

# Policy Recommendations for SMEs Internationalization

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## **INTENSE**

INTernational ENTrepreneurship Skills Europe

Sunčica Oberman Peterka – Aleksandar Erceg – Tihana Koprivnjak

# **Policy Recommendations for SMEs Internationalization**



**INTENSE**

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## EXECUTIVE SUMMARY

The Erasmus+ INTERNATIONAL ENTREPRENEURSHIP SKILLS EUROPE (INTENSE) project started in September 2016 and it is aimed at achieving targets set out in the “Agenda for the modernisation of Europe’s higher education systems” by improving the quality and relevance of higher education, by promoting mobility and cross-border cooperation, and by linking higher education, research and business sectors.

The objective of the project was to develop and implement an innovative and complex teaching module on internationalization of SMEs, in order to boost entrepreneurial behaviour and internationalization of students, HEI staff and SMEs. This leads to increasing employability of both HEI students and HEI university staff, and to a better understanding of the process of internationalization of SMEs by students and SMEs.

The main project partners are five HEIs from five European countries: Hochschule für Technik und Wirtschaft Berlin, Germany, Turku University of Applied Sciences, Finland, Hogeschool Utrecht, the Netherlands, University Colleges Leuven-Limburg, Belgium and Josip Juraj Strossmayer of Osijek, Faculty of Economics in Osijek, Croatia.

Innovation competences and versatile international skills can be boosted through education, but this requires consideration of qualitative and practical learning environments and utilization of active learning and new teaching methods. Teachers are key players in supporting students’ innovation-oriented action, which demands changing the traditional teacher-centred approach. International university-company cooperation as

a learning environment enhances not only students’ but also teachers’ and SMEs’ innovation competences, entrepreneurial skills and knowledge about internationalization. International university-company cooperation can offer new innovative ideas and support for internationalization of SMEs’ business activities.

Based on project activities, four groups of stakeholders (students, HEIs, SMEs and policy makers (ministries of education, science, economy, etc.)) are identified, and different recommendations for the development of the defined areas are made. At HEIs level, there is need for: financial support for similar projects connecting students, HEIs and the business sector, lifelong learning (LLL) programmes on internationalization for SMEs, joint (two or more HEIs together) master level programmes on business internationalization taught in English. Areas for improvement at the student level are: “learning by doing” type of programmes – working with real cases (companies), obligatory internships as an important part of study programmes, and combining other (e.g. language(s) course(s)) with these types of projects. The SMEs level requires creation of specific educational programmes on internationalization and a solution for financing parts of the internationalization process and matchmaking activities. The project also resulted in policy recommendations aimed at ministries of education and ministries of economy and entrepreneurship, and they include suggestions for an easier and faster process of changing curricula and support involvement of the business sector in curricula development (ministry of education); financial support for educational programmes on internationalization of SMEs and matchmaking activities (ministry of economy/entrepreneurship).

# 1. FOREWORD

This policy recommendation book is one of several outputs of the project INTENSE. Policy recommendations are the result of project activities and feedback received from all participating stakeholders. The goal of this publication is to give an overview of all project activities and help HEIs (students and teachers), businesses and policy-makers to make their programmes on internationalization more efficient.

The authors would like to thank all project INTENSE partners (Hochschule für Technik und Wirtschaft Berlin, Turku University of Applied Sciences, Hogeschool Utrecht and University Colleges Leuven-Limburg) for their help and contributions during the process of writing this policy proposal.

## 2. INTRODUCTION



Business internationalization has been a topic of interest for both researchers and practitioners for many years. Internationalization can be simply defined as geographical expansion of economic activities over a national country's border (Ruzzier et al., 2006). Although internationalization is usually associated with large companies, which are present on the global market, internationalization of small and medium enterprises becomes more important because of the importance of SMEs in any economy. In the European Union, 99.8% of businesses are small and medium enterprises, and they account for 66.6% of total employment (European Commission, 2017). The need for internationalization is especially present in small economies because the domestic market is too small for companies to grow and sustain their competitive advantage and profitability.

Companies, small or big, are motivated to internationalize their business due to reasons such as

- necessity and/or possibility to increase their sales,
- to diversify their operations and associated risks,
- to get closer to their customers,
- to reduce costs of production, labour and/or supply,
- to compensate for decline or saturation in the domestic market, and
- wish to grow, and limitations of domestic market.



Although the above-mentioned reasons are perfectly reasonable, most companies see internationalization as a risky strategy because it forces the company to change the normal way of doing business (i.e. customer wants products or services in a foreign country, margin deterioration, etc.) and to enter an unknown, ambiguous and unsecure environment.

An abundance of SMEs still mainly depends on the domestic market; moreover, they are still not even considering the possibility to internationalize, due to insufficient knowledge, competences, and lack of support (Costa et al., 2015). If they do decide to internationalize, they often encounter numerous obstacles. The European Commission has recognized the importance and need for internationalization of small and medium enterprises, and consequently it is striving to support and aid this process. One example of such support is INTENSE, an Erasmus+ project, financed by the EU, with several goals:

- to develop and implement an innovative and complex teaching module between HEIs and SMEs,
- to stimulate entrepreneurial behaviour and internationalization of students, HEI staff and SMEs, and
- to help SMEs understand internationalization and find ways to act accordingly.



### 3. IMPORTANCE OF SME'S INTERNATIONALIZATION

Internationalization of small and medium enterprises has been a topic of interest for both researchers and practitioners for many years. Internationalization is a process of creating business networks in different countries, through expansion, penetration or integration (Johnson and Vahlne, 1990), or it can be simply defined as geographical expansion of economic activities over a national country's border (Ruzzier et al., 2006).

One of the most important reasons why internationalization of small and medium enterprises is such an imperative to research and understand lies in the significance of small and medium enterprises for the economy of every country. In the European Union, 99.8% of businesses are small and medium enterprises, and they account for 66.6% of total employment (European Commission, 2017). Internationalization is a way for SMEs to grow, and it has an important role in maintaining and improving the company competitiveness. By improving the competitiveness of SMEs, internationalization can lead to improvement of economic performance at national and European level (European Commission, 2014). The need for internationalization is especially present in small economies because the domestic market is too small for SMEs to grow and

broaden the scope of their business. Aside from the need to sustain and grow their business, it is almost impossible for SMEs to survive without taking into consideration the risks and opportunities coming from foreign and global competition (Ruzzier et al., 2006). Sources of motivation of SMEs to internationalize can be segmented in the following way: (a) entrepreneurial factor – seeking growth; (b) push factor – shortage of opportunities on domestic markets; (c) pull factor – potential opportunities on foreign markets; (d) chance factor – suitable circumstances on foreign markets (Daszkiewicz and Wach, 2012).

There are several essential views on how SMEs internationalize (Coviello and McCauley, 1999; Ruzzier et al., 2006; Kuivalainen et al., 2012; Olejnik, 2014):

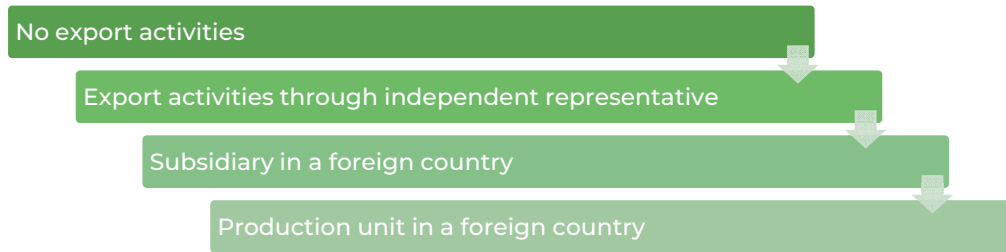
- Process Model,
- Network Model,
- Born Global, and
- International Entrepreneurship.





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In the first years, internationalization research was focused on internationalization in phases (Uppsala Model) or incremental internationalization (Johanson and Vahlne, 1977). These theories were referred to as process models of internationalization. The main postulate of this model is that internationalization is a process which is developed incrementally, in following phases:



Another important model is the Innovation-Related Model, which states that internationalization is somehow an innovation of the firm (Andersen, 1993). Both approaches support incremental internationalization, because there is not enough relevant or experiential knowledge and there is a lot of uncertainty in the process (Andersen, 1993).

As an upgrade of the Uppsala Model, researchers have developed the Network Model, which says internationalization is a growth process, which is achieved through social and business relationships developed over time (Barbosa et al., 2005). After strong evidence showed the importance of networks, Johanson and Vahlne (2009), the authors of the Uppsala Model, updated their original model. New contributions to the model relate to new knowledge that is created from network relationships and recognizing opportunities from those relationships.



However, there are companies that have decided to internationalize since the early beginning. Those companies are called Born Globals. This theory is based on three crucial assumptions: there are market conditions

that enable this, there are tremendous technological advancements in the environment, to which people have access, and through which they gain multiple knowledge and skills, especially owners of such companies (Madsen and Servais, 1997).

The most recent approach to internationalization of small and medium enterprises is the International Entrepreneurship Model, which emerged at the intersection of internationalization and entrepreneurship research. International entrepreneurship can be defined as behaviour based on innovativeness, proactiveness, and risk-taking, which crosses national borders with the intention of creating value in an organization (McDougall and Oviatt, 2000). Additionally, it means that it is a process of creative seeking and seizing opportunities outside of the domestic market, with the goal of sustainable competitive advantage (Zahra and George, 2002).

For SMEs, internationalization can be very difficult and challenging. The abundance of SMEs still mainly depends on the domestic market; moreover, they are still not even considering the possibility to internationalize, due to insufficient knowledge, competences, and lack of support (Costa et al., 2015). Furthermore, even if they do decide to internationalize, they often encounter numerous obstacles. SMEs need to decide about the time, mode and scope of their internationalization, considering different internal and external factors (Olejnik, 2014). The European Commission has recognized the importance and need for internationalization of small and medium enterprises, and consequently it is striving to support and aid this process. Even in the Small Business Act (SBA), internationalization is stated as one of the means for encouraging development of SMEs in order to benefit from the growth of global markets. In that process, they need support and mentoring.

The most often mentioned reasons for internationalization of SMEs are shown in Picture 1.

**Picture 1.** Reasons for internationalization



Taking advantage from development and growth of other markets



Moving activities in value chains into more competitive areas



Taking advantage from economies of scale



Gaining knowledge about clients and markets

The first three reasons are the reasons why companies internationalize their business, and the last one is connected to all of them – gaining knowledge is a consequence of internationalization, but it also needs to precede the process of internationalization. Without knowledge of the market and customers to which company plan to sell its product/service, the process of internationalization cannot succeed. Internationalization helps companies become more competitive in the domestic market too.

## 4. ABOUT PROJECT INTENSE – INTERNATIONAL ENTREPRENEURSHIP SKILLS EUROPE

The project “**INTENSE – INTernational Entrepreneurship Skills Europe**” corresponds to targets set in the “Agenda for the modernisation of Europe’s higher education systems” by improving the quality and relevance of higher education, by promoting mobility and cross-border cooperation, and by linking higher education, research and business.



Intense team at Turku University of Applied Sciences, August 2017 (source: TUAS Turku)

## OBJECTIVES:

The objective of the project is to develop and implement an innovative and complex teaching module between HEIs and SMEs, in order to stimulate entrepreneurial behaviour and internationalization of students, HEI staff and SMEs. This leads to increasing employability of HEI students and HEI university staff, and to a better understanding of the process of internationalization and its elements by SMEs.

## ELEMENTS OF THE PROJECT:

- Development of new and innovative curricula/educational methods and development of training courses with the aim to stimulate innovative learning practices, combine face-to-face and online learning and improve technical skills and problem-solving abilities of students in real-life situations.
- Enhancing entrepreneurial learning and entrepreneurship education through creating an international learning experience thereby increasing entrepreneurial competences among students and raising employability of the graduates.
- Providing cross-border support to SMEs through student consultancies and fostering collaboration between SMEs, HEIs and other stakeholders, i.e. business associations and policy institutions.

## PROJECT PARTNERS

The main project partners are five HEIs from five different European countries: HTW Berlin Germany, HU Utrecht Netherlands, UC Leuven Limburg Belgium, TUAS Turku Finland, and EFOS Osijek Croatia. All partners set up national steering structures with students, SMEs, and other relevant stakeholders (such as centres for entrepreneurship, business incubators, chambers of commerce, etc.).



**Hochschule für Technik  
und Wirtschaft Berlin**

*University of Applied Sciences*



**METHODOLOGY:** HEIs conduct an interactive and transnational teaching module on SME internationalization, developed through project activities for participating students. Via intermediary organisations, such as chambers of commerce, employment associations, centres for entrepreneurship etc., HEIs develop links and build a network with SMEs and entrepreneurs engaged and/or interested in growth and internationalization of their business. INTENSE brings together these SMEs with teams of students in five European partner countries, and their goal is to analyse the possibilities to internationalize concrete company's business in partner countries. Student teams act as consultants supporting SMEs in the process of internationalization. Teachers are supporting students in monitoring the whole process and taking care of the procedures and approaches and for the result. The project consists of a "pilot" run (which was held in the academic year 2017/18) and a "full" run (which was held in the academic year 2018/19). The INTENSE project also uses and tests an instrument for measuring innovation competences before and after the implementation of the project among students, entrepreneurs and HEI staff members.



## Benefits to beneficiaries of the project activities:

**For students:** INTENSE will, using innovative teaching materials developed within the project, train students to analyse the readiness of companies for internationalization. Students work on real SME cases and develop individual situation analyses for each SME participating in the project. Through online communication and face-to-face meetings (ISPs), students work with counterpart student teams from other partner universities to analyse possibilities for SMEs internationalization. Students present their findings and results to representatives of SMEs, teaching staff from local university, local partners (Employers' Association, Chamber of Commerce, entrepreneurship support institutions), etc. These activities enhance students' knowledge, competences and different skill sets (presentation, communication, negotiation, analytical, etc.), which ultimately increases their employability and competitiveness on the labour market.



**For HEIs:** INTENSE multi-media compilation of teaching materials relevant for internationalization of SMEs will be produced and will be openly available to other HEIs. Teaching staff from participating universities is trained in teaching the developed learning module, using new teaching methods and in using the innovation competence measurement instrument. To help other universities use this module, a teaching manual and module description have been developed, and are readily available. Promotion of the project is ensured through different international events and publications in relevant journals.



**For SMEs:** Companies are receiving tailor-made support for analysing possibilities to internationalize their business activities to one of the partner countries. They are getting a very detailed summary of the target market, characteristics of the industry, analyses of competition, customers and suppliers, and demand for their products/services in that market. From this report, companies could reach some conclusions (about product characteristics, quality required, some weaknesses and strengths) and decide about future activities.



**For policymakers:** Recommendations on how to stimulate internationalization of SMEs, how to introduce new practical teaching programmes, using new, innovative methodology, how to combine theoretical knowledge and concepts and their practical implementation, how to raise the employability of students. Policy recommendations will be promoted through public conferences to representatives of different policy-making institutions, representatives of universities, public authorities and private sector.





## Impact



One of the main goals of project activities is helping students increase their employability (by developing their knowledge, competences and skills) and making them more competitive in the labour market. The FINCODA Innovation Barometer Assessment Tool will make these competences visible and recognisable among students, HEIs and employers. Open Educational Resources (OER) will increase the number of beneficiaries of the teaching programme, which will be continuously improved with their inputs.



Team meeting at UCLL in Diepenbeek, March 27, 2019

# PROJECT IMPACT

## Students

- Direct student beneficiaries: 150 per year
- Students benefiting from the new teaching manual/collaboration after project end, per year: 125

## HEI

- Staff directly benefiting from training and exchange: 44
- 4 further university already started to implement the teaching module

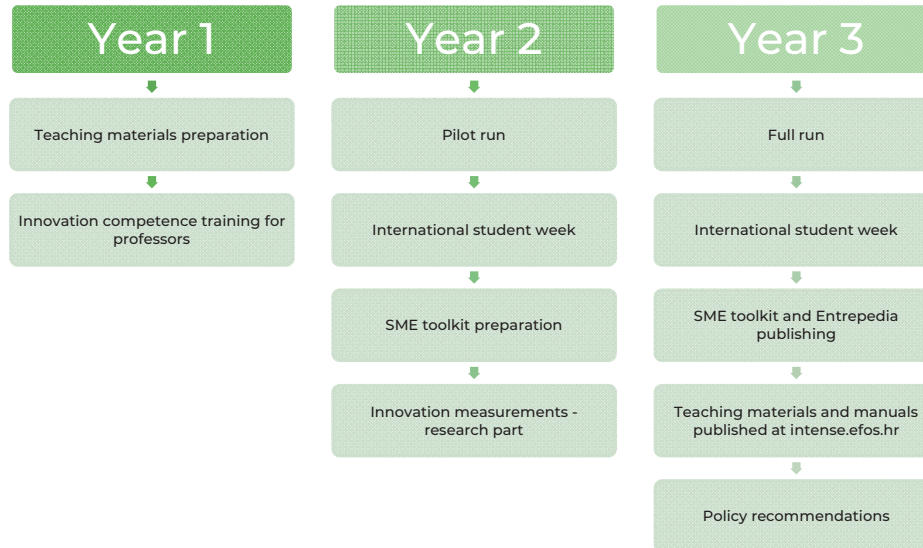
## SMEs/Entrepreneurs

- 45 SME benefited from student consultancy
- Direct beneficiaries: SMEs directly benefiting from events and online platforms: 300

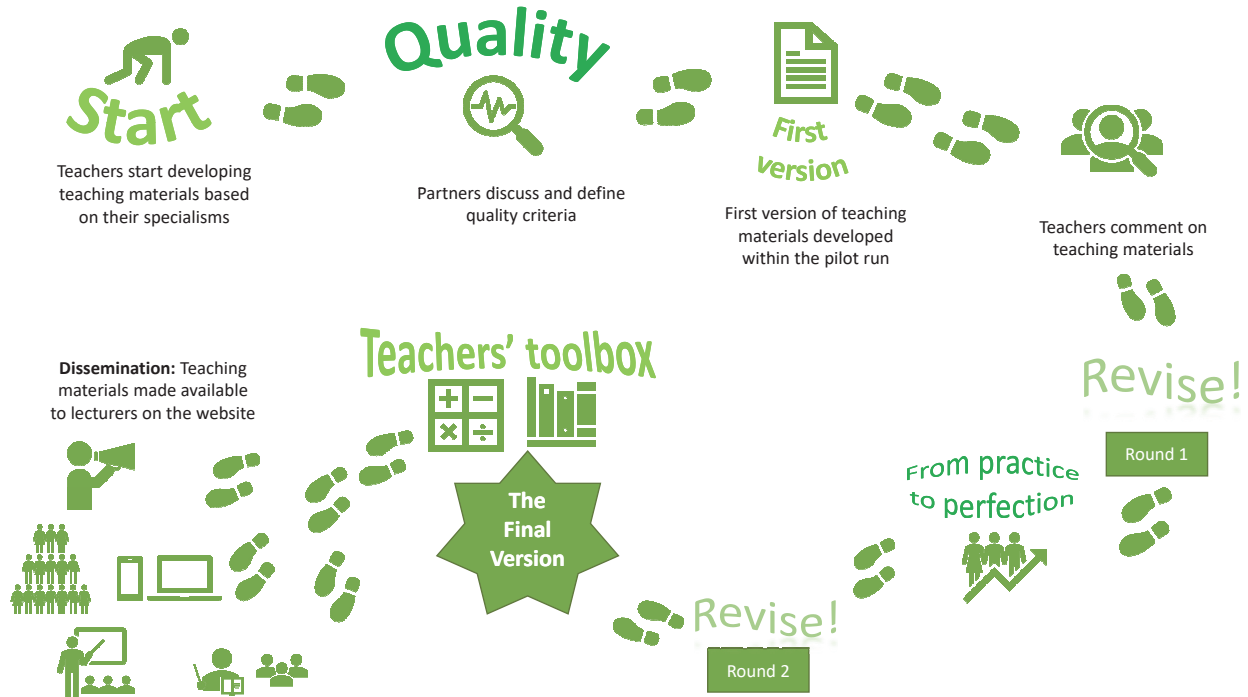
## Intermediary institutions and other relevant stakeholders

- Intermediary institutions (chambers of commerce, business associations etc.) benefiting through the increased offer of services/contacts and the dissemination of the toolkit: 15 institutions

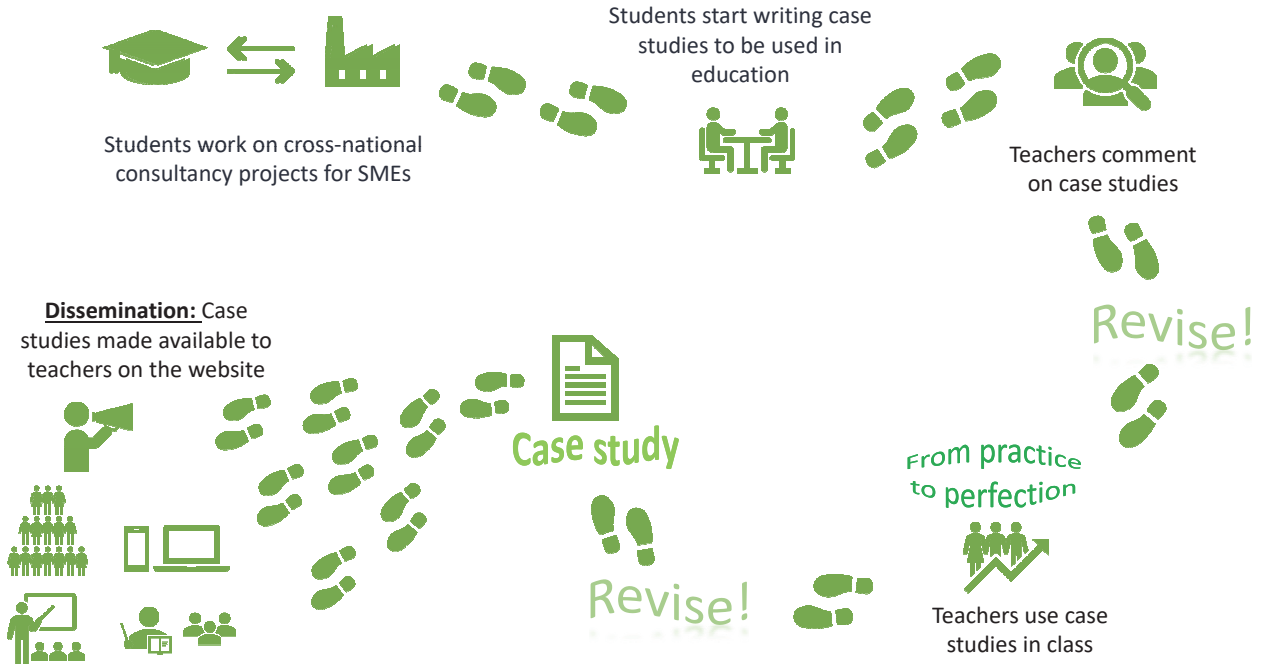
## 5. ORGANIZATION AND TIME-LINE OF THE PROJECT ACTIVITIES



The road to teaching materials and the manual is presented below:



The road to preparation of case studies of SMEs' internationalization is presented below:



## 6. QUALITY ASSESSMENT/ANALYSES OF PROJECT ACTIVITIES

Quality assurance is a significant part of the project because it is important that the quality of the intellectual outputs and activities is the same in all partner countries. Quality principles were formulated by the Project Leader in collaboration with the Work Packages Leaders. These principles include quality of relationships with SMEs, feedback from SMEs and working principles of students and teachers. HEIs will develop a consistent approach for teachers to use when working with student teams to train and coach them, etc.

Quality assurance principles of project Intense



Project activities have to be aligned with the project proposal in order to assure quality.



Quality indicators have to be based on project proposal and supported by feedback from all project's target groups.



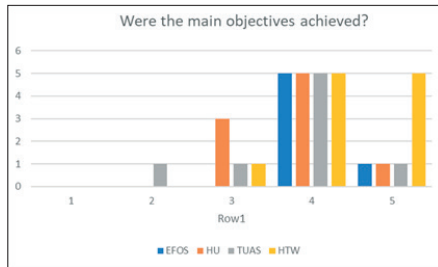
Monitoring quality enables project's partners to react on time to negative feedback and deviations of the plans.

## 6.1. Pilot run

The pilot run of the project INTENSE was conducted in academic year 2017/2018 by all project partners. After the pilot run, a survey was conducted among students who took part in this phase of the project. The main goal of the survey was to obtain information on teaching materials and teaching methods that were used.

Thirty-five students (6 from Croatia, 9 from the Netherlands, 9 from Finland and 11 from Germany) were interviewed using the online and offline questionnaire developed by project partner TUAS Turku. Students were asked about project objectives, their expectations, and clarity of the team roles during the execution of the project's pilot run. The results of these interviews are shown in Figures 1-3 (where 1 is lowest and 5 is highest mark).

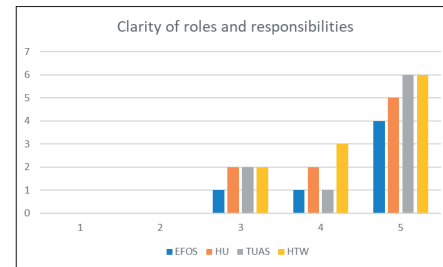
Figure 1. Fulfilment of project objectives



Source: Authors

Most of the interviewed students stated that project objectives were almost or completely fulfilled. Students additionally commented that all objectives should be clearly stated before the start of the project, and they asked for more information about workload, expectations, concrete outputs and tasks at the start of individual project activities.

Figure 2. Clarity of roles and responsibilities in the pilot run

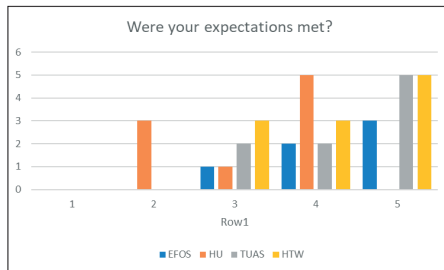


Source: Authors

As Figure 2 shows, most of the interviewed students were almost or completely satisfied with the clarity of roles and responsibilities. Some of the students felt that they needed more information on how to be consultants and asked for consultancy classes at the beginning of the project. Students also commented that collaboration with student teams from partner universities should be better organized: clear tasks, deadlines, workload and communi-

cation. Students expressed interest in closer collaboration and communication with companies (more company visits, more meetings with company representatives, etc.) than it took place during the pilot run.

**Figure 3. Student expectations**



Source: Authors

Students' expectations from the pilot run were mostly met. In conclusion, students stated that course implementation should be better planned and target-oriented, with improved communication, timing, definition and division of team roles and responsibilities. They have experienced problems in working with teams from another country. Students cited the differences in school year calendar in different countries as the major issue, which needs to be better aligned for the full run. The dates for presentation of the final report should be defined at the beginning of the project, and rules for communication

between co-operative teams should also be made known at the start. The company report should be neither too complicated nor too technical.

According to Rantanen (2018), companies found the reports useful, and they were very satisfied with students' involvement. Some of their comments included the following: the market was difficult for students to understand, but some potential partners were found; students were motivated and made a good impression on us; students were able to find and contact one potential customer, etc.

Participating companies also suggested several potential improvements for the full run of the project: companies should be more involved when actual communication with potential partners begins. This suggestion is in line with what students also proposed regarding the involvement of companies that are part of the project.

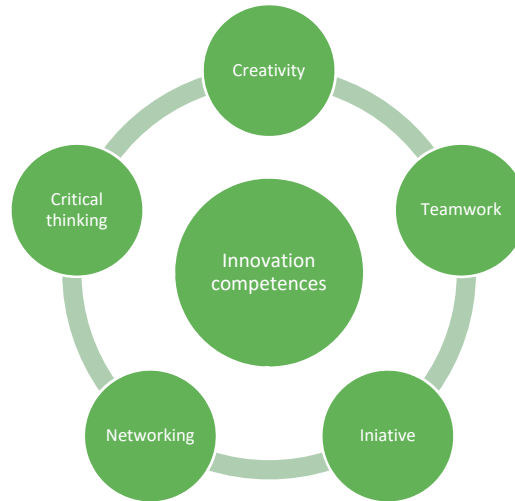
## 6.2. Full run

The full run of the project INTENSE was conducted in school year 2018/2019 by all project partners. After the activities of the full run ended, a similar survey was conducted. The main goal of the survey was to obtain information on teaching materials, teaching methods that were used, and level of development of innovation competences.



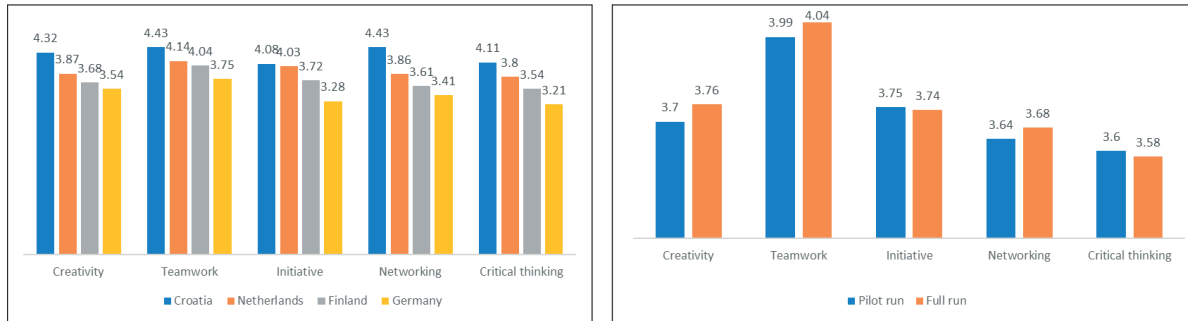


Students were evaluating their innovation competences in five different areas:



In most areas, students stated that their innovation competences have increased during the project what is visible from the charts below.

Figure 4. Student innovation competences



Source: authors

From presented statistical data, it can be seen that Croatian students assessed their level of innovation competences highest in the context of INTENSE module.

The main focus of quality assessment in the “full-run” was on SMEs and their views on project impacts. SMEs were asked:

Did the company develop awareness of potential cross-border business target markets?

Did students' work boost companies to internationalize their business?

What is the probability that the company will start/continue the cross-border business based on participation in the INTENSE project?

Do managers feel that their international skills have developed and showed during the INTENSE module?

Their feedback shows that most SMEs have increased awareness of their potential for internationalization of business activities in selected countries. They were also motivated to continue with internationalization activities.

Based on the experiences and understanding of the potential for internationalization within the full run, most SMEs will continue or further develop their cross-border business activities.



INTENSE succeeded to boost internationalization of companies with the help of students. This shows that the used cooperation concept is an excellent way to achieve a win-win outcome for both parties, students and SMEs. Students have learned a great deal and SMEs have increased their understanding of the internationalization process in a very practical and concrete way.



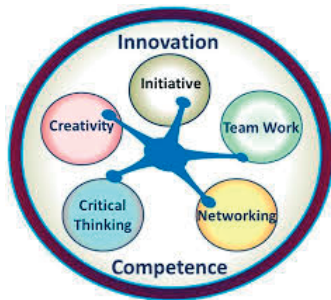
## 7. MODELS OF IMPLEMENTATION OF THE PROJECT INTENSE TEACHING MODULE/PROGRAMME

The proposed model of implementation of the teaching programme, according to project Intense

Major part of curriculum	Minor part of curriculum	Extracurricular activity
<ul style="list-style-type: none"><li>• 15 ECTS</li><li>• Obligatory part of the curriculum</li><li>• Consists of different courses that all together offer 15 ECTS</li></ul>	<ul style="list-style-type: none"><li>• 15 ECTS</li><li>• Elective module</li><li>• Consists of different courses that all together offer 15 ECTS</li></ul>	<ul style="list-style-type: none"><li>• Extracurricular activity/programme offered to all students</li><li>• Part of lifelong learning programme combined with education for SMEs</li></ul>

## 8. BOOSTING INTERNATIONALIZATION AND INNOVATION COMPETENCES WITH UNIVERSITY-COMPANY COOPERATION

The importance of innovation is highly emphasised in the globalised world. A renewed EU agenda for higher education institutions (European Commission, 2017) highlights the unique role of higher education in contributing to innovation. The OECD Innovation Strategy (2015) also states that broad curricula, updated pedagogical practices and the development of tools to assess innovation-related skills are all important in education. Beyond subject-specific expertise, higher education should also develop students' creativity, critical thinking, entrepreneurship and communication, and internationalization skills (OECD, 2015).



Source: <https://www.fincoda.eu>

Project INTENSE offers interesting results regarding development of international skills and innovation competences of students, teachers and SMEs in the context of their cooperation. The project used a novel FINCODA Innovation Barometer Assessment Tool, which is a psychometric tool that measures individuals' capacity for innovation. A detailed research report will be available on the webpage: <http://intense.efos.hr/>, but some key results and main recommendations based on those results are summarised in this brochure.

The results of the INTENSE project show that innovative behaviour can be demonstrated by students very early in their studies. With the FINCODA tool, student teams could show several concrete examples from the module on how their innovation competences were demonstrated therein. The INTENSE project also demonstrates that students do not always have to be in the workplace to learn the required com-

Student team: "The team enhanced their creativity skills. We used intuition and new ways to implement ideas that seemed impossible at first and start action."

Student team: "We think that this whole project was about networking and new acquaintances. Besides all work that we did for our clients we made a lot of connections with foreigners."

Teacher team: "We found out that INTENSE project lectures were something out of our routine and made us do things differently... We got insight into new ways of teaching which has helped us gain new ideas for future students' assignments. "

petences and skills. All students assessed that their innovation competences were at quite a good level in their daily activities during the INTENSE project, although there were differences in assessments between countries. Overall, students highlighted their teamwork, creativity, and networking capacities, and have learned versatile international skills during the project. International and multicultural cooperation not only increased their knowledge about internationalization, but it also offered more practical experience of different cultures and developed students' courage and self-confidence in achieving their personal goals. Learning international skills is significantly associated with the level of students' innovation competences.

Additionally, the results of the INTENSE project show not only that students have developed their international skills and innovation competences, but also that teachers have learned a great deal about working in international cooperation with companies and other university partners. Through this new way of working, teachers had better possibilities to use and develop their innovation competences. All teachers agreed that their innovation competences have increased because of the INTENSE project. Critical thinking, problem-solving and networking skills were stressed. Moreover, teachers' knowledge about business internationalization and multi-cultural understanding was also improved. On the other hand, closer cooperation with companies enabled building better relationships with stakeholders and increased teachers' business networks. Working in a multicultural context empowered some of the teachers to approach and understand their own teacher identity in a novel way.

Although there was more variation of SMEs' perceptions and experiences related to their international skills and innovation competences, it can be concluded that, overall, SMEs agree that the project was a great opportunity to develop their business and learn from students. International cooperation with student teams' challenges SMEs' traditional thinking, offers creative ideas and solutions and opens new networks. Many SMEs reported that, for example, their critical thinking, creativity and networking skills were improved during project activities.

Teacher team: "During the INTENSE module we worked very closely with SMEs involved on this project and by stepping into their shoes we managed to understand issues they face during the internationalization of their businesses. This collaboration increased our knowledge about internationalization and performance of SMEs aiming to internationalize their business."

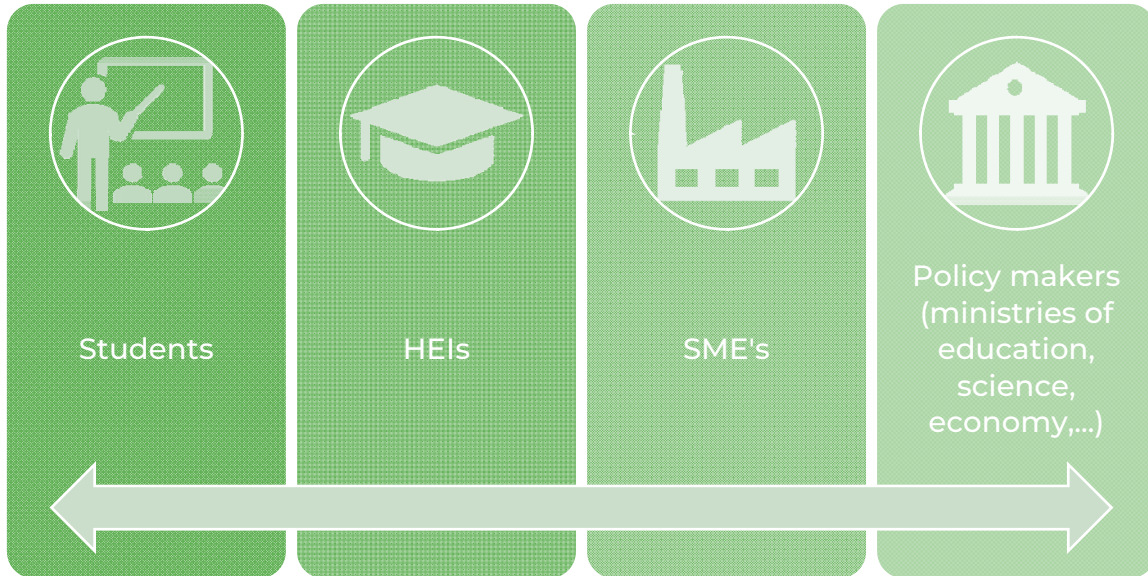
## Lessons learned

- Higher education institutions have an important role in enhancing innovative and global individuals.
- Innovation competences and versatile international skills can be boosted in education, but this requires consideration of qualitative and practical learning environments and utilization of activating learning and teaching methods.
- Teachers are key players in supporting students' innovation-oriented action, which demands changing the traditional teacher-centred approach.
- International university-company cooperation as a learning environment enhances not only students' but also teachers' and SMEs' innovation competences, skills and knowledge about internationalization.
- International university-company cooperation can offer new innovative ideas and support for internationalization of SME's business activities.

**SME: "International cooperation is always one of the goals for growing businesses, like ours, especially in the world of franchising, so we feel that this cooperation with students helped develop our innovation competences. All of the examples presented for our company were clear and creative, and students really took initiative to include us in the whole process."**

## 9. RECOMMENDATIONS

Based on the project activities following four groups of stakeholders are identified





The primary goal of these recommendations, based on project assessment and experience gained through the project, is to define measures and tools to help all stakeholder groups achieve better results regarding student employability, connecting higher education with the business sector, using new and innovative teaching methods and internationalization of SMEs, students and HEI staff.

## 9.1. HEIs



Higher education and higher education institutions are very important players in each society. Development of society depends to a large degree on their capacity to change and react to the needs of society. HEIs should provide teaching programmes that develop practical knowledge, competences and skills, which, among other things, increase students' employability and give them a chance to find their place in the labour market. The INTENSE project is an example of such programme. Based on the results of the INTENSE project, the following recommendations can be made

- Support and give financial support to similar projects that connect students, HEIs and the business sector.
- Support teachers in using new teaching methods; motivate them to work in international environment and cooperate with the business sector.
- Create a case studies database (on concrete examples of businesses that participated in the project)

with teaching notes, which can be used repeatedly by any teacher. This can help those HEIs and teachers who do not have direct connections to the business sector to work with students on real examples.

- Establish a lifelong learning (LLL) programme on internationalization for SMEs – this project shows that SMEs lack knowledge about procedures, concepts, means and ways to internationalize. A LLL programme could solve this problem. Teachers should be experienced in the subject they teach.
- Establishing a joint (two or more HEIs together) master level programme on business internationalization in English language could be one the most effective methods to enhance above mentioned objectives.

## 9.2. Students



As one of the most important stakeholders of any HEI, students are at the centre of strategic thinking and planning of HEIs' management. Their needs are changing in line with changes in the environment and HEIs should be able to respond to those needs. In order to do this, HEIs need to continuously ask for their feedback about programme quality, teaching methods and usage of gained knowledge and skills.

Based on feedback of students that participated in the INTENSE project, the following recommendations arise

- “Learning by doing” type of programme – working with real cases (companies).
- Obligatory internships as an important part of study programmes.
- Expose students to as many international experiences as possible: work in international teams, participate in international projects, study abroad.
- Combine other (e.g. language(s) course(s)) with these types of projects. For instance, when students cooperate in such an international project, they should receive support within other courses (language preparation in their language course, intercultural communication course, etc.).

### 9.3. SMEs



Small and medium enterprises are the backbone of any society. They account for 99.8% of the total number of companies in the EU-28 non-financial business sector, for 67% of total employment in the EU-28 non-financial business sector and generate 57% of value added in the EU-28 non-financial business sector. 93% of these SMEs are micro SMEs employing less than 10 persons.<sup>1</sup>

<sup>1</sup> Muller, P., Julius, J., Herr, D., Koch, L., Peycheva, V., McKiernan, S. & Hope, K. (ed.), (2017). Annual Report on European SMEs 2016/2017, European Commission

Since their role in society is obvious, much more should be done to help them grow.

This project showed that SMEs are willing and interested in participating in teaching programmes, especially if they are tailored to their needs or aimed at helping them solve some concrete problems. They are, in the case of the INTENSE project, interested in internationalization of their business, but they lack specific knowledge about foreign markets, strategy to enter them, and they also lack resources to research those markets and start activities towards internationalization. This project helps them answer some initial questions, understand the needs and situation on a certain foreign market and get a sense of probability for success in that market.

Based on the results of the INTENSE project, the following conclusions have arisen:

- SMEs are interested in participating in projects if the activities are tailored to their needs.
- They lack knowledge on internationalization and tailor-made programmes could be beneficial to them.
- They lack resources (knowledge, competences and skills, as well as financial resources) to start the process of internationalization – specific programmes for financing parts of the process of internationalization, matchmaking activities, could help them go further.

## 9.4. Policy makers



Project INTENSE's activities are aimed at students, HEIs and SMEs and according to that, there are two groups of policy recommendations: the first is connected to recommendations aimed at making HEIs more responsible to environmental needs and “producing” more competitive and employable students, and the second group of recommendations is connected to SMEs and facilitating the ways of their internationalization in order to enable them to grow and be competitive.

Policy recommendations to ministries of education:

- Make the process of changing curricula faster and easier without administrative barriers.
- Support the involvement of the business sector in the development of curricula.
- Introduce real case study analyses in the process of teaching business courses.
- Promote and financially support international cooperation, project activities, cooperation with the business sector e.g. further student exchange.
- Support the co-development of curricula across countries.

Policy recommendation to ministry of economy and/or entrepreneurship:

Because internationalization is an important strategy for SMEs' growth, government programmes to help SMEs internationalize are very important.

The INTENSE project makes the following conclusions that can lead to concrete measures, politics and programmes:

- Process of internationalization of SMEs should start with introducing the elements of this process to SMEs through different activities, such as conferences, workshops, roundtables, panel discussions aimed particularly at SMEs' needs, not to general business needs (big companies have different approaches to internationalization than SMEs).
- Financial support to educational programmes on internationalization of SMEs and matchmaking activities.
- Intercultural differences are a stumbling block for SMEs, in particular:
  - differences in the perception of contracts and adherence to contracts,
  - contract enforcement possibilities in other countries, and
  - questions related to product adoption and consumer demands and expectations.

Working on standardised contracts and contract regulations between countries might be helpful.

- Financial support or consultation by government intermediaries often requires a lot of preparation/input from the SME (i.e. writing a project proposal, attending a tender/competition for the service, etc.). Procedures should be simplified, or financial incentives should be made available to SMEs without demanding administrative work and bureaucracy in accessing them, etc.
- Promoting trial and error as a strategy.
  - Trial and error shape the process of internationalization of SMEs.
  - SMEs therefore repeatedly adjust plans to be able to deal with uncertainty and unforeseen changes.
  - Financial institutions usually require a fixed business plan with concrete numbers when deciding whether to provide funding to SMEs. The fixed nature of this business plan is a problem and it does not reflect reality.

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