

How can entrepreneurial management help SMEs succeed in international markets?

A longitudinal study of Swedish SMEs reveals which entrepreneurial practices drive international success

LUCIA NALDI · LEONA ACHTENHAGEN · PER DAVIDSSON

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Small and medium-sized enterprises face a peculiar challenge when they go international. They lack the deep pockets, the global networks, and the brand recognition of large multinationals. Yet some of them succeed abroad—launching new products in foreign markets, entering countries their competitors have not yet reached. What separates these firms from the rest?

Lucia Naldi, Leona Achtenhagen, and Per Davidsson tested an answer rooted in one of the most influential frameworks in entrepreneurship research: Howard Stevenson's concept of Entrepreneurial Management. Developed at Harvard Business School in the 1980s, the framework describes entrepreneurship as the pursuit of opportunity beyond resources currently controlled. The authors asked whether SMEs that manage more entrepreneurially—across six specific dimensions—are also more internationally entrepreneurial. The results are more nuanced than the theory predicted, and that is precisely what makes them useful.

WHAT WE STUDIED

The study used a two-wave longitudinal design with 111 Swedish SMEs already active in international markets. The authors measured six dimensions of Stevenson's Entrepreneurial Management framework: strategic orientation (opportunity-driven vs. resource-driven), resource orientation (willingness to act without owning all necessary resources), management structure (flat vs. hierarchical), reward philosophy (individual value creation vs. seniority-based), growth orientation (high vs. moderate ambition), and entrepreneurial culture (encouragement of idea generation and experimentation).

International corporate entrepreneurship was measured through two outcomes: revenue from new international markets and revenue from new products or services launched abroad. By separating these two outcomes, the study captures different facets of international entrepreneurial activity—geographic expansion and product innovation—rather than treating them as a single phenomenon.

KEY INSIGHTS

Entrepreneurial culture is the strongest lever

Of all six dimensions, only one had a consistently positive effect on both outcomes: entrepreneurial culture. Firms that actively encouraged employees to generate ideas, experiment, and pursue opportunities were more likely to enter new markets and launch new products abroad. The effect was robust across industries and firm sizes within the SME category.

This is the clearest practical takeaway in the paper. If an SME leader has limited bandwidth and must choose where to invest, building a culture that rewards curiosity and experimentation will yield more international entrepreneurial activity than restructuring incentives or flattening hierarchies. Culture eats strategy—and apparently eats organizational design too.

Opportunity-driven strategy helps with market entry, but not product innovation

Firms that pursued opportunities rather than staying within the boundaries of their existing resources were more likely to expand into new geographic markets. But that same strategic orientation did not predict success in launching new products abroad. The implication: spotting opportunities and executing

product innovation in foreign markets require different capabilities. Vision gets you into the market. Execution keeps you there.

Ignoring your resources can backfire

Stevenson argued that true entrepreneurs act regardless of the resources they currently control. The data told a different story. Firms that disregarded resource constraints saw lower performance in both market expansion and product innovation abroad. For SMEs, which operate with tighter margins and smaller teams, a reckless approach to resource gaps can be fatal. The study suggests that the most effective international entrepreneurs balance opportunity pursuit with a realistic assessment of what they have.

The romanticized image of the entrepreneur who builds the plane while flying it does not translate well to international expansion. SMEs need to know what they have before they decide what to chase.

Flat structures help, but rewards can hurt

Informal, flat management structures positively influenced international market entry. Faster decisions, shorter communication chains, easier adaptation to local conditions—these advantages matter in dynamic foreign markets. However, reward systems that focused on individual value creation rather than collaboration were associated with lower international entrepreneurship. In SME settings, where teamwork is essential and resources are shared, individualistic incentives can undermine the collective effort that international ventures demand.

Growth ambition alone does nothing

Perhaps the most counterintuitive finding: a high-growth orientation did not predict international entrepreneurial activity. Wanting to grow fast is not the same as knowing how to grow internationally. Without strategic clarity about which markets to enter and how to adapt, growth ambitions can spread resources too thin and produce activity without impact.

Ambition is necessary but insufficient. SME leaders should pair growth aspirations with specific international strategies rather than assuming that an aggressive growth posture will automatically translate into foreign market success.

TAKEAWAYS

For SME leaders

Invest first in entrepreneurial culture—the research shows it is the most reliable predictor of both geographic expansion and international product innovation. Create space for experimentation. Reward ideas that fail intelligently, not only those that succeed immediately. At the same time, take your existing resources seriously. The firms that performed best

were not the ones that ignored constraints but the ones that leveraged what they had while staying alert to new opportunities.

For organizational designers

Keep structures flat enough to support fast decision-making in foreign markets. But rethink reward systems carefully. Individual performance incentives may work in some contexts, but for international ventures that require coordination across functions and geographies, team-based or project-based rewards may be more effective.

For family business owners considering internationalization

The findings are especially relevant for family SMEs, which often combine strong cultures with cautious resource management. The entrepreneurial culture dimension aligns well with the values-driven environments many family firms cultivate. The warning about ignoring resources also resonates: family firms tend to be prudent with capital, and the data suggests that prudence, combined with an entrepreneurial mindset, is a strength rather than a limitation.

IMPACT

Naldi, Achtenhagen, and Davidsson have done something valuable: they took a canonical framework and tested it against real-world international SME data, and the framework did not survive intact. Three of Stevenson's six dimensions either had no effect or a negative one. That is not a failure of the study—it is a contribution. It tells us that entrepreneurial management is not a unified package where every dimension works in the same direction. Some elements drive international success. Others are irrelevant or even harmful in the SME context.

For practitioners, the message is specific and actionable: build the culture, respect your resources, flatten the structure, and be skeptical of one-size-fits-all growth mantras. International entrepreneurship in SMEs is not about doing everything entrepreneurially. It is about knowing which levers actually move.

RECOMMENDATIONS

- 1. Prioritize entrepreneurial culture:** Encourage idea generation, tolerate intelligent failure, and create channels for employees to propose and test international initiatives.
- 2. Balance opportunity and resources:** Pursue opportunities actively, but ground international ventures in a realistic assessment of what the firm can sustain.

3. **Redesign rewards for collaboration:** Move away from purely individual performance incentives toward team-based or project-based rewards that

support the collective effort international expansion requires.

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CEFEO AUTHORS



Lucia Naldi

Professor

Jönköping International Business School

lucia.naldi@ju.se



Leona Achtenhagen

Professor

Jönköping International Business School

leona.achtenhagen@ju.se

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