

The internalization of family owned nigerian small and medium enterprises

Evidence from the Nigerian manufacturing SME's.

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Introduction

SMEs have no doubt been indeed recognized as the main engine of economic growth and development, a major variable for promoting private sector, development and partnership. Small and medium sized enterprises (SMEs) internationalization has become a strategy for growth, and sometimes even for survival. Small and medium sized enterprises in both developing and developed countries plays important roles in the process of industrialization and economic growth, by significantly contributing to employment generation, income generation and catalysing development in urban and rural areas (Hallberg, 2000; Olutunla,2001; OECD, 2004; Williams, 2006). The internationalization of family businesses (FBs) is developing into a significant research area (e.g. Sciascia, Mazzola, Astrachan, & Pieper, 2010). FBs have traditionally operated in domestic markets, but increasingly find themselves obliged to internationalize, in order to survive in a market that is becoming more and more globally competitive.

In Nigeria, according to a report, an estimate of about 70% of the industrial employment is held by SMEs and more than 50% of the Gross Domestic Product (Odeyemi, 2003) is SMEs generated and employ about 70% of the industrial work force in the country (Adebusuyi, 1997), therefore understanding of the key determinants of their success is essential. Successful entrepreneurship focuses on identifying and managing market opportunities by building a unique set of resources and competences through which these opportunities can be exploited (Ireland et al., 2001; Davidsson et al., 2002). However increasing competition in saturated markets has encouraged many SMEs to engage in a global economy thereby focusing on international rather than domestic markets.

Literature Review

Small and medium sized enterprises (SMEs). Various definitions can be found in literature regarding size. In international business, researchers and practitioners define SMEs based on the socioeconomic development of each country. Buckley (1997) and Storey (1994) used the term SMEs in reference to enterprises employing less than 500 employees. However, the size threshold may vary (Dana et al., 1999) per country and per industry. In the United States, an SME is a company with 500 or fewer employees (Cavusgil, Knight & Riesenberger, 2008). In

Taiwan, Lin & Chaney (2007) has defined SMEs in their studies as an establishment with 650 employees or less. In Nigeria

For few decades, authors concerned with internationalization of firm have attempted to define internationalization. One stream sees internationalization as a process in which firms increase their involvement in foreign markets (Johanson and Vahlne 1977; Welch and Luostarinen 1988).¹ For another stream, internationalization is the adaptation of firms' operations to international environments (Calof and Beamish 1995). Internationalization is defined by Welch and Luostarinen (1988), as 'the process of increasing involvement in international markets'. Internationalization behaviour concludes that the process involves a series of incremental 'stages' whereby firms gradually become involved in exporting and other forms of international business. As they do so, they commit greater resources to the foreign market/s and target countries that are increasingly 'psychically' distant (Bilkey and Tesar, 1977; Johanson and Vahlne, 1977; Cavusgil, 1980; Czinkota, 1982).

Research Problem

Research must start with a research problem. The problem is usually presented by a management question (Cooper & Schindler, 2003).

Research Questions

The conduct of research is a complicated process and good research question enables the researcher to stay on track (Punch, 1998). A rising from the above problem are the following research question, the following research questions were to explore:

- What are the challenges faced by Nigerian family owned manufacturing SME's in globalising world.
- What are the Nigerian government policies to assist the Nigerian family owned manufacturing SME's to internationalise their operations in the context of a globalising world?
- What are the desired strategies approaches employ by Nigerian family owned manufacturing SME's to enhance profitability.
- What are the desired approaches for SMEs to internationalise their operations in the context of a globalising world?

Research Methodology

As every research problem is unique, a generally applicable research design does not exist, and the most appropriate approach for each research problem and its objectives must be selected (Burns and Bush 2006, p. 116) to ensure that the undertaken research is valid and reliable (Polonsky & Waller, 2005, p. 84). In the research study at hand, the chosen design would be the combination of both qualitative and quantitative methods. A study can make use of both approaches in order to take full advantage of the strengths of each paradigm and minimize the weakness (Cameron & Miller, 2007).

According to Hair, Bush and Ortinau (2003, p. 211) the term qualitative research is interchangeable with exploratory research and refers to “research whose findings are not subject to quantification or quantitative analysis” (McDaniel & Gates 2007, p. 128). A quantitative approach is one in which the investigator primarily uses post-positivist claims for developing knowledge i.e. cause and effect thinking, reduction to specific variables and hypotheses and questions, use of measurement and observation, and the test of theories. (Creswell, 2003, p.19).

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