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APEC BUSINESS FELLOWSHIP PROGRAM

2009

By

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APEC BUSINESS FELLOWSHIP PROGRAMME 2009

EXECUTIVE SUMMARY

In early 2009, IE Singapore commissioned a study on behalf of APEC and the proposed APEC Business Fellowship program (ABF). Conceptualized initially by IE Singapore and SPRING as part of APEC's Small and Medium Enterprise Working Group, and co-sponsored by the four member economies of Chile, New Zealand, Peru, and Russia, this study recommends both a design and delivery framework for the ABF.

The proposed APEC Business Fellowship (ABF) is a five-and-a-half day in-market program designed to help SME leaders internationalize their business. Each program run takes twenty-five to thirty SME participants through a program beginning on Sunday evening with an ice-breaker and opening event. The design of the proposed program reflects the preferred content and learning approach as indicated by survey respondents from APEC member economies who work in SMEs.

Building upon findings from the survey study, the program takes a cross-disciplinary approach. While the program could potentially be organized around traditional subject areas such as marketing, finance and management, the ABF instead organizes around themes that cut across these traditional topics. There are four core themes.

- *Market analysis* includes topics such as market analysis at the industry level, foreign business practices, foreign market intelligence, habits and attitudes of foreign customers, understanding and managing complexity of foreign distribution channels, and reading economic and political data to interpret trends.
- *Partners* covers the search and evaluation of potential partners, management of partner relations, expansion of distribution networks, and negotiation across cultures.
- *Internal operations* focuses on financial planning and review, cashflow management, risk management, debt management, cost allocation and control, pricing, new product development, promoting brand awareness through the Internet, and identifying and attracting talent.
- *Legal issues* include taxation in foreign countries, and legal and regulatory frameworks.

The themes give the program a consistent structure while allowing the content to be adapted to each specific host market. Customizing the program to each host market, in fact, will be essential. For example, for Singapore, the set of core themes will be the same which provides for the

consistency across multiple program runs. The customization happens within the specific themes, and that customization reflects what is unique to Singapore. Thus, if the program is held in Singapore, the training materials will be specific to Singapore and if in Thailand, specific to Thailand.

How did the ABF come to be organized around four themes? Following focus group discussions with SME leaders and a survey of the SME literature on internationalization, a survey study was designed around the four disciplines of finance, business environment, marketing, and cross-cultural management. However, while the survey study is organized around the four disciplines, in reality, organizations function across these disciplines. For example, products and services are priced with both an eye to sales (a marketing topic) and to finance. Thus, the ABF's use of cross-disciplinary themes.

In our survey, we asked respondents to distinguish between: 1) what capabilities are *required* for the business to expand, 2) what capabilities were *important* for them to do so, and 3) what are the best ways of acquiring the capabilities. We then examined what survey respondents felt was required for a business to internationalize and compared that with what they felt was important to acquire at this point in their companies' development.

Gaps between the capabilities that are required and that are important led to recommendations about what program topics to include and the weight given to each. Additionally, this gap analysis offered an opportunity to organize content into cross-disciplinary themes, giving the program a more dynamic feel.

In addition to themes, the program is designed around three learning approaches which survey respondents preferred. Survey respondents were asked to indicate up to three ideal ways to acquire finance, business environment, marketing, and cross-cultural management capabilities. The options given to the survey respondents ranged from instructor-centered delivery methods such as lecture, to participant-centered methods such as case discussion, and to outsourcing from external sources. The framework proposed is therefore largely influenced by two considerations: a) instructor-centered versus participant-centered methods, and b) the extent to which capabilities can be outsourced or acquired externally.

We found that respondents prefer the lecture method for financial topics. For non-financial topics, the respondents prefer discussion methods and networking. The program was therefore designed

to include the appropriate learning approach for each theme. The three learning approaches are:

- *Case Discussion and Lecture:* Each day is centered around the more traditional classroom learning experience where participants think about and reflect on the challenges of internationalizing. Using a variety of methods, such as pre-readings, case discussions, and mini-lectures participants will discuss leading research, models, and business practices.
- *Nuts & Bolt Discussions.* To supplement the traditional approach, we structure the program so that each day begins with a practical, expert-led, and ground-level discussion about the nuts & bolts (i.e., specific requirements, procedures, or advice) of entering a market. For example, participants will learn the specific steps for incorporating within a particular country, specific hiring practices or laws, or reporting and taxation procedures to name a few. These how-to discussions answer the detailed, process-oriented questions that potential market entrants are likely to ask.
- *Networking and Site Visits:* Given the networking focus from our findings, the final part of each day is devoted to networking events and site visits. The networking and site events will be *structured learning experiences* and not merely a meet-and-greet event. For example, a panel discussion can be developed as a spring board for further dialogue. In addition, site visits to successful businesses which have internationalized can serve as live cases which form the basis of discussion during the networking portion of the day. Further, guest presenters can be invited to the classroom to share innovations or successful practices, and also serve as the basis for discussion. Finally, to encourage learning, the first ten minutes of the following day can be used to debrief the networking experience. The overall objective is for participants to interact with in-market professionals, ask questions, build a network including both in-market and out-market professionals, and to do so in a structured fashion with clear goals.

APEC has the opportunity to deliver a genuinely unique business fellowship at a time when the world economic conditions may be leveling off and hopefully improving. Survey respondents have indicated their preference for more interactive learning methods, and the timing may be right for delivering such a program when SMEs can benefit greatly in 2010 and beyond.

APEC BUSINESS FELLOWSHIP PROGRAMME 2009

1. INTRODUCTION

Small and medium enterprises (SME) looking to expand internationally face a host of challenges. Including cultural differences, lack of specific market knowledge, different laws and currency fluctuations, SMEs with their limited resources (compared to most multinational companies [MNCs]) can often benefit from a range of publicly-available resources. With this in mind, a survey focused on SME internationalization has been commissioned by IE Singapore and APEC to better understand the needs of APEC's SMEs. This study was proposed by IE Singapore and SPRING as part of APEC's Small and Medium Enterprise Working Group and will lead to the formation of the APEC Business Fellowship (ABF). The approved ABF—which has the explicit purpose of helping APEC SMEs expand overseas—is being co-sponsored by the four member economies of Chile, New Zealand, Peru, and Russia. The first step in delivering the ABF is this commissioned study which reports on the feasibility of the proposed ABF and offers specific suggestions regarding the program content and design.

This report proposes an APEC Business Fellowship (ABF) which is a five-and-a-half day in-market executive training programme designed to help APEC SMEs to internationalise. Each programme run takes twenty-five to thirty APEC SME participants through a programme starting on Sunday evening with an ice-breaker and opening event. The design of the proposed programme reflects the preferred content and learning approaches which this study found to be preferred by survey respondents from the twenty-one APEC economies.

The ABF takes a cross-disciplinary approach focused on four themes.

- *Market analysis*
Include topics such as market analysis at the industry level, foreign business practices, foreign market intelligence, habits and attitudes of foreign customers, understanding and managing complexity of foreign distribution channels, and reading economic and political data to interpret trends.
- *Partners*
Cover the search and evaluation of potential partners, management of partner relations, expansion distribution networks, and negotiation across cultures.
- *Internal operations*
Focus on financial planning and review, cash-flow management, risk management, debt management, cost allocation and control, pricing, new product development, promoting brand awareness through the Internet, and identifying and attracting talent.

- Legal issues

Include taxation in foreign countries and legal and regulatory frameworks.

The themes provide the programme a consistent structure while allowing the content to be adapted to each specific host economy. Customising ABF to each host economy would be essential to the programme's success. The ABF intends to directly support APEC SME's internationalisation with a set of core themes which remain consistent from one programme run to the next while also allowing customisation.

The ABF's themes surfaced from a survey of existing SME literature on internationalisation and the various focus group discussions with SME leaders. The literature and focus groups then informed a survey study structured around the four disciplines of finance, business environment, marketing, and cross-cultural management. While the survey study is organised around four traditional disciplines, organisations function across these disciplines. For example, products and services are priced with both sales (marketing) and cost (finance) considerations. Therefore, the ABF is delivered thematically.

In addition to themes, the programme is also designed around three learning approaches which APEC SMEs had indicated their preference. In the survey study, respondents were asked to indicate up to three ideal ways to acquire capabilities in the four disciplines that were identified earlier, namely finance, business environment, marketing, and cross-cultural management capabilities. The options given to the survey respondents ranged from instructor-centered delivery methods such as lecture, to participant-centered methods such as case discussion, and to outsourcing to external sources (i.e., hire skill instead of learning it). The framework proposed is therefore largely influenced by two considerations: (a) instructor-centered versus participant-centered methods, and (b) the extent to which capabilities can be outsourced or acquired externally.

It was found that respondents preferred the lecture method for financial topics. For non-financial topics, the respondents prefer discussion methods and networking. The programme was therefore designed to include the appropriate learning approach for each theme. The three learning approaches are as follows:

- Case Discussion and Lecture

The focus of each day is centered around the more traditional classroom learning where participants learn frameworks and discuss challenges of internationalising. Using a variety of methods such as pre-readings, case discussions, and mini-lectures, participants would discuss leading research, models, and business practices.

- *Nuts & Bolt Discussions*

To supplement the traditional approach, the programme is structured such that each day would begin with practical, ground-level discussion for participants to learn the nuts & bolts of entering a market from experts. For example, participants would learn the specific steps for incorporating a company within a particular economy, specific hiring practices or laws, or reporting and taxation procedures to name a few. These how-to discussions answer the detailed, process-oriented questions that potential market entrants are likely to ask when seeking to expand into a particular APEC economy.

- *Networking and Site Visits*

Given the networking focus of the findings, the final part of each day is devoted to networking events and site visits. The networking and site events will be structured learning experiences and not merely a meet-and-greet event. For example, a panel discussion can be developed as a spring-board for dialogue in the networking sessions. In addition, site visits to successful SMEs which have internationalised could serve as live cases which form the basis of discussion during the networking portion of the day. Further, guest presenters could be invited to the classroom to share innovations or successful practices, and also serve as the basis for discussion during the networking portion of the event. Finally, to encourage learning, the first ten minutes of the following day can be used to debrief the networking experience. The overall objective is for participants to interact with in-market professionals, ask questions and to build a network (including both in-market and out-market professionals) in a structured fashion with clear learning goals.

Perhaps most importantly, and as learned through the literature review and focus groups findings, networking events also serve as opportunities to connect participants with in-market professionals (e.g., American and Chinese Chambers of Commerce, etc) and local businesses. Building a network of useful contacts should be considered an important outcome for the ABF.

In sum, drawing from the survey findings and the literature review, it is proposed to have a thematic framework encompassing the three learning approaches.

The following pages present in detail the commissioned research study, its methodology, a brief review of the existing literature, findings, and recommendations. Extended discussions of the literature review and specific topics are included as appendices at the end of the report.

2. LITERATURE REVIEW

2.1 SME Challenges in Internationalization

Internationalization can be described as a relatively mature academic subject which has received immense interest since the 1970s. Numerous studies have explored everything from the definition of internationalization to subtopics such as the nature of foreign direct investments (FDI), different stages of going international, behavioral studies, firm performance after going international, market characteristics (i.e., emerging versus mature markets), regulatory frameworks, mode of entry (e.g., export, JV, etc.), organizational learning perspectives, cross-cultural perspectives, and network studies to name a few. Additionally, such studies have not been limited to academia, though this is where much of theorizing takes place. Several public research projects funded by APEC, the European Union, and International Trade Administration (ITA), for example, have also recognized the rich academic background while simultaneously lamenting the lack of quantitative data for analyzing internationalization. Studies relying on public funding are also numerous. In total, the literature on business internationalization generally, and SME internationalization specifically, could easily be described as extensive product from years of academic and public discussion.

A more complete literature can be found in Appendix 1. What follows here is a brief summary of essential topics from the literature review which helped shape the design of the ABF.

Four primary research questions emerged from the literature review.

- *Foreign Direct Investment (FDI)*. How do companies who discover that they have a particular advantage—be it a product, service, or perhaps a manufacturing edge—decide to invest money and resources into the target markets where they might prosper?
- *Stage Models*. Can internationalization be understood as a series of stages that each internationalizing entity evolves through: pre-export, initial export, and advanced export stages?
- *Network Models*. How do relationships between organizations and their people (i.e., networks) provide an advantage for the internationalization of businesses?
- *Market Entry*. Should an organization enter a new market through exporting, licensing agreements, franchises, joint ventures, or FDI?

Similarly, key issues emerged from the literature about adult learning which later helped shape the survey questions about how SME leaders preferred to learn particular topics.

2.2 Pedagogical considerations in executive Education

For decades scholars have discussed the distinction between pedagogy and andragogy (Knowles, 1968, 1980; Brookfield, 1986; Merriam and Caffarella, 1991; Davenport, 1993; Tennant, 1996). The term *pedagogy* has often been used to describe the way that children and young adults learn while *andragogy* has been used to describe how adults and professionals learn. There are five key assumptions forming androgogy's foundation (Knowles, 1980).

1. Adults have a strong sense of self and are able to direct their own learning activities
2. Adults have a pool of life experience which they can draw upon and reference while learning
3. Adult learning is closely tied to the learner's changing roles in the workplace or life
4. Adults tend to be more problem-centered in their learning and look for immediate application of the knowledge
5. Adults are generally more motivated by internal rather than external factors

In general, the literature on adult learning is clear. Program administrators and faculty must be prepared to move away faculty-centered teaching methods (e.g., lecture and rote exercises), and toward learner-centered approaches (e.g., case discussion, experiential projects, simulations, mentoring, and network building), when dealing with adult and professional learners. This movement from faculty-centered to learner-centered processes is at the heart of adult education.

Recommendations at the report's end adopted a range of options from faculty-centered to learner-centered delivery models. In the survey questionnaire, participants were asked to indicate their preferred method of acquisition for each specific topic. The choices effectively form a continuum from ranging from faculty-centered to learner-centered choices. The specific choices were: 1) Lecture or expert seminar, 2) Facilitated case study, 3) Tutoring or mentoring, 4) Networking and/or peer discussion, 5) On-the-job training, 6) Self study. In addition, we also provided the option of acquiring the capability via the outsourcing option, or that of recruiting personnel with required skills.

3. METHODOLOGY AND PROFILE OF RESPONDENTS

This project adopted a three stage approach. The first stage was the literature review, described above and presented in full in Appendix 1, which sought to determine what researchers already knew about the process of internationalizing SMEs. The second and third stages were, respectively, interviews and focus groups which were then followed with a survey research study across the twenty-one APEC economies. The entire process was aimed at designing a survey study capable of telling us what our target audience, SME leaders across the APEC economies, would most like to learn if they were participating in the ABF program. Additionally, the survey study sought to learn how SME leaders prefer to learn about the topics most important to them.

3.1 Focus Group Respondents

Following the literature review, several one-on-one structured interviews were conducted leading up to two focus groups. The structured interviews offered early feedback about the specific questions which would be asked during the focus groups, and also to identify any possible gaps in the focus group questions. A complete list of focus group questions is presented in Appendix 2.

After completing the structured interviews, two focus groups were conducted at Singapore Management University. Focus group participants were diverse, representing SMEs with revenues less than \$10 million annually, \$10-29.9 million, and greater than \$30 million. The focus group attendees were also diverse with different levels of experience operating internationally. Some participants had fewer than five years of international business experience, others had five to ten years experience, and a few had more than ten years experience.

Composite tables of the focus group participants can be found in Appendices 3 and 4. Highlights and key findings are presented in Appendix 5, and notes from each interview and focus group are presented in Appendices 6-9.

3.2 Survey Respondents

The on-line survey was launched in June 2009 and remained open for a three-week period. The on-line survey was written in English. The lead APEC representatives from each member economy were asked to help identify SME leaders in the respective country to complete a fifteen minute survey. 170 valid responses were received during the three week window, and Table 3-1 presents a distribution of the responses organized by country. There were no participants from four countries;

Australia, Chinese Taipei, South Korea and Papua New Guinea. Among all the respondents, 42% of the respondents were from Singapore, followed by 26% from Thailand, and 14% from Peru.

Table 3-1 Distribution of Responses

#	APEC Economies	%
1	Australia	0
2	Brunei Darussalam	4
3	Canada	1
4	Chile	1
5	Chinese Taipei	0
6	Hong Kong	2
7	Indonesia	1
8	Japan	1
9	South Korea	0
10	Malaysia	1
11	Mexico	1
12	New Zealand	2
13	Papua New Guinea	0
14	People's Republic of China	1
15	Peru	14
16	Philippines	1
17	Russia	1
18	Singapore	42
19	Thailand	26
20	United States of America	1
21	Vietnam	1
	Total	100

3.2.1 Company's Principal Business

Table 3-2 organizes survey responses according to principal business. Ten different business types are represented in the survey responses. The majority of respondents were from Wholesale (21.0%) and Manufacturing (38.2%) sector, while the service industry retail were also well represented (17.7%).

Table 3-2 Company's Principal Business

#	Principal Business	%
1	Wholesale	21.0
2	Manufacturing	38.2
3	Construction	3.8
4	Services	17.7
5	Communications, Transport and Storage	2.7
6	Retail	10.8
7	Property	2.2
8	Finance	1.6
9	Holdings	0.6
10	Hotels / Food Establishments	1.6
	Total	100

3.2.2 Total Revenue in 2007 and 2008

Companies were asked to indicate their total revenue in the year 2007 and 2008. Options ranging from less than USD \$1 million to more than USD \$60 million were provided. SMEs with less than USD\$1 million in revenues were extremely well represented, making up slightly more than 50% of the total responses. 77.0% of the responses came from SMEs earning less than USD\$10 million in revenues in 2008. Table 3-3 presents a complete portrait of company revenues.

Table 3-3 Total Revenue in 2007 and 2008

#	Total Revenue	2007 %	2008 %
1	More than USD \$60 million	2	4
2	USD \$50 million to less than USD \$60 million	3	3
8	USD \$40 million to less than USD \$50 million	1	1
3	USD \$30 million to less than USD \$40 million	1	3
4	USD \$20 million to less than USD \$30 million	2	3
5	USD \$10 million to less than USD \$20 million	9	9
6	USD \$1 million to less than USD \$10 million	27	26
7	Less than USD \$1 million	55	51
	Total	100	100

3.2.3 Extent of Internationalization Activities

The overwhelming majority of respondents worked for SMEs that were either already active in overseas markets (48.2% of responses), or that were aspiring to internationalize (43.3% of responses). Table 3-4 presents the respondents according to their international activities.

Table 3-4 Extent of Internationalization Activities

Your company is now:	%
1. Active in international activities	48.2
2. Aspiring to be active (future potential / desire to be involved in international activities)	43.3
2. Not-active in international activities (without a future/ potential desire to be involved in international activities)	8.5
Total	100.0

3.2.4 Main Approaches to Internationalization

Table 3-5 categorizes survey responses according to the SME's mode of entry into overseas markets. 50% of the responses came from firms whose mode of entry was either export or the appointment of overseas distributors or agents.

Table 3-5 Main Approaches to Internationalization

#	Main approaches to Internationalization	%
1	Export	29.5
2	Appointment of overseas distributors / agents	21.8
3	Overseas alliances (joint venture / partnerships etc)	19.3
4	Franchising	6.0
5	Setting up overseas branches / offices / subsidiaries	19.6
6	Others, please specify	3.9
	Total	100.0

Finally, looking at Table 3-6, just over 52.1% of the respondent's firms had a single mode of market entry while an additional 27.6% of the respondent's firms used two modes of market entry. Only 20.3% of the respondent's firms used three or more modes of market entry.

Table 3.6 Single vs. Multiple Modes of Approaches to Internationalization

#	Number of Modes	%
1	1	52.1
2	2	27.6
3	3	15.3
4	4	3.7
5	5	1.3
	Total	100.0

Respondents also reported the countries where they have entered as part of their internationalization efforts and the top three countries are China, Malaysia, and USA.

3.2.5 Year Formed

The majority of the respondents' companies were formed in the 2000s (55.0%). Only 5.7% of the respondents' companies are formed prior to the 1980s.

Table 3.7 Year Company was Formed

#	Year	%
1	1960s and before	1.3
2	1970s	4.4
3	1980s	12.7
4	1990s	26.6
5	2000s	55.0
	Total	100.0

3.2.6 Year Internationalized

The vast majority of respondents worked for firms which began their international business activities less than a decade ago.

Table 3.8 Year Company went International

#	Year	%
1	1980s	4.1
2	1990s	9.3
3	2000s	86.6
	Total	100.0

4. FINDINGS AND DISCUSSION

Analyses were conducted on the final dataset. A total of 170 responses were received via the electronic questionnaire platform. The following section details the findings in each of the four main capability areas: Financial, Business Environment, Marketing, and Cross-Cultural Management. The detailed statistical data can be found in Appendix 11.

In each section, the top three required capabilities are reported, together with the top two ideal ways of acquiring the required capabilities. The ranked importance of the capabilities is also presented. It is noteworthy that capabilities required by the companies are at times ranked to be not as important compared to the rest of the capabilities in the cluster. A possible reason could be that the companies already possess the required capacities to internationalize, hence, the importance placed on these required capabilities is much lower, compared to other capabilities.

4.1 Financial Capabilities

In the Financial Capabilities cluster, the three most required capabilities are 1) Taxation, 2) Cost allocation and control, and 3) Risk management (see Table 4-1). For all three capabilities, the most ideal way of acquiring the capabilities is through lecture or expert seminar. Particularly, outsourcing and recruiting personnel with required skills is a second best way for acquiring *Taxation* capabilities while on-the-job training is the second best option for *Risk Management* and *Cost Allocation and Control*.

What is of interest is the fact that while the three capabilities are most required, they are ranked in the lower half of the importance section. That is, it may be that companies already have the most importance capabilities; 1) Financial planning and review, 2) Cashflow management and 3) Debt management and new financing.

Table 4-1 Summary Findings on Financial Capabilities

Required	Importance	Top Two Ideal Acquisition Methods
1. Taxation in foreign countries	6	1. Lecture or expert seminar 2. Outsource and/or recruit personnel with required skills
2. Cost allocation and control	4	1. Lecture or expert seminar 2. On-the-job training
3. Risk management	5	1. Lecture or expert seminar 2. On-the-job training

For the overall sample, the most important capability is *Financial planning and review in foreign operations* (see Table 4-2). While this is not required as much by companies in the study, it may be that companies already possess other more basic capabilities. Nonetheless, this is a capability that should be considered in financial modules of training programs and it is recommended that rather than teaching the basic principles of this capability, that training providers focus on a) a higher level of expertise, and b) updates on current issues that impact this capability.

Table 4-2 Ranking of Important Financial Capabilities

Financial Capabilities – Overall Sample
1. Financial planning and review in foreign operations
2. Cashflow management
3. Debt management and new financing
4. Cost allocation and control
5. Risk management
6. Taxation in foreign countries

Again, there is a difference between what is important and what is required. Although companies may not require capabilities that are important, training program providers should continue to offer topics on important capabilities, but at a higher level. It is likely that required capabilities that are less important may have been neglected in the past and companies now want to focus their attention on developing those capabilities as well. In this instance, *Taxation*, *Cost allocation and control* and *Risk management* are three such capabilities.

Table 4-3 Required vs. Important Financial Capabilities

	Required to a Large Extent	Required to a Less Extent
Important (ranked 1-3)		<ul style="list-style-type: none"> * Financial planning and review in foreign operations * Cashflow management * Debt management and new financing
Less Important (ranked 4-6)	<ul style="list-style-type: none"> * Taxation in foreign countries * Cost allocation and control * Risk management 	

4.2 Business Environment Capabilities

The top three required capabilities in the Business Environment cluster are 1) Seek out and evaluate potential partners for foreign operations, 2) Market analysis at the industry level, and 3) Legal and regulatory framework in foreign countries (see Table 4-4).

The ideal way of acquiring all three capabilities is via networking and/or peer discussion. For *Seeking potential partners* and *Legal*, outsourcing is another method while self study is a viable alternative for the *Market analysis* capability. The dominant mode of acquisition here is via networking and peer discussion, diametrically different from the acquisition mode for the Financial capabilities.

The two most required capabilities are also ranked as the top two most important capabilities in this cluster. The *Legal* capability is the least important capability, but is also required although companies indicated that outsourcing is the best way of acquiring this capability.

Table 4-4 Summary Findings on Business Environment Capabilities

Required	Importance	Top Two Ideal Acquisition Methods
1. Seek out and evaluate potential partners for foreign operations	2	1. Networking and/or peer discussion 2. Outsource and/or recruit personnel with required skills
2. Market analysis at the industry level	1	1. Networking and/or peer discussion 2. Lecture or expert seminar 3. Self Study
3. Legal and regulatory framework of foreign countries	6	1. Outsource and/or recruit personnel with required skills 2. Networking and/or peer discussion

The ranking of all six capabilities in the Business Environment cluster is listed in Table 4-5. It appears that companies lack the most important capabilities in this cluster. Hence, programs focusing on this segment should be cognizant that there may be a need to focus on the entire spectrum of knowledge, skills and abilities in this cluster. In other words, the design of the curriculum has to provide a basic foundation as well as to provide the most recent knowledge and understanding of that capability.

Table 4-5 Ranking of Important Business Environment Capabilities

Business Environment Capabilities - Overall Sample
1. Market analysis at the industry level
2. Seek out and evaluate potential partners for foreign operations
3. Understand and manage the complexity of foreign distribution channels
4. Read economic and political data to interpret and anticipate trends at the global, regional and country levels
5. Tap into networks such as trade associations and chambers of commerce in foreign countries
6. Legal and regulatory framework of foreign countries

The classification of required versus important capabilities are more evenly spread out in the Business Environment cluster (see Table 4-6). Three capabilities are deemed to be less important and less required, and therefore in the design of the curriculum of this cluster, the emphasis of these

three capabilities 1) Understand and manage the complexity of foreign distribution channels, 2) Read economic and political data to interpret and anticipate trends at the global, regional and country levels and 3) Tap into networks such as trade associations and chambers of commerce in foreign countries can be lower in emphasis. Priority should be placed on *Seek out and evaluate potential partners for foreign operations* and *Market analysis at the industry level*.

Table 4-6 Required vs. Important Business Environment Capabilities

	Required to a Large Extent	Required to a Less Extent
Important (ranked 1-3)	* Seek out and evaluate potential partners for foreign operations * Market analysis at the industry level	
Less Important (ranked 4-6)	* Legal and regulatory framework of foreign countries	* Understand and manage the complexity of foreign distribution channels * Read economic and political data to interpret and anticipate trends at the global, regional and country levels * Tap into networks such as trade associations and chambers of commerce in foreign countries

4.3 Marketing Capabilities

For Marketing capabilities, the top three capabilities required also ranked in the top most important capabilities except for the capability on *Develop new products and services for the foreign markets* (see Table 4-7). Specifically, *Pricing* and *Expanding distribution networks* appear to be both important and required. The most preferred way of acquiring such capabilities is through networking and/or peer discussion. *Pricing* and *Develop new products and services* are likely to be acquired ideally through on-the-job training as well. Respondents particularly are also of the view that *Distribution networks* capability can also be outsourced and/or recruited from external sources.

Table 4-7 Summary Findings on Marketing Capabilities

Required	Importance	Top Two Ideal Acquisition Methods
1. Determine the appropriate pricing of the products and services to stay competitive	3	1. Networking and/or peer discussion 2. On-the-job training
2. Expand distribution networks in foreign operations	1	1. Networking and/or peer discussion 2. Outsource and/or recruit personnel with required skills
3. Develop new products and services for the foreign markets	5	1. Networking and/or peer discussion 2. On-the-job training

The most important capability in the Marketing cluster is that of *Expanding distribution networks* (see Table 4-8). Promotion to create brand awareness and using the internet as a business intermediary were moderately important, ranking in the middle, in the overall cluster of capabilities. The second most important capability, *Gather foreign market intelligence* does not appear to be as required by respondents. As earlier discussed, it could be that respondents are already able to gather such foreign market intelligence. As it is nonetheless important, the results of the study suggest that providers of the training curriculum for this area focus on more sophisticated means of gathering and using such foreign market intelligence. What is more important, however, is developing the capabilities of *Expanding distribution networks* and *Pricing*.

Table 4-8 Ranking of Important Marketing Capabilities

Marketing Capabilities - Overall sample
1. Expand distribution networks in foreign operations
2. Gather foreign market intelligence
3. Determine the appropriate pricing of the products and services to stay competitive
4. Promote brand awareness through internet channels
5. Develop new products and services for the foreign markets
6. Promote brand awareness through traditional media
7. Buy and sell products and services over the internet

Table 4-9 details the distribution of what respondents deem important and required. As discussed earlier, *Expanding distribution networks* and *Pricing* would be the two main focal points for the Marketing cluster.

Table 4-9 Required vs. Important Marketing Capabilities

	Required to a Large Extent	Required to a Less Extent
Important (ranked 1-3)	<ul style="list-style-type: none"> * Expand distribution networks in foreign operations * Determine the appropriate pricing of the products and services to stay competitive 	
Less Important (ranked 4-6)	<ul style="list-style-type: none"> * Develop new products and services for the foreign markets 	<ul style="list-style-type: none"> * Gather foreign market intelligence * Promote brand awareness through traditional media * Buy and sell products and services over the internet

4.4 Cross-Cultural Management Capabilities

The top three capabilities for the Cross-Cultural Management cluster are 1) Manage partner relations, 2) Foreign business practices, and 3) Negotiate across cultures. Networking and/or peer discussion is deemed the most ideal way of acquiring these three capabilities. For *Foreign business practices*, the lecture or expert seminar is also one of the ideal methods. It appears that respondents also deem these three required capabilities to be important (in the top half of the cluster of seven capabilities).

Table 4-10 Summary Findings on Cross Cultural Management Capabilities

Required	Importance	Top Two Ideal Acquisition Methods
1. Manage partner relations	3	1. Networking and/or peer discussion 2. On-the-job training
2. Foreign business practices	1	1. Networking and/or peer discussion 2. Lecture or expert seminar
3. Negotiate across cultures	4	1. Networking and/or peer discussion 2. On-the-job training

The respondents in this study indicated that *Management style*, *Verbal/nonverbal language differences* and *Motivate and retain foreign employees* are less important. One possible reason could be that these capabilities become important once the company has managed to gain a foothold in the foreign country. What is important is to get a foot in the door, which means having capabilities to understand foreign business practices, habits and attitudes of foreign customers etc and managing partner relations. Only when companies are able to do so can they focus on the day-to-day internal running of the operations. Hence, in designing the program on Cross-Cultural

Management, the first important steps would be to focus on getting companies to hone capabilities in foreign business practices, habits and attitudes and managing partner relations.

Table 4-11 Ranking of Important Cross-Cultural Management Capabilities

Cross-Cultural Management Capabilities – Overall Sample
1. Foreign business practices
2. Habits and attitudes of foreign customers, employees and partners
3. Manage partner relations
4. Negotiate across cultures
5. Management style required in specific foreign context
6. Verbal / nonverbal language differences
7. Motivate and retain employees in foreign operations

In this cluster of capabilities, what is deemed important is also required by respondents of the study, except for the capability to understand and manage *Habits and attitudes of foreign customers, employees and partners*. As discussed earlier, the focus is on capabilities that enable companies to take the first step, which is more external than internal.

Table 4-12 Required vs. Important Cross-Cultural Management Capabilities

	Required to a Large Extent	Required to a Less Extent
Important (ranked 1-3)	<ul style="list-style-type: none"> * Foreign business practices * Manage partner relations * Negotiate across cultures 	
Less Important (ranked 4-6)		<ul style="list-style-type: none"> * Habits and attitudes of foreign customers, employees and partners * Management style required in specific foreign context * Verbal / nonverbal language differences * Motivate and retain employees in foreign operations

4.5 Capability Requirement Across Companies with Different Profiles

Companies with different revenue levels, and year internationalized do not differ significantly in the *skills required* in all the four categories of skills. However, there are differences in skills required in the following areas for companies with different profiles. Generally, it is observed that there is no difference in capabilities required in *Financial Capabilities* but there are differences in requirements

in the other three clusters of capabilities. The general finding is presented in Table 4-13. The specific capabilities that are different are detailed in the following sections.

Table 4-13 Capability Requirements Across Profiles

#	Profile Differences	Business Environment Capabilities	Marketing Capabilities	Cross-Cultural Management Capabilities
1	Current status of internationalization		X	X
2	Year Formed			X
3	Manufacturing vs. Non Manufacturing Businesses		X	
4	Multiple modes of Internationalization	X	X	

4.5.1 Current Status of Internationalization – Business Environment and Cross-Cultural Management Capabilities

Other than the capability of *Market analysis at the industry level*, the requirements for all other capabilities under the Business Environment cluster were significantly lower for those who are aspiring or not yet internationalized. Clearly, companies that have yet to embark on the internationalization journey are less likely to require skills in Business environment cluster.

For the Cross-Cultural Management cluster, the only capability that is differentiated among the three groups of companies is that of *Motivate and retain employees in foreign operations*. Specifically, companies that are active in internationalization activities require more capabilities in this area than the other two groups of companies. There was no significant difference in this capability for the other two groups of companies. Again, the logic is that companies already active would require more capabilities in internal management; that of motivating and retaining talent.

4.5.2 Year Formed – Cross-Cultural Management Capabilities

The data showed that the skills levels required are significantly different for three types of capabilities under the Cross-Cultural Management Capabilities cluster: 1) *Management style required in specific foreign context*, 2) *Negotiate across cultures*, and 3) *Manage partner relations*.

Specifically, companies formed in the 2000s require more of the three above capabilities than companies formed in the 1990s. Further, for *Manage partner relations*, companies formed in the 1980s require less of the competency compared to those formed in the 1990s and 2000s.

4.5.3 Manufacturing vs. Non Manufacturing Businesses – Marketing Capabilities

Manufacturing companies differ from non manufacturing companies in two main capabilities in the Marketing cluster. Manufacturing require higher capabilities in the *Develop new products and services for the foreign markets* but lower capabilities in the *Promote awareness through traditional media* area compared to non manufacturing companies.

4.5.4 Mode of Internationalization – Business Environment and Marketing Capabilities

There was no difference in the capabilities required for different modes of internationalization (e.g. such as export, franchise etc). However, the data showed that companies with multiple modes require higher levels of capabilities in: 1) *Business Environment Capabilities: Market analysis at the industry level* and 2) *Marketing Capabilities: Gather foreign market intelligence*. That is, companies with greater number of modes of entry require higher levels of the capabilities in the above two categories across the entire sample.

4.6 Organization Culture and Internationalization

What internal factors lead companies to internationalize? This is one of the important questions that we seek to understand in helping SMEs build capabilities in internationalization. We correlated the learning orientation and openness of companies to the state of companies' internationalization activities. We found strong correlations between learning orientation and companies that are active in international activities and between openness and with such companies as well (see Appendix 15). Hence, in the midst of building such capabilities, companies should also strive to create a culture that is open, and high on learning orientation.

Further, we also found risk taking to be significantly correlated to being active in internationalization. We therefore conclude that companies with the following orientation are more likely to internationalize: high learning orientation, high openness, and risk taking.

4.7 Interest in In-market Programs

There is definitely interest in in-market programs developed to cater to this group of SMEs respondents. Over 68% of the respondents indicated that they interested (41.0%) or very interested in participation (27.0%).

Table 4-14 Interest in In-market Programs

Interest	%
1 (Not interested)	3.0
2	9.0
3	20.0
4	41.0
5 (Very interested)	27.0
Total	100.0

5. PROPOSED CLASSROOM CONTENT

We recommend a five-and-a-half day in-market business fellowship program. A key feature of the program is a strong inclination towards learner-centered delivery models such as networking, discussion, and individual tasks looking at the participant's current business challenges. The delivery model should account for three-quarters length classroom days, allowing participants ample time for networking. Finally, we recommend that participants go through the program as a quartet (four person group) for both social and intellectual reasons. Pre-assigning participants into groups will allow the socialization process to mature more quickly, and it also gives program administrators the ability to control group composition in such a way that program objectives are best met (e.g., we ensure that each quartet is culturally diverse before assigning an exercise on cross-cultural negotiation). Fixed groups are reasonable considering the program's emphasis on networking.

These recommendations are based upon the survey findings, focus groups, and literature review. The program content includes a mix of finance, business environment, marketing, cross-cultural management topics.

5.1 Two Proposed Models for the ABF: disciplinary and Cross-discipline Models

A five-and-a-half day program will need to begin on a Sunday evening with a welcome reception, short talk setting expectations for the week ahead, and perhaps a 20 minute opening presentation to break the ice and promote intellectual exchange between participants. Regardless of the specific design, it will be important to break the ice so that participants arrive on Monday ready to learn.

The course content could be organized two ways: a disciplinary and cross-disciplinary approach. We will first present the disciplinary approach because inherently this model emphasizes the topics which respondents felt should be included in the ABF. Table 5-1 presents survey findings for topics to be included according to their respective discipline. Ultimately, however, the ABF has been designed around themes which offer a cross-disciplinary perspective. The thematic design recognizes the reality that organizations function across academic disciplines. For example, products and services are priced with both an eye to sales (a marketing topic) and to finance.

Table 5-1 Functional ABF Program Design and Its Content

Discipline	Specific Topics
Finance	Financial planning and review Cashflow management Debt management and new financing Taxation in foreign countries Cost allocation and control Risk Management
Business Environment	Seek out and evaluate potential partners Market analysis at industry level Legal and regulatory framework of foreign countries Understand and manage complexity of foreign distribution channels Read economic and political data to interpret trends
Marketing	Expand distribution networks in foreign countries Determine the appropriate pricing of products and services to stay competitive Develop new products and services for the foreign markets Gather foreign market intelligence Promote brand awareness through Internet
Cross-cultural Management	Foreign business practices Habits and attitudes of foreign customers, employees and partners Manage partner relations Negotiate across cultures Retain and motivate employees in foreign operations Identify and attract necessary talent (not included in the Survey)

A trade-off exists when organizing the program content by discipline. The benefits are that traditional disciplines will be easily recognized by potential ABF participants. Applicants should understand exactly what they will be learning. Additionally, finding course content, such as case studies or pre-readings, should also be a relatively easy when content is organized by discipline. Simply put, a disciplinary approach matches well with how many universities operate, faculty teach and conduct research, and service providers organize and deliver courses. A disciplinary approach might be described as the path of least resistance, from an academic administrative perspective.

The trade-off however, may be with regards to time. Considering the number of topics which have been identified as important, and a program designed to move through these step-by-step according to discipline function, will likely need more than five days. Additionally, a disciplinary approach may complicate marketing and outreach if the ABF is to appear innovative when compared to typical university or commercial open-enrolment programs.

The alternative is to design the program across disciplines, according to themes.

Where would the programs themes come from? The literature review revealed four cornerstones to internationalization research: the foreign-direct investment model, stage models (behavioural), network models, and market entry models. Each research perspective offers a different orientation. The FDI approach and market entry approaches invite us to examine the external operating environment. Network theory invites us to look laterally towards partners. Finally, the stages model emphasizes an internal orientation examining firms' processes and management decisions. Using this distinction between external, lateral, and internal, the survey findings can be categorized according to four themes: Market analysis, partners, internal operations, and legal issues.

Table 5-2 Proposed Thematic Course Content

Orientation	Theme	Course Content*	Corresponding Survey Category and Rank
External	Market Analysis	Market analysis at industry level	BE-Required #1; Important #1
		Foreign business practices	CCM-Required #2; Important #1
		Foreign market intelligence	MKT-Important #2
		Habits and attitudes of foreign customers	CCM-Important #2
	Legal Issues	Understand and manage complexity of foreign distribution channels	BE-Important #3
		Read economic and political data to interpret trends	BE-Important #4
Lateral	Partners	Taxation in foreign countries	FIN- Required #1
		Legal and regulatory frameworks	BE-Required #3
		Seek out and evaluate potential partners	BE- Required #1; Important #2
		Manage partner relations	CCM-Required #1; Important #3
Internal	Internal Operations	Expand distribution networks in foreign countries	MKT-Required #2; Important #1
		Negotiation across cultures	CCM-Required #3; Important #4
		Financial planning and review	FIN-Important #1
		Cashflow management	FIN-Important #2
		Risk management	FIN-Required #2
		Debt management	FIN-Important #3
		Cost allocation and control	FIN- Required #3; Important #4
		Determine the appropriate pricing of the products and services	MKT-Required #1; Important #3
		Develop new products and services	MKT-Required #3
		Promote brand awareness through Internet	MKT-Important #4
Identify and attract necessary talent	CCM**		

* BE = Business environment, MKT = Marketing, CCM = Cross-cultural Management, and FIN = Finance. The corresponding rank, according to the survey results, is also indicated.

** Though identifying and attracting talent was not specifically singled out in the survey study, the literature review raises the issue as being critical to SMEs around the globe and thus is included as an HR concern.

Before moving on to program delivery, it may be helpful to clarify how the specific course content was determined. First, the survey design distinguished between: 1) what is *required* for the business

to expand, and 2) what topics the survey respondents felt were *important* for them to do so (See survey in Appendix 10). We examined what survey respondents felt was required for a business to internationalize and compare that with what they felt was important to acquire at this point in their companies' development.

- *Required to internationalize.* The recommended course content includes the top three capacities that survey respondents felt were required for a business to internationalize. This top-three rule was applied to all four categories of finance, business environment, marketing, and cross-cultural management. (see Tables 4-1, 4-4, 4-7, and 4-10 for the survey results of what respondents felt is required).
- *Important to learn.* The top four topics that survey respondents felt were important for them to learn were also chosen. This top-four rule was applied equally to the findings for finance, business environment, marketing, and cross-cultural management. (See Tables 4-2, 4-5, 4-8, and 4-11 for the survey results of what respondents felt is required).

Slightly greater weight, four items instead of three, was given to topics that respondents said were *important* for them to learn. The reason for giving greater weight is that the important topics represent what survey respondents, people who are potential candidates for the ABF program, want to learn more about. Topics required to internationalize may not be important to learn, in the eyes of survey respondents, precisely because they are required. If a company has gone international, or has started the process, then they may already possess the required capacities. Thus, survey respondents may be ready to move beyond some of the required topics.

Gaps between what is required and what is important also help us think about the weight each topic might be given during the five days. The responses for Finance make a good example for illustrating how we can weigh each topic.

Table 5-3 Summary Findings on Financial Capabilities

Required	Importance	Top Two Ideal Acquisition Methods
1. Taxation in foreign countries	6	1. Lecture or expert seminar 2. Outsource and/or recruit personnel with required skills
2. Cost allocation and control	4	1. Lecture or expert seminar 2. On-the-job training
3. Risk management	5	1. Lecture or expert seminar 2. On-the-job training

Table 5-3 illustrates that what respondents felt was required, and what was important for them to learn, are different. There was no overlap between the two lists. Returning to the demographics of our survey respondents, the gap between what is required and what is important may be understood as a reflection of the knowledge and experience base that potential participants would bring to the ABF. If their firm has been in business for several years, and they are successful enough to think about international expansion, then it is reasonable to assume that they already possess some knowledge of financial planning, cashflow, and debt. Consequently, there are three alternatives for thinking about how these topics might be weighted and addressed in the overall program design.

1. *Self-study.* If adult learners are able to operate in a more self-directed manner, as the literature on andragogy has argued, then giving pre-readings and allowing participants to refresh their memory or even study as they need seems an appropriate option. Similarly, pre-assignments such as CD-ROM based or on-line simulations, could accomplish the same goal. On-line surveys could be used to gauge how many fellows succeed with self-study.
2. *Peer to Peer.* Pre-course surveys might allow you to design peer-to-peer discussions where more experienced participants are paired with the less experienced. A short case, exercise, or simulation might then allow them to discuss topics such as debt management.

Options one and two have the advantage of consuming less of our limited classroom time. A third option, however, exists.

3. *Expert to peer.* Respondents clearly indicated that they prefer to learn finance by lecture, with networking and peer discussion as the secondary preference. (see Appendix 11-A for the full data set regarding preferred method of acquisition for finance). While a classroom lecture followed by a peer-to-peer case discussion might work well, according to our findings, the price is that valuable classroom time is being used for a topic which shows a clear gap between what is required for the firm and what respondents felt was important to learn.

Simply as a point of contrast, let's also consider the results for Business Environment.

Table 5-4 Summary Findings on Business Environment Capabilities

Required	Importance	Top Two Ideal Acquisition Methods
1. Seek out and evaluate potential partners for foreign operations	2	1. Networking and/or peer discussion 2. Outsource and/or recruit personnel with required skills
2. Market analysis at the industry level	1	1. Networking and/or peer discussion 2. Lecture or expert seminar 3. Self Study
3. Legal and regulatory framework of foreign countries	6	1. Outsource and/or recruit personnel with required skills 2. Networking and/or peer discussion

Note the clear overlap between what is required and what is important. The first two items are the same in both lists (the order is simply reversed). This overlap tells us that not only the capacity important for the firm to internationalize, but also that our respondents want to learn more about evaluating foreign partners and analyzing markets at the industry level. Thus, in situations where we have such clear overlap, classroom time can and should be devoted to these topics. The legal and regulatory framework (which was ranked last in importance) might then be introduced as either a pre-reading or perhaps a guest lecture before a networking event.

A quick look at Marketing reveals similar overlaps.

Table 5-5 Summary Findings on Marketing Capabilities

Required	Importance	Top Two Ideal Acquisition Methods
1. Determine the appropriate pricing of the products and services to stay competitive	3	1. Networking and/or peer discussion 2. On-the-job training
2. Expand distribution networks in foreign operations	1	1. Networking and/or peer discussion 2. Outsource and/or recruit personnel with required skills
3. Develop new products and services for the foreign markets	5	1. Networking and/or peer discussion 2. On-the-job training

Pricing clearly emerges as a topic which is both required and important for our respondents to learn about. Understanding how to expand distribution networks is equally important. Developing new products, however, might be better addressed through self-study or some other delivery option which does not require us to use limited class time.

Finally, the gap analysis for cross-cultural management reveals that partner relations and foreign business practices deserve to be emphasized in the classroom.

Table 5-6 Summary Findings on Cross Cultural Management Capabilities

Required	Importance	Top Two Ideal Acquisition Methods
1. Manage partner relations	3	1. Networking and/or peer discussion 2. On-the-job training
2. Foreign business practices	1	1. Networking and/or peer discussion 2. On-the-job training + Lecture or expert seminar
3. Negotiate across cultures	4	1. Networking and/or peer discussion 2. On-the-job training

Cross-cultural negotiation appears to be a borderline issue. While certainly required, it is not ranked as most important by respondents. The one advantage to devoting class time to cross-cultural negotiation is that the topic inherently lends itself to role plays, interaction, and peer discussions. Such an experience is in line with what survey respondents indicated was their generally preferred method of acquiring new skills and knowledge. Additionally, the ability for almost any institution of higher learning to deliver an effective module on cross-cultural negotiation is high because numerous cross-cultural negotiations and case studies are already in existence. Finally, many fellows will likely bring a strong experience base, potentially leading to rich classroom conversations.

To summarize, Table 5-7 presents the topics which this study indicates that classroom time should be devoted to.

Table 5-7 Topics Deserving Dedicated Classroom Time

Function	Topic
Finance	Financial planning and review Cashflow management Debt management and financing Cost allocation and control
Business Environment	Seek out and evaluate potential partners Market analysis at the industry level
Marketing	Determine the appropriate pricing of the products and services Expanding distribution networks
Cross-cultural Management	Foreign business practices Manage partner relations Negotiate across cultures

Table 5-8 presents those topics which can beneficially be included in the program, but alternate methods of delivery or learning may be appropriate when available classroom time is limited.

5-8: Topics to be Included Using Alternate Delivery Methods

Function	Topic
Finance	Taxation in foreign countries Risk Management
Business Environment	Understand and manage complexity of foreign distribution channels Read economic and political data to interpret trends Legal and regulatory frameworks
Marketing	Foreign market intelligence Develop new products and services
Cross-cultural Management	Habits and attitudes of foreign customers, employees and partners Management style required in specific foreign context Identify and attract necessary talent

Any of the topics in Table 5-8 could be given dedicated classroom time once the essential topics are covered. Recognizing that the list of topics reasonably exceeds the available classroom hours, difficult choices must be made. Those choices could be driven by available faculty and teaching expertise, particular market conditions, or even availability of teaching materials to name just a few. Tables 5-7 and 5-8 simply rely on the gap analysis to divide the program content in two categories of what should be discussed in the classroom, and what can be discussed in the classroom or also by alternate means (e.g., self-study, guest panel, on-line interactive module, etc).

Before concluding the topic of program design, a few words should be shared about technology. As the Internet's reach continues to grow, the ABF might consider how some of these topics can be delivered on-line either before the program or after. All learning need not be limited to the five-and-a-half days or in the classroom. As part of the program design, a blend of on-line modules and pre-readings might be combined with the in-market program to build a more comprehensive program. SME leaders who often act as player-coaches may not be free to leave their business for two full weeks (the amount of time that would be required to cover *all* topics discussed in this report and not just the *recommended* ABF topics). The Internet, and tying the award of a certificate with the completion of both on-line and classroom modules, may be yet another means of better supporting SME leaders and ensuring that the required and important topics are adequately covered.

Finally, one topic was added to the proposed course design and content because of findings from the literature review. Identifying and attracting talent should be included in the ABF course design and content. Throughout this study, the topic of identifying and attracting talent has slowly emerged as being distinct from retaining and motivating existing employees. Because of the

importance placed on identifying and attracting talent in the global literature base, this topic has been included because of findings from the literature review.

5.2 Program Delivery

The survey reveals two primary preferences for delivering the ABF (i.e., how respondents prefer to acquire the new knowledge or capacity).

- *Finance* topics should be taught through lecture, as revealed by the survey findings. Networking and on-the-job training emerged as secondary preferences for learning finance. Perhaps there is little surprise that lecture is preferred when the subject has a more quantitative nature and a relatively exact set of steps to be performed.
- *Business environment, marketing, and cross-cultural management* all revealed a preference for learning through networking. The secondary preferences for these three topics were lecture with either self-study or outsourcing the work altogether.

Broadly speaking, survey responses indicate that finance topics should be delivered with faculty-centered approaches like lecture and then progress toward more peer-oriented deliveries. The remaining topics should begin with more learner-centered approaches which can be complemented with self-study or perhaps mini-lectures.

Regarding the topics of business environment, marketing, and cross-cultural management, for which respondents indicate a greater preference for networking and peer discussion, the following few options are available for delivering the program in a more learner-centered style.

- *Networking events and partnerships with local organizations.* Connecting ABF participants with local practitioners should be a primary program goal, and partnering with organizations such as American Chambers of Commerce or Chinese Chambers may be a successful way of making these connections. Partnerships with local organizations appear to be potentially rich opportunities for hosting successful networking events.
- *Panels or guest speakers.* Networking events, mentioned above, could be opened with panel discussions including experienced in-market professionals. Creating a shared experience, such as a panel or speech, will provide a common platform for ABF participants and in-market business professionals to discuss and network. This common experience can also serve as a point of reflection and debriefing the following morning.

- *Mentorship program.* Learning could be extended beyond the five-and-a-half day program through mentoring. One option is peer mentors who experience the ABF as a fixed quartet (four person group). This quartet would study and work together throughout the program, and then remain in touch afterwards. The same could be accomplished with more traditional mentor programs where we pair the fellows with senior business professional in their home country or the host country (as each participant prefers). Internet communications could be used to keep in touch with the mentor and mentee, and encourage further meetings and discussions.
- *Self-study.* One important point to remember is that not every topic recommended for the ABF must be taught in the classroom. If that was the case, then the list of suggested topics might add up to a two-week program. Instead, learners can complete some pre-readings prior to the arriving for the ABF. Simple methods such as five-question on-line surveys, to be completed after reading the text, could be used to encourage self-study. Additionally, technology offers additional self-study solutions. Numerous on-line or CD-ROM based modules are available via third party vendors.
- *Live cases.* As an alternative to printed Harvard style case studies, program administrators might invite a local business to serve as a live case. Ideally, this would be a company that has gone international in the last few years, and is comfortable operating under a situation including the Chatham House rule, sharing information with participants, and then gathering insights from participants who work on the business challenges which were presented.

Similarly, participants could bring in their own challenges for discussion. An excellent example of bringing practical experiences and questions into the executive classroom would be Harvard's *Your Own Case Study* (product number 9-405-037 at Harvard Business Online). Here participants create a mini-case based on an experience they wish to discuss.

These are five different ways in which the program delivery could be moved in the direction of a learner-centered experience. From the perspective of andragogy research, the above set of delivery alternatives makes sense because they move the program in a more learner-centered direction. Additionally, they contextualize discussions within the professional role faced by SME leaders, and they also ask participants to discuss and reflect on their own experiences. Finally, each alternative provides a platform where participants can share and discuss their experiences as part of the learning process.

Regardless of the specific method used to connect ABF participants with practitioners, one essential point to remember is that the networking events are *not* merely meet-and-greet sessions. The events should begin with specific learning objectives in mind, and should be facilitated as *structured* networking events. In concise terms, a structured networking event will have learning objectives, common activities and discussion points shared by all participants (i.e., ABF participants and guests), and the sessions should be debriefed the following day for approximately ten minutes to encourage further reflection. To illustrate, learning goals can be clearly stated, participants can be given up to three questions for discussion, and then the experience can be debriefed the next morning. Networking events should never stray from their pedagogical purpose; all segments of the ABF should strive to deliver the greatest educational value for participants.

Program administrators, however, will need to consider the choices carefully in terms of resource commitments and ability to deliver. Getting a local corporation to serve as a live case and share the time of senior executives may appear difficult compared to asking participants to craft their own mini case for in-class discussion. Similarly, getting local professionals to serve as mentors for 6-12 months may seem difficult compared to inviting professionals to a panel discussion and networking event. Assigning pre-readings is an extremely low commitment, but designing short follow-up surveys that act as an incentive to complete pre-readings is a greater commitment of faculty and staff time. Program administrators must carefully consider the resources they are willing to invest as we strive to deliver a learner-centered program.

In short, a successful learner-centered program will require a greater investment from the IHL in terms of faculty and staff hours, building pre-assignments, and overall administration.

Learning that the ABF's target audience has a strong preference for learner-centered sessions and a matching preference for networking (for non-financial topics) raises several interesting questions. All, unfortunately, cannot be answered by the data collected during this study. The following questions may help you think about balancing the somewhat-competing tensions between offering a consistent program in all markets while also tailoring the program to each host market or diverse audiences.

First, lecture consistently scores well as a preferred method of delivery for certain topic areas, but this finding stands in some contrast to the literature review and the study of andragogy which teaches us that adult audiences strive to become more self-directed learners capable of interacting with a subject on their own terms (rather than terms dictated by a lecturer). As food for thought, we

can speculate that history and culture, more specifically the tradition of delivering education in the lecture format, has socialized respondents to expect or even prefer a more passive educational model. Certainly, some participants may initially feel more comfortable falling back into the well-known passive learner role. In other words, respondents may be asking for a learning style they know and are comfortable with (especially in a more technical discipline like finance). As the research on andragogy teaches us, we must consider the learning context and any situational analysis must consider the preferences and past experiences of learners. We must balance the need to adapt with the need to challenge participants with new “stretch” experiences.

Second, the case method scores moderately well as a preferred learning method across the four topics. It ranks neither at the top or bottom. Certainly the history of business school education with its strong emphasis on cases, along with andragogy and its emphasis on problem-centered learning which connects with professional life, suggests that the case method might receive greater support from survey respondents. Our survey results may offer good reason to pause and think about the role of facilitated case discussion in the ABF. While it may be difficult to imagine an executive business program without case studies, our survey results also suggest that perhaps cases should not be the dominant instructional method. Cases instead might serve as useful tools for illustrating ideas previously lectured or read about, or as launching points before program attendees go into other experiences such as networking events or peer exercises and reviews. Cases should clearly be a part of the equation, but perhaps not the dominant approach.

6. PROPOSED TRAINING FRAMEWORK

We propose a five-and-a-half day in-market business fellowship program. We recommend:

1. A strong inclination towards more learner-centered delivery models such as networking, discussion, and individual tasks looking at the participant's current business challenges.
2. A delivery model of about three-quarters length classroom days, allowing participants ample time for networking.
3. A support group structure such that participants go through the program as a quartet (four person group) for both social and intellectual reasons. Pre-assigning participants into groups will allow the socialization process to mature more quickly, and it also gives program administrators the ability to control group composition in such a way that program objectives are best met (e.g., we ensure that each quartet is culturally diverse before assigning an exercise on cross-cultural negotiation).
4. A strong follow-up to the fellowship such that SME participants keep in contact after concluding the program's classroom modules. An on-going network of SME leaders is perhaps one of the greatest contributions this fellowship can offer in support of SME internationalization.

6.1 Structure of the ABF

Table 6-1 presents the overall proposed framework for the ABF.

Table 6-1 ABF Stakeholder Interests and Program Characteristics

	Nuts-and-Bolts Discussions	Classroom Topics	Networking, Panels, and Site Visits
Overseas Fellows	High audience interest	Moderate to high interest	High interest
Local Fellows	Low audience interest	Moderate to high interest	High interest
Program Characteristics	<ul style="list-style-type: none"> • Opportunity to share ground-level specifics • Delivered by agency or experienced SME leader 	<ul style="list-style-type: none"> • Value-adding topics identified in survey study • Lecture for financial topics • Discussion methods for non-financial topics 	<ul style="list-style-type: none"> • Partner will local bodies such as AmCham or Chinese Chambers • Governmental and agency representatives • Site visits to successful SMEs
Second Track Option	Coffee conversations with local business, NGO, and political leaders. Emerging issue discussions.	none	none

The second track is an option, presented to host institutions, if there participants are a mix of local and visiting fellows. The morning *Nuts & Bolts* must be adapted to the unique set of participants attending each program run. Local participants may not be interested in a *Nuts & Bolts* discussions which tells introduces participants to processes and regulations for incorporating. Instead, the local participants would be given a second option, run concurrently, to join a coffee conversation in a neighbouring room which centers around an emerging issue and is facilitated by a local practitioners. All participants, therefore, can be given the opportunity to choose and discuss the topic most interesting to them.

A typical program day, therefore, might look something like the following.

Table 6-2 Proposed Daily Schedule for the ABF

Time	Activity	Notes
08:30 – 09:00	Coffee and breakfast	
09:00 – 10:15	Nuts-and-bolts discussions (both options 1 and 2)	Morning discussion with agency or business leaders.
10:15 – 10:45	Coffee	
10:45 – 12:30	Lecture, exercise, or case discussion	Executive education classroom portion of the day
12:30 -13:30	Lunch	
13:30 – 15:00	Lecture, exercise, or case discussion	Executive education classroom portion of the day
15:00- 18:00	Afternoon event	Site visit, panel discussion followed by networking event, guest presenter, etc
18:00 – 19:00	Networking cocktail reception	Optional time if networking event has not already been designed into the day
19:00	Dinner and evening free	

Over the course of one week, this general template could be applied to each of the themes identified in Section 5: market analysis, legal issues, partners, and internal operations.

Table 6-3 ABF Themes across Five-and-a-Half Program Days

Day	Theme	Notes
Sunday evening	Welcome, ice-breaking, and establishing interactive norms	Begin with a brief guest talk on the host market, related to market analysis, break the ice, facilitate a discussion, and set interactive norms. Alternatively, run a brief case discussion to set norms.
Monday	Market Analysis	Guest panel and networking reception in the afternoon
Tuesday	Partners	Afternoon site visit and networking
Wednesday	Internal operations	Guest panel and networking reception in the afternoon
Thursday	Internal operations	Afternoon site visit and networking
Friday	Legal Issues	No afternoon event; allow participants to depart no later than 3pm. Place legal issues here since it is the shortest topic and shortest day.

Putting the pieces together, the final proposed schedule would look similar to the following example in Tables 6-4 (targeting mostly visiting fellows) and 6-5 (targeting a mixed audience of visiting and local fellows).

Table 6-4: Program Overview Targeting Mostly Visiting Fellows

	Day 1	Day 2	Day 3	Day 4	Day 5
Theme	Market Analysis	Partners	Internal Operations	Internal Operations	Legal Issues
8.30 - 9.00 am	<i>Coffee and Breakfast</i>				
9:00 – 10:15 am	<i>Nuts & Bolts</i> Local and Regional Business Practices	<i>Nuts & Bolts</i> Seek out and Evaluate Potential Partners	<i>Nuts & Bolts</i> Debt Management and Financing	<i>Nuts & Bolts</i> Cost allocation and Control	<i>Nuts & Bolts</i> Taxation
10.15 - 10.45 am	<i>Tea/Coffee break</i>				
10.45 - 12.30 pm	<i>Classroom</i> Market analysis at industry level	<i>Classroom</i> Expand Distribution Networks	<i>Classroom</i> Financial planning and review	<i>Classroom</i> Cashflow management	<i>Classroom</i> Legal and regulatory framework
12.30 - 1.30 pm	<i>Lunch</i>				
1.30 - 3.00 pm	<i>Classroom</i> Elective Topic 1*	<i>Classroom</i> Cross-cultural negotiations	<i>Classroom</i> Elective Topic 2*	<i>Classroom</i> Pricing	<i>Classroom</i> Elective Topic 3*
3.00 - 3.30 pm	<i>Tea/Coffee break</i>				
3:30 – 6:00 pm	<i>Site Visit and Networking</i>	<i>Panel Discussion - Managing Partner Relations - and Networking</i>	<i>Site Visit and Networking</i>	<i>Panel Discussion - Expanding Distribution Networks – and Networking</i>	Depart Program's end
Legend	<i>Nuts & Bolts Discussion</i> How-to, practical discussions where practitioners guide participants	<i>Lecture</i> Preferred learning style for finance topics as indicated by respondents	<i>Discussions Method</i> Preferred learning style for non-financial topics as indicated by respondents	<i>Networking and Site Visits</i> Preferred program experience as indicated by respondents	

* Elective topics are designed for customization purposes such that the thematic topics selected can be specific to issues that are important to that particular country running the program, e.g. For Day 1, an Elective Topic for Market Analysis could be “The Impact of the 2008 Financial Crisis for Country X” (Country X being the country that is running the program).

Table 6-5: Program Overview Targeting a Mix of Local and Visiting Fellows

	Day 1	Day 2		Day 3		Day 4		Day 5		
Theme	Market Analysis	Partners		Internal Operations		Internal Operations		Legal Issues		
8.30 - 9.00 am	Coffee and Breakfast									
9.00 - 10.15 am	Two Tracks : Track 1: Nuts-and-Bolts Discussion Track 2: Emerging Issue Discussion									
	Track 1: Local and Regional Business practices	Track 2: Emerging Issue – How can local SMEs align business practices with others?	Track 1: Seek out and evaluate potential partners	Track 2: Emerging Issue – What does it mean to be a local partner?	Track 1: Debt Management and Financing	Track 2: Emerging Issue – Where else can local SMEs find financing in the local market	Track 1: Cost allocation and control	Track 2: Emerging Issue – How to keep costs down?	Track 1: Taxation	Track 2: Emerging Issue – What are the tax breaks for local SMEs expanding overseas?
10.15 - 10.45 am	Tea/Coffee break									
10.45 - 12.30 pm	Market analysis at industry level		Expand Distribution Networks		Financial planning and review		Cashflow management		Legal and regulatory framework	
12.30 - 1.30 pm	Lunch									
1.30 - 3.00 pm	Elective Topic 1		Cross-cultural negotiations		Elective Topic 2		Pricing		Elective Topic 3	
3.00 - 3.30 pm	Tea/Coffee break									
3:30 – 5:00 pm	Site Visit		Panel Discussion - Managing Partner Relations		Site Visit		Panel Discussion - Expanding distribution networks		Depart Program’s end	
5.00 - 6.00 pm	Evening Reception and Networking									

Table 6-6 Specific Content Areas

Day	Topics	Specific Content
1	Local and Regional Business Practices	The etiquette of meeting, greeting, communication, gift giving, entertaining and business meetings.
1	Market Analysis at Industry Level	Population analysis, and market income analysis. Porter's 5 forces: supplier, buyer, substitutes, barriers to entry, and rivalry.
2	Seek and Evaluate Potential Partners	Non-financial forms of partner risk. Financial risk and creditworthiness. Task-related aspects of partner selection. Organizational learning aspects of partner selection process.
2	Expand Distribution Networks	Company evaluation: what are its products, resources, and needs from a distribution network? Revenue logic that makes sense for both parties. Challenges of forming a network and the challenges of managing the network.
2	Cross-Cultural Negotiations	<ol style="list-style-type: none"> 1. How to approach the negotiation, building rapport and other preparatory steps. 2. Preparation – acquiring information – tips on what, when and the way in which facts, statistics and other supporting evidence should be used in negotiations. 3. Negotiation tactics – examining cross cultural differences in negotiation styles such as haggling, stalling, changing demands, seeking concessions and closing deals.
3	Debt Management and Financing	Interest rate risk, fixed versus floating, long and short-term liabilities.
3	Financial Planning and Review	Financial risk management, link between strategic planning and financial performance, financial planning during the early stages of pre-market entry, and budgeting.
4	Cashflow Management	Depreciation, research and development, earnings and cashflow, and how to expense.
4	Cost Allocation and Control	Managerial accounting, how to allocate fixed costs, cost allocation systems and accountability
4	Pricing	Making strategic pricing decisions; human capital and pricing; systems capital and pricing; social capital and pricing; responding effectively to a price war.
5	Taxation	Economic and political context of taxation, local issues in corporate reporting, corporate governance issues, GST, and international tax planning
5	Legal and Regulatory Framework	General business law, tax laws, intellectual property, contract law, and employment law.

6.2 Program Differentiation

How is the ABF different from other executive education or open enrollment programs targeting SMEs? The key differences include:

- A thematic focus which reflects the reality of organizations; that areas such as finance and marketing, for example, are not isolated and should be considered in tandem in thinking about internationalization.
- A strong link between the program modules and the preferred methods of learning based on survey respondents' preferences. In fact, non-traditional program delivery methods make up nearly half the program. Participants will have an experience which includes, but also reaches beyond lecture and case studies.
- Structured networking experiences integrated with site visits are designed into each day.
- Practitioner-led *Nuts & Bolt* discussions begin each day and offer a grounded discussion to begin each day.
- The emphasis on networking and participant-practitioner interactions offer an excellent opportunity for building public-private partnerships in support of the ABF.
- Sufficient flexibility has been designed into the program allowing host institutions ample room for tailoring the program to their market, faculty expertise, and facilities.

6.3 Host Institution Considerations

Institutions of Higher Learning (IHL) should possess three primary characteristics—executive education track record, community connections, and faculty expertise and facilities—when choosing to host the ABF.

First and foremost, a successful track record delivering SME executive programs should be in place. The literature review and focus groups are clear that SME demands are relatively unique when compared to those facing MNCs. Institutions bringing a well-established executive education track record, specifically aimed at SMEs, will be in the best position to host this program.

Second, potential hosts should also have strong community connections. One of the key characteristics of the ABF is its focus on learning through structured networking and building connections within the business community. Host institutions should not use the ABF as an opportunity to hopefully build or enhance such community connections, but instead be in a position to draw up existing relationships to host a successful ABF.

Finally, faculty expertise and facilities should be considered. Can the potential host draw upon faculty experienced with SME research or executive education? Does the potential host have facilities which are ideal not just for the classroom portion of the program, but also for the structured networking events and panels? Finally, does the potential host have a proven track record as an institution which delivers interactive, discussion oriented sessions which survey respondents clearly preferred for all non-financial topics?

Once a host institution is selected, the host should given careful consideration to a range of cost issues which can directly impact the program's success. These cost items include but may not be limited to the following.

- *Curriculum development.* Since the ABF emphasizes in-market customization, the host institution most likely will not be able to rely on traditional case study clearinghouses for all course materials. The host institution must be prepared to invest in market-specific learning materials and case studies, and therefore material development fees are likely to increase.
- *Faculty costs.* The rate that is paid to the Faculty running the program will need to be considered, and this cost should be tied to the number of hours taught, and the design of the areas specific for the ABF.
- *Hosting costs.* These costs include cost of renting the training facility, transportation costs and catering costs. Including several site visits in the ABF will also increase transportation costs. The transportation needs should be considered early and figured into the program budget. With such a heavy emphasis on networking and community connections, food and beverage costs are likely to increase significantly compared to a tradition executive education program.

Additional yet more routine costs should also be considered. Marketing, printing, administrative support staff, and gifts for community volunteers as well as networking event guests should also be carefully considered.

Hosting IHLs can select from numerous professionals, agencies, or faculty to deliver any portion of this program. The best facilitators and speakers, however, should possess deep business knowledge and with top-flight presentation or facilitation skills. This general guideline will then manifest itself differently during each portion of the program. To illustrate, consider the three major components of the ABF.

- *Nuts-and-Bolts Discussion:* The unique demand of this session will be deep awareness of requirements and processes. For example, exactly how would an SME incorporate in the host country? Government agencies responsible for supporting SMEs and incorporation, or SME leaders who have successfully entered the market, might be ideal choices for leading this discussion.
- *Classroom Topics:* Drawing from the literature review on andragogy, the typical executive classroom engages participants and creates learning opportunities through facilitated discussion or experiences (e.g., simulations or role plays). Additionally, our survey findings suggest that such an approach is appropriate for the non-financial topics. Therefore, the non-financial topics should be lead by the best facilitators while financial topics should be led by the best lecturers.
- *Networking, Panels, and Site Visits:* The final session of each day brings people together, gives a common platform for discussion, and then encourages participants to expand their professional networks. Here, partner agencies will be important. The most desirable partners will display a specific interest in SME groups (e.g., AmCham's SME special interest groups), have a member base for bringing local business professionals together with fellows, and ideally will have experience hosting similar events.

Each portion of the day, because it attempts to accomplish a different goal, will require a different style of leadership and partnership. An ABF delivering three unique experiences—Nuts & Bolts discussions, classroom discussion, and networking—should give careful thought to who are the partners and session leaders. The host IHL should treat each portion of the day as distinct, as having its own unique learning requirements, and then choose partners and course materials appropriately.

6.4 Conclusion

As the end of 2009 approaches, global economic conditions show early signs of leveling off and hopefully improving. SME s seeking to expand internationally can potentially take advantage of economic changes. Numerous studies from around the globe, however, indicate that SMEs need support if they are to successfully internationalize.

The ABF program is one of many ways SMEs can be supported. This study has looked specifically at the program design, content, and delivery of the ABF program and recommended numerous ways to adapt such a program to the needs of SMEs across the twenty-one APCE economies. Additionally,

alternatives have been shared so that program administrators and faculty in each market can adapt to the specific demands of their audience, local market needs, and of course institutional capacities.

Stepping up on the balcony and looking at the report findings, perhaps the single greatest lesson is that if the ABF is to be successful, then simply delivering the fellowship as another run-of-the-mill open enrollment program is not the best way to meet the needs of our audience—APEC's SMEs. Delivering a program that includes Nuts & Bolts discussions, appropriate classroom experiences, and superb networking opportunities will be essential. Additionally, adapting the delivery methods to the preferred learning methods of adult professionals will be key to convincing SME leaders—those in the classic player-coach role—to take time away from their business and become fully committed participants of an in-market program.

APPENDIX 1

LITERATURE REVIEW

SME Challenges in Internationalization

Internationalization can be described as a relatively mature academic subject which has received immense interest since the 1970s. Numerous studies have explored everything from the definition of internationalization to subtopics such as the nature of foreign direct investments (FDI), different stages of going international, behavioral studies, firm performance after going international, market characteristics (i.e., emerging versus mature markets), regulatory frameworks, mode of entry (e.g., export, JV, etc.), organizational learning perspectives, cross-cultural perspectives, and network studies to name a few. Additionally, such studies have not been limited to academia, though this is where much of theorizing takes place. Several public research projects funded by APEC, the European Union, and ITA, for example, have also recognized the rich academic background while simultaneously lamenting the lack of quantitative data for analyzing internationalization. Studies relying on public funding are also numerous. In total, the literature on business internationalization generally, and SME internationalization specifically, could easily be described as extensive product from years of academic and public discussion.

While numerous perspectives have guided researchers, there appear to be four dominant research perspectives which hold value for the ABF.

- *Foreign Direct Investment (FDI)*. Here researchers view the decision to invest resources in overseas markets through a highly rational economic lens. Companies who discover that they have a particular advantage—be it a product, service, or perhaps a manufacturing edge—will seek out markets where their particular advantage fills a market need. This has been described by some as monopolistic behavior because the firm attempts to be the one and best provider meeting the market need. Companies then seek to operate in target markets where the possibility of generating revenues reasonably exceeds costs. The FDI model essentially tells us to look outward for new markets where we might prosper.
- *Stage Models*. If the FDI model teaches us to look outward for business opportunity, then the stage model teaches us to look inward at our own leaders and decision making processes (a behavioral perspective). Internationalization can be viewed as a learning process which essentially takes a firm through three generic stages of internationalizing: pre-export, initial export, and advanced export stages. At each stage the firm's decision makers

must learn about the market in question, regulatory frameworks, taxation, distribution channels, and customers to name just a few. As the firm advances through the stages, the learning continues and increases. Thus, central to the stage model is this inward perspective on management processes, learning, and of course how decision makers perceive risk. As decision makers learn, they become more comfortable increasing their investment of resources into the new market.

- *Network Models.* Evolving out of stage model research, network researchers view a firm's position within overseas networks as critical to the internationalization process. The focus is on relationships between organizations and their people. Business leaders use their networks to help overcome barriers to entering a new market. The advantage of a network perspective is that size becomes somewhat less important. Even small firms can overcome barriers to market entry through a high-quality network. Additionally, issues of relationships, mutual exchange, and organizational learning remain integral to this perspective because each can be influenced, either positively or negatively, by the quality of a network.
- *Market Entry.* The last major perspective focuses on the firm's mode of entry. Will you enter the market through exporting, licensing agreements, franchises, joint ventures, or FDI? SME decision makers, from this perspective, are focused on an important set of trade-offs: 1) risk versus return, 2) greater or lesser control over the foreign operation, 3) greater or lesser dependability of available resources, and 4) the interrelationships between all these factors. The way in which we answer these questions will point the direction toward more appropriate entry modes.

Complementing the academic studies is a set of research studies commissioned by organizations such as APEC, OECD, EU, and ITA to name a few. The thrust of these studies is more practical and less theoretical. Key findings from these studies include the following.

- *OECD-APEC 2006 Keynote Paper on Removing Barriers to SME Access to International Markets.* After identifying the top barriers to SME international expansion—shortage of working capital being the most significant—the report offers three broad recommendations. First, member economies can further assist SME internationalization and begin by reviewing the assistance currently being offered. Second, Governments need to segment their support based on SME experience. Finally, governments need to increase awareness of the available

support.

- *European Commission 2007 Report on Supporting the Internationalization of SMEs.* Despite globalization, European SMEs remain focused on their national markets and the primary reasons for this are a lack of financial resources and a lack of skills or human capital. Consequently the report recommends that governments raise awareness amongst SMEs on the need to internationalize and create policies pointing in this direction. Additionally, SME support programs must adapt to local realities and get stakeholders involved in policy formation. Finally, any program must remain focused on the main barriers to overseas expansion.
- *2006 European Commission Observatory Survey.* Conducted by Gallop, this report reveals that European SMEs viewed the limited purchasing power of consumers as the greatest individual business concern over a period of several years. The top barriers to international expansion are a lack of knowledge of foreign markets, import tariffs, and a lack of capital. Finding and hiring an appropriate workforce remains a challenge.
- *2009 APEC Working Group on Trade Promotion report on Creating International Business: Resources for Higher Education Business Courses.* The report which does focus on higher education, this e-book targets students currently enrolled in tertiary education. Key instructional topics include but are not limited to SWOT analysis, managing risk, CSR, overseas market selection criteria, competitor analysis, and market entry strategies. The e-book includes a CD-ROM containing business cases for discussion.

In summary, the literature points us in useful directions. Generally speaking, the ABF should at least consider, based on the results of the survey study, including the cornerstone theories of FDI and economic analysis of overseas opportunities. Here, ABF recipients might be challenged to analyze their business environment before deciding what resources, and in what amount, to invest in an overseas market. Discussions of internal processes and organizational learning will also be important, and could shape how the ABF recipient thinks about marketing, management, and cross-cultural issues. Networks must also be considered and can be essential to finding the right partners and overcoming barriers to entry. Finally, the mode of entry must also be considered.

The more practitioner-oriented reports confirm this broad-based perspective. SMEs operating internationally are concerned with capital, cash flow, and the costs associated with entering a new

market. Knowledge of foreign markets and decision making are also consistently emerging as a key theme. Networks, meanwhile are valued by SME leaders for the potential opportunities they may open up. Finally, several of the reports emphasize that export is not the only mode of entry, and that SMEs would do well to consider other alternatives.

Pedagogical Considerations in Executive Education

For decades scholars have discussed the distinction between pedagogy and andragogy (Knowles, 1968, 1980; Brookfield, 1986; Merriam and Caffarella, 1991; Davenport, 1993; Tennant, 1996). The term *pedagogy* has often been used to describe the way that children and young adults learn while *andragogy* has been used to describe how adults and professionals learn. There are five key assumptions forming andragogy's foundation (Knowles, 1980).

6. Adults have a strong sense of self and are able to direct their own learning activities
7. Adults have a pool of life experience which they can draw upon and reference while learning
8. Adult learning is closely tied to the learner's changing roles in the workplace or life
9. Adults tend to be more problem-centered in their learning and look for immediate application of the knowledge
10. Adults are generally more motivated by internal rather than external factors

While these are very general statements about adult learning, any one of them could be challenged within a specific setting. Perhaps professionals attending an executive development course have little or no experience with finance. In another setting, the corporation may be offering incentives (e.g., pay increase, promotion, new project, etc) to learners who complete a professional certificate program. In these examples, respectively, the adult learner may not have much professional experience to draw upon while in the executive education classroom or incentives may be predominantly external.

How have researchers resolved this tension between general truths and specific applications in the classroom? The conclusion seems to be that while these principles do generally describe the adult learner, we must first consider the specific *situation* when designing a learning module or course (Merriam and Caffarella, 1991; Merriam, 2001). To illustrate, consider a subject like finance where learners might study return on equity, various valuation methods, and other processes rooted in mathematics. Step by step procedures are often best illustrated by an expert before learners are ready to move to a discussion or even application to a specific case. This is especially true if our background knowledge of finance is limited.

In contrast, a decision making case in general management, asking the learner to explore alternatives, consider pros and cons, and make a decision may not require so much discipline-specific background knowledge. Learners are often able to draw upon their personal experiences of managing or being managed when working through such a discussion.

Viewing the five principles of andragogy as continuum, assuming that we can act to a greater or lesser degree toward the ideal articulated by each, how do adult and professional education administrators and faculty know how to properly deliver a session in each situation? Certainly audience analyses, such as the one being commissioned in this study, can offer very specific guidance about how to teach finance, marketing, strategy, and cross-cultural management. A second major branch in the adult learning research provides a second answer which has been labelled *self-directed learning* (Tough, 1967, 1971; Houle, 1961).

Knowles first principle of andragogy was that adults are able to direct portions or the majority of their learning experience. Self-directed learning scholars have zeroed in on this principle as they document the process by which adults learn. To better understand the complex learning process, Merriam and Caffarella (1991) focus on three key variables: the goals, process, and learner.

- *Goals: why is the learner here?* Are they learning how to learn, learning how to be more effective actors within a specific context or profession, or are they focused externally on bringing about political or social change?
- *Process: what is the learner ready for?* Do learners need to be given foundation materials, are they ready to embark on projects or discussions, or can they work independently on research and self discovery?
- *Learners: how do they acquire new knowledge?* We have known for decades that people learn differently. Some prefer to learn in groups, others prefer to learn by doing, and yet others prefer to learn by reading and reflecting.

As we combine the principles of andragogy with the lessons from self-directed learning research, a few points become clear. First, we should not allow our program design and delivery to become immobilized by the numerous possible combinations of learner characteristics. Such “paralysis by analysis” does not serve the interest of SME leaders who want to expand internationally. Second, and alternatively, we should always keep in mind that program design and delivery for adults should always move toward the goal of self-directed learning, individual reflection, and discussion and engagement at a pace which is both suitable and ethical. Such decisions can generally be designed into the program, but faculty who deliver the sessions must be prepared to make decisions and

adjust while delivering. Moving too slowly and spending too much time on faculty-centered delivery models (e.g., expert lecture) risks decreasing the learner's motivation and engagement. Moving too quickly toward self-directed learning will potentially yield the same results of lower motivation and engagement because learners lack enough of the fundamentals to guide their own learning.

But in general, the literature on adult learning is clear. Program administrators and faculty must be prepared to move away faculty-centered teaching methods (e.g., lecture and rote exercises), and toward learner-centered approaches (e.g., case discussion, experiential projects, simulations, mentoring, and network building), when dealing with adult and professional learners. This movement from faculty-centered to learner-centered processes is at the heart of adult education.

Recommendations at the report's end adopted a range of options ranging from faculty-centered delivery models to learner-centered models. In the survey questionnaire, participants were asked to indicate their preferred method of acquisition for each specific topic. The choices effectively form a continuum from ranging from faculty-centered to learner-centered choices. The specific choices were: 1) Lecture or expert seminar, 2) Facilitated case study, 3) Tutoring or mentoring, 4) Networking and/or peer discussion, 5) On-the-job training, 6) Self study. In addition, we also provided the option of acquiring the capability via the outsourcing option, or that of recruiting personnel with required skills.

APPENDIX 2
STRUCTURED INTERVIEW GUIDE

Objectives: To understand

1. the kind of challenges (general) faced in internationalization for SMEs
2. the firm-level knowledge/skills/competencies required to navigate each of these challenges
3. how such firm-level knowledge/skills/competencies have been (can be) acquired for the internationalization effort

Background Information Required:

- Name, Position
- Job responsibilities
- Name of Organization
- Number of Employees
- What is the scope of your current activities? Are you largely based in Singapore, and have your SME already internationalized?
 - If yes, to what countries/regions? Describe the type of operations engaged in these locations.
 - If not, does your SME plan to do so? Any timeframe?
- Business Activity: Nature of your Principal business:
 - Wholesale of raw materials, food, beverages, and tobacco
 - Wholesale of household goods
 - Wholesale of non-agricultural intermediate products, waste and scrap
 - Wholesale of machinery, equipment and supplies
 - Wholesale of transport equipment
 - Commodity Trading (specify types of products)
 - Manufacturing (specify types of commodities)
 - Service providers (specify service)
 - Broking
 - Consultancy
- Industry:
 1. Agriculture, Livestock, Plantations and Commodities
 2. Automotive
 3. Chemical and Plastics
 4. Construction, Property Development and Building Materials
 5. Consumer Goods
 6. Education and Training
 7. Electrical and Electronics
 8. Financial Services
 9. Food & Beverage
 10. Furniture and Wood based Manufacturing
 11. Healthcare, Pharmaceutical and Biotechnology
 12. Hospitality, Food Service and Tourism
 13. Industrial and Commercial Products
 14. Oil & Gas, Mining and Energy
 15. Personal Services
 16. Professional and Business Services
 17. Retail
 18. Telecommunications and ICT
 19. Trading and Wholesaling
 20. Transportation and logistics

- What are the kinds of challenges (general) faced in internationalization for SMEs like your organization?
- Respondents will list a few major challenges
- *For each challenge faced, we will probe with the following questions:*
 - Why is it challenging?
 - Is this challenge specific to SMEs?
 - What are some of the solutions (or potential solutions) you have in mind for dealing with this current challenge?
 - *To what extent does the current firm-level knowledge/skills/competencies facilitate or impede the resolution of this challenge?*
 - What are some of the major issues affecting skills development for meeting this challenge in SMEs?
 - Probe: e.g., too busy to attend courses, fees too high, not interested in skills development, technical skills development programs available but not good enough or specific skills development programs or courses not available, tendency of employees resigning after received training, limited budget, ease in employing so no need for skills development programs, etc.
 - What are some skills development courses and programmes that are popular among SMEs? Who are the organisers?
- How and when do SMEs decide to internationalize?
- To what extent does the current ability of its employees determine internationalization efforts?
 - Who usually heads such an initiative?
 - What is the profile of such an individual?
 1. Typical job scope
 2. Desired qualities
 3. Hard Skills vs. Soft Skills
 4. Core Skills vs. Peripheral Skills
 5. Mindset Issue:
 - Flexible and resilient in meeting with frequent changes
 - Interested and want to do more
 - Willing to take up challenges
 - Customer-service oriented-more sensitive in meeting the needs of customers
 - What critical knowledge/skills/competencies does such an individual need? e.g. prior overseas experience, additional qualification, financial knowledge
 - What is the biggest challenge such individuals face in the internationalization effort?
 - What are the TOP THREE HR concerns in your SME with regard to such individuals?
 - Describe the types of training program provided for this group of individuals.
- What are the **main problems or difficulties** faced by your SME when it comes to providing training for these individuals?

APPENDIX 3**COMPOSITION OF SMES INTERVIEWED (BY REVENUE AND INDUSTRY)**

	Size (revenue)		
	<SGD10 million	SGD\$10-29.9 million	> SGD \$30 million
Wholesale and Trading			Company F (FG1)
Services	1. Company A (FG1) 2. Company B (FG2) 3. Company C J. (FG2)	Company E (FG1)	
Technology	1. Company G (1-1) 2. Company H (FG1)		
Manufacturing			1. Company I (FG1) 2. Company J (1-1)

* FG-Focus group meetings, 1-1 – one on one meeting

** One-on-one meeting: Company G (16 Apr 2009); Company J (15 May 2009)

*** Focus group meeting: FG1 – 4 May 2009; FG2 - 7 May 2009

APPENDIX 4**COMPOSITION OF SMES INTERVIEWED (BY LENGTH OF INTERNATIONALIZATION)**

Length	Company
<5 years	1. Company B (Services) 2. Company I (Manufacturing) 3. Company H (Technology)
5 to <10 years	1. Company A (Services) 2. Company G (Technology) 3. Company C (Services) 4. Company E (Services)
>= 10 years	1. Company J (Manufacturing) 2. Company F (Trading)

APPENDIX 5
FOCUS GROUP INTERVIEW HIGHLIGHTS

1. Selecting the right partner in going international is most important. In addition, being able to negotiate and understand language differences play a big role. That includes being culturally sensitive.
2. Local knowledge - need to understand the political dynamics of the country one is venturing into, and that includes the socio-economic background. Getting to the right network and understanding those nuances are most important. Developing the right contacts plays a big role in internationalization. Need to understand how to manage the locals and find the right local talent to work in the foreign operations is a challenge too.
3. Legal aspects play a big role, e.g. immigration procedures for employees in the service sector that are going international.
4. Managing partner relations, under the broad umbrella of managing JVs etc are important areas as expectations etc are usually not well discussed and communicated. Overall, participants stressed the importance of understanding human behaviors in cross cultural context.
5. In connection to the internationalization issue is that of succession planning. SMEs need to do that alongside with their efforts in internationalization as there is a need for continuity especially if family members are not interested in the business.
6. As SMEs are focused on cash management, there is a need to expose them to different sources of financing and ways of managing that as well. Risk management is another area to delve in, especially for companies going into developing countries where there is more volatility and risk is higher.
7. The focus of delivery is important-participants noted that it is highly unlikely that the first generation entrepreneurs would attend class, we are better off targeting the second generation who are better educated and who would be more interested in internationalization
8. Pedagogy is important for the delivery of program-inviting guest speakers from industry, having case studies that are relevant, interacting with fellow participants
9. Another area to consider is the length of the program-SME owners may not have that much time to participate in a long program.

Date: April 15, 2009, Furniture manufacturing

Challenges to Internationalizing

- Can be difficult to understand the local environment, regulations, and practices. Investment requirements, for example, may be substantial before you are allowed to set-up operations. Local officials may hold certain expectations of you and what you provide back to them. Understanding the complex connections and relationships requires local expertise. As a manufacturer, the requirements for setting up the facility were substantial and it took significant time. The manufacturing cost advantages came at an early cost (investment), so substantial financial resources were required up front. Big bank account to start.
- Finding the right people locally can be a very challenging, as can learning to read the subtleties of the people.
- Local customs can vary. Expectations in China differ from those in Indonesia. We cannot operate in the same way, even though some operational practices will remain consistent. Understanding what to do can be challenging and you need guidance at first. *Import/export issues (follow-up question).* Not the toughest issue he faced since most of the product stays here in SE Asia, though some does go to Germany (EU regulations) and New York. Governments can change rules, so manage your network to stay alert.

What are you doing to address challenges?

- CSR a big part of this company. The talent to weave the wicker furniture exists here, so the dorms at the manufacturing facility exceed what is required of me to provide. Larger, clean, and comfortable. We have our own water treatment plant and what we put back in the river is cleaner than what we take out.
- Business relationships. Invest time to build trust. Who are you doing business with? How do you know this person? What experience do you—or your network—have with this person? Answering these types of questions can be very hard when you are new to a culture and do not yet understand its subtleties. Investors who have spent time in the market previously can be a good resource.
- Existing networks within a country can be a very good resource for finding and getting to know business partners. There is no magic formula, it takes time.
- Yes, street smart is a good word to describe what was required.

How do SME leaders learn these lessons?

- No substitute for experience. You have to spend time there.
- Local partners and advisors can help, but the lessons are like growing up. You get wiser with age.
- Experienced business leaders who share their experiences can be very helpful when it comes to understanding the local market.
- I did read books, but value was little.

So if you were designing a program like this, what would be your top lessons to teach?

- Getting on the ground and learning the local market
- Relationship skills and how to build trust and *goodwill* (Michael's word)
- Understand investment requirements before you enter
- *(follow-up: how long the program)*—no more than five days. He has some flexibility with schedule, but not all SME leaders do.

Additional thoughts

- One big challenge ahead is branding. Business growing from solely being an OEM manufacturer to now manufacturing and promoting the DOMUS brand. How do we do that in Asia, be prepared to grow globally, and not have the brand linked to me. Also, must brand in both B-2-B channels and B-2-C channels. How do I sell the brand if it is linked to me, and I am exiting? So the challenge now is linked to shift in business strategy, and am feeling my way forward.

(Follow-up question)—how are you finding solutions? He seeks smaller organizations which are happy to have an SME client and dedicate time to his company. Large service providers and consultancies can treat an SME as just another account. (for me raises question of finding right partner, but from an agency selection perspective).

APPENDIX 7
ONE-ON-ONE INTERVIEW (2)

<i>Qn: What were the motivations towards internationalization? Barriers faced and how was it overcome?</i>	
1.	Company X started out as a software box distributor 16 years ago and then expanded to IT outsourcing 9 to 10 years ago. A major breakthrough occurred during the Y2K period. In 2002, business was supposed to pick up with all the projects in discussion. However with SARS in 2003 and rising costs in both 2003 and 2004, business only spiked in 2005. Internationalization occurred in two phases: recruitment and actual expansion.
2.	Recruitment for their staff occurred largely in Chennai, India, in the late 90s. India is considered an IT capital, where many had an IT degree and working experience within the field. However, rising costs were apparent and also many Indian staff viewed Singaporean IT firms as a platform for a future stint in the US.
3.	In 2002, they gave it a shot in Beijing, based on their peers' advice. After 6 months of viability and ground feel, it was deemed unviable at that time. In future, Shanghai is touted as a possible place for visit as they have strong contacts there.
4.	Their main successful expansion came in Malaysia, which began in 2000, where they worked hand-in-hand with HP as they scoured the Asia-Pacific for low-cost solutions.
<i>Qn: What are the skills needed and lessons valuable for SME's to be viable in an international market?</i>	
5.	Most of the SME's started from scratch. Their structure is basically multi-tasking and networks and is not as systematic as MNCs. At the same time, their organic growth is slow as they have limited funding. Even if they had the resources to compete, they'll end up being indebted to someone.
6.	SME's have to be realistic of their expectations and objectives. They should only aim a portion of the market that is within their reach and capability.
7.	They are gaining business through winning the trust of their customers and also through word of mouth. Also they've chosen their customers carefully, based on certain principles, which are cascaded through the company.
8.	A team / organizational effort. The whole SME thinks and works together.
9.	Government feedback is of great benefit in encouraging start-ups through providing funding.
10.	Inside knowledge of country-specific are also equally important (How to set up business, how to partner with locals, analysis of viability, language assimilation, understanding the local culture, does the local government provide seed funding)
11.	Analysis is done differently. They do their SWOT analysis but not on a conscious level. Their industry feel comes from their informal contacts, like friends and competitors, and also through their top management meetings.
12.	SME expansions are based on gut feel, being true to one's principles, being upfront to their customers on their purpose and also on courageous efforts.

APPENDIX 8
FOCUS GROUP MEETING ONE

Date: 4th May 2009, Monday

<i>Qn: What were the motivations towards going global for Heatec Jietong?</i>		
No	Comments	
1.	Company Y had always intended to globalize as their customers are everywhere. However they are wary of expanding beyond their reach. Motivations occur when opportunities arise. In one instance, the opportunity to venture into China occurred when one of their trusted employees, a PRC native, chose to return home. Hence they saw an opportunity to send a Singaporean representative over to China with the help of this former employee, to set up a HJ branch there. In another instance, the opportunity to venture into Philippines occurred when Keppel invited them.	
<i>Qn: What are the challenges you faced when you took your company international?</i>		
No	Comments	
2.	Normally people tend to focus on the normal aspects like the product and price. However one thing that is often overlooked is political dynamics, which means understanding the politics of the country and also the dynamics of the market in terms of the relationships. It's not always about taking a product and thinking about its strategy. It's also about knowing how the system and people within it work, and how trust is built.	
	- <i>Is there any other way for a company to tap into the political dynamics of the country, apart from being invited or brought along?</i>	
3.	An alternative is to find a person locally who can manage it for you, though this has its own pitfalls, especially in a joint venture. The element of trust is key. Furthermore the local person has to be someone who understands the local dynamics, who represents you and able to build that trust on your behalf. Only then will you be able to enter such markets as every market has its own guanxi and networks.	
4.	It is very difficult for companies to parachute a person into another foreign market and build a business, no matter how equipped s/he may be. Failures in such instances are high. Finding a local trustworthy partner is key. However, finding that perfect partner is hard. On first impression accounts, everyone seems trustworthy and well connected.	
	- <i>In a mentoring role, what would be some of the questions that you would tell those under your guidance to ask, in order to evaluate a working relationship in a foreign country?</i>	
5.	The key things to ask are, who is your potential partner? What is his track record? Can you trust him? How did you get to know him? Is it thru a school network or family-related? Even family relations do not work as well in a business setting. It's a matter of feeling your way through.	
	- <i>Is there a way of teaching people to assess on whether this is a good partnership?</i>	
	It can be done in stages. It starts with a business dealing in arm's length. Over a period, assess whether your partner advances your business in that country. After that, engage him where he represents you and takes on the onus of marketing your brand and	

6.	<p>product. A joint investment might follow that. Hence it is a matter of building trust over time, much akin to guanxi. The only way to cut short all this is through close contacts and networks (alumni, alma mater etc). With these contacts and networks, there is already an element of trust. This is an advantage of kick starting a business.</p> <p>- Hence, none of these can be taught?</p> <p>It has to be learnt. You have to walk the streets, you have to know people, and you have to know how things work so that you'll be a 'local' and not a tourist. Only then will you be able to learn the realities of the business (E.g. seeing how they bargain, trade etc). A way to be a 'local' is to hire a local; otherwise you'll have to learn.</p>	
7.	<p>Even when HJ got a local in China, he did not know the policies of the local government and hence they faced problems when they first entered in the China market. It took them three years to breakeven their profit/loss. In another country, Philippines, another difficulty was foreseen. HJ's HR had to be strong there as the termination charges of an employee amounted to paying their family for a few years as a means of financial support. As a result, HJ had to find a local partner to facilitate their business in the Philippines. Once they found one, they still had to roam the market to gather feedback on the credibility of that partner. The same can be said in Dubai, where they had mixed feedback on their favored partners. Ultimately finding a partner is really a choice of how much you can trust him after interactions, how you bond and relate with him and the values you have together, be it cost or long-term orientation.</p>	
8.	<p>- <i>Apart from understanding the politics as mentioned earlier, does it include things like learning the laws?</i></p> <p>Yes, learning the laws is important. Being culturally sensitive is also important, in terms of culture and business practices.</p> <p>- <i>Can that be achieved in a classroom context?</i></p>	
9.	<p>Yes, but only to a certain extent as the rest still has to be based on ground work.</p>	
10.	<p>Culture is different in different countries. An example is the case of quality in China. A Chinese shipyard is satisfied so long as the ship it repairs is able to leave the shipyard on its own. Anything that happens outside their shipyard to the ship is beyond their responsibility. Hence you won't be able to understand the extent of such cultures until you experience it yourself.</p>	
11.	<p>- <i>So, a classroom context can provide a basic content?</i></p> <p>A classroom can create cultural awareness. The individual is then to decide how much he puts to practice depending on the context and situation.</p> <p>A framework would be recommended to teach such cultural awareness.</p>	
12.	<p>In Russia, she did not realize that there would be a 25% premium during her counter-trade. As a result, to save her premiums, she had to do multiple negotiations just to save her problem.</p>	
13.	<p>All in all, to better familiarize with the various markets, one has to travel and get the</p>	
14.	<p>groundwork done in those countries.</p>	

15.	Only countries like Singapore, it is easy to set up a company. But in other countries, it is important to get the right partner. Even if you have deep pockets, much will still be spent finding the right partner. Another hassle is the immigration rules. Obtaining visas for the employees to be located in the foreign market may be difficult. At times, employing locals to do the same job is hard as they may not have the required set of skills. All in all, selling a product is easier than providing a service as it can be accomplished through exports and distributions.	
16.		
17.	Another aspect that companies fail to recognize when going global is their SG&A expenses (Selling, general and administrative). One might spend ten times more SG&A expenses than the potential revenue he's going to earn in that country. Certain countries are harder to penetrate and thus such SG&A expenses are bound to be higher. Success in a domestic market does not guarantee the success in a foreign market.	
18.	One must not go abroad, simply on the basis that the domestic market is saturated. A foreign market might entail an even more competitive outlook. Hence when one goes overseas, one needs to have a niche in the market as a differentiating factor.	
19.	- <i>So do you do a SWOT analysis before you go out to the foreign market?</i>	
20.	A SWOT analysis is done after you come back. (E.g. Super Coffee) There's only so much you can prepare, at the same time, it's hard to gauge how the various stake holders might react, be it the government etc.	
21.	Also domestic brands are very strong and hence it'll be hard capturing a portion of the market.	
22.	All the primary and secondary market information sources are essential in understanding the need for your product. Market analysis shows the market potential. However to get your product into the market, it's more on convincing the consumers to take a chance with your product. To translate that potential into success, is more of the people interactions.	
23.	- <i>Who do you send out to do the recce for your company?</i>	
	The boss does the recce, especially the first recce. Also it's either the boss or the best person in the company who does it.	
	- <i>Do most of the bosses in the SME companies have the ability to do SWOT analysis after coming back?</i>	
	A lot of SME bosses are not well educated. They may not know much about SWOT analysis. Their analysis is more of gut feel. Educating them on such theories is dependent on the target audience. Some might find it too simple; others would deem it too difficult.	
	Most other SME bosses have their gut feel and it served them well. These gut feel have some form of analysis.	
	- <i>Does it mean that such SMEs are unable to venture to foreign markets as these</i>	

24.	<i>knowledge is based only in the head and cannot be articulated?</i>	
25.	That is not true. One of the biggest weaknesses of SMEs is succession planning, which is to build leadership in the second generation. The first generation has made it big thru gut feel. However that may not be enough for the second generation. Education helps as the more you know, you can sense that more risk is involved. At the same time, the second generation has to adapt to a much more rapid market dynamics and stiffer competition.	
<i>Qn: What are the skills needed and lessons valuable for SME's to be viable in an international market? What can we train them to do at the very least?</i>		
No	Comments	
26.	Ability to explore and the eagerness to learn would be the number one skill. He should be very keen on getting to know the foreign market that he wishes to venture into.	
27.	One must have the passion of being an entrepreneur. Willing to take risks.	
28.	The ability to ask the right questions in order to better understand the market.	
29.	Any CEO of a company should have a basic understanding of financials.	
30.	They might know how to read their financials but not how to analyze those financials, be it in terms of profitability, estimates, forecasts or return of investment.	
31.	SMEs rarely leverage. Hence they tend to last longer than corporations. Also in terms of analysis of financials, they only need to look at it one aspect, how much cash they have. All in all, they are good at cash management. However they might difficulty in relating back to profitability and to use that cash more effectively.	
32.	<p>- <i>Is it important to have cross-cultural management skills?</i></p> <p>Yes it is in order to prevent tension between cultures. Some skills include sensitiveness towards culture, negotiation and communication across cultures. Certain cultures are unique: the Japanese culture is information driven, the American culture is objective driven. You can transfer a company system from one country to another, however what is required is not putting up the system but rather finding out how the countries would react to it.</p> <p>- <i>Do they need to know marketing channels? Can it be outsourced?</i></p> <p>Primary and secondary market research can be outsourced. However, for the final decision, it has to be done by themselves.</p> <p>- <i>Are these skills to be taught to them before they internationalize or are these skills separate issues?</i></p> <p>These skills are concurrent. It's a balance of theories and experience.</p> <p>- <i>Do the skills-set differ between entering a developed country and a developing</i></p>	
33.		
34.		

	<p>country? Or is it country-specific?</p>	
35.	In a developing country, the risks are high and so too are the opportunities. In a developed country, it is far more predictable and has more manageable risks.	
36.	Being street smart is more valuable in a developing country, however it's never taught, only learnt. In a developed country, being street smart is not really essential as there, the system works.	
37.	In a developing country, you'll waste more time on building the infrastructure rather than the actual business.	
38.	Sending a professional from your company to these developing countries for a professional dealing may not be taken in a serious light. A lot of interactions are still needed to bring about a sense of sincerity to the other party.	
39.	<p>Another skill that is important is the domain knowledge of the business and industry for any entrepreneur going abroad to make a presence.</p> <p>In addition, to translate knowledge into reality is still a bridge. One of the ways to link is thru case studies by professionals or entrepreneurs who share their experience on different aspects of the education. (E.g. for teaching communication, bring in a businessman who has problems in communication to share his experiences so that the classroom is able to learn which parts of the theories are relevant or not.)</p> <p>- Priorities which skill would be the number one skill to be taught in a classroom.</p> <p>Understanding the market is key, in terms of how to deal with the system and people. It is the best analysis you can do but in a more practical manner. Also not all that is shared by the entrepreneurs will be relevant or even have the same experiences as those in the classroom.</p> <p>Organizational behavior in different markets. It's having reality injected into the curriculum.</p> <p>It's about the practical sharing of the speakers or classroom interactions. Everything else is basically theoretical. It is common to hear how it is in Malaysia etc, but the local guys are able to share their experiences in that country from a different view. In addition, focusing on 21 countries of the APEC economies might be too wide, as it would mean 21 subjects of each individual economy. At the same time, the participants might only be interested in a handful of countries and not all of them.</p> <p>- If you were as SME entrepreneur, what would you want the course to be?</p> <p>The course has to be practical to me.</p> <p>SME bosses might not have time to attend a 3-day camp. It is an opportunity cost that he might have used the same amount of time for a business dealing.</p>	
40.		
41.		
42.		
43.		
44.		
	- How can you deal with the negative experience of failing a business venture	

	<i>abroad in a more productive manner?</i>	
45.	A major problem is managing partner expectation. Each changes their priorities over time, whether the business is doing well or badly. One has to learn how manage such expectations so that both will have shared goals.	
46.	There is a cost of managing joint ventures, be it pre, during or post. The financial part of such ventures can be outsourced. However it's the non-financials that are more costly, such as interactions with partners.	
	- <i>What is the most common mode of entry into foreign markets?</i>	
47.	Export, it is the easiest and least risk. You can shorten the arm's length dealing until you get engaged. A joint venture is the hardest to exit and one of the highest risk. In addition, apart from financial risk, companies should bear in mind the execution risk as one of the most important aspects of any company.	

APPENDIX 9
FOCUS GROUP MEETING TWO

Date: 7th May 2009, Thursday

Qn: What are the challenges you faced when you took your company international?		
No	Comments	
1.	A misconception back in the US that Asia is one big culture. Certain Asian countries are business-friendly, others are not so due to their red tape. Challenges regarding the red tape revolved around capital that needs to be invested. Some of the requirements can't be met and hence it's structured for decline. It could prove rather difficult for SMEs to enter through regular channels. Hence, understanding the cultural diversity and dealing with red tape have been the primary challenges.	
2.	<p>Main challenge is to find talent in the foreign country. They may be able to service each country thru their headquarters in Singapore, however local talents from each serviced market is needed. Despite being the same language of English, the lingo and acronyms used in each country differs, and a local is needed to understand such conversations. Hence it takes time to find the talent and also time for him/her to understand the context of the conversation he's reading. Either they hire a local talent there or find someone in Singapore with experiences in the foreign country. In terms of red tape, they have used their existing business networks to facilitate their business. However in another country, they've used a large amount of money to keep their offices opened.</p> <p>- <i>Elaborate on the misconception back home that Asia is one big culture</i></p>	
3.	<p>Back in Maryland, 100 franchises were targeted in Asia. However, not all countries are as business friendly as Hong Kong and Singapore. Barriers to entry for foreign companies include the amount of capital needed for investment, the types of ownerships (JVs etc.) and also the culture itself, where not many place an emphasis on sales representatives.</p> <p>- <i>What is your organization doing to overcome those challenges?</i></p>	
4.	Using local partners not as JVs but rather on associations and also leverage on government relations if it is a strong government. They are sensitive on ownership rights but not so on franchising. In areas like India, they're aiming for top tier people, not as JVs but rather to be the area developer, while they'll remain as the master franchisee in order to maintain standards. Hence they're using Singapore as a hub to franchise outwards, and partnering with local agencies to gain access to local markets and establish themselves.	
5.	They can service their clients from Singapore. However, should they lack certain talents like Thai-speaking people, they are able to hire the locals in Thailand and at the same time, these locals are able to login to their system and service these clients from Thailand itself. Their infrastructure and database do not have to be moved over to Thailand. They are able to control most of their dataflow centrally from Singapore. Hence it is really a talent issue for Brandtology. Also they partner with existing PR and advertising companies to provide the necessary reach that a normal start-up lacks. In addition, they draw clear boundaries from their partners, Brandtology only provides	

	<p>the information and data, the strategizing is left to the PR and advertising companies. They are in a synergy with their partners and often are used as a pitch themselves for their partners to gain new businesses.</p> <p>- <i>Is there anything else in terms of knowledge and skills, other than the language, that has been either empowering or impeding?</i></p>	
6.	<p>In terms of empowering, they target the foreign students in the local universities. As Brandtology might aim for a specific country, they can then tap on these foreign students for their expertise in the local knowledge and also their contacts. In terms of impeding, certain countries that target do not have sizeable representation in Singapore.</p>	
7.	<p>In terms of branding, Sandler, although an SME in Singapore, is rated the number one selling methodology by Forbes and also in Singapore. However it is not as attractive to other cultures like Indonesia, where it is not easy to franchise and also to a very specific market, where there are not many multinationals to sell the idea on. Back in Singapore, the available global knowledge, really helped with their branding.</p> <p>- <i>How and at what point did you make the decision to internationalize?</i></p>	
8.	<p>Their home base already had intentions of expanding into Asia. There is a great branding opportunity in Singapore. Once companies grow, commoditization happens, and the only form of differentiation is pricing and people. Singapore is a first world market and it would not be able to compete with the low-cost providers. Hence there would be a market of human capital skills in Singapore.</p>	
9.	<p>Singapore is a great market but small. To play on the world stage, one has to think about global expansion, at the very least regional expansion. From Day One, Brandtology has always thought about how would they scale out of Singapore, how would they support the different markets around the region. Everything has been planned to scale.</p> <p>- <i>Are there specific types of people who are particularly helpful at making your internationalization or franchising happen or impeded it? What do they bring to the table in terms of qualities, knowledge and skills?</i></p>	
10.	<p>Relationships are talked about a lot in many Asian cultures. It's both a blessing and a curse. When people aren't very good sellers, they tend to lean towards their family. In such informal cultures, cold calling would then be inappropriate as they are still within their comfort zones. Sandler teaches its high level sales people to call outside of their existing networks. Not doing so, might stunt the company's growth. Another curse of relationship cultures is that such companies are well diversified and repercussions might filter to different ranks of the company or suppliers, should they try to change it. This might be due to the immigration in that country, where dealings are always done inwards. Though it's easier to gain customers through relationships, its sustainability is much harder.</p>	
11.	<p>An important skill is someone who can mediate those two areas of corporate culture and local practices. Management mediation on where the corporate push stop and the local networks start and where do they settle. All of a sudden those best practices become just textbooks, and also whether those textbooks transfer to the local culture.</p>	

	It is a balancing act.	
12.	Brandtology has Australian partners who had more in-depth understanding of the markets in Australia, while at the same time had been in the same media industry as Brandtology for quite some time. Hence these partners developed their business there in Australia using their local knowledge. It was slightly different in China where their local partner came from a different company.	
13.	Different markets have different needs and different consultants are assigned accordingly. All the technical support is based in Singapore, whereas the sales are in the other countries.	
	- <i>How do we differentiate what makes someone successful at crossing the causeway?</i>	
14.	They are in the same industry as Brandtology, digital research and monitoring for brands. They are already doing such services but are unable to do it efficiently. These are the immediate go-to people.	
15.	When targeting trainers, Sandler looks for one, who for at least 3 years have been living and working outside of the country they were born in. Ideally they should also have some form of education outside of their home country but more importantly, they worked in at least a middle management role or higher in a foreign country. The reason for such duration is that they are able to learn the culture and should have some local relationships, which are maintained. They have the best practices from their home country, and as a result, become a global cosmopolitan. And for an SME, it's better if you have more experience in other countries.	
	- <i>Once you solve a significant business problem, any sort of social or cultural barrier becomes a secondary issue.</i>	
16.	Once you lift up the cultural intricacies, the companies still need to know what people are saying about their brands.	
	- <i>As an SME leader, what do you see as your biggest challenge, in terms of acculturation and bringing people into the fold, not only within the company but also within the local context, and giving them the training they need to succeed?</i>	
17.	Impact training. Unrealistic expectations that things come naturally, or similarly cosmetic education. Reinforcement is vital as any skill learnt, be it management or communication, it can't be done effectively in one day. You can start in one day but you have to constantly apply it. Hence the challenge comes from changing that mindset. You have to find a few of the high potentials or key people within that culture, based on the standards earlier mentioned and use them as a brand ambassador, or global cosmopolitan.	
18.	Our employees service different countries' accounts, hence one of the challenges faced is understanding the culture in that country itself. For instance, their Philippines team might be serving Singapore, Malaysia and some other English speaking countries. Hence their challenge is to understand the nuances and lingos in these countries. There is a process where they share such intricacies to this team.	

19.	<p>- <i>Do you find it difficult to track those people to an SME?</i></p> <p>Yes, they do not have a large bankroll, hence it's hard to compete for that talent. Trying to find talent with an entrepreneurial DNA, one who is relatively not too young. In formal cultures, it is hard to attract such talents where prestige is worth more than slightly larger salaries.</p> <p>Similar to Ray, it's hard to attract talent to SMEs, hence one way is to attract talents who are entrepreneurial. Good performing employees with potential are often offered share options to secure their interest.</p>	
20.		
<i>Qn: What are the skills needed and lessons valuable for SME's to be viable in an international market? What can we train them to do at the very least?</i>		
No	Comments	
21.	<p>Preparing students at a very young age (Freshman or Sophomore year) and changing their mindsets that their opportunities are equally great, be it in SME or Fortune 500 company. Doing a case study method but more examples on SME companies. Also, doing internships overseas. Using such ways would probably raise their prestige levels, which is very important in a society. Creating more entrepreneurial fervor.</p>	
22.	<p>International exposure of cosmopolitan people. International exposure at a very early age would open up their minds and see their opportunities, not just in an MNC alone. Also a resource where these SMEs could look up for potential partners on how to expand overseas.</p>	
23.	<p>- <i>Would a programme based in other countries that spanned a few days which had trainings in most parts of the day and after that, networking sessions and interactions with other fellow SMEs be a waste of your time, considering just how valuable time is to an SME leader?</i></p> <p>Some of the most valuable time was spent out of class where they get to know each other on a more personal level. Also with a group project deliverable at the end of the programme, it serves as a teambuilding process for the participants. In addition communication is very important where you have people from a multitude of cultures. Break the ice much earlier so that it smoothes out the communication for the rest of the programme.</p>	
24.	<p>It'd be good to know whom we are interacting with and who is coming for such programmes, in terms of industry for a possible future collaboration of hiring or partnership.</p> <p>- <i>How about listening from business leaders? They may not be the best teachers or communicators but have experience running an SME. Will it be worth your while?</i></p>	
25.	<p>If they are not a good communicator, it could diminish the experience. Having people who run the field everyday with their real world experiences and mixing it with the academic background would make the programme work quite well.</p>	

26.	Mentoring does help a lot where nations were built on the basis of many mentorships and borrowings from the best of other countries. Business to business would be a viable option, rather than from government to government.	
27.	How do you actually incentivize these mentors to share?	
28.	3D – Distance, division and density. Success of Western Europe is they had thin borders and hence it's easier to transport services and goods. ASEAN has differing standards. China is more of the division model where they had a multiple hub system. Mumbai now adopts the density model, where you bring in so many people into one city area that you can find anything in ten city blocks. Hence it's not so much the culture but its very thick borders.	
29.	In Europe you have thin borders, due to relative similar economies. In Asia, the differences are stark.	

SECTION 1 COMPANY BACKGROUND

1.1 Which year was your company formed?

1.2 What is your company's main business?

- | | |
|--|---|
| <input type="checkbox"/> Wholesale | <input type="checkbox"/> Property |
| <input type="checkbox"/> Manufacturing | <input type="checkbox"/> Finance |
| <input type="checkbox"/> Construction | <input type="checkbox"/> Holdings |
| <input type="checkbox"/> Services | <input type="checkbox"/> Hotels/Food Establishments |
| <input type="checkbox"/> Communications, Transport and Storage | <input type="checkbox"/> Others, please specify: |
| <input type="checkbox"/> Retail | |

1.3 What is your TITLE/POSITION in the company?

1.4 Which APEC Member Economy is your company located in?

1.5 Does your company plan to engage in international activities (e.g. exporting, setting up a distribution network, etc)?

- ☐ Yes
- ☐ No
- ☐ Unsure
- ☐ We have already internationalized

1.6 If your company has already internationalized, which other countries does your company have a presence in? Please list ALL.

1.7 How many employees are there in your company?

For your domestic activities : For your international activities :

1.8 If your company operates outside its domestic country, in which YEAR did your company start to internationalize?

1.9 Your company is now:

- ☐ active in international activities
- ☐ aspiring to be active (future potential/desire to be involved in international activities)
- ☐ not-active in international activities (without a future/potential desire to be involved in international activities)

1.10 What is the main approach used or is being considered by your company in your international activities?

- ☐ Export
- ☐ Appointment of overseas distributors/agents
- ☐ Overseas alliances (joint venture/partnerships etc)
- ☐ Franchising
- ☐ Setting up overseas branches/offices/subsidiaries
- ☐ Others, please specify:

1.11 Please indicate your company's total revenue in 2007.

- ☐ More than USD \$60 million
- ☐ USD \$50 million to less than USD \$60 million
- ☐ USD \$40 million to less than USD \$50 million
- ☐ USD \$30 million to less than USD \$40 million
- ☐ USD \$20 million to less than USD \$30 million
- ☐ USD \$10 million to less than USD \$20 million
- ☐ USD \$1 million to less than USD \$10 million
- ☐ Less than USD \$1 million

1.12 Please indicate your company's total revenue in 2008.

- ☐ More than USD \$60 million
- ☐ USD \$50 million to less than USD \$60 million
- ☐ USD \$40 million to less than USD \$50 million
- ☐ USD \$30 million to less than USD \$40 million
- ☐ USD \$20 million to less than USD \$30 million
- ☐ USD \$10 million to less than USD \$20 million
- ☐ USD \$1 million to less than USD \$10 million
- ☐ Less than USD \$1 million

1.13 What is the approximate PERCENTAGE of your total revenue that was generated from international activities in the last two years? 2007____ 2008____

SECTION 2 FINANCIAL CAPABILITIES

2.1 In your company's international activities, to what extent do you require capabilities in the following areas? Indicate with the following scale ranking from (1) DO NOT REQUIRE to (1) GREATLY REQUIRED.

	1. DO NOT REQUIRE	2	3	4	5. GREATLY REQUIRED
1. Financial planning and review in foreign operations – e.g. using different types of financing; internal, equity and debt, and how credit facilities are granted					
2. Debt management and new financing – e.g. types of collaterals used by the company for debt financing					
3. Cashflow management – e.g. understanding how to grant credit to foreign customers					
4. Cost allocation and control – e.g. understanding costs such as insurance costs, transportation costs and costs of customs administration					
5. Risk management – e.g. foreign currency exchange risks					
6. Taxation in foreign countries such as tax laws and tax filing processes					
7. Others, please specify					

2.2 Please indicate up to THREE ideal ways to acquire each of the following FINANCIAL CAPABILITY.

	Lecture or expert seminar	Facilitated Case Study	Tutoring or mentoring	Networking and/or peer discussion	On-the- job training	Self Study (e.g. online training)	Outsource and/or recruit personnel with required skills
1. Financial planning and review in foreign operations – e.g. using different types of financing; internal, equity and debt, and how credit facilities are granted							
2. Debt management and new financing – e.g. types of collaterals used by the company for debt financing							

	Lecture or expert seminar	Facilitated Case Study	Tutoring or mentoring	Networking and/or peer discussion	On-the- job training	Self Study (e.g. online training)	Outsource and/or recruit personnel with required skills
3. Cashflow management – e.g. understanding how to grant credit to foreign customers							
4. Cost allocation and control – e.g. understanding costs such as insurance costs, transportation costs and costs of customs administration							
5. Risk management – e.g. foreign currency exchange risks							
6. Taxation in foreign countries such as tax laws and tax filing processes							
7. Others, please specify							

2.3 Please rank the following FINANCIAL CAPABILITIES required with 1 being the most important. Please fill in additional capabilities (if needed).

___ Financial planning and review in foreign operations – e.g. using different types of financing; internal, equity and debt, and how credit facilities are granted

___ Debt management and new financing – e.g. types of collaterals used by the company for debt financing

___ Cashflow management – e.g. understanding how to grant credit to foreign customers

___ Cost allocation and control – e.g. understanding costs such as insurance costs, transportation costs and costs of customs administration

___ Risk management – e.g. foreign currency exchange risks

___ Taxation in foreign countries such as tax laws and tax filing processes

___ Others, please specify

SECTION 3 BUSINESS ENVIRONMENT CAPABILITIES

3.1 In your company's international activities, to what extent do you require capabilities in the following areas? Indicate with the following scale ranking from (1) DO NOT REQUIRE to (5) GREATLY REQUIRED.

	1. DO NOT REQUIRE	2	3	4	5. GREATLY REQUIRED
1. Read economic and political data to interpret and anticipate trends at the global, regional and country levels					
2. Market analysis at the industry level – e.g. scan, locate and analyze foreign external environments for opportunities					
3. Understand and manage the complexity of foreign distribution channels					
4. Seek out and evaluate potential partners for foreign operations					
5. Tap into networks such as trade associations and chambers of commerce in foreign countries					
6. Legal and regulatory framework of foreign countries – e.g. knowing how to enforce contracts and resolve disputes, level of protection of intellectual property					
7. Others, please specify					

3.2 Please indicate up to THREE ideal ways to acquire each of the following BUSINESS ENVIRONMENT CAPABILITIES.

	Lecture or expert seminar	Facilitated Case Study	Tutoring or mentoring	Networking and/or peer discussion	On-the- job training	Self Study (e.g. online training)	Outsource and/or recruit personnel with required skills
1. Read economic and political data to interpret and anticipate trends at the global, regional and country levels							
2. Market analysis at the industry level – e.g. scan, locate and analyze foreign external environments for opportunities							

	Lecture or expert seminar	Facilitated Case Study	Tutoring or mentoring	Networking and/or peer discussion	On-the- job training	Self Study (e.g. online training)	Outsource and/or recruit personnel with required skills
3. Understand and manage the complexity of foreign distribution channels							
4. Seek out and evaluate potential partners for foreign operations							
5. Tap into networks such as trade associations and chambers of commerce in foreign countries							
6. Legal and regulatory framework of foreign countries – e.g. knowing how to enforce contracts and resolve disputes, level of protection of intellectual property							
7. Others, please specify							

3.3 Please rank the following BUSINESS ENVIRONMENT CAPABILITIES required with 1 being the most important. Please fill in additional capabilities (if needed).

- ☐ Read economic and political data to interpret and anticipate trends at the global, regional and country levels
- ☐ Market analysis at the industry level – e.g. scan, locate and analyze foreign external environments for opportunities
- ☐ Understand and manage the complexity of foreign distribution channels
- ☐ Seek out and evaluate potential partners for foreign operations
- ☐ Tap into networks such as trade associations and chambers of commerce in foreign countries
- ☐ Legal and regulatory framework of foreign countries – e.g. knowing how to enforce contracts and resolve disputes, level of protection of intellectual property
- ☐ Others, please specify:

SECTION 4 MARKETING CAPABILITIES

4.1 In your company's international activities, to what extent do you require capabilities in the following areas? Indicate with the following scale ranking from (1) DO NOT REQUIRE to (5) GREATLY REQUIRED.

	1. DO NOT REQUIRE	2	3	4	5. GREATLY REQUIRED
1. Promote brand awareness through traditional media – e.g. TV, print or public relations					
2. Promote brand awareness through internet channels – e.g. search engine optimization, social networks, and online ads					
3. Expand distribution networks in foreign operations					
4. Gather foreign market intelligence					
5. Determine the appropriate pricing of the products and services to stay competitive					
6. Develop new products and services for the foreign markets					
7. Buy and sell products and services over the internet					
8. Others, please specify					

4.2 Please indicate up to THREE ideal ways to acquire each of the following MARKETING CAPABILITIES.

	Lecture or expert seminar	Facilitated Case Study	Tutoring or mentoring	Networking and/or peer discussion	On-the- job training	Self Study (e.g. online training)	Outsource and/or recruit personnel with required skills
1. Promote brand awareness through traditional media – e.g. TV, print or public relations							
2. Promote brand awareness through internet channels – e.g. search engine optimization, social networks, and online ads							
3. Expand distribution networks in							

	Lecture or expert seminar	Facilitated Case Study	Tutoring or mentoring	Networking and/or peer discussion	On-the- job training	Self Study (e.g. online training)	Outsource and/or recruit personnel with required skills
foreign operations							
4. Gather foreign market intelligence							
5. Determine the appropriate pricing of the products and services to stay competitive							
6. Develop new products and services for the foreign markets							
7. Buy and sell products and services over the internet							
8. Others, please specify							

4.3 Please rank the following MARKETING CAPABILITIES required with 1 being the most important. Please fill in additional capabilities (if needed).

- ☐ Promote brand awareness through traditional media – e.g. TV, print or public relations
- ☐ Promote brand awareness through internet channels – e.g. search engine optimization, social networks, and online ads
- ☐ Expand distribution networks in foreign operations
- ☐ Gather foreign market intelligence
- ☐ Determine the appropriate pricing of the products and services to stay competitive
- ☐ Develop new products and services for the foreign markets
- ☐ Buy and sell products and services over the internet
- ☐ Others, please specify

SECTION 5 CROSS CULTURAL MANAGEMENT CAPABILITIES

5.1 In your company's international activities, to what extent do you require capabilities in the following areas? Indicate with the following scale ranking from (1) DO NOT REQUIRE to (5) GREATLY REQUIRED.

	1. DO NOT REQUIRE	2	3	4	5. GREATLY REQUIRED
1. Habits and attitudes of foreign customers, employees and partners					
2. Foreign business practices					
3. Verbal/nonverbal language differences					
4. Motivate and retain employees in foreign operations					
5. Management style required in specific foreign context					
6. Negotiate across cultures					
7. Manage partner relations					
8. Others, please specify					

5.2 Please indicate up to THREE ideal ways to acquire each of the following CROSS CULTURAL MANAGEMENT CAPABILITIES.

	Lecture or expert seminar	Facilitated Case Study	Tutoring or mentoring	Networking and/or peer discussion	On-the- job training	Self Study (e.g. online training)	Outsource and/or recruit personnel with required skills
1. Habits and attitudes of foreign customers, employees and partners							
2. Foreign business practices							
3. Verbal/nonverbal language differences							
4. Motivate and retain employees in foreign operations							
5. Management style required in specific foreign context							

	Lecture or expert seminar	Facilitated Case Study	Tutoring or mentoring	Networking and/or peer discussion	On-the- job training	Self Study (e.g. online training)	Outsource and/or recruit personnel with required skills
6. Negotiate across cultures							
7. Manage partner relations							
8. Others, please specify							

5.3 Please rank the following CROSS CULTURAL MANAGEMENT CAPABILITIES required with 1 being the most important. Please fill in additional capabilities (if needed).

- ☐ Habits and attitudes of foreign customers, employees and partners
- ☐ Foreign business practices
- ☐ Verbal/nonverbal language differences
- ☐ Motivate and retain employees in foreign operations
- ☐ Management style required in specific foreign context
- ☐ Negotiate across cultures
- ☐ Manage partner relations
- ☐ Others, please specify

SECTION 6 COMPANY CHARACTERISTICS

The following questions examine the external local environment that your company is faced with and the manner in which your company has organized itself. Please indicate your agreement with the statements stated at either end of the anchor by checking the option that most closely reflect your company's current position.

6.1 How would you characterize the external environment within which your company operates?

1 (Very safe, little threat to the survival and well being of my company)

7 (Very risky, a false step can mean my company's undoing)

1 (Rich in investment and marketing opportunities)

7 (Very stressful, exacting, hostile, very hard to keep afloat)

1 (An environment that my firm can control and shape to its own advantage, such as a dominant company has in an industry with little competition and few hindrances)

7 (A dominating environment in which my company's initiatives count for very little against the tremendous competitive, political or technological forces)

6.2 In general, the top managers of my company favor...

1 (A strong emphasis on the marketing of tried and proven products and services)

7 (A strong emphasis on R&D, technological leadership and innovations)

6.3 How many new lines of products or services has your company marketed in the past 5 years?

1 (No new lines of products or services)

7 (Many new lines of products or services)

1 (Changes in product or service line have been mostly of a minor nature)

7 (Changes in product or service lines have usually been quite dramatic)

6.4 In dealing with its competitors, my company...

1 (Is very seldom the first business to introduce new products/services, administrative techniques, operating technologies, etc)

7 (Is very often the first business to introduce new products/services, administrative techniques, operating technologies, etc)

1 (Typically seeks to avoid competitive clashes, preferring a passive posture)

7 (Typically adopts a very competitive, proactive posture)

6.5 In general, the top managers of my company have...

1 (A strong tendency for low-risk projects; with normal and certain rates of return)

7 (A strong tendency for high-risk projects; with chances of very high returns)

6.6 In general, the top managers of my company believe that...

1 (Due to the nature of the environment, it is best to explore it gradually via cautious, incremental behavior)

7 (Due to the nature of the environment, bold, wide ranging acts are necessary to achieve the company's objectives)

6.7 When confronted with decision-making situations involving uncertainty, my company...

1 (Typically adopts a cautious, 'wait-and-see' posture in order to minimize the probability of making costly decisions)

7 (Typically adopts a bold, aggressive posture in order to maximize the probability of exploiting potential opportunities)

6.8 Please indicate the extent to which you are satisfied with your company's access to financial capital.

1 (Insufficient and a great barrier for our development)

7 (Fully satisfactory for the company's development)

6.9 The following questions try to understand your company's culture and to help us understand the impact of organizational culture on internationalization. Please indicate your agreement with the following statements by using the following scale ranging from (1) Strongly disagree to (5) Strongly agree.

	1. Strongly disagree	2	3	4	5. Strongly agree
1. Managers basically agree that our company's ability to learn is the key to our competitive advantage.					
2. The basic values of this company include learning as key to improvement.					
3. The sense around here is that employee learning is an investment, not an expense.					
4. Learning in my company is seen as a key commodity necessary to guarantee organizational survival.					
5. Our culture is one that does not make employee learning a priority.					
6. The collective wisdom in this company is that once we quit learning, we endanger our future.					
7. We are not afraid to reflect critically on the shared assumptions we have about the way we do business.					
8. Managers in this company do not want their 'view of the world' to be questioned.					
9. Our company places a high value on open-mindedness.					
10. Managers encourage employees to 'think outside of the box'.					

	1. Strongly disagree	2	3	4	5. Strongly agree
11. An emphasis on constant innovation is not part of our corporate culture.					
12. Original ideas are highly valued in this company.					

6.10 Please indicate your satisfaction with your company's overall achievement with the following metric on a scale of 1-5 where 1=very dissatisfied and 5=very satisfied.

	1. Very dissatisfied	2	3	4	5. Very satisfied
1. Return on investment					
2. Return on equity					
3. Net profit margin					
4. Return on assets					
5. Sales growth					
6. Market share growth					
7. Growth in the number of employees					

6.11 To what extent would your company be interested in attending in-market executive training programs (e.g. programs conducted in the country of interest)?

1 (Not interested)

5 (Very interested)

6.12 What challenges does your company face in internationalizing, in view of the current financial crisis?

6.13 Please provide us with an EMAIL ADDRESS if you wish to receive a copy of the final report.
Thank you.

APPENDIX 11**OVERALL SAMPLE DATA (Sample Size=170)****Appendix 11-A**

This appendix details the statistical analyses from the participants' responses. It is divided into four main sections; Financial Capabilities, Business Environment Capabilities, Marketing Capabilities, and Cross Cultural Management Capabilities.

The *first* table of each section details two main types of information: 1) Respondents' Requirement for each capability, scored such that the higher the score, the higher the requirement, and 2) Requirements' assessment of the Importance of each capability, scored such that the lower the score, the more important the capability is. The third column of the first table is a re-rank of the scores in column two.

The second table of each section details the frequency of the methods respondents consider as being most suited for delivering the capability. The higher numbers indicate the more preferred mode of delivery.

I) Financial Capabilities – Required and Importance

Financial Capabilities – Overall Sample	Capabilities Required (Average)	Importance (Average)	Importance - Rank
1. Financial planning and review in foreign operations	3.48	2.28*	1
2. Debt management and new financing	3.13	3.28	3
3. Cashflow management	3.44	2.83	2
4. Cost allocation and control	3.57	3.32	4
5. Risk management	3.56	4.00	5
6. Taxation in foreign countries	3.57	4.21	6

* The importance of the capabilities are ranked such that the smaller the number, the more important it is- i.e. 1 is ranked most important. Hence, the smaller numbers represent the more important capabilities

II) Financial Capabilities – Ideal ways of Acquisition

Overall Sample (Counts)	Lecture or expert seminar	Facilitated Case Study	Tutoring or mentoring	Networking and/or peer discussion	On-the-job training	Self Study (e.g. online training)	Outsource and/ or recruit personnel with required skills
1. Financial planning and review in foreign operations	45	22	34	38	34	23	39
2. Debt management and new financing	38	21	33	42	29	25	30
3. Cashflow management	38	22	35	36	35	21	27
4. Cost allocation and control	40	23	33	34	38	28	26
5. Risk management	44	21	29	34	39	27	29
6. Taxation in foreign countries	43	22	24	28	25	27	37

Appendix 11-B**I) Business Environment Capabilities – Required and Importance**

Business Environment Capabilities	Overall Capabilities Required (Average)	Overall Importance (Average)	Overall Importance - Rank
1. Read economic and political data to interpret and anticipate trends at the global, regional and country levels	3.47	3.59*	4
2. Market analysis at the industry level	4.03	2.37	1
3. Understand and manage the complexity of foreign distribution channels	3.79	3.25	3
4. Seek out and evaluate potential partners for foreign operations	4.18	2.83	2
5. Tap into networks such as trade associations and chambers of commerce in foreign countries	3.72	3.89	5
6. Legal and regulatory framework of foreign countries	3.92	4.31	6

* The importance of the capabilities are ranked such that the smaller the number, the more important it is-i.e. 1 is ranked most important. Hence, the smaller numbers represent the more important capabilities

II) Business Environment Capabilities – Ideal ways of Acquisition

Overall Sample (Counts)	Lecture or expert seminar	Facilitated case study	Tutoring or mentoring	Networking and/or peer discussion	On-the-job training	Self Study (e.g. online training)	Outsource and/or recruit personnel with required skills
1. Read economic and political data to interpret and anticipate trends at the global, regional and country levels	40	26	18	48	22	39	16
2. Market analysis at the industry level	33	21	26	57	20	33	28
3. Understand and manage the complexity of foreign distribution channels	34	21	25	46	25	28	27
4. Seek out and evaluate potential partners for foreign operations	20	12	21	61	24	25	31
5. Tap into networks such as trade associations and chambers of commerce in foreign countries	30	12	19	61	18	22	21
6. Legal and regulatory framework of foreign countries	40	20	20	39	23	29	41

Appendix 11-C**I) Marketing Capabilities – Required and Importance**

Marketing Capabilities	Overall Capabilities Required (Average)	Overall Importance (Average)	Overall Importance - Rank
1. Promote brand awareness through traditional media	3.03	4.28*	6
2. Promote brand awareness through internet channels	3.61	3.60	4
3. Expand distribution networks in foreign operations	4.08	2.76	1
4. Gather foreign market intelligence	3.96	2.97	2
5. Determine the appropriate pricing of the products and services to stay competitive	4.13	3.25	3
6. Develop new products and services for the foreign markets	3.99	3.78	5
7. Buy and sell products and services over the internet	3.22	5.61	7

* The importance of the capabilities are ranked such that the smaller the number, the more important it is-i.e. 1 is ranked most important. Hence, the smaller numbers represent the more important capabilities

II) Marketing Capabilities – Ideal ways of Acquisition

Overall Sample (Counts)	Lecture or expert seminar	Facilitated case study	Tutoring or mentoring	Networking and/or peer discussion	On-the-job training	Self Study (e.g. online training)	Outsource and/or recruit personnel with required skills
1. Promote brand awareness through traditional media	27	16	17	38	21	22	39
2. Promote brand awareness through internet channels	20	14	19	39	25	28	37
3. Expand distribution networks in foreign operations	20	11	18	51	24	20	35
4. Gather foreign market intelligence	27	15	17	39	28	29	32
5. Determine the appropriate pricing of the products and services to stay competitive	19	17	16	45	30	28	28
6. Develop new products and services for the foreign markets	19	15	19	47	33	29	28
7. Buy and sell products and services over the internet	23	10	11	30	26	37	24

Appendix 11-D**I) Cross Cultural Management Capabilities – Required and Importance**

Cross Cultural Management Capabilities	Overall Capabilities Required (Average)	Overall Importance (Average)	Overall Importance -Rank
1. Habits and attitudes of foreign customers, employees and partners	3.89	2.81*	2
2. Foreign business practices	4.12	2.69	1
3. Verbal / nonverbal language differences	3.79	4.28	6
4. Motivate and retain employees in foreign operations	3.70	4.37	7
5. Management style required in specific foreign context	3.64	4.14	5
6. Negotiate across cultures	4.00	4.00	4
7. Manage partner relations	4.16	3.85	3

* The importance of the capabilities are ranked such that the smaller the number, the more important it is-i.e. 1 is ranked most important. Hence, the smaller numbers represent the more important capabilities

II) Cross Cultural Management Capabilities – Ideal ways of Acquisition

Overall Sample (Counts)	Lecture or expert seminar	Facilitated case study	Tutoring or mentoring	Networking and/or peer discussion	On-the-job training	Self Study (e.g. online training)	Outsource and/or recruit personnel with required skills
1. Habits and attitudes of foreign customers, employees and partners	35	11	21	41	34	30	24
2. Foreign business practices	31	15	22	43	30	22	27
3. Verbal / nonverbal language differences	23	13	28	30	36	31	23
4. Motivate and retain employees in foreign operations	28	12	26	37	38	20	26
5. Management style required in specific foreign context	28	14	30	38	30	23	21
6. Negotiate across cultures	29	16	23	41	32	20	24
7. Manage partner relations	24	15	22	42	34	21	24

Appendix 11-E

Capabilities Required for Overall Sample

All Capabilities – Overall Sample	Capabilities Required (Average)
B4. Seek out and evaluate potential partners for foreign operations	4.18
C7. Manage partner relations	4.16
M5. Determine the appropriate pricing of the products and services to stay competitive	4.13
C2. Foreign business practices	4.12
M3. Expand distribution networks in foreign operations	4.08
B2. Market analysis at the industry level	4.03
C6. Negotiate across cultures	4.00
M6. Develop new products and services for the foreign markets	3.99
M4. Gather foreign market intelligence	3.96
B6. Legal and regulatory framework of foreign countries	3.92
C1. Habits and attitudes of foreign customers, employees and partners	3.89
B3. Understand and manage the complexity of foreign distribution channels	3.79
C3. Verbal / nonverbal language differences	3.79
B5. Tap into networks such as trade associations and chambers of commerce in foreign countries	3.72
C4. Motivate and retain employees in foreign operations	3.70
C5. Management style required in specific foreign context	3.64
M2. Promote brand awareness through internet channels	3.61
F4. Cost allocation and control	3.57
F6. Taxation in foreign countries	3.57
F5. Risk management	3.56
F1. Financial planning and review in foreign operations	3.48
B1. Read economic and political data to interpret and anticipate trends at the global, regional and country levels	3.47
F3. Cashflow management	3.44
F2. Debt management and new financing	3.13
M7. Buy and sell products and services over the internet	3.22
M1. Promote brand awareness through traditional media	3.03

APPENDIX 12
COUNTRY REPORT: SINGAPORE
 Sample Size = 72

Appendix 12-A
Executive Summary

A total of 72 Singapore companies responded to the survey. The following tables detail the profiles of the participating companies. A majority of the respondents are in manufacturing (34.7%), are active in international activities (52.8%), and uses the entry mode of setting up overseas branches/offices/ subsidiaries (26.7%). About 60% of the Singapore companies are formed in the 2000s.

#	Principal Business	Overall	%
1	Wholesale	16	22.2
2	Manufacturing	25	34.7
3	Construction	4	5.6
4	Services	16	22.2
5	Communications, Transport and Storage	2	2.8
6	Retail	7	9.7
7	Property	0	0
8	Finance	1	1.4
9	Holdings	1	1.4
10	Hotels / Food Establishments	0	0
	Total	72*	100.0

* Some respondents reported with more than one area as their main business

Your company is now:	Response	%
1. Active in international activities	38	52.8
2. Aspiring to be active (future potential / desire to be involved in international activities)	34	47.2
2. Not-active in international activities (without a future/ potential desire to be involved in international activities)	0	0
Total	72	100.0

#	Main approaches to Internationalization	Response	%
1	Export	32	21.3
2	Appointment of overseas distributors / agents	35	23.3
3	Overseas alliances (joint venture / partnerships etc)	31	20.7
4	Franchising	9	6.0
5	Setting up overseas branches / offices / subsidiaries	40	26.7
6	Others, please specify	3	2.0
	Total	150*	100.0

* Respondents were allowed to indicate more than one approach to internationalization

The following summary for the Singapore sample details the capabilities required in the four areas, Financial, Business Environment, Marketing and Cross Cultural Management and the preferred modes of delivery. The findings for the Singapore sample mirrors that of the overall sample as the Singapore sample (72 responses) forms over half of the overall sample of 170 responses.

I) Financial Capabilities

Financial Capabilities Required	Importance	Ideal Acquisition Method
1. Financial planning and review in foreign operations	1	Networking and/or peer discussion
2. Cost allocation and control	4	Networking and/or peer discussion
3. Risk management	5	Networking and/or peer discussion + Lecture or expert seminar
4. Taxation in foreign countries	6	Outsource and/ or recruit personnel with required skills

In the Singapore sample, except for the capability of *Financial planning and review*, the other three required capabilities are deemed to be less important. Clearly, the focus on the executive program is on the most important and the most required capability – *Financial planning and review*. The most ideal methods, however, appear to be both a mix of networking and/or peer discussion and lecture or expert seminar (see Appendix 11-B II).

II) Business Environment Capabilities

Business Environment Capabilities Required	Importance	Ideal Acquisition Method
1. Seek out and evaluate potential partners for foreign operations	1	Networking and/or peer discussion
2. Market analysis at the industry level	2	Networking and/or peer discussion
3. Legal and regulatory framework of foreign countries	6	Networking and/or peer discussion + Lecture or expert seminar

For Business Environment Capabilities, except for *Legal and regulatory framework of foreign countries*, the two most required capabilities – *Seek out potential partners* and *Market analysis at the industry level* are also ranked to be the most important capabilities. Hence, the focus of the segment of the program on Business Environment Capabilities should be on these two areas.

The idea modes of delivery are networking and/or peer discussion. However, it should be noted that respondents also indicated that lecture or expert seminars should be used to supplement the networking portion (see Appendix 11-C II).

III) Marketing Capabilities

Marketing Capabilities Required	Importance	Ideal Acquisition Method
1. Determine the appropriate pricing of the products and services to stay competitive	3	Networking and/or peer discussion
2. Gather foreign market intelligence	1	Networking and/or peer discussion
3. Expand distribution networks in foreign operations	2	Networking and/or peer discussion

For Marketing capabilities, again the capabilities most required are also deemed most important. It also appears that networking and/or peer discussion is the preferred mode of delivery supplemented by outsourcing and/or recruiting personnel with required skills.

IV) Cross Cultural Management Capabilities

Cross Cultural Management Capabilities Required	Importance	Ideal Acquisition Method
1. Foreign business practices	1	Networking and/or peer discussion
2. Manage partner relations	3	Networking and/or peer discussion
3. Negotiate across cultures	4	Networking and/or peer discussion

For the Singapore sample, again, the most required capabilities in the Cross Cultural Management area are also deemed important. The preferred mode of delivery again is networking and/or peer discussion supplemented by on-the-job training.

Appendix 12-B

Appendices 12-B to 12-E detail the statistical analyses from the Singapore participants' responses. There are four main sections; Financial Capabilities, Business Environment Capabilities, Marketing Capabilities, and Cross Cultural Management Capabilities.

The *first* table of each section details two main types of information for both the Overall and Singapore sample: 1) Respondents' Requirement for each capability, scored such that the higher the score, the higher the requirement, and 2) Requirements' assessment of the Importance of each capability, scored such that the lower the score, the more important the capability is. The third column of the first table is a re-rank of the scores in column two.

The second table of each section details the frequency of the methods respondents consider as being most suited for delivering the capability. The higher numbers indicate the more preferred mode of delivery.

I) Financial Capabilities – Required and Importance

Financial Capabilities	Overall Capabilities Required (Average)	Overall Importance (Average)	Overall Importance Rank	Singapore Capabilities Required (Average)	Singapore Importance (Average)	Singapore Importance-Rank
1. Financial planning and review in foreign operations	3.48	2.28*	1	3.76	2.58*	1
2. Debt management and new financing	3.13	3.28	3	3.23	3.29	3
3. Cashflow management	3.44	2.83	2	3.60	2.62	2
4. Cost allocation and control	3.57	3.32	4	3.74	3.44	4
5. Risk management	3.56	4.00	5	3.65	4.03	5
6. Taxation in foreign countries	3.57	4.21	6	3.65	4.18	6

* The importance of the capabilities are ranked such that the smaller the number, the more important it is- i.e. 1 is ranked most important. Hence, the smaller numbers represent the more important capabilities

II) Financial Capabilities – Ideal Ways of Acquisition

Singapore (Counts)	Lecture or expert seminar	Facilitated Case Study	Tutoring or mentoring	Networking and/or peer discussion	On-the-job training	Self Study (e.g. online training)	Outsource and/ or recruit personnel with required skills
1. Financial planning and review in foreign operations	22	12	17	30	17	13	23
2. Debt management and new financing	23	11	15	32	15	14	17
3. Cashflow management	20	13	17	30	18	9	18
4. Cost allocation and control	20	10	19	27	20	14	18
5. Risk management	25	11	15	25	22	15	16
6. Taxation in foreign countries	24	10	11	22	12	14	26

Appendix 12-C**I) Business Environment Capabilities – Required and Importance**

Business Environment Capabilities	Overall Capabilities Required (Average)	Overall Importance (Average)	Overall Importance - Rank	Singapore Capabilities Required (Average)	Singapore Importance (Average)	Singapore Importance - Rank
1. Read economic and political data to interpret and anticipate trends at the global, regional and country levels	3.47	3.59*	4	3.51	3.72*	4
2. Market analysis at the industry level	4.03	2.37	1	4.12	2.52	2
3. Understand and manage the complexity of foreign distribution channels	3.79	3.25	3	3.78	3.30	3
4. Seek out and evaluate potential partners for foreign operations	4.18	2.83	2	4.39	2.44	1
5. Tap into networks such as trade associations and chambers of commerce in foreign countries	3.72	3.89	5	3.76	3.96	5
6. Legal and regulatory framework of foreign countries	3.92	4.31	6	4.09	4.09	6

* The importance of the capabilities are ranked such that the smaller the number, the more important it is i.e. 1 is ranked most important. Hence, the smaller numbers represent the more important capabilities

II) Business Environment Capabilities – Ideal Ways of Acquisition

Singapore (Counts)	Lecture or expert seminar	Facilitated case study	Tutoring or mentoring	Networking and/or peer discussion	On-the-job training	Self Study (e.g. online training)	Outsource and/or recruit personnel with required skills
1. Read economic and political data to interpret and anticipate trends at the global, regional and country levels	25	13	10	32	13	27	10
2. Market analysis at the industry level	21	9	16	41	10	20	17
3. Understand and manage the complexity of foreign distribution channels	20	10	14	33	16	15	21
4. Seek out and evaluate potential partners for foreign operations	9	4	10	43	16	13	22
5. Tap into networks such as trade associations and chambers of commerce in foreign countries	19	5	11	38	12	12	13
6. Legal and regulatory framework of foreign countries	23	10	10	24	16	19	29

Appendix 12-D**I) Marketing Capabilities – Required and Importance**

Marketing Capabilities	Overall Capabilities Required (Average)	Overall Importance (Average)	Overall Importance - Rank	Singapore Capabilities Required (Average)	Singapore Importance (Average)	Singapore Importance - Rank
1. Promote brand awareness through traditional media	3.03	4.28*	6	3.00	4.42*	6
2. Promote brand awareness through internet channels	3.61	3.60	4	3.58	3.56	4
3. Expand distribution networks in foreign operations	4.08	2.76	1	4.04	2.70	2
4. Gather foreign market intelligence	3.96	2.97	2	4.05	2.62	1
5. Determine the appropriate pricing of the products and services to stay competitive	4.13	3.25	3	4.07	3.25	3
6. Develop new products and services for the foreign markets	3.99	3.78	5	3.93	3.81	5
7. Buy and sell products and services over the internet	3.22	5.61	7	2.85	5.90	7

* The importance of the capabilities are ranked such that the smaller the number, the more important it is-i.e. 1 is ranked most important. Hence, the smaller numbers represent the more important capabilities

II) Marketing Capabilities – Ideal Ways of Acquisition

Singapore (Counts)	Lecture or expert seminar	Facilitated case study	Tutoring or mentoring	Networking and/or peer discussion	On-the-job training	Self Study (e.g. online training)	Outsource and/or recruit personnel with required skills
1. Promote brand awareness through traditional media	13	9	12	23	14	12	23
2. Promote brand awareness through internet channels	11	6	12	25	16	15	23
3. Expand distribution networks in foreign operations	12	4	11	37	12	8	21
4. Gather foreign market intelligence	17	9	11	30	17	16	21
5. Determine the appropriate pricing of the products and services to stay competitive	9	8	10	35	20	14	18
6. Develop new products and services for the foreign markets	9	7	11	33	19	15	17
7. Buy and sell	12	5	7	16	15	21	18

Singapore (Counts)	Lecture or expert seminar	Facilitated case study	Tutoring or mentoring	Networking and/or peer discussion	On-the- job training	Self Study (e.g. online training)	Outsource and/ or recruit personnel with required skills
products and services over the internet							

Appendix 12-E**I) Cross Cultural Management Capabilities – Required and Importance**

Cross Cultural Management Capabilities	Overall Capabilities Required (Average)	Overall Importance (Average)	Overall Importance - Rank	Singapore Capabilities Required (Average)	Singapore Importance (Average)	Singapore Importance - Rank
1. Habits and attitudes of foreign customers, employees and partners	3.89	2.81*	2	3.94	2.78*	2
2. Foreign business practices	4.12	2.69	1	4.23	2.55	1
3. Verbal / nonverbal language differences	3.79	4.28	6	3.73	4.55	7
4. Motivate and retain employees in foreign operations	3.70	4.37	7	3.65	4.39	6
5. Management style required in specific foreign context	3.64	4.14	5	3.55	4.35	5
6. Negotiate across cultures	4.00	4.00	4	4.09	3.82	4
7. Manage partner relations	4.16	3.85	3	4.15	3.36	3

* The importance of the capabilities are ranked such that the smaller the number, the more important it is-i.e. 1 is ranked most important. Hence, the smaller numbers represent the more important capabilities

II) Cross Cultural Management Capabilities – Ideal Ways of Acquisition

Singapore (Counts)	Lecture or expert seminar	Facilitated case study	Tutoring or mentoring	Networking and/or peer discussion	On-the-job training	Self Study (e.g. online training)	Outsource and/or recruit personnel with required skills
1. Habits and attitudes of foreign customers, employees and partners	19	4	14	32	20	15	14
2. Foreign business practices	17	8	10	33	17	10	18
3. Verbal / nonverbal language differences	14	5	14	27	22	15	14
4. Motivate and retain employees in foreign operations	17	3	15	30	21	10	16
5. Management style required in specific foreign context	16	7	15	30	18	12	12
6. Negotiate across cultures	16	9	12	34	17	10	14
7. Manage partner relations	15	9	11	33	18	9	13

APPENDIX 13
COUNTRY REPORT: THAILAND
 Sample Size = 45

Appendix 13-A
Executive Summary

A total of 45 Thailand companies responded to the survey. The following tables detail the profiles of the participating companies. A majority of the respondents are in manufacturing (47.4%), are active in international activities (42.2%) or aspiring to be active (42.2%), and uses the entry mode of export (39.7%). About 59.0% of the Thai companies are formed in the year 2000s.

#	Principal Business	Overall	%
1	Wholesale	13	22.8
2	Manufacturing	27	47.4
3	Construction	3	5.3
4	Services	8	14.0
5	Communications, Transport and Storage	2	3.5
6	Retail	3	5.3
7	Property	1	1.8
8	Finance	0	0
9	Holdings	0	0
10	Hotels / Food Establishments	0	0
	Total	57*	100.0

* Some respondents reported with more than one area as their main business

Your company is now:	Response	%
1. Active in international activities	19	42.2
2. Aspiring to be active (future potential / desire to be involved in international activities)	19	42.2
2. Not-active in international activities (without a future/ potential desire to be involved in international activities)	7	15.6
Total	45	100.0

#	Main approaches to Internationalization	Response	%
1	Export	27	39.7
2	Appointment of overseas distributors / agents	17	25.0
3	Overseas alliances (joint venture / partnerships etc)	15	22.1
4	Franchising	2	2.9
5	Setting up overseas branches / offices / subsidiaries	7	10.3
6	Others, please specify	0	0
	Total	68*	100.0

* Respondents were allowed to indicate more than one approach to internationalization

The following summary for the Thailand sample details the capabilities required in the four areas, Financial, Business Environment, Marketing and Cross Cultural Management and the preferred modes of delivery. The response for the Thailand sample is 45.

I) Financial Capabilities

Financial Capabilities Required	Importance	Ideal Acquisition Method
1. Risk management	4	Lecture or expert seminar
2. Cost allocation and control	2	Lecture or expert seminar
3. Taxation in foreign countries	6	Self Study

For the Thailand sample, except for the capability on *Cost allocation and control*, the other two financial capabilities are not ranked as very important. The preferred mode of delivery for the Thailand sample is Lecture or expert seminar or self study for the Financial capabilities.

II) Business Environment Capabilities

Business Environment Capabilities Required	Importance	Ideal Acquisition Method
1. Seek out and evaluate potential partners for foreign operations	3	Networking and/or peer discussion
2. Market analysis at the industry level	1	Lecture or expert seminar + Self Study
3. Understand and manage the complexity of foreign distribution channels	2	Self Study

For the Business Environment Capabilities, the three required capabilities are deemed the most important three capabilities as well. A mix of delivery methods are indicated, ranging from the more interactional networking method for *Seek out and evaluate potential foreign partners* to the more instructor centered methods of Lecture or expert seminar and self study.

III) Marketing Capabilities

Marketing Capabilities Required	Importance	Ideal Acquisition Method
1. Determine the appropriate pricing of the products and services to stay competitive	4	Self Study
2. Expand distribution networks in foreign operations	1	Networking and/or peer discussion + Self Study + Outsource and/or recruit personnel with required skills
3. Develop new products and services for the foreign markets	6	Self Study

Interestingly, the most required capability; *Expand distribution networks in foreign operations* is also the most important capability. However, the other two capabilities are required but not deemed to be as important. The preferred mode of delivery is self study, and for the most important capability, networking, outsourcing or recruiting personnel with required skills. It is observed that Thailand respondents prefer self-study as a mode of delivery.

IV) Cross Cultural Management Capabilities

Cross Cultural Management Capabilities Required	Importance	Ideal Acquisition Method
1. Foreign business practices	2	On-the-job training + Self study
2. Manage partner relations	7	On-the-job training + Self study
3. Habits and attitudes of foreign customers, employees and partners	1	Self study

For the Thailand sample, the most important capability, *Habit and attitudes of foreign customers, employees and partners* is also the most required. That is an indication of the priority placed on this capability. Similarly, *Foreign business practices* is also an important and required capability. As a departure from the results of the overall sample, *Manage partner relations* is required but not as important. As earlier commented on, the Thailand respondents prefer self-study as a mode of delivery although on-the-job training is also preferred. We also note that the lecture or expert seminar is a delivery method that also appears to be well received by Thailand respondents.

Appendix 13-B

Appendices 13-B to 13-E detail the statistical analyses from the Thailand participants' responses. There are four main sections; Financial Capabilities, Business Environment Capabilities, Marketing Capabilities, and Cross Cultural Management Capabilities.

The *first* table of each section details two main types of information for both the Overall and Thailand sample: 1) Respondents' Requirement for each capability, scored such that the higher the score, the higher the requirement, and 2) Requirements' assessment of the Importance of each capability, scored such that the lower the score, the more important the capability is. The third column of the first table is a re-rank of the scores in column two.

The second table of each section details the frequency of the methods respondents consider as being most suited for delivering the capability. The higher numbers indicate the more preferred mode of delivery.

I) Financial Capabilities – Required and Importance

Financial Capabilities	Overall Capabilities Required (Average)	Overall Importance (Average)	Overall Importance - Rank	Thailand Capabilities Required (Average)	Thailand Importance (Average)	Thailand Importance-Rank
1. Financial planning and review in foreign operations	3.48	2.28*	1	3.00	2.27*	1
2. Debt management and new financing	3.13	3.28	3	2.97	4.00	5
3. Cashflow management	3.44	2.83	2	3.19	3.00	3
4. Cost allocation and control	3.57	3.32	4	3.61	2.88	2
5. Risk management	3.56	4.00	5	3.65	3.83	4
6. Taxation in foreign countries	3.57	4.21	6	3.50	4.35	6

* The importance of the capabilities are ranked such that the smaller the number, the more important it is - i.e. 1 is ranked most important. Hence, the smaller numbers represent the more important capabilities

II) Financial Capabilities – Ideal Ways of Acquisition

Thailand (Counts)	Lecture or expert seminar	Facilitated Case Study	Tutoring or mentoring	Networking and/or peer discussion	On-the-job training	Self Study (e.g. online training)	Outsource and/or recruit personnel with required skills
1. Financial planning and review in foreign operations	12	3	5	3	8	9	6
2. Debt management and new financing	4	3	5	6	8	8	6
3. Cashflow management	10	3	7	4	6	9	3
4. Cost allocation and control	13	5	4	3	9	7	4

Thailand (Counts)	Lecture or expert seminar	Facilitated Case Study	Tutoring or mentoring	Networking and/or peer discussion	On-the-job training	Self Study (e.g. online training)	Outsource and/ or recruit personnel with required skills
5. Risk management	12	3	3	4	6	9	6
6. Taxation in foreign countries	8	3	3	1	7	10	6

Appendix 13-C**I) Business Environment Capabilities – Required and Importance**

Business Environment Capabilities	Overall Capabilities Required (Average)	Overall Importance (Average)	Overall Importance - Rank	Thailand Capabilities Required (Average)	Thailand Importance (Average)	Thailand Importance - Rank
1. Read economic and political data to interpret and anticipate trends at the global, regional and country levels	3.47	3.59*	4	3.17	3.81*	5
2. Market analysis at the industry level	4.03	2.37	1	3.92	1.91	1
3. Understand and manage the complexity of foreign distribution channels	3.79	3.25	3	3.79	3.09	2
4. Seek out and evaluate potential partners for foreign operations	4.18	2.83	2	3.92	3.59	3
5. Tap into networks such as trade associations and chambers of commerce in foreign countries	3.72	3.89	5	3.65	3.68	4
6. Legal and regulatory framework of foreign countries	3.92	4.31	6	3.50	4.48	6

* The importance of the capabilities are ranked such that the smaller the number, the more important it is-i.e. 1 is ranked most important. Hence, the smaller numbers represent the more important capabilities

II) Business Environment Capabilities – Ideal Ways of Acquisition

Thailand (Counts)	Lecture or expert seminar	Facilitated case study	Tutoring or mentoring	Networking and/or peer discussion	On-the-job training	Self Study (e.g. online training)	Outsource and/or recruit personnel with required skills
1. Read economic and political data to interpret and anticipate trends at the global, regional and country levels	7	7	0	6	3	8	2
2. Market analysis at the industry level	7	4	4	5	3	7	6
3. Understand and manage the complexity of foreign distribution channels	6	2	3	4	3	9	4
4. Seek out and evaluate potential partners for foreign operations	6	2	1	9	3	6	4
5. Tap into networks such as trade associations and chambers of commerce in foreign countries	4	4	1	10	2	6	4
6. Legal and regulatory framework of foreign countries	8	3	0	7	2	8	5

Appendix 13-D**I) Marketing Capabilities – Required and Importance**

Marketing Capabilities	Overall Capabilities Required (Average)	Overall Importance (Average)	Overall Importance - Rank	Thailand Capabilities Required (Average)	Thailand Importance (Average)	Thailand Importance - Rank
1. Promote brand awareness through traditional media	3.03	4.28*	6	3.42	3.73*	5
2. Promote brand awareness through internet channels	3.61	3.60	4	3.88	3.41	2
3. Expand distribution networks in foreign operations	4.08	2.76	1	4.21	3.30	1
4. Gather foreign market intelligence	3.96	2.97	2	3.83	3.41	2
5. Determine the appropriate pricing of the products and services to stay competitive	4.13	3.25	3	4.37	3.45	4
6. Develop new products and services for the foreign markets	3.99	3.78	5	4.04	4.14	6
7. Buy and sell products and services over the internet	3.22	5.61	7	4.00	5.04	7

* The importance of the capabilities are ranked such that the smaller the number, the more important it is-i.e. 1 is ranked most important. Hence, the smaller numbers represent the more important capabilities

II) Marketing Capabilities – Ideal Ways of Acquisition

Thailand (Counts)	Lecture or expert seminar	Facilitated case study	Tutoring or mentoring	Networking and/or peer discussion	On-the-job training	Self Study (e.g. online training)	Outsource and/or recruit personnel with required skills
1. Promote brand awareness through traditional media	6	4	0	7	3	7	9
2. Promote brand awareness through internet channels	5	3	1	5	3	9	6
3. Expand distribution networks in foreign operations	4	1	0	8	3	8	8
4. Gather foreign market intelligence	4	1	3	3	3	8	7
5. Determine the appropriate pricing of the products and services to stay competitive	5	2	1	5	4	10	6
6. Develop new products and services for the foreign markets	5	3	2	5	7	9	6
7. Buy and sell	4	1	1	6	5	9	4

Thailand (Counts)	Lecture or expert seminar	Facilitated case study	Tutoring or mentoring	Networking and/or peer discussion	On-the-job training	Self Study (e.g. online training)	Outsource and/or recruit personnel with required skills
products and services over the internet							

Appendix 13-E**I) Cross Cultural Management Capabilities – Required and Importance**

Cross Cultural Management Capabilities	Overall Capabilities Required (Average)	Overall Importance (Average)	Overall Importance - Rank	Thailand Capabilities Required (Average)	Thailand Importance (Average)	Thailand Importance - Rank
1. Habits and attitudes of foreign customers, employees and partners	3.89	2.81*	2	4.13	2.77*	1
2. Foreign business practices	4.12	2.69	1	4.26	3.14	2
3. Verbal / nonverbal language differences	3.79	4.28	6	4.04	3.81	3
4. Motivate and retain employees in foreign operations	3.70	4.37	7	3.91	4.24	6
5. Management style required in specific foreign context	3.64	4.14	5	3.91	3.86	4
6. Negotiate across cultures	4.00	4.00	4	4.09	4.10	5
7. Manage partner relations	4.16	3.85	3	4.26	4.48	7

* The importance of the capabilities are ranked such that the smaller the number, the more important it is-i.e. 1 is ranked most important. Hence, the smaller numbers represent the more important capabilities

II) Cross Cultural Management Capabilities – Ideal Ways of Acquisition

Thailand (Counts)	Lecture or expert seminar	Facilitated case study	Tutoring or mentoring	Networking and/or peer discussion	On-the-job training	Self Study (e.g. online training)	Outsource and/or recruit personnel with required skills
1. Habits and attitudes of foreign customers, employees and partners	8	1	3	2	6	9	6
2. Foreign business practices	6	1	5	2	7	7	6
3. Verbal / nonverbal language differences	3	2	6	0	7	10	5
4. Motivate and retain employees in foreign operations	4	4	4	3	9	8	4
5. Management style required in specific foreign context	4	0	9	3	7	7	3
6. Negotiate across cultures	6	1	4	5	9	7	4
7. Manage partner relations	2	0	5	4	8	8	5

APPENDIX 14
COUNTRY REPORT: PERU
 Sample Size = 23

Appendix 14-A
Executive Summary

A total of 23 Peru companies responded to the survey. The following tables detail the profiles of the participating companies. A majority of the respondents are in manufacturing (34.6%), are aspiring to be active (57.1%), and uses the entry mode of export (50.0%). About 62.0% of the companies from the Peru sample are formed in the year 2000s.

#	Principal Business	Overall	%
1	Wholesale	5	19.2
2	Manufacturing	9	34.6
3	Construction	0	0
4	Services	4	15.4
5	Communications, Transport and Storage	0	0
6	Retail	7	26.9
7	Property	0	0
8	Finance	1	3.8
9	Holdings	0	0
10	Hotels / Food Establishments	0	0
	Total	26*	100.0

* Some respondents reported with more than one area as their main business

Your company is now:	Response	%
1. Active in international activities	6	28.6
2. Aspiring to be active (future potential / desire to be involved in international activities)	12	57.1
2. Not-active in international activities (without a future/ potential desire to be involved in international activities)	3	14.3
Total	21	100.0

#	Main approaches to Internationalization	Response	%
1	Export	12	50.0
2	Appointment of overseas distributors / agents	5	20.8
3	Overseas alliances (joint venture / partnerships etc)	3	12.5
4	Franchising	2	8.3
5	Setting up overseas branches / offices / subsidiaries	2	8.3
6	Others, please specify	1	4.2
	Total	24	100.0

* Respondents were allowed to indicate more than one approach to internationalization

The following summary for the Peru sample details the capabilities required in the four areas, Financial, Business Environment, Marketing and Cross Cultural Management and the preferred modes of delivery. The response for the Peru sample is 23. We however, caution that the results should be interpreted with care when generalizing as the sample is small.

I) Financial Capabilities

Financial Capabilities Required	Importance	Ideal Acquisition Method
1. Cashflow management	2	On-the-job training
2. Taxation in foreign countries	6	On-the-job training/Tutoring or mentoring/Lecture or expert seminar
3. Risk management	5	On-the-job training

The Peru respondents prefer on-the-job training as the mode of delivery although a mix of lecture or expert seminar and facilitated case study are ideal. The most required capability, *Cashflow management* is also important and should be the focus of programs on Financial Management. It is noteworthy that the other two required capabilities are deemed to be less important.

II) Business Environment Capabilities

Business Environment Capabilities Required	Importance	Ideal Acquisition Method
1. Seek out and evaluate potential partners for foreign operations	2	Tutoring or mentoring
2. Tap into networks such as trade associations and chambers of commerce in foreign countries	5	Networking and/or peer discussion +Lecture or expert seminar
3. Market analysis at the industry level	1	Lecture or expert seminar + Facilitated case study + Networking and/or peer discussion

Except for the *Networks* capability, the other two required capabilities are also ranked to be most important for the Peru sample. The ideal acquisition methods are a mix of networking and/or peer discussion and lecture or expert seminar and facilitated case study. It appears that the Peru sample prefers a variety of delivery modes. Again, as the sample size is small, we are unable to determine with confidence the most preferred mode of delivery. We are however, listing the most preferred set of methods.

III) Marketing Capabilities

Marketing Capabilities Required	Importance	Ideal Acquisition Method
1. Develop new products and services for the foreign markets	3	Facilitated case study + Networking and/or peer discussion + On-the-job training + Self Study + Outsource and/or recruit personnel with required skills
2. Expand distribution networks in foreign operations	1	On-the-job training
3. Determine the appropriate pricing of the products and services to stay competitive	2	On-the-job training

The three most required Marketing Capabilities are also the most important capabilities. Again, the ideal acquisition methods are a mix of facilitated case study, networking and/or peer discussion, on-the-job training, self study, outsource. To note however, is the preference for on-the-job training.

IV) Cross Cultural Management Capabilities

Cross Cultural Management Capabilities Required	Importance	Ideal Acquisition Method
1. Manage partner relations	7	Facilitated case study + Self study + Outsource and/or recruit personnel with required skills
2. Management style required in specific foreign context	4	Facilitated case study
3. Foreign business practices	2	On-the-job training

Interesting, for the Cross Cultural Management capabilities, the more important and required capability is *Foreign business practices*. The other two capabilities that are required are not deemed to be as important. Again, a mix of different delivery methods is suggested here, including facilitated case study, self study, outsource, and on-the-job training.

Appendix 14-B

Appendices 14-B to 14-E detail the statistical analyses from the Peru participants' responses. There are four main sections; Financial Capabilities, Business Environment Capabilities, Marketing Capabilities, and Cross Cultural Management Capabilities.

The *first* table of each section details two main types of information for both the Overall and Peru sample: 1) Respondents' Requirement for each capability, scored such that the higher the score, the higher the requirement, and 2) Requirements' assessment of the Importance of each capability, scored such that the lower the score, the more important the capability is. The third column of the first table is a re-rank of the scores in column two.

The second table of each section details the frequency of the methods respondents consider as being most suited for delivering the capability. The higher numbers indicate the more preferred mode of delivery.

I) Financial Capabilities – Required and Importance

Financial Capabilities	Overall Capabilities Required (Average)	Overall Importance (Average)	Overall Importance - Rank	Peru Capabilities Required (Average)	Peru Importance (Average)	Peru Importance - Rank
1. Financial planning and review in foreign operations	3.48	2.28*	1	2.87	2.08*	1
2. Debt management and new financing	3.13	3.28	3	2.47	3.40	3
3. Cashflow management	3.44	2.83	2	3.29	3.10	2
4. Cost allocation and control	3.57	3.32	4	2.93	3.80	4
5. Risk management	3.56	4.00	5	3.20	4.60	5
6. Taxation in foreign countries	3.57	4.21	6	3.21	4.70	6

* The importance of the capabilities are ranked such that the smaller the number, the more important it is i.e. 1 is ranked most important. Hence, the smaller numbers represent the more important capabilities

II) Financial Capabilities – Ideal Ways of Acquisition

Peru (Counts)	Lecture or expert seminar	Facilitated Case Study	Tutoring or mentoring	Networking and/or peer discussion	On-the-job training	Self Study (e.g. online training)	Outsource and/ or recruit personnel with required skills
1. Financial planning and review in foreign operations	4	4	5	1	6	0	2
2. Debt management and new financing	4	3	4	0	6	1	2
3. Cashflow management	4	3	3	0	6	1	3
4. Cost allocation and control	3	4	5	0	5	2	1

Peru (Counts)	Lecture or expert seminar	Facilitated Case Study	Tutoring or mentoring	Networking and/or peer discussion	On-the-job training	Self Study (e.g. online training)	Outsource and/ or recruit personnel with required skills
5. Risk management	3	3	4	1	7	0	3
6. Taxation in foreign countries	4	3	4	1	4	1	2

Appendix 14-C**I) Business Environment Capabilities – Required and Importance**

Business Environment Capabilities	Overall Capabilities Required (Average)	Overall Importance (Average)	Overall Importance - Rank	Peru Capabilities Required (Average)	Peru Importance (Average)	Peru Importance - Rank
1. Read economic and political data to interpret and anticipate trends at the global, regional and country levels	3.47	3.59*	4	3.77	3.00*	3
2. Market analysis at the industry level	4.03	2.37	1	3.85	2.55	1
3. Understand and manage the complexity of foreign distribution channels	3.79	3.25	3	3.83	3.55	4
4. Seek out and evaluate potential partners for foreign operations	4.18	2.83	2	4.15	2.70	2
5. Tap into networks such as trade associations and chambers of commerce in foreign countries	3.72	3.89	5	3.92	3.70	5
6. Legal and regulatory framework of foreign countries	3.92	4.31	6	3.64	5.40	6

* The importance of the capabilities are ranked such that the smaller the number, the more important it is-i.e. 1 is ranked most important. Hence, the smaller numbers represent the more important capabilities

II) Business Environment Capabilities – Idea Ways of Acquisition

Peru (Counts)	Lecture or expert seminar	Facilitated case study	Tutoring or mentoring	Networking and/or peer discussion	On-the-job training	Self Study (e.g. online training)	Outsource and/or recruit personnel with required skills
1. Read economic and political data to interpret and anticipate trends at the global, regional and country levels	5	3	2	5	3	1	1
2. Market analysis at the industry level	4	4	3	4	3	2	1
3. Understand and manage the complexity of foreign distribution channels	5	3	2	4	4	1	1
4. Seek out and evaluate potential partners for foreign operations	3	3	4	3	3	1	2
5. Tap into networks such as trade associations and chambers of commerce in foreign countries	4	3	3	4	2	1	2
6. Legal and regulatory framework of foreign countries	5	4	3	2	2	1	3

Appendix 14-D**I) Marketing Capabilities – Required and Importance**

Marketing Capabilities	Overall Capabilities Required (Average)	Overall Importance (Average)	Overall Importance - Rank	Peru Capabilities Required (Average)	Peru Importance (Average)	Peru Importance - Rank
1. Promote brand awareness through traditional media	3.03	4.28*	6	2.91	4.38*	6
2. Promote brand awareness through internet channels	3.61	3.60	4	3.55	3.63	4
3. Expand distribution networks in foreign operations	4.08	2.76	1	4.00	2.00	1
4. Gather foreign market intelligence	3.96	2.97	2	3.82	3.88	5
5. Determine the appropriate pricing of the products and services to stay competitive	4.13	3.25	3	4.00	2.75	2
6. Develop new products and services for the foreign markets	3.99	3.78	5	4.09	3.20	3
7. Buy and sell products and services over the internet	3.22	5.61	7	3.00	5.50	7

* The importance of the capabilities are ranked such that the smaller the number, the more important it is-i.e. 1 is ranked most important. Hence, the smaller numbers represent the more important capabilities

II) Marketing Capabilities – Ideal Ways of Acquisition

Peru (Counts)	Lecture or expert seminar	Facilitated case study	Tutoring or mentoring	Networking and/or peer discussion	On-the-job training	Self Study (e.g. online training)	Outsource and/or recruit personnel with required skills
1. Promote brand awareness through traditional media	4	3	1	2	2	1	3
2. Promote brand awareness through internet channels	3	4	1	3	3	1	4
3. Expand distribution networks in foreign operations	2	3	2	2	5	1	4
4. Gather foreign market intelligence	4	3	1	1	4	2	1
5. Determine the appropriate pricing of the products and services to stay competitive	3	3	2	2	4	1	2
6. Develop new products and services for the foreign markets	2	3	2	3	3	3	3
7. Buy and sell products and services	3	3	0	2	3	4	2

Peru (Counts)	Lecture or expert seminar	Facilitated case study	Tutoring or mentoring	Networking and/or peer discussion	On-the-job training	Self Study (e.g. online training)	Outsource and/or recruit personnel with required skills
over the internet							

Appendix 14-E**I) Cross Cultural Management Capabilities – Required and Importance**

Cross Cultural Management Capabilities	Overall Capabilities Required (Average)	Overall Importance (Average)	Overall Importance - Rank	Peru Capabilities Required (Average)	Peru Importance (Average)	Peru Importance - Rank
1. Habits and attitudes of foreign customers, employees and partners	3.89	2.81*	2	3.18	2.18*	1
2. Foreign business practices	4.12	2.69	1	3.70	2.22	2
3. Verbal / nonverbal language differences	3.79	4.28	6	3.55	4.11	3
4. Motivate and retain employees in foreign operations	3.70	4.37	7	3.36	4.44	5
5. Management style required in specific foreign context	3.64	4.14	5	3.70	4.22	4
6. Negotiate across cultures	4.00	4.00	4	3.55	4.67	6
7. Manage partner relations	4.16	3.85	3	4.09	5.22	7

* The importance of the capabilities are ranked such that the smaller the number, the more important it is-i.e. 1 is ranked most important. Hence, the smaller numbers represent the more important capabilities

II) Cross Cultural Management Capabilities – Ideal Ways of Acquisition

Peru (Counts)	Lecture or expert seminar	Facilitated case study	Tutoring or mentoring	Networking and/or peer discussion	On-the-job training	Self Study (e.g. online training)	Outsource and/or recruit personnel with required skills
1. Habits and attitudes of foreign customers, employees and partners	4	3	1	4	5	4	3
2. Foreign business practices	4	3	2	3	5	4	2
3. Verbal / nonverbal language differences	3	4	3	0	5	3	2
4. Motivate and retain employees in foreign operations	3	3	2	1	4	2	4
5. Management style required in specific foreign context	3	4	2	1	3	3	3
6. Negotiate across cultures	4	4	2	0	3	2	4
7. Manage partner relations	3	4	2	1	3	4	4

APPENDIX 15

CORRELATIONS BETWEEN ORGANIZATIONAL CULTURE AND PERCEPTION OF PERFORMANCE SATISFACTION

											Sat		Sat		Sat		Sat		Current Status	
											Sat Net		Sat		Market		Sat Growth		Sat	
											profit		Sales		share		in the no. of		Overall	
	Learn	Open	External	Innovate	Proactive	Risk	ROI	ROE	margin	ROA	growth	growth	growth	growth	growth	growth	employees	Perf		
Learn	1.000																			
Open	.542**	1.000																		
External	-.101	-.094	1.000																	
Innovate	.117	.044	.215*	1.000																
Proactive	.383**	.182	.037	.543**	1.000															
Risk	.244*	.186	.048	.332**	.465**	1.000														
Sat ROI	.124	-.135	-.104	.000	.109	.016	1.000													
Sat ROE	.145	-.085	-.033	-.023	.070	.103	.910**	1.000												
Sat Net profit margin	.102	-.106	-.093	-.046	.076	.090	.819**	.821**	1.000											
Sat ROA	.057	-.134	-.024	-.048	.064	.058	.743**	.748**	.766**	1.000										
Sat Sales growth	.195	-.014	-.103	.100	.194	.221*	.707**	.676**	.600**	.562**	1.000									
Sat Market share growth	.162	.023	-.052	.053	.188	.141	.632**	.601**	.533**	.482**	.829**	1.000								
Sat Growth in the no. of employees	.170	.126	-.145	.037	.128	.225*	.371**	.353**	.284**	.307**	.569**	.627**	1.000							
Sat Overall Perf	.167	-.058	-.096	.015	.147	.149	.903**	.890**	.840**	.801**	.869**	.824**	.605**	1.000						
Current Status International	-.295**	.265**	-.068	.019	-.023	.210*	-.125	-.163	-.078	-.139	-.158	-.074	-.202*	-.162						1.000

Note1: ** Significance level at p<.01; * Significance level at p<.05

Note 2: Sample Size: 100

CHALLENGES OF INTERNATIONALIZATION POSED BY THE 2008 FINANCIAL CRISIS

Appendix 15-A
Financial Capabilities

Access to Capital & Credit

- Lack of capital
- Investors and capital.
- Funding. We are very aggressive in our expansion plans but are stifled by lack of funding. We approached local banks and requested for a credit line for projects secured but has been turned down repeatedly or the funds approved is a joke. Even with the government backing the loans up to 80%, we are still caught in this dire situation. The risks are inherent in any deals even with Temasek, so, why the appetite for risks is so low with the local banks ? Tough call.
- In sufficient loan available as the group grows
- Main challenge is to get enough credit terms from suppliers and more credit lines from banks for our business and sales expansion plan.
- Credit Squeeze.
- Raising sufficient capital to support internationalization projects.
- Financing from banks, although we have, but it is not enough and the banks have responded to our request (early this year) of increasing our trade lines but marginally due to the crisis. However, I think now they are seriously looking into increasing our trade-lines.
- Short off funds.
- Capital injection
- Bank Financing
- Investment
- Financial capital required for rapid expansion.
- Lack of funding.
- Singapore Banks reluctance to support SME, over cautious approach, and unwilling to implement government programs like LIS, financing etc
- Resources such as Funds and expertise.

Finance

- Investment risk and forex risk are the key challenges.
- Lack of Financial muscle to sustain the long waiting time.
- 1. Knowing the Banks reputations in foreign countries and the Banks does not want to trust each other 2. Facilities from the Bank for cash flow management
- PAYMENT
- Higher risk of bad debts
- CREDIT RISK-CUSTOMER AND OVERSEAS CONNTRIES
- Cash Flow problems
- currency, tax and law barrier
- exchange rate
- Customers default on payment.

2009 Economic Climate

- Many off shore companies are unwilling to buy at present (or to take risks on new products)
- The demand for consultancy services that have generally slowed down due to the financial situation.
- We think that the crisis will end soon and right now we are ok with our sales.

- Lack of funding, and market uncertainties
- Decreasing purchasing power of customers.
- Before SMEs internationalize, they need to be stable locally. The financial crisis has reduced the market size and has varying impact on SMEs. For those that are able to cope and remain strong, this is a more pressing time to internationalize.
- The potential overseas partners are very cautious as well.
- With the recession as well as the H1N1, the business is slowly dipping, locally or overseas. The sentiments are weak regarding business. Prices are all badly suppressed. On the whole, things do not bode well.
- Demand Erosion
- Few customers
- Lower consumption because many people need to save the money.
- 1)Reduce in Business opportunities within the region, 2)Rise in living cost and impact in regional business development, 3)Reduce travel to regional due to minimize operation cost, 4)Unable to get investor to finance the projects, and 5)market volatile and unable to analyze the potential
- Lack of market demand & buying power.
- Customers hold back on spending.
- Production cuts at factory level has led to erratic sourcing
- Uncertainty of Volume
- Lower margins due to pressure on prices
- 1. High raw material cost, 2. Unstable USD, 3. High operating cost in Singapore, and 4. Lower profit margin due to competition in China.
- Low demand on products.
- Our existing overseas customers begin to hunt for products from China hoping to be more competitive for themselves. As such we faced very strong competition from China products.
- Reduce in consumption rates, insufficient funds to support products growth, example,
- we are a low cost country, in labor, and near to big market(EUA) we have in front opportunity to grow, if achieve change faster other countries
- crisis make our company grow in knowledge
- The competition is necessary for to develop the markets and growth the sales.
- Customers delaying capex till further notice.

Appendix 15-B

Business Environment Capabilities

Right Partners

- Getting the right partners and clients. Financial crises is irrelevant
- Hard to get good distributors that are financially strong to take risks with regards to new products and ideas
- The danger of choosing a wrong partner, deciding on the right working model to go with
- The challenges are to find good and trustworthy partners and to make our services known in the market.
- Lack of Joint Partners
- Finding financially strong partners in foreign countries
- Finding suitable foreign partners, importers or distributors.
- Finding the right partner
- Good strong contact and a robust network of associates to generate good opportunities to close on business deals.

Talent

- We are also facing some challenges in finding the right people for the job as well as getting our current employees trained for the new markets
- There are no significant challenges relating to the current financial crisis. However there is an issue with having the right people to help spearhead our initiatives there.
- Lack of talents
- Lack of skilled management staff
- Finding the right people to head the overseas operations and fund raising. Concerns - people to execute and money to execute.
- Specialized skilled employees not found in Singapore due to the nature of the industry my company is in.
- Resources such as Funds and expertise.

Appendix 15-C

Marketing Capabilities

Sales and Marketing

- As SME; we find marketing in certain neighboring foreign countries easier than in home country (Singapore). Example, we are one of few developers in the world, of the IMO (international Maritime Organization)'s mandatory "{Long Range Identification Tracking system (LRIT)".
- Increase our sales
- Export and sales is down.
- Develop new channels distribution and brand awareness
- Order Product Export low
- No buyers - cut down the budget
- Creating new demands.
- R&D, packaging needs. Need for language translation to provide product information.
- In our retail industry, it is often the first to be hit badly by weak economic situations, it is very trying to raise any interest in this business sector now. The ROI is also slower than the F & B industry. However, we need more exposure to showcase our bands and our potential. Business matching is rather hard at this stage. Having said that, all we need is the first step, with Singapore brand name as our backing, we are very valued by potential partners, we just need more opportunities.
- Made the best good for customer by the safe way. improve employee to save life.

Overseas Markets

- lack of local market information and government support in the foreign country we are in.
- Overseas regulations and compliance
- Lack of taxation and local government benefits to foreign companies
- Lack of understanding the business practices.
- looking for new markets in developing countries.
- To expand our product to internationalizing
- Seeking out newer markets.
- Cross culture of customer, differential behavior,
- The challenge of incorporate with other in order to move all sectors in the same track.
- Culture
- People
- Law and Regulation
- Difficulty in market development
- -Identify the place to start the business

- We company like expend in new markets.
- Unable to penetrate into certain countries.
- We like to expand to new markets
- Smaller market with more players competing on smaller margins.

Pricing

- Competitive price for the project, clients tends to spend more time on comparison of price base on the proposal. Projects may delay due to clients slow action.
- Need lower price products.

Cost and Quality

- Will be necessary manage better the quality and the costs of our products.
- lower cost of production and operations.

Appendix 15-D

Other Comments

Government's Role

- Our company is newly set up - in Oct 2008 in the midst of crisis, where we believe there are 'crisis opportunities' which is why we have been rather successful in winning new management contracts. In looking towards government agencies for funding/grant support during our start up stage, we find that process rather challenging as it appears that government agencies skew its support towards company with proven track record. It's tough to be a start up in Singapore as the eco-system and financial grant/support for promising start ups that focus on international business is not as proactive and vibrant as we hope it could be.
- FTA
- political barrier
- Singapore government is basically ignorant o the potential market size of the industry in which my company is in.
- Our price is very competitive, our system is fully secured, full and complete; as such we able to sell and install for Indonesia, Malaysia, Cambodia (operated by Koreans), Tuvalu, Mongolia, Kiribati, etc. but NOT accepted by Singapore, even when our GEBIT tender is lowest at closing submission, and fully compliant with the GEBIT tender specifications and stated requirements. Our system proved to be fully tested in accordance with IMO. To date it is proven that our system (under Tuvalu was fully and passed the tests of IMO. Singapore's system is just going into testing as informed by IMO on 16 June 2009. We can compete with foreign systems very successfully in countries around Singapore. Under such situation, Singapore companies like Kemilinks faces embarrassing questions from foreign buyers " Why your own company do not buy your system"?

Capabilities

- Building and ramping up of capabilities
- Inventory control of the clients.
- Production capability and capacity issues, too many to mention
- High Flexibility.
- New way of improving productivity
- Must see the opportunity in other field rather than to stick to the old philosophy
- Large Multi National Competitors in the same field whom can leverage on their significant cash resources to market more effectively and economies of scale to allow for lower cost of production and operations

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