

DELIVERABLE D3.4

Best practices and experiences regarding supporting the successful internationalisation of SMEs

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1. EXECUTIVE SUMMARY

This document reports the experiences on best practices of SME internationalisation support, which has been conceived and tested during the implementation of the project “European Lightweight Cluster Alliance-ELCA.

It describes the assumptions of the ELCA Internationalization project in the context of best practices on supporting instruments. The first part describes the project itself, all the consortium partners working on the project and the markets that have been focused on in the context of Lightweight made in Europe internationalization opportunities.

The following section presents the main lessons and conclusions resulting from exploratory missions, meetings and online chats with partners from the described markets.

This was followed by a guide to best practices regarding decisions to expand into foreign markets. Factors to focus on in order not to make the most common mistakes have been described.

2. ELCA INTERNATIONALIZATION

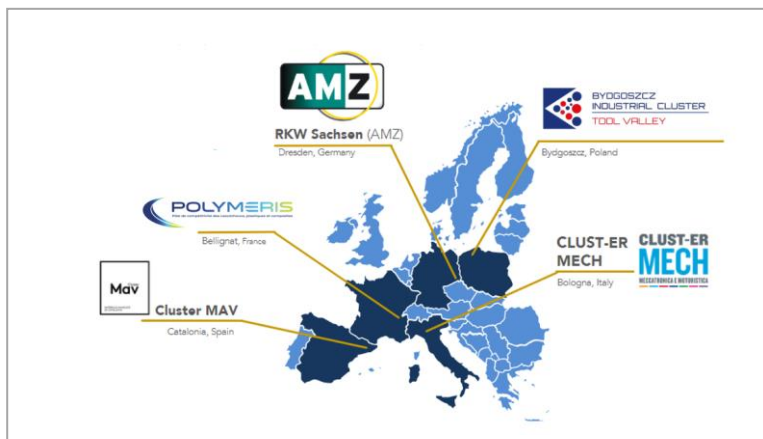
2.1 The ELCA Internationalisation project

Lightweighting is a technology driven cross-sector approach, that provides environmental-friendly solutions, while at the same time adding commercial value, across all industries. It is therefore considered as an important key enabling technology for putting into life a sustainable, resource efficient industrial production. Driven by mobility-linked challenges, lightweighting is the path to fundamental resource savings – up to 50% in materials usage and up to 40% in power consumption.

The European Lightweight Clusters Alliance (ELCA) aims to identify innovation and business opportunities in lightweight related fields and to support their cluster members to explore them.

A group of five European clusters from ELCA, which have particular interest and experiences with the promotion of lightweight solutions in markets outside of Europe have developed a common internationalisation strategy which builds on first experiences with the support of SME internationalisation activities during the conception phase from September 2020 to December 2022.

The project has chosen five relevant target markets for European lightweight solutions: USA, Japan, Middle East (United Arab Emirates), India and Latin America (Chile, Mexico).



Germany RKW Sachsen - Automotive Supplier Network Saxony (AMZ)

Italy CLUST-ER Meccatronica e Motoristica (MECH)

Poland Bydgoszcz Industrial Cluster Tool Valley (BIC)

France Polymeris (POLYM)

Spain Cluster Materials Avançats de Catalunya (MAV)

These clusters have analysed the targeted markets, have met companies, representatives of clusters and networks in these regions. During that process, insights have been gained how to support internationalisation activities of SMEs most effectively.

2.2 Internationalisation of SMEs –traditional approach

Small and medium-sized enterprises (SMEs) form the backbone of the EU economy. Around 99 % of all businesses in the EU, producing just over half of the EU's economic output from the non-financial sector, are SMEs. These 21 million firms employ around 100 million people and are thus responsible for 65 % of all jobs in the non-financial business sector.¹

Internationalisation is a significant driver of growth in the EU. There is also a positive effect on employment when companies grow by trading internationally. Within the EU, 56 million jobs depend on intra-EU trade², and more than 38 million on exports to non-EU countries³. While precise figures on the share of SME employment in international trade (both within and outside the EU) are not available, it is estimated that exporting SMEs account for only 30 % by value of total exports to non-EU countries.⁴

European and global markets are therefore important for the growth of SMEs. Their small size does not – or should not – mean that they cannot try to obtain the same benefits from cross-border trade as larger companies. And, given the scale of the SME sector, measures that help SMEs to grow can have a significant effect on jobs and growth in the EU.

Internationalisation is the process by which companies become involved in international markets (EU or non-EU), primarily through exports, but also through imports and technical cooperation. A range of internal and external factors may prevent SMEs from engaging in internationalisation as readily as larger businesses. These include a general lack of knowledge about international trade or business opportunities elsewhere, complex foreign laws, customs regimes and other administrative barriers, limited resources and capabilities (including access to finance), risk aversion, and poor awareness of public support schemes.

2.2.1 Market study - Identify common market interest

In the era of globalization, most companies feel increased competition on the internal market, which has long been the area of operation of domestic SMEs. More and more foreign suppliers appear on it, e.g. from China, whose main advantage is low production costs, enabling them to compete with low prices on foreign markets. Strong competition on the domestic market, its small size and, as a result, the state of saturation of the internal market with products that the company would still like to sell, forces companies to introduce their offer to foreign markets.

Typically, an SME's decision to start exporting requires many changes, including organizational and infrastructural. To see if a company is ready to enter new markets, it should:

¹ Annual Report on European SMEs 2020/2021. SME Performance Review 2020/2021. European Commission, July 2021.

² Højbjerg Brauer Schultz, based on WIOT input-output tables and Eurostat. 2018 Study. 25 years of the European Single Market.

³ 2021 Edition. DG Trade Study. EU Exports to the World: Effects on Employment.

⁴ DG Trade Statistical Guide. European Commission, August 2021.

- gain extensive knowledge about the company (diagnose the company's internal environment: human and material resources, organizational culture; and its external environment: economic, technological, socio-cultural, legal and political)
- choose the right market and product
- get to know the company's competition and the competitive advantage of the company and the product offered.

When businesses grow successfully within their domestic markets, they attempt to expand their businesses into international markets, in an attempt to replicate its success in overseas markets.

There are different modes of entry into international business based on the size of your business, your expansion strategies, the potential size, the demand of your chosen international market, the economic and the business environment of the overseas nation etc. The decision to start export activity by an SME cannot be accidental. If company has plans related to exports, it must be based on market study. The development of export activities is a strategic decision. However, first you should consider whether this type of investment pays off and whether the company is able to cope with such a challenge.

Before you decide to expand your company to foreign markets, evaluate and analyse the company, among others, in terms of production (service), organizational and capital capabilities. Gain as much knowledge as possible about potential foreign markets (customs and tax conditions, formal and legal conditions, economic, socio-political, market conditions, etc.), learn about the advantages and disadvantages of individual domestic markets, choose the right partner.

It is also worth asking yourself whether the product you offer is competitive or adapted to the requirements of a given market. It is good to ask a potential partner-recipient for close cooperation, especially in the phase of gaining the market. When you decide to export, you must meet all the requirements for the sale of goods. In the cosmetics or food industry, different countries have different bans on the use of individual ingredients, limiting them to zero or to a minimum. The packaging of the product must also be adapted to the requirements of the market, both in terms of language and marketing. You should also pay attention to the need to have certificates. Before deciding to export to a given country, you should first familiarize yourself with the requirements and procedures that apply in that country.

The most common mistakes of exporters:

- No market analysis. It happens that when gaining new markets, companies do not conduct market research. Exporters lack basic information that would show the size of the market, i.e. the volume of customer demand, data on competition in the market, the already mentioned local import law and customs regulations
- Discouragement after first failures. There are failures in every form of sales and business. Lack of determination in action in the event of first failures is one of the most common mistakes made by entrepreneurs. Often the ambitions of a novice exporter are too high and unrealistic - export expansion should be done gradually, market by market

- Doubtful foreign partners. The choice of the recipient, intermediary, agent is also of great importance. Its wrong choice and inappropriate relationships may result in failure, and as a result, greater than initially difficulties with entering the market or complete failure.

2.2.2 Preparatory workshop - Develop a common approach towards international markets and explore needs of SMEs

Entrepreneur who thinks about internationalization must be well aware of the company's strengths and weaknesses. Thanks to this, he knows what gives him an advantage over the competition - whether it is price, product quality, geographical location or other factors. In addition, knowing its weaknesses, the company can predict what may prevent it from conducting export sales.

When analyzing the strengths and weaknesses of the company, it is necessary to assess the sources of export financing and other sources of support, as well as to collect information on the competition and the market - its size and specificity.

The financial situation of the company is another important factor determining its readiness to export. Therefore, it is necessary to thoroughly analyze and assess the company's finances in order to obtain an answer to the question whether the company can afford to launch export sales.

When deciding to expand abroad, the company must take into account the costs of entering foreign markets, e.g. related to adapting the product to the market or obtaining the necessary certificates and attestations. A detailed calculation of the export price should be made, taking into account the currency risk. Export expansion involves many different expenses that may involve financial risk. These expenses include market research, staff development and training, advertising, marketing, sales promotions, participation in fairs, costs of translations, insurance, certificates, approvals.

A common mistake of enterprises in the initial phase of export sales development is relying on their own expected profits and revenues from exports, which are intended to finance export operations and enter new foreign markets. It may turn out that the predictions were wrong and the company does not have sufficient financial resources for further export activities, which in turn may cause losses leading to the closure of exports.

SMEs that are starting to expand into foreign markets should consider choosing a strategy through indirect export. They often do not have an export sales department or adequate financial capital in their structures and cannot afford to take more risk. If you choose indirect export, you will eliminate the risk of possible financial losses. You will also avoid the costs associated with the need to create a separate export unit and employ qualified personnel, any difficulties in entering the market will be overcome by an intermediary. However, before you decide on the choice of an intermediary and sign a contract with him, you must carefully determine the terms of commercial cooperation. Pay particular attention to aspects such as:

- determining the sales volume and ensuring its continuous growth
- declaration of introducing the company's challenge
- ban on selling products of a competitor

- conducting advertising campaigns
- fixing the price level.

SMEs that value independence above all else should not choose an indirect strategy of entering foreign markets. This type of action imposes conditions imposed by intermediaries on producers in advance. Over time, when the company develops and export sales increase, all the inconveniences associated with this form of export become more and more apparent. At that time, the awareness of making another strategic decision, which is the start of direct sales, increases. Companies that want to be independent should not choose an indirect strategy of entering foreign markets. However, it is a good strategy for novice exporters, especially those without capital and personnel. Over time, indirect exports can turn into direct exports.

Direct export consists in self-exporting products through the exporter of goods. This export strategy requires a lot of work, but the exporter also gets a lot of benefits from it.

Direct export works well in companies that already have experience in operating on foreign markets in indirect sales. Investment in direct export requires more financial outlays. This requires investment in advertising and marketing. In addition, a special export sales department should be established in the company. The staff of such a department should be trained and have knowledge of issues in the field of foreign trade and marketing as well as foreign languages.

Direct export can be performed in several ways, including:

- through our own specialized export unit
- by a foreign distributor
- through our own representative office and creating our own sales network
- directly to the final recipient of the goods/service.

The first way of direct export is business contacts with a foreign distributor.

2.2.3 Action abroad - Engage with international stakeholders

SMEs starting an internationalization activity has many strategies to choose from when entering a foreign market. The choice of each of them is determined by various factors.

These factors undoubtedly include:

- strategic goal of the company, scale of involvement
- resources and competitive advantages of the enterprise
- degree of internationalization and orientation to foreign markets
- specificity of the company's assortment
- knowledge about the target market: its size, dynamics and potential, political and legal and administrative conditions
- experience in foreign sales (professionalism of employees)
- type of product or service offered
- "proximity" to the foreign market

- characteristics of the industry
- barriers in international trade
- infrastructure.

A good solution is to sell goods to 2-3 distributors (depending on the size of the market) or to grant exclusive sales to one selected distributor. When deciding on an exclusive sale, the sales volume should be agreed in the contract. Beginning exporters in the first stage do not pay attention to the fact that the demand for the product may turn out to be much greater than that offered by the exclusive distributor. Therefore, it is good to choose a distributor that has a well-developed sales network.

The role of the distributor is to sell goods on a given market, attract new customers, wholesalers, intermediaries and retailers. The distributor may also deal with storage and promotion. Often, the distributor has exhibitions and a customer service center.

The benefits of export activity for the company:

- Conquering new markets - increases the company's profitability and reduces unit production costs. By increasing the scale of production, the share of fixed costs in the company decreases, and as a result, the company's profitability increases, because fixed costs are spread over a larger amount of manufactured goods
- Reducing the risk of falling sales of goods to many markets
- Weakening the negative effect of seasonal fluctuations in demand on the domestic market - is a lifeline for companies producing seasonal goods (eg building materials, garden accessories)
- Expanding knowledge and experience - not so much about individual markets, but about the client, his needs, quality requirements, activities of competitors and global trends in the industry - is an opportunity to react quickly and adapt to the changes taking place
- Potential to extend the life cycle of a product - when a product stops selling on the domestic market, production decreases, advertising stops working and other promotion instruments fail, product allocation on foreign markets gives a "second life" to the product. Export may then prove to be an appropriate strategy to save the product
- Improving the company's image - is an added value for every company.

However, exporting does not work for all companies. Therefore, before deciding to export, it is worth checking the relevant requirements of the destination country, such as, for example, appropriate packaging and composition of products and the necessary certificates. Remember to adjust products and services to the socio-political realities and meet the customs, tax and legal requirements of a given country.

Pay attention to the most common mistakes made by novice exporters, e.g. lack of market analysis, unproven foreign partner or discouragement after the first failures. Try to avoid them!

2.2.4 Follow up - Define KPI to monitor results

Internationalization of SMEs is not a new trend however recently an increasing number of companies have plans of an international expansion. Unfortunately, many small businesses that are capable of exporting and want to 'go global' have not yet begun to do so. Furthermore, many small and medium-sized

enterprises (SMEs) with prosperous local business fail in foreign markets. Any small business that is planning to go abroad needs to make a decision about several aspects, it has to consider whether it is ready to go international, which markets to enter and how to enter them. It also needs to design, implement and control a global marketing plan. Besides, every stage of this process involves good knowledge of international business environments, such as political, economic and cultural issues. In short, the process of formulating an international strategy is complex and requires careful planning.

Success in internationalization is a component of many activities. It should be remembered that one of the many success factors is standardization and adaptation of the product to market requirements. Another success factor is the appropriate promotion of the company, e.g. by participating in trade fairs, both as an exhibitor and as a visitor. Participation in the fair is a great opportunity to present the company's products, learn about global trends in the industry, watch the competition and meet potential customers. Another good idea is the exporter's participation in trade conventions organized by Chambers of Commerce and other organizations. In the age of the Internet, you should take care of your company's entries in industry portals related to export. It is also worth visiting sites where there are e.g. foreign inquiries, usually government websites. It is also worth establishing contact with Chambers of Bilateral Foreign Exchange or Chambers of Industry and Commerce. An important success factor in direct export is the proper promotion of your company, so that information about it reaches the widest possible audience.

2.3 SME internationalisation – cluster approach

Global value chains and cross-border digital processes require and facilitate that companies increase their participation abroad and develop activities in foreign markets and with international partners.

Even for lightweighting as a cross-sector key enabling technology, we see a rapidly increasing complexity of the challenges and of the competition. More sectors and applications require lightweight solutions, new players step into the market, like for example nanotechnology providers for the development of smart materials. This affects the innovation and production processes as well a business models in a variety of ways. Individual companies, particularly SMEs often cannot afford to spend the needed resources to generate or to maintain competitive advantages of the required complexity and flexibility.

In that regard, clusters as important parts of the business ecosystem are crucial competitiveness factors. They facilitate and support the acquisition of knowledge, know how, capabilities, talents. The better they are linked with international partners, the more effectively they can support their members.



How the ELCA clusters support the internationalisation of their members?

- **Support entrepreneurial decisions** with information on trends and global benchmarks of competition
- Give **visibility** and presence in global value chains
- Provide access to external **knowledge and innovation**
- Initiate **ideation for cross-cutting innovations** and co-operation based on promising industrial and social challenges
- Facilitate the complementation of products and services to **complex lightweight solutions** and **attract competent partners**
- Moderate **innovation project development** and implementation
- Organise and facilitate the **transfer of experiences** and common **learning**
- Provide **access to network tools**, such as innovation platform, labs, test beds, pilot lines

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Given the strong competition from American and Asian players in fields of lightweight technologies, these benefits from each of the clusters must be leveraged by a strategic alliance of the European Lightweight clusters. That alliance will facilitate the scouting, ideation, development processes and pave the way to new markets. Furthermore, the provided knowledge and benchmarks for business help to put into life the strengths of the European lightweight community in global as well as in domestic markets.

Clusters can create effective and efficient support to internationalisation activities of SMEs. Presently and in the future, the support will be targeted not only on traditional forms like export, import, direct investments, and subcontracting.

For the creation and provision of complex and cross-sector innovations, the development and delivery of joint products and services, collaborative innovations, technology and knowledge transfer as well as the shared use of knowledge and innovation infrastructures and production facilities, as well as of intelligence will be to set much more into the focus.

3. INTERNATIONALISATION OF SMEs in LIGHTWEIGHT RELATED MARKETS

3.1 Challenges and opportunities of SME internationalisation

The activities of the European Lightweight cluster aim at strengthening the competitiveness of their members, companies, and research organisations from Europe in domestic as well as in global markets. According to our analysis, competitive advantages exist and might be developed in fields of knowledge intensive technologies for sustainability, smart lightweight materials, circularity, and their industrial scalability.

We found two crucial preconditions that should be given to put into life these advantages:

1. the availability of know-how across countries and disciplines and the fast and easy access to that knowledge,
2. the availability of capabilities and resources for an efficient, scalable, affordable, and fast industrial uptake of the innovative technologies.

During the project implementation we have learned that internationalisation of SMEs is important not only for those who is interested to export, to import or to join international innovative consortia. It is even also for those, who wants to assess its products, services and innovations against global competitors. And this counts also for those who provides products mainly on local domestic markets.

Therefore, the SME support and related activities of clusters should consider appropriate support service and new formats. They should focus on:

- generating and delivering market intelligence and benchmarks on technologies, materials, processes in a global scale,
- helping SMEs to cope with the high dynamic of the markets, disrupted value chains and help them to speed up innovation processes and implementation,
- creating more efficient schemes for technology transfer and the co-operation of science and industry. That should include evaluation loops in order to ensure the alignment with the strategic development needs of the companies, the appropriate business models and market perspectives.
- consolidating and developing further cross-cluster- and cross-sector cooperations and building trust as basis for efficient interactions and collaborations.

Opportunities for the European lightweight sector arise from new regulations of many countries in terms of reduction of CO₂-emissions, circularity and recyclability of materials. The needed know-how for the creation and implementation of competitive solutions from Europe exists and is available.

ELCA as European cluster alliance creates the favourable pan-European ecosystem which is needed to facilitate putting them into value.

3.2 Drivers and obstacles for SME internationalisation in lightweight-related sectors and industries

Resulting from the experiences of ELCA members and their co-operation partners, drivers and obstacles for internationalisation of SMEs in fields of lightweight solutions relate to four categories:

1. The SME’s strategies and approaches to develop to businesses,
2. The availability of resources, like raw materials, innovation and production infrastructures, finances, knowledge, skilled people and talents,
3. The level of development of the innovation and cooperation culture ,
4. The legal and economic framework conditions.

The awareness on these factors creates the basis for ELCA’s approach to support SME internationalisation activities more effectively and efficiently.

	Strategies, new business development approaches	Resources	Innovation and co-operation culture	Economic and legal framework conditions
Drivers	<p>Digitalisation facilitates and promotes new business approaches and models</p> <p>New emerging value chains – new opportunities for novel solutions</p> <p>Development and rapid growth of new markets in third countries</p> <p>Development of new applications of lightweight solutions in sectors beyond mobility</p>	<p>Scarcity and increasing prices of raw materials and energy drive the need and uptake of lightweight solutions</p> <p>Availability of European and national funds for international innovation projects</p> <p>Clusters- developing staff and expert pools for companies and RTOs,</p> <p>Broad knowledge and know-how basis on relevant topics in Europe</p> <p>Developed platforms for joint innovation and shared use of facilities and infrastructures (ELCA platform)</p>	<p>Experiences of cluster managers to initiate and to manage international projects and co-operation projects</p> <p>ELCA an cluster members – providing reliable and sustainable trust-based partnerships and promoting the development of intercultural capabilities and co-operation culture</p> <p>Existing practices of mutual cluster-based learning and development of innovative solutions</p>	<p>Green Deal and European Critical raw material Act promoting the development of innovative circular technologies and materials</p> <p>Increasing need of environmentally friendly and sustainable technologies and materials</p> <p>Need to save materials and energy across all areas of life</p> <p>National and European Funding programs available</p> <p>Rising awareness on contribution of lightweight solutions to industrial added value in national economies</p>

	Strategies, new business development approaches	Resources (materials, finances, people, knowledge, facilities and infrastructures)	Innovation and co-operation culture	Economic and legal framework conditions
Obstacles	<p>Lack of/ weak internationalisation strategies in SMEs</p> <p>Lack of awareness and knowledge on business opportunities</p> <p>Change management challenges, problems to adopt new business models and to develop skills and talents in a systematic way</p>	<p>Capital shortages, Problems to finance extra activities and resources for internationalisation and innovation</p> <p>Lack of market information and intelligence</p> <p>Missing info about potential business and innovation partners</p> <p>Lack of capacities, skilled staff, “war for talents”</p> <p>High material and energy costs, Unavailability of raw materials</p> <p>Resource limitations and increasing prices while vastly developing competitors outside of Europe</p>	<p>Lack of language skills and project management experiences in many small companies</p> <p>Missing contacts with foreign partners abroad and sometimes mistrust</p> <p>Unsuccessful former trials to establish international projects, expectations not met, bad experiences</p>	<p>High dynamic development of the legal and economic framework conditions,</p> <p>Unpredictable risks of financial engagements and loan conditions</p> <p>Changing legal conditions for the application of certain materials and technologies</p>

4. BEST PRACTICES ON SUPPORTING INSTRUMENTS FOR THE INTERNATIONALIZATION OF SMEs

Provided support to SMEs should enable the companies to identify and explore business opportunities in foreign markets and to overcome the described obstacles in the same time.

ELCA has conceptualized and tested a support approach, which complements traditional existing support schemes with sector- and technology-specific measures.

4.1 Traditional instruments and schemes for the support of SME internationalization

For the conception and provision of the internationalisation support ELCA has co-operated with

1. Enterprise Europe Network
2. International technology centres, such as EBTC (EU-India), EU-Japan Centre.
3. Regional and International Chambers of Commerce (German-American Chamber of Commerce)
4. Regional Innovation and business development agencies
5. Regional economic development agencies.

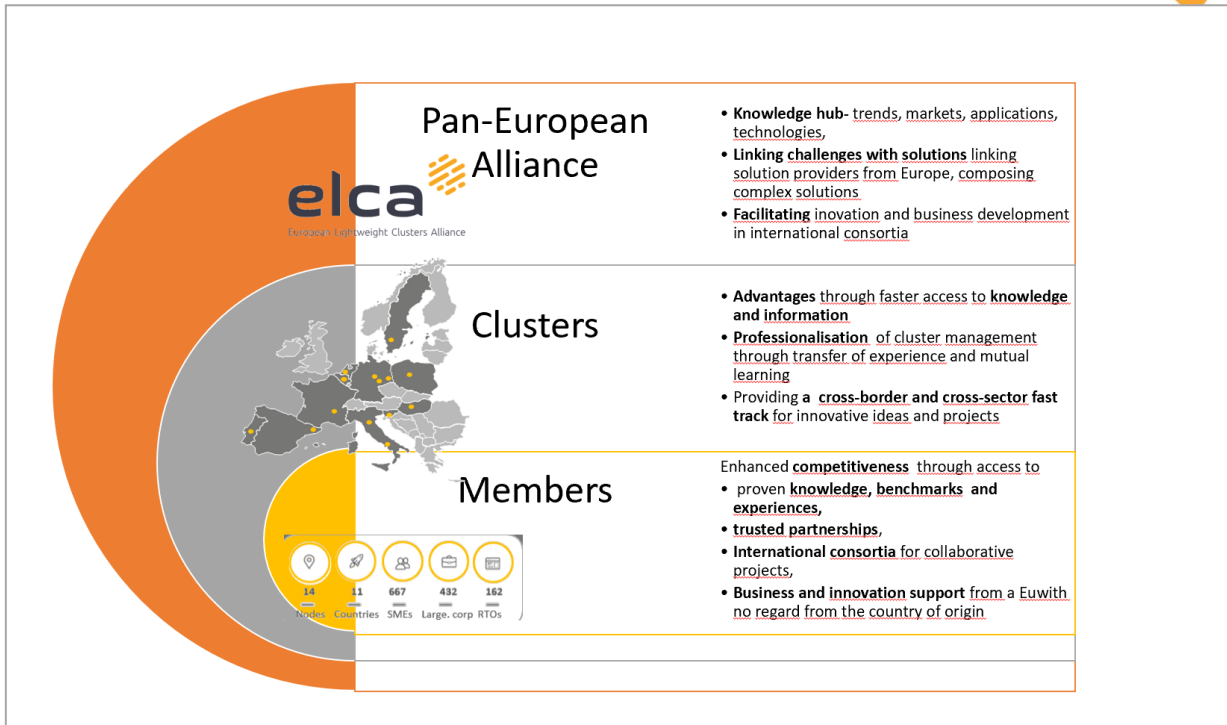
The services of these providers correspond to the general needs of the SMEs in fields of acquisition of information for strategy building, partnering and building of partnerships, general information about the ecosystems and the framework conditions in the target markets.

Particularly with EEN the consortium has leveraged activities and created synergies, by organisation of thematic events/conferences, matchmaking events, use of partner search facilities of EEN for innovation consortia.

The support formats used where: dedicated events, where the infrastructure and tools of EEN have been used, webinars, workshops, B2B-meetings and matchmaking events. All missions of ELCA where effective due to the mutual and common preparation phase with the actors at both sides – the European clusters and their managers and the actors and clusters in the target countries.

4.2 Cluster approach

The crucial advantage of cluster -based approaches is that the support is customised and can be much more targeted, due to the fact, that cluster manager know well the specific needs and ambitions of their members. The described above “traditional” approach was complemented by cluster-driven measures.



elca Pan-European Alliance
European Lightweight Clusters Alliance

Clusters

Members

- **Knowledge hub**- trends, markets, applications, technologies,
- **Linking challenges with solutions** linking solution providers from Europe, composing complex solutions
- **Facilitating** innovation and business development in international consortia

- **Advantages** through faster access to **knowledge and information**
- **Professionalisation** of cluster management through transfer of experience and mutual learning
- Providing a **cross-border and cross-sector fast track** for innovative ideas and projects

Enhanced **competitiveness** through access to

- proven **knowledge, benchmarks and experiences,**
- **trusted partnerships,**
- **International consortia** for collaborative projects,
- **Business and innovation support** from a Eu with no regard from the country of origin

14	11	667	432	162
Nodes	Countries	SMEs	Large, corp	RTOs

Benefits of clusters and their members from being part of ELCA

Positive results have been achieved with activities that focused on interactions between and among the companies, RTOs and clusters beyond the provision of information, B2B, Matchmaking and project development support.

The ELCA-innovation and communication platform is the main mean that facilitates these interactions within the European lightweight community. Users can learn about business and innovation opportunities and technologies, financial support and funding, available experts and talents, available research infrastructures and project opportunities. The platform is open to all interested European actors as well as to the co-operation partners in the third countries.

For increasing the outreach of the support projects, ELCA has established co-operation relationships with other European partners, such as ELA, the European Lightweight Association.



To cope with common challenges, both Pan-European organisations have created the biggest Lightweight community in Europe. Due to aligned activities and co-ordinated activities, both networks offer their members unique support for business development, innovation and internationalisation.

ELCA has included thematic working groups, peer review and challenge -based working groups into its schemes. These groups work interdisciplinary, across countries, sectors and clusters and develop complex innovative solutions.

5. Conclusions

It has been proved that SMEs are important players in modern markets. They are dynamic, flexible and adapt quite easily to changing economic conditions. It is very important, especially within the actual global financial crisis and the increase of global competition. There is no doubt, that the continuous processes of internationalization means both, chances and threats for SMEs. Chances exist in the abilities to make use of all existing possibilities, which are created by ongoing processes. Businesses should search for their competitive advantage by the implementation of the internationalization strategy. Entries on foreign markets can improve the position of a business on the market. It is because a firm is getting access to international competence and resources technologies, know-how and business relations. Moreover, the willingness to adjust to global competition requires new activities which often lead to growth of a company.

The internationalization strategy of SMEs varies, each country will have different factors, contextual factors, and barriers, no single model is better. The study explains several main motives that drive SMEs to the international market, namely internal motives and external motives. Included in the internal motive is the desire to increase profits, and create market power and business growth. External motives include limited domestic market, competition, and proximity to customers and suppliers. Based on the Resource-Sector Model of SME Internationalization, the two motives will be influenced by factors of resource strength, owner-manager competence, and the environment that will encourage the internationalization of SMEs. The internationalization of SMEs will face several barriers to human resources, product quality, and financial resources as internal barriers, as well as the business environment, government barriers, and socio-cultural barriers as external barriers.

Most efficient internationalisation support has been achieved by customised schemes, that combine traditional internationalisation support for SMEs with interactive cluster-based approaches.