

Educational and Professional Backgrounds of Entrepreneurs as a Factor for the success of Bulgarian SMEs' Internationalization: Findings from an Empirical Study

Extended Abstract

The internationalization of SMEs is a phenomenon of growing importance in the context of globalizing markets and a high intensity of links between the different national economies. This significance is driven by both the strong contribution of SMEs to securing the external trade balance of a small, but open to the international competition, economy, as well as by the growing global entrepreneurial opportunities, which could compensate for some internal constraints of the domestic markets. The question about the success of SMEs' internationalization is of particular economic and social significance for a country as Bulgaria which has radically changed its industrial structure and operations structure in the foreign markets over the last three decades, overcoming significant challenges in seeking effective models of change in macro and micro-aspects. Despite the registered achievements, notably in the re-positioning of international business activities (dominated by export as one of forms of internationalisation) from the former socialist countries to Western Europe, there are still significant problems regarding the qualitative dimensions of internationalization activities – the main subject of export are standardized goods with low technological complexity, a low processing rate and respectively a small added Bulgarian value (Zhelev, 2009). These problems require a deeper insight into the internationally active enterprises in order to highlight those factors that determine the problems encountered, directly related to the available knowledge and skills of entrepreneurs needed to achieve higher effects by operating in international markets.

The research interest in SMEs' internationalization has its long history and, in general, follows the interest in SMEs as specific research objects but focuses on the increasing

opportunities for internationalization of otherwise modest SME activities (Ruzzier, Hisrich, & Antoncic, 2006; Ribau, Moreira, Raposo, 2018). As a result of this interest, both the directions in which SMEs could internationalize their activities and the range of barriers that hinder internationalization have been outlined (Kiss, Danis, & Cavusgil, 2012). To a large extent, research focuses on the comparison of SMEs with large enterprises, looking for those specifics of SMEs that will help find solutions to overcome the outlined barriers. One of these specifics is the personalized management of SMEs, which is strongly dependent on the personality of entrepreneur – founder and manager (Todorov, 2014; Ivanova, & Kolarov, 2017; Yordanova, 2017).

Along with the topic of internationalization, with unabated, the personal qualities of the entrepreneurs are also explored and discussed, despite some criticism to the approach of personal traits, in seeking answers to the questions: who is an entrepreneur and who is not? (Gartner, 1988; Carland, Hoy, and Carland, 1988; Walter and Heinrichs, 2015). Insofar as the success of an enterprise is a function of entrepreneur's qualities, a question could also be raised about the link between the success of the internationalization of the activity of SMEs and some of entrepreneur's qualities (Zucchella, Palamara, & Denicolai, 2007, Ganotakis & Love, 2012). In the specific conditions of the Bulgarian economy (featured by decades of transition from a centrally planned to a market economy), a wide spectrum of entrepreneurs with different educational and professional backgrounds were formed and advanced – from those who worked as managers and specialists in former state-owned foreign trade organizations, going through the well experienced in the domestic market, but almost none in the foreign markets, specialists from the former state-owned enterprises, and reaching the new, young entrepreneurs who do not have a meaningful business experience prior to their own but who are learning in terms of global access to education and specific knowledge about international markets. Of course, the spectrum also covers many other cases, but in

each of them questions related to the effectiveness of the entrepreneur's efforts (the managing SME) to successfully internationalize the business of his enterprise emerge – who are successful entrepreneurs and which factors in their background have helped their success?

The aim of the present study is to empirically examine hypotheses that establish a link between entrepreneurs qualities and the internationalization of SMEs managed by them and more defined dependencies between the educational and professional (work and management) background of the entrepreneurs and the degree of success in the internationalization, highlighting those national specificities that make it possible to offer adequate tools to prepare entrepreneurs for running an effective international business.

The methodology of the study covers a review of previous research works concerning, in one aspect or another, the relationship between entrepreneurs' qualities and behaviour, on one hand, and success of internationalization, on the other, construction and verification of hypotheses based on collected empirical data from 500 SMEs operating in different parts of Bulgaria and reaching different degrees of internationalization of their activities. Data processing methods, given the relatively moderate sample size and obtained data, include descriptive statistics, including one-dimensional and two-dimensional frequency distributions and cross-tabulation analysis made using the SPSS statistical data processing programme.

The paper discusses both the measures of internationalization of activity itself and the measures of its success. Empirical data on the competitive performance of surveyed enterprises in the international environment has been collected and the success factors in this competitive performance have been analyzed. Evidences from previous research on the role and importance of entrepreneurial education and professional experience of entrepreneurs (preceding and accompanying their entrepreneurial carrier) in the development of skills relevant to overcoming different barriers to the internationalization of business are also

presented. Particular attention is paid to the context in which Bulgarian SMEs are established and carry out their activities, including the context in which entrepreneurs are formed as such. The specificities stemming from the family nature of the majority of the SMEs surveyed are also taken into account, as well as the entrepreneurs' personality, and analyzes of the educational and professional background of their closest associates in the management of international activities.

An attempt has been made to synthesize opportunities for targeted and accelerated entrepreneurship training, compensating to the extent possible the lack of adequate educational and professional (labor and managerial) experience for a more successful internationalization of the activity, taking into account national specificities, traditions and existing opportunities for entrepreneurship support. This synthesis also incorporates the conclusions from other authors' previous studies focusing on entrepreneurship and management training in Bulgaria.

Finally, the main findings are presented and discussed and guidelines for future research are formed.

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