff. Thus, training is often perceived as a costly addition to company development, particularly where it is then difficult for the SMEs to keep the trained staff. One manager commented:

“For graduates from economic universities such as Foreign Trade University, we can only provide some basic training such as knowledge of international business payments. We are unable to provide them with great incentives because we are only SMEs. We are just able to provide them with a reasonable salary and satisfy some of their needs.”

This same export manager also emphasized that if the skilled staff stayed with his company for a long time and contributed to company development, they might be offered special benefits such as promotions. Unfortunately, not all of them understood this, and thus many of them left soon after they had been trained.

Sharing a similar view, another exporter recognized his company's inability to match salaries with the larger companies as a potential reason for employees leaving:

“We tried to provide as many benefits as possible to skilled export staffs, such as free training course, financial support, or caring and considering them as family members ... However, they always think that the salary we pay is not adequate and does not satisfy their needs.”

Most SME exporters complained about export staff moving to their competitors' workplaces after being trained, or choosing to establish their own business as competition. As previously mentioned, these staff generally take on many other tasks in addition to exporting, such as sales and marketing. Thus, they become highly knowledgeable about the SME export business, meaning the company not only loses an employee when they shift to a competitor, but they may also take valuable information, relationships and opportunities with them. One manager insisted:

“Because these export staffs have been also working in tasks of the marketer and the seller, they have experiences in working directly with our foreign customers, have relationships with our

regular partners and suppliers, and are knowledgeable about our pricing rules.”

After discussing this issue, many SME exporters referred to HR development as an area containing numerous potential risks. However, they are also aware of the dynamics of job market demands and personal development needs of well-trained export staff. Therefore, they would like to learn how to better manage export staff to make them more loyal, with higher engagement in their work and better benefits for the company as well as the individual. To better manage HRM skills, most SME exporters are aware that they will have to engage with their employees more effectively and empower them.

Apart from HRM skills, Vietnamese exporters also expressed the need to better understand professional management methods which have been applied and recommended by experts in developed countries to help improve the effectiveness of current management styles. In addition, general management skills including HRM, especially skills to undertake labor assessments and move employees into appropriate positions, are also needed by Vietnamese SME exporters.

Production skills

The Vietnamese SME exporters seek a deeper understanding of quality standards in the production process. Many of them have experienced returned export products due to a shortage of relevant information about quality standard requirements of the export country. In addition, quality standard requirements relating to the materials

used in production are also a factor that the Vietnamese export managers want to master, as explained by one of them:

“In export, the foreign partner always requires the certification of healthcare organizations to ensure that our products do not harm customers’ health.”

In particular, the Vietnamese SME exporters questioned why some importers in the US and Europe have concerns about export products made from Chinese materials or manufactured with Chinese standards. They want to understand the real reasons for these concerns and other importer concerns regarding production. With such an understanding, Vietnamese SME exporters will be able to effectively export their products in accordance with the requirements of specific markets.

These Vietnamese exporters believe that the technologies employed in various countries and regions are not the same and that these differences affect customer purchase requirements in these markets. Thus, knowledge about the differences in technology applicable across the various consumer markets is important to the exporters.

In addition, Vietnamese exporters also require knowledge about precision measurement technologies for export products. One exporter of precision equipment noted that her company has had difficulties in sending directly to Japan. Due to the limited understanding of precision measurement technologies, they had to assemble the products in Vietnam and then send them to Thailand for checking, even before exporting to Japan. This process was perceived as costly and time-consuming.

IT skills

In addition to the above, a general understanding of IT has also been identified by Vietnamese exporters as a basic business skill they need for exports.

Table 2 below summarises the basic business skills in internationalization needed by exporters.

Table 2. Basic Business Skills in Internationalisation Needed By Exporters

Marketing skills
Skills to enhance promotion activities, including branding skills to master export markets
Basic marketing skills in export
Marketing skills to effectively conduct activities relating to the 4P mix: products, price, place and promotion
Financial skills
Understanding and improving on payment method skills, particularly methods such as L/C and T/T
Administration of financial contract skills
Skills in borrowing money from banks, such as an understanding of the various loan types, and skills to collect enough credit to have adequate capacity to undertake export orders
Management skills
Skills to attract, train, develop and manage retainment of experienced export staff
Understanding about professional management methods that have been successfully applied and recommended by experts in developing countries
Skills to undertake labour assessments to place staff in appropriate positions to enhance the export performance
Production skills
Greater understanding of quality standards for exporting
Understanding specific market requirements such as original material certifications or to avoid using the third country materials in product development
Clearer understanding of the differences in technology applicable in the various consumer markets, and knowledge concerning precision measurement technologies for export products
IT skills
General understanding about IT

Discussion

Both groups of Vietnamese SME potential and current exporters in this study expressed the need for a range of timely basic business skills training including: (1) marketing skills; (2) production skills; (3) HRM management skills; (4) financial skills; and (5) IT skills. In the literature, many scholars such as Jackson (2010); Neupert, Baughn, and Dao (2005); Nordstrom

and Kleiner (1990); and Yu et al. (2005) have stressed the important role of basic business skills in conducting international business. These skills may be helpful in assisting SME managers to cope with problems relating to more functional barriers such as marketing, production, management and finances (Bilkey 1978; Cateora, Gilly & Graham 2009; Czinkota & Ronkainen 2013; Doole & Lowe 2012; Fletcher 2004; Gomez-Mejia 1988; Katsikeas &

Morgan 1994; Korth 1991; Leonidou 2004; McConnell 1979; O'Farrell, Wood & Zheng 1998; Paunović & Prebežac 2010; Szabo 2002; Terpstra & Sarathy 2000).

With regard to marketing skills, both exporter groups emphasized the need for basic marketing skills. In addition, current exporters emphasized the need for marketing skills that would enable them to effectively conduct 4P marketing mix activities – products, price, place, and promotion. In particular, they strongly stressed the role of these skills to enhance promotion and branding activities, which are perceived as helpful for them to master export markets. Promotion skills are also needed by potential exporters, with both groups anticipating these skills will assist them in sending export products directly to overseas markets.

When it comes to production skills, potential exporters highlighted the need for skills to develop products that they would be able to export. In addition, both groups indicated the importance of production skills that would satisfy product quality requirements of foreign partners. In this regard, the current exporters stressed the desire to better understand specific foreign requirements, such as original material certification, or specifications on not using the third country material in product development such as from China, or not applying Chinese technology production standards in certain markets. Furthermore, potential exporters want technology skills to select, use and improve their technology systems in order to enhance product quality, particularly the sameness of potential

export products. Current exporters would like a clearer understanding of the differences in technology applied to various markets, and knowledge concerning precision measurement technologies for export products. These understandings are expected to help them produce appropriate products in accordance with specific technical requirements of foreign partners.

Both SME exporter groups emphasized the need for skills to develop HRM focused on export businesses. Potential exporters would like to learn how to recruit and develop staff with proficiency in the foreign language(s), and an understanding of international business knowledge. In addition to skills to recruit and develop exports staff, current exporters stressed the need for skills to manage the retainment of experienced exports staff. Furthermore, an understanding of professional management methods which have been successfully applied and recommended by experts in developing countries is required by the current exporters. They also indicated the need to be trained in skills for undertaking labor assessments and to place staff in appropriate positions to enhance the export performance.

With regard to financial skills, both potential and current exporters insisted on the need to better understand and improve on payment method skills, including the use of relevant payment methods such as L/C and T/T. In addition, managers in both groups also expressed the need to develop skills to better manage borrowing credits from banks. In particular, potential exporters want to learn about special reductions in interest rates from banks that they

might be eligible for if they export. The administration of financial contract skills was also emphasized as a training need among current exporters.

Whilst the current exporters voiced a need for IT training to obtain general IT skills, potential exporters emphasized more specific IT skills such as information on developing websites in order to expose their potential export products to international markets.

Implications

In developing basic business skills training programs for both groups of Vietnamese potential and current exporters, the following skills should be included: marketing, production, HRM, finance, and IT. In addition, more specific contents could be considered in common training courses for both groups, such as basic marketing skills, promotion skills, skills to satisfy product quality standards and requirements of foreign partners, HRM skills, payment skills, and skills in borrowing credits from banks. However, the requirements of managers across the two groups are not all similar – there were also some more specific skills noted. The differences between these specific skills need to be taken into account in separated training programs. In the following sections, this study's recommendations on developing basic business skills training for separated audiences are discussed.

Basic business skills training programs for Vietnamese SME potential exporters

In training on marketing skills for Vietnamese SME potential exporters, general marketing skills should first be focused on. This could consist of

basic knowledge about international marketing. In addition, the training could consider skills to conduct promotion activities, especially promotion skills required in the early stages of exporting.

The production skills training should concentrate on skills to develop products that the potential exporters are able to export. Moreover, requirements about product quality standards, especially standards concerning materials in some key markets, may be beneficial for potential exporters. This could involve a review of all materials or some of the more harmful and toxic components in materials that managers should avoid in the manufacturing of potential export products, especially those exported to markets that have high standards with regard to product quality. The training should also take into account the skills to select and improve technology in accordance with the requirements of overseas markets relating to product quality, especially the sameness of products. This could include an introductory overview of the technical requirements of foreign markets so that potential exporters know how to select and improve their technology.

Payment skills and skills to borrow credits from banks are aspects of financial training for potential exporters that should be considered. Guidance on preparing documents to provide to banks, including persuasive skills, may be helpful for potential exporters in borrowing money to manufacture products for export. These will include skills to develop production plans and business plans to support loans conditions, as well as to establish the profitability of their investment.

In addition, up-to-date information concerning the incentive policies of banks, such as reductions in interest rates for exporting enterprises, should be provided to potential exporters.

The IT skills training should involve skills to seek business information and develop websites appropriate to the export orientation of companies. This may involve guidance on how to design business websites and how to provide basic business information in foreign languages, such as in English, and these websites should showcase the company's profile, images of its manufacturing processes, contact information, and its products for overseas market.

Finally, the training for Vietnamese SME potential exporters should focus on HRM development skills, particularly skills to recruit and develop staff capable of working on export tasks.

Basic business skills training programs for Vietnamese SME current exporters

The training on marketing skills for Vietnamese SME current exporters should focus on promotion skills, especially skills to promote brands in international markets. Moreover, a review of basic marketing skills and topics concerning the 4P marketing mix (product, price, place, and promotion) could be included in this marketing skills training.

The training on financial skills for SME exporters should first involve financial contract administration skills, especially for composing and negotiating foreign contracts to ensure that the interests of the exporters are captured or represented effectively. Moreover, the training

should provide exporters with methods and tips to solve potential issues and disputes encountered in foreign contract implementation. The discussions or experience-sharing activities among experienced exporters should be highly considered in the training course on financial skills. In addition, training on financial skills should advise exporters how to access working capital, particularly how to borrow and maintain credits from banks. In addition, skills to manage and handle capital flows and provide sufficient capital for exports when needed should be included in the finance skills training, as well as payment skills such as guidance on using appropriate payment methods in various export contracts or effective ways to solve issues concerning L/C.

HRM skills should be highlighted in training for SME exporters to be able to recruit, develop and maintain experienced export staff. In addition, skills to assess their capacity and slot export staff into appropriate positions should be considered in training programs on HRM capacity building, especially for SMEs newly engaged in exports. Skills to develop position descriptions will also be helpful for managers in clearly positioning the tasks of export staff, as well as managing and enhancing working relationships between them. Furthermore, professional management skills development is needed in developing training for SME exporters. This could include professional management methods that have been popularly and successfully applied by foreign SME managers. This way, the trainers may assist Vietnamese SME exporters in selecting an appropriate

management model in accordance with their practice, size, capacity of finance and HR.

In production skills training for exporters, training in common standards applied in international business should be provided. Based on this, participants may improve current business strategies and further develop effective strategies to export products in accordance with the requirements of foreign markets. In addition, skills to manage input materials should be considered as part of production training for exporters. There should be guidance on selecting suppliers and on maintaining the quality of input materials to meet the requirements of foreign markets. Furthermore, as the technology employed in various countries and states/regions may have differences that affect the purchase requirements of customers in these markets, the training should include an introduction to applied technologies and technical requirements for some of the key markets. With this knowledge, Vietnamese exporters will be better able to develop plans for exporting products in accordance with required technical features for the specific export markets.

In addition, in a modernizing society, computers and telecommunications technology have already played a significant role in the success of enterprises, and IT skills are increasingly in demand. Thus, training in basic IT skills should include guidance to assist exporters in using globally-popular Microsoft Office (Word, Excel, PowerPoint, and Outlook) more effectively.

Conclusion

Based on an empirical study in Vietnam, this paper reported on the analysis of the training needs of SME managers with regard to the basic business skills needed in exporting activities. The suitable training programs on such skills are also developed and presented in the paper. Accordingly, both groups of potential and current exporters in this study emphasized the need for a range of timely basic business skills training including marketing skills, production skills, HRM management skills, financial skills, and IT skills. However, the great differences were seen in the specific skills needed by managers in these two groups. A range of training programs on basic business skills for two groups of managers was also developed and described in the paper. The outcomes of the research are expected to be beneficial not only to SME managers but also to the training providers and policymakers in developing relevant materials and organizing effective training courses. Besides, the study is expected to help the governmental organizations to provide policies and strategies to enhance human resources capacity building for the SME sector in internationalization. Lastly, the study is expected to make a contribution to the body of knowledge on human resource development of the SME sector in developing countries such as Vietnam. It may be used to develop training programs for managers in large enterprises and SMEs in other countries in the region.

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