

## Chapter 24

# The Roles of International Entrepreneurship and Organizational Innovation in SMEs

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### ABSTRACT

*This chapter reveals the roles of international entrepreneurship and organizational innovation in SMEs, thus describing the concepts of international entrepreneurship and organizational innovation; the importance of entrepreneurial marketing in SMEs; the significance of internationalization in SMEs; the significance of Information Technology (IT) in SMEs; and the significance of international entrepreneurship and organizational innovation in market performance. The implementation of international entrepreneurship and organizational innovation is essential for SMEs that seek to serve suppliers and customers, increase market performance, reinforce competitiveness, and achieve stable success in SMEs. Therefore, it is necessary for SMEs to examine their international entrepreneurship and organizational innovation applications, establish a strategic plan, and immediately respond to the international entrepreneurship and organizational innovation needs of customers in SMEs. Applying the international entrepreneurship and organizational innovation in SMEs will greatly improve market performance and gain sustainable competitive advantage in modern business.*

### INTRODUCTION

Business ventures and SMEs are very important to all economies (Gilmore, 2011). Organizational culture encompasses all forms of enterprise, including entrepreneurship within organizations as well as the creation and growth of smaller firms that business opportunities and organizational

innovation are realized to economic advantage (Galloway, Anderson, Brown, & Wilson, 2005). The role of SMEs has become vital for transition economies because of their ability to respond to the systemic shock rapidly and their potential to generate income when the large firms face a rapid decline (Hashi & Krasniqi, 2011).

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The growth and long-term survival of SMEs depend on the entrepreneurial abilities and enterprise of individuals owning and managing these businesses (Ritchie & Brindley, 2005). Entrepreneurship is a distinctive example of the application of enterprise skills and attributes in a specific context (Rae, Martin, Antcliff, & Hannon, 2012). Entrepreneurship development is known as a key enabler of economic development (Davari, Zehtabi, Negati, & Zehtabi, 2012). Entrepreneurship plays an important role in the economic development (Arthur, Hisrich, & Cabrera, 2012). Entrepreneurship has become an economic remedy as an economic prosperity in both the developing countries and the developed countries (Kuratko, 2005; Matlay, 2005; Nabi, Holden, & Walmsley, 2006).

The strength of this chapter is on the thorough literature consolidation of international entrepreneurship and organizational innovation in SMEs. The extant literature of international entrepreneurship and organizational innovation in SMEs provides a contribution to practitioners and researchers by describing a comprehensive view of the functional applications of international entrepreneurship and organizational innovation to appeal to different segments of international entrepreneurship and organizational innovation in order to maximize the business impact of international entrepreneurship and organizational innovation in SMEs.

## **Background**

The role of entrepreneurship has been highlighted by the new growth theory focusing on knowledge as a major factor influencing economic growth which takes place through entrepreneurial capacity to engage in the entrepreneurial activities (Romer, 1990, 1994). Entrepreneurship has emerged over the last two decades as the most influential economic force the world has ever experienced (Kuratko, 2005; Parker, 2004).

Organizational innovation is one of the major elements with the positive impact on organizational performance (Rubera & Kirca, 2012). Organizations become interested in understanding how to stimulate innovation in organizations (Rubera & Kirca, 2012). Organizational innovation is considered to be one of the key drivers of the long-term success of a firm in competitive markets (Baker & Sinkula, 2002; Darroch & McNaughton, 2002; Lyon & Ferrier, 2002). Organizations should realize the importance of organizational innovation as a major ability (Ireland, Hitt, Camp, & Sexton, 2001).

## **INTERNATIONAL ENTREPRENEURSHIP AND ORGANIZATIONAL INNOVATION**

This section describes the concepts of international entrepreneurship and organizational innovation; the importance of entrepreneurial marketing in SMEs; the significance of internationalization in SMEs; the significance of IT in SMEs; and the significance of international entrepreneurship and organizational innovation in market performance.

### **Concept of International Entrepreneurship**

Entrepreneurship is defined as an opportunity-driven business behavior (Morris, Kuratko, & Schindehutte, 2001). Entrepreneurship relates to the guidance of an entire business and concerns acumen, the possession of certain attitudes, and personal resourcefulness as well as particular financial, organizational design or marketing skills (Bennett, 2006). Entrepreneurial behavior has become common, thus enhancing better entrepreneurial skills and abilities for dealing with current challenges and an uncertain future (Heinonen & Poikkijoki, 2006).

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