



Networking and Support: Determinants of the International Performance of Enterprises

Silviya Georgieva¹, Maria Vasilksa¹

¹University of National and World Economy, Sofia, Bulgaria

Abstract

The paper explores and analyses networking and usage of available support opportunities and services for participation and competitive performance of enterprises on international markets. The empirical results are part of a representative survey of enterprises in Bulgaria, varying in size, type of activity, location, ownership (family and non-family), age and sex of the founder entrepreneur, and other characteristics. The paper focuses on small and medium-sized companies due to their importance for the economy, as well as due to their not fully deployed potential for more active participation and successful performance on the international markets. The aims and advantages of networking have been investigated in the paper, as well as the relationship between participation in networks and providing public services to the enterprises. Furthermore, the connection between the entrepreneurs' specific characteristics, on the one hand, and the involvement of their companies in networks and looking for institutional support for different initiatives (including internationalisation), on the other hand, has been analysed. Based on the conclusions drawn, some recommendations to the stakeholders have been made.

Keywords: networking, support, international performance, small and medium-sized enterprises, entrepreneurs

Introduction

During recent decades, small and medium-sized enterprises (SMEs) are preferred objects for investigation of many researchers, institutions and organizations. The reasons for that are numerous but they can be summarized in two groups – the significant share of these enterprises in the economies of many countries, as well as their valuable contribution to generating growth and creating employment. However, this group of companies has the potential for much more active participation in

international markets. One way to do this is through their involvement in business networks, which can also help SMEs to overcome their inherent constraints and to gain important competitive advantages. Another mechanism for promoting the international performance of enterprises is the provision of various services and support to increase their competitiveness. For these reasons, the paper focuses on small and medium-sized enterprises and their successful presence on international markets by participating in networks and receiving assistance from various business support institutions and organizations. The empirical study covers companies having 10 to 250 employees, operating in different sectors, differing in type of ownership, characteristics of the entrepreneur-founder and other criteria. The paper is structured in four parts. The first part reviews the literature on the SMEs' participation in networks and providing support to the enterprises as mechanisms for internationalisation of their activities and their competitive performance in global business environment. The second part presents the methodology of the empirical study. The third part is devoted to overall information about the investigated SMEs and analysis of the results obtained. The final fourth part draws conclusions on networking and support in the internationalisation process of SMEs. In addition, recommendations to stakeholders are made – to SMEs' entrepreneurs and managers, as well as to business support institutions and organizations.

Theoretical framework

Networking as a tool for SMEs' competitive performance on the international markets

The network concept is not new in the economic science and in the companies' practice. In response to the growing demands of the complex and changing environment, connected with technological progress, ever-growing competition and globalization of business activities, enterprises (especially SMEs) are forced to form and develop sustainable partnerships and networks aimed not only at their survival, but also at increasing competitiveness. Generally, the business network can be defined as a specific form of cooperation between two or more enterprises or between enterprises and non-profit entities with the aim to build, maintain, or improve their market and competitive positions. Business networks can assume different forms and be analysed from different perspectives. One classification distinguishes vertical networks from horizontal networks (Vasilska et al., 2014). Vertical networks are created between different actors in the value chain (most often customers, producers and suppliers) or between firms and other organizations or institutions (e.g. NGOs, local authorities, etc.). Horizontal networks consist of enterprises located at the same level of the value-adding chain, belonging to one sector or having similar activities (and they may be competitors).

Networking is particularly applied by SMEs. Working in business networks is one of the few means available to SMEs to remain competitive against stronger and often

highly integrated partners. The main assumption of the network approach is that firms enter into cooperative relationships with other firms to gain access to network resources, i.e. to achieve synergetic effects from their interaction (Porter, 2004). The main advantage of a business network is gaining access to additional funds, abilities and markets. Therefore cooperation and tendencies toward networking emerge as a preferred form of small business strategy (Pichler, 2007).

The aims and motives of SMEs' owners or managers to include their firms in different types of networks, incl. international ones, can be various. In addition to the already mentioned advantages and benefits of networking, other motives of the entrepreneurs could be:

1. Increasing specialization and concentrating on SMEs' core competencies;
2. Cost reduction, when networking allows division of labour among partnering firms;
3. Obtaining technical, technological and managerial know-how from other network participants;
4. Achieving development and growth – in a number of ways, such as:
5. Providing markets within and outside the network,
6. Using the experience and famous name of other network participants,
7. Distribution of risk – networking allows to explore new opportunities (such as those offered by foreign markets) by sharing the risks,
8. Accumulating experience for working in a dynamic, and in many cases – international environment (Vasilska et al., 2014).
9. Working in a network brings benefits, however it is also connected with a variety of problems, risks and barriers, such as difficulties in building trust, loyalty and mutual tolerance; achieving distribution of responsibilities and coherence in actions; difficulties in resolving conflicts; insufficient effects of the cooperation; loss of independence of the companies; intercultural differences and others.
10. The skill for inclusion and operation in different international inter-company and even personal networks can be considered as an important internal determinant of the competitive performance of SMEs in international business environment. International entrepreneurship research outlines that firms with strong entrepreneurial orientations expand to international markets to enhance performance. Yet these firms can suffer from resource constraints and other difficulties as they move abroad (Brouthers et al., 2015). To alleviate this problem and to enhance their competitive advantages, they often involve themselves in business

alliances and networks. Building partnership network relations is based on active interaction, exchange (product, informational and social) and mutual adaptation of enterprises (Forsgren et al., 1995). The social and personal networks of entrepreneurs and key employees in SMEs also facilitate the performance of companies at international stage, because they could be useful in identifying opportunities, foreseeing threats, managing intercultural differences, facilitating negotiations, making profitable deals, etc.

Networking is widely applied by the Bulgarian SMEs. A number of studies show that one of the main push factors for SMEs' involving in networks is finding new markets (Todorov et al., 2013). Besides, networking is one of the basic tools for internationalisation, especially if the domestic market is small, as the Bulgarian one. The small size of the domestic market does not allow many companies to make the desired turnover for which they have potential. Finding foreign markets for their products and services is not an easy task for the enterprises, especially when they are SMEs possessing limited resources. Therefore they use networking for entering foreign markets easily.

Support for internationalisation

The contribution to the macroeconomic indicators of successful international companies is forcing governments to formulate and develop various policies to support the penetration and expansion of business across borders. Companies receive various benefits from the internationalisation of their businesses, so entrepreneurs and managers are motivated to compete for markets in other countries. As Czinkota (2002) points out, export provides opportunities for economies of scale, lower cost and higher profits both domestically and abroad. It assures also market diversification and could serve as a tool to learn from competition and address various challenges inherent in multicultural environment.

Despite the numerous benefits of internationalisation, a great part of companies, especially small and medium-sized ones (SMEs), are failing to take advantage of the globalized business environment and the potential of international markets for various reasons, such as: lack of motivation, competences, human and/or financial resources, etc. According to Freixanet (2012), this requires public and private initiatives to support these enterprises by offering services aimed at overcoming the obstacles to their international performance.

In addition to the barriers mentioned above, companies face different challenges in their operations abroad, and knowledge of often recurring risks is of particular importance to management. The potential risks could be the following: risks, resulting from processes and phenomena occurring at macro level; risks, resulting from processes and phenomena occurring at micro level; risks, resulting from processes and phenomena occurring at both macro and micro levels (Boeva, 2014).

Overcoming risks and providing various services for business support is sometimes associated with a lack of knowledge of assistance opportunities by entrepreneurs and managers. To some extent, it is due to the wide variety of forms and ways of promoting the internationalisation of businesses in different countries. This forces the European institutions and organizations to promote the positive experience gained in the process of internationalisation. For example, summarizing and sharing experiences between European countries in a document with selected good practices from over 90 programmes and 23 countries, providing assistance in nine essential areas for the SMEs international performance. These areas include: raising awareness; high-value information; human resources development programmes; supporting financial needs for internationalisation; promoting networks; supporting internationalisation of services; usage of internationalisation to increase competitiveness; individualized assistance; border areas and cross-border cooperation (DGEI, 2008).

It is important to know how entrepreneurs evaluate the effectiveness of the support provided for better performance on the international markets. For example, managers of international service companies or service intensives ones positively assess the benefits of macro-level government assistance, such as ministerial visits that "open the door" to foreign markets. This has been considered to increase also a micro-level support, such as individual assistance programmes (Crick, Lindsay, 2015).

In addition to providing state support, networking is of particular importance for the SMEs internationalisation process. Research results show that while information and experimental programmes improve all forms of SME relationships, only experimental ones have an indirect effect on export performance. In addition, only the quality of relationships with foreign buyers has a positive impact on export results (Haddoud, Jones, Newbery, 2017).

As a whole, Bulgarian business is lagging behind in terms of internationalisation and reaping the benefits of country accession to the EU in 2007. For various reasons, smaller companies, especially micro-firms, remain oriented to the local market, characterized by a very limited size and the presence of dynamic and intensifying competition from international players in various economic sectors. Data show that only 5% of Bulgarian SMEs have made imports from other European countries in the last three years, compared to other countries as Cyprus, Austria, Croatia. The export is directed mainly to the EU market, with only 7% of Bulgarian enterprises exporting to the European market. For comparison, this indicator is quite higher in countries like Latvia, Austria, Lithuania (EC, 2015).

In order to improve the international performance of Bulgarian enterprises, especially SMEs, different policies and measures have been formulated and implemented. A key document which unified the efforts of various institutions,

organizations and stakeholders on SME development is, for example, the *National Strategy for SMEs 2014-2020*. Internationalisation of the Bulgarian business is one of the main areas in the Strategy. One of the priorities during the programming period is to encourage SMEs to enter also the markets of third countries. Measures to achieve this goal include support to the development of export-oriented SME associations, promotion of various forms of partnership, including networks of a wide range of actors (CM, 2014).

Since Bulgaria's accession to the EU in 2007 the opportunities for participation of enterprises at international markets have expanded and support mechanisms have increased. The main source for various forms of assistance, especially for financial support, are operational programmes, through which resources from the European funds are absorbed. Bulgarian business is directly or indirectly supported during the first programming period 2007-2013 through the following programmes: *Development of the Competitiveness of the Bulgarian Economy*, *Human Resources Development*, *Rural Development Programme*, *Environment*, *Transport*, and *Regional Development*, and *Administrative Capacity*, and the first three of these programmes are related to its internationalisation.

The current (second) period includes programmes targeting a variety of problem areas, as environment, transport and transport infrastructure, science and education for smart growth, etc. The programmes that directly support companies are *Innovation and Competitiveness* and *Rural Development Programme*. Programmes that are important not only for economic development but also for cultural cooperation, nature preservation, transport connectivity, etc. are cross-border programmes with the neighbouring countries of Bulgaria (Romania, Turkey, Serbia, Greece, Republic of North Macedonia) (MRDPW, 2019).

Research methodology

The paper studies and analyses networking and usage of available support opportunities and services for participation and performance of enterprises at international markets. The main research questions focus on aims and motives for SMEs' inclusion in international networks; competitive advantages and shortcomings resulting from networking; link between firms' involvement in networks and support, provided and expected assistance and impact of entrepreneur's gender and age.

This paper is based on empirical data obtained from the implementation of a fundamental scientific research project titled „Determinants and models of the competitive performance of the small and medium-sized enterprises in international business environment“, funded by the National Science Fund of the Bulgarian Ministry of Education and Science. The main task of the project is to create new knowledge about the determinants of the competitive performance of companies in international business environment, sources of corporate competitive advantage, as well as their relationship with the competitive performance of enterprises engaged in

international activities. A research team with the participation of the authors of this paper is implementing the project.

The empirical survey was conducted in 2018 and covered a representative sample of 500 enterprises operating in Bulgaria, selected by ownership (family and non-family), sectoral activity, planning region and size (the number of micro-enterprises was limited due to the focus of the fundamental research and the relatively low degree of internationalisation of the Bulgarian micro companies).

The study was focused on enterprises which, at the time of conducting the fieldwork, carried out activities that could be defined as international ones.

A structured questionnaire was used for the study. Due to the heterogeneity and specificity of the surveyed companies, both closed and open questions were used. In order to produce a more comprehensive research the questionnaire included both dichotomous and multiple-choice questions, such for assessing importance, as well as grades (grading scales). This paper uses a small proportion of the responses received that have been processed using the SPSS statistical software.

For the needs of the paper, the few micro and large companies (used in the project sample for comparisons) were excluded, reducing the number of analyzed companies to 468 enterprises, 76% of which - small and the remaining - medium sized. The representativeness of the sample makes it possible, based on the results obtained, to draw conclusions concerning Bulgarian small and medium-sized enterprises operating on international stage.

Analysis and discussion

Overall information about the surveyed SMEs

The surveyed enterprises differ in the stage of their internationalisation process, the forms and tools for internationalisation of their activities, the experience gained on the international markets, the involvement in networks, the use of services and support by different institutions and other criteria.

The selected 468 companies are engaged in three main activities: 227 are manufacturing firms, 137 are companies from the service sector and 87 are trade companies. There are several enterprises operating in other sectors – not engaged in any of the three types of activities pointed above. Family businesses are 58% of the studied enterprises.

The entrepreneurs - founders of the companies are predominately male (82,5%). The much larger number of companies created by men can be explained by the fact that a considerable part of the surveyed enterprises were established more than a decade ago, while the share of women entrepreneurs in the Bulgaria has increased progressively in recent few years.

The age distribution shows that just over half of the entrepreneurs are between 51 and 60 years old, 35% between 41 and 50, about 8% are over 60 and the remaining 6% are between 31 and 40 years old. Not a single entrepreneur is young, i.e. under 30, which can be explained again by the long-term development of the surveyed companies, as well as by the exclusion of younger micro-enterprises from the sample.

The import and export strongly prevail among the main forms of international activities of the surveyed companies. They are of almost equal importance to the enterprises, which is an indicator for combination of passive (like import) and active (like export) forms of internationalisation. These two forms are followed by a number of more complex and involving partnership relations inter-company forms, such as consortia, joint ventures, official representation, contract manufacturing, etc.

Networking as a determinant of the international performance of enterprises

43% of the surveyed enterprises take part in **business networks (sustainable partnerships)** with other companies or organizations **in connection with their international activities**. It can be assumed that a big part of the remaining companies also have network relations but they are not directly connected to their international activities.

The respondents are asked the question ***“What do you aim at when joining a network?”***. The prevailing answer is *“Ties with stakeholders and lobbying”*, marked respectively on first, second or third place by almost all networking enterprises. This is not surprising because two of the main problems of SMEs are their isolation and dependence on changes in the external environment, without being able to influence these changes.

The next important goal, pursued by the surveyed enterprises through involvement in networks, is *“growth (increase in turnover and number of employees)”*, followed by the answer *“assuring/ enlarging the market”*. Important motives for entering networks are also *finding strategic partners* and *getting access to resources*. Around a quarter of networking enterprises do this in order *to reduce their costs (to achieve economy of scale)* or *to get access to foreign markets (and, as a whole, to internationalise their activities)*. There are also other, not so important for the studied enterprises, aims as *“implementation / transfer of innovation and know-how”*, *“expansion of production capacity”* and *“reduction of risk”*.

Interesting results are obtained from the question ***“Which are the main competitive advantages and disadvantages of your business influenced by the networks you are participating in?”***. Both positive and negative effects of networking are searched.

The main advantage of operating in a network pointed out by the majority of respondents is *“speed of the offered services”*. This response corresponds to a not-analyzed in the current paper result of the survey that the enterprises consider their

suppliers and distributors as main business partners contributing to the shortening of the production cycle and quicker delivery of the product/services to the clients. At the same time, networking has a negative impact on this competitive advantage for 35 enterprises. We assume that they are members of entrepreneurial networks where the long-term prosperity of the network is more important than the individual interests of the companies.

183 respondents have assessed positively the impact of networking on *the image and reputation of the companies on the domestic market*. Although the research project studies companies that have already internationalised their activities, these answers prove the importance of the companies' good name on the internal market - not only among customers, but also among colleagues in the industry and society in general. The beneficial effect of network involvement on the companies' image could be interpreted in several ways. Due to the fact that the company demonstrates trustfulness and ability to work in a network, it is considered as a reliable business player and its good reputation among various stakeholders is built. In addition, when well-known international companies take part in the networks of Bulgarian enterprises, this creates preconditions for increasing the trust of the local stakeholders in the enterprise. Only 8 respondents have indicated that participating in networks has a negative impact on the image of the enterprise on the domestic market.

The results about the impact of networking on *the image and reputation of the companies on the foreign markets* are interesting. The positive assessments are 107, while the negative – 25. For the last figure, it can be assumed that those are companies that have experienced the negative influence of working with international companies, which use incorrect market practices and do not have a good reputation.

The networks have a positive influence on the *quality and design* of the surveyed companies' *products and services* (119 positive evaluations and only 19 negative).

The advantages based on low costs achieved through networking are assessed positively by only 82 respondents and negatively – by 36. Although the positive grades are more, obviously cutting the costs and achieving economy of scale are not among the main positive effects of the surveyed enterprises' networking. This, however, as mentioned above, is not amid the major goals of the companies.

The authors of the current paper have made a number of crosstabs between different points of the questionnaire. As regards the networking, the most interesting results are the following:

The company's involvement in networks decreases with increasing the age of the entrepreneur (see below)

		Age of the entrepreneur - founder				Total
		31-40	41-50	51-60	61+	
Does your enterprise take part in business networks with other companies or organizations in connection with your international activities?	Yes	52,6%	47,1%	39,8%	37,5%	42,9%
	No	47,4%	52,9%	60,2%	62,5%	57,1%

It is evident that the tendency to get involved in networks diminishes with the age of entrepreneurs. This can be explained by the fact that usually young people are more trustful and collaborative. Working in a network is connected with many risks that should be predicted and reduced. The fear of losing independence, the negative networking experience and other reasons make the more mature people more individualistic and, accordingly, less inclined to participate in business networks.

The family SMEs take part in (international) networks more often than the non-family enterprises

This contradicts the common understanding of the family business as a more closed toward the “outside world” system. Obviously, Bulgarian family enterprises are prone to business partnerships (including international ones) outside the tighter firm/family circle. This can be explained in several ways. Although the private business in Bulgaria has only 30-year history, the family enterprises already have conquered markets and established positions. One of the reasons for this is that, in order to develop, they have gone out of the strongly limited as a size Bulgarian market, incl. through involvement in different kinds of networks “overjumping” their inherent closeness. Moreover, a great part of Bulgarian family firms are planning or have already transferred the business over the generations. The founders of the Bulgarian family companies in most of the cases are aiming at passing on stable businesses, with developed network of clients and partners, to the future generations.

Networking companies have more various forms of internationalisation of their activities and declare greater customer satisfaction

In addition to the import and export, they, in comparison to the non-networking enterprises, more often enter outsourcing and subcontracting networks, engage in official representations and develop other forms of international activities.

Networking enterprises declare greater compliance of their products and services with the requirements of the foreign markets. As a result, they are able to deliver more value to their customers and to retain important clients.

Support - networking - age - gender in the internationalisation process

In addition to networking, the support provided by institutions and organizations could promote the international activity of small and medium-sized enterprises.

Data show that just over 20% of companies surveyed have received support from European, national or other programmes promoting the internationalisation process. Among them, only one percent more are male-run businesses. In Bulgaria, for a number of reasons (economic, social, educational, etc.), women's entrepreneurship is well developed and women entrepreneurs are about 40%. (Simeonova-Ganeva, Ganev et al., 2013). In addition, under some schemes in the part of the programmes in both programming periods (2007-2013 and 2014-2020) women entrepreneurs have a priority and their projects receive additional points. This gave additional impetus to the development of women's entrepreneurship in the country.

The data about the link between aid for internationalisation of enterprises and the age of entrepreneurs show that companies whose founders are over 50 years have benefited from European, national and other programmes by 10% more than those aged between 30 and 50 years. It is probably due to their larger lifetime and entrepreneurial experience, as well as companies' absorption opportunities. At the same time, part of the policies and programmes supporting start-up and business development consider youth as a priority group. Continuing efforts in this direction and diversifying opportunities to support young entrepreneurs to successfully create and grow international business is crucial to the country's economic development.

The data show that enterprises participating in business networks with other companies or organizations in respect to their international activities are also proactive in seeking and receiving support from various programmes. Although few (about 4%) are more companies with networked business relationships than those who are still more isolated, including in support of their international operations. This shows the possibility of joint information, training and intermediary measures to encourage business cooperation with other companies and organizations.

Companies that receive support from programmes form twice as often vertical partnerships. Just over 40% of these companies have partnerships mainly with suppliers and distributors, which may have been dictated by the need to ensure sustainability in supply or access to specific markets. The companies with horizontal network relationships are about two times less (almost 22%). Proactive companies seeking and receiving support from various programmes have also succeeded in establishing much greater relationships with different partners. Such collaborations have been created with research organizations; business support organizations; various institutions, as well as a wider network with contractors and contracting entities.

Some differences were found in respect to services that companies considered would be useful for them in international markets, depending on whether they were involved in business networks or not. Companies participating in such partnerships, which answered this question, put first the need for services that enhance the quality of human resources (13%), then the receipt of information on external markets (12%), and third, financial support for their activities (11%). Non-business networking companies need first and foremost to help them connect with different partners and customers (probably aware of their somewhat isolated nature) (15%), followed by the desire for more information on overseas markets (12%), and assisting in the appearance of international forums (11%).

Interesting differences can be observed in respect to the necessary support for successful performance on the international markets, depending on the age of the entrepreneurs. Enterprises led by entrepreneurs between 30 and 40 years of age expressed a concentration of desired aid in several directions: information on external markets (29%), need for different training (14%), financial support (14%), support to expand markets (14%), participation in exhibitions and fairs (14%), consultations (14 %).

The greatest variance in the answers is in the expressed needs of the enterprises whose entrepreneurs are between 41-50 years old, as well as in the next category 51-60 years. The first group of companies needs to establish partner relations (19%), participation in international forums (12%), and improvement of the quality of human resources (11%). The second group (51-60 years) mainly mentioned the need for additional financing (12%), and information on foreign markets (12%). Enterprises whose entrepreneurs are over 61 need information on foreign markets (17%) and establishing relationships with partners and clients (11%), stronger administrative support (11%), and creation of an electronic platform for facilitating and information (11%).

Differences are also found in the expressed need to support enterprises depending on the gender of their founders. Companies created by men need mainly relationships with various counterparts (13%), information on foreign markets (12%), financial support (11%) and participation in international forums (10%). Women-headed companies are most in need of information on foreign markets (19%), well-trained employees (14%), skills' training (11%), and improving the technological level of business (11%).

It is also important to know how companies evaluate the work and support of different institutions and organizations. Entrepreneurs assess positively the efforts of the institutions and organizations they work with. In total, 66% of the respondents give good and very good rating of the financing institutions, and only one percent less (65%) give a positive assessment of organizations supporting businesses. About 60% evaluate positively the contribution of external experts and consultants. The

contribution of local and foreign business partners to the development of firm's activities, including the internationalisation and the successful performance in international markets, is highly evaluated (near 65%).

In conclusion, it should be noted that institutions and organizations supporting the international performance of SMEs should analyse various factors, such as active involvement and participation of the company in business networks, age and gender of the entrepreneur, etc.

Conclusions and recommendations

Networking and usage of support for more active involvement of enterprises in the international markets are considered and analysed in the paper. The literature review and the study of 468 small and medium-sized enterprises in Bulgaria give a basis for drawing conclusions and making recommendations to different stakeholders.

The representative empirical research of already operating on the international arena Bulgarian SMEs shows that a big number of them take part in business networks in connection with their international activities. The main goal that enterprises pursue when involving themselves in networks is to strengthen the ties with stakeholders, as well as lobbying opportunities. Joining networks is a tool for getting access to the main individuals, companies and institutions on which their success depends, in order to get greater power when negotiating with third parties and as a whole – to supply them with a mechanism “to have their voice heard”. Other major objectives they are pursuing through involvement in networks are to achieve growth, market expansion, access to important resources (technology, finance, products, assets, information), etc.

Networking has a positive impact on SMEs' competitive advantages. Through operation in networks, they enhance their most important advantages. Networks facilitate increased speed of services and better quality and design of products, which the enterprises offer, strengthening the company's reputation in the domestic and foreign markets, cutting the costs, etc. That is why the family business, which has strong traditions in Bulgaria, is actively using the networks as means of internationalisation and development.

Despite the benefits, networking is also connected with a number of risks, e.g. weakening of certain competitive advantages. Therefore, it is not surprising that the empirical study shows that at an older age entrepreneurs are increasingly less likely to involve their businesses in networks.

Networking companies involve themselves in more various forms of international activities. At the same time, they are also more active in seeking support to improve their international performance. In comparison to the non-networking enterprises, they need specific assistance for their international activities, such as support for

improving the quality of human resources, receiving information about foreign markets and getting financial support for their activities. Unlike them, the non-networking companies emphasize the need to obtain services, which could help them to overcome, to a certain extent, their greater isolation, such as obtaining information, making contacts, participation in different forums. The analyses of the network partnerships formed by the investigated enterprises, which have received support, shows that they prefer to form vertical partnerships two times more often than partnerships with companies in the same sector. In addition, it can be noted that companies that have received different forms of support in the process of internationalisation, have been able to form broader networks with various types of partners.

According to the study results, the need of support for internationalisation differs according to the gender and age of the entrepreneur. The companies created by men need mostly relationships with various counterparts while woman-headed firms are most in need of information on foreign markets. Data show that companies whose founders are over 50 years, have benefited more often from different programmes. Besides, certain differences could be observed in the support needed according the age of the entrepreneurs.

The empirical results presented in the paper and the analyses made provide a basis for formulating recommendations to two major groups of stakeholders interested in SMEs' activities.

Recommendations to SMEs' entrepreneurs and managers are to use networking as a tool for internationalisation and prospective development of the company; to have a proactive behaviour in order to attract strategic foreign partners and to maximize the benefits of these partnerships.

Recommendations to business support institutions and organizations are to help SMEs more actively in the process of their internationalisation, incl. in finding the "right" partners, to assist in promotion of the expertise and capabilities of the companies. The latter is particularly needed by Bulgarian SMEs, because many of them have innovative potential, as well as specialized production, technological, human and other resources, which can be successful on the international stage, but this remains unnoticed mainly due to their weak marketing efforts. Moreover, the fact that the network participants are proactive regarding the support they receive, gives grounds for the supporting institutions and organizations to look for opportunities to combine the services offered, depending on the involvement of the companies in such partnerships. Entrepreneurs can also be provided with further support for cooperation with suppliers and distributors (vertical relations) as well as with companies in the same sector (horizontal relations), which will enable them to accumulate complementary capacity and resources for more successful performance on foreign markets. In addition, it should be noted that supporting institutions and

organizations have to offer more attractive, targeted to the young entrepreneurs services for facilitating internationalisation, as well as instruments for providing more practical knowledge and skills for cooperation with different partners.

References

- [1] Boeva, B. (2014). Management in the conditions of internationalization and globalization, Publishing complex – UNWE, Sofia
- [2] Brouthers, K., G. Nakos, P. Dimitratos (2015). SME Entrepreneurial Orientation, International Performance, and the Moderating Role of Strategic Alliances, *Entrepreneurship Theory and Practice*, Vol 39, Issue 5, pp. 1161 - 1187
- [3] Council of Ministers (2014). National Strategy on SME Promotion 2014-2020, Ministry of Economy and Energy, www.strategy.bg [Accessed 18 July 2019]
- [4] Crick D, V. Lindsay (2015). Service and service-intensive New Zealand internationalizing SMEs: managers' perceptions of government assistance, *Marketing Intelligence&Planning* 33(3):366-393
- [5] Czinkota, M., (2002). Export Promotion: A Framework for Finding Opportunity in Change, *Thunderbird International Business Review*, Vol. 44(3) 315–324
- [6] Directorate General Enterprise and Industry (2008). Supporting the internationalization of SMEs, A Compilation of Good Practices, European Commission
- [7] European Commission (2015). Flash Eurobarometer 421 - TNS Political & Social, Internationalisation of small and medium-sized enterprises, Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs and co-ordinated by the Directorate-General for Communication.
- [8] Forsgren, M., I. Hagg, H. Hakanson, J. Johanson, L.-G. Mattson (1995). Firms in Networks. A New Perspective on Competitive Power, Uppsala University, Stockholm
- [9] Freixanet, J. (2012). Export promotion programs: Their impact on countries' internationalization performance and competitiveness, *International Business Review* 21, 1065-1086, doi: 10.1016/j.ibusrev.2011.12.003
- [10] Haddoud M, P. Jones, R. Newbery (2017). Export promotion programmes and SMEs' performance: Exploring the network promotion role, *Journal of Small Business and Enterprise Development* 24(1):68-87
- [11] Ministry of Regional Development and Public Works (2019). Programmes for territorial cooperation 2014-2020, <https://www.mrrb.bg/bg/infrastruktura-i-programi/programi-za-teritorialno-sutrudnichestvo-2014-2020/>, [Accessed 25 July 2019]
- [12] Pichler, J.H. (2007). SME-Specific "Profiles", Strategic Potentials and Attitudes toward Internationalization in the Enlarged EU. In *Yearbook of*

- UNWE. UNWE University Press, Sofia. <http://unwe-yearbook.org/en/journalissues/article/7218>. [Accessed 10 August 2019]
- [13] Porter, M. (2004). The Competitive Advantage of Nations. Sofia: Klassika I Stil Publishing. /in Bulgarian/.
- [14] Simeonova-Ganeva, R., Vladimirov, Zh., Ganev, K., Panayotova, N., Dimitrova, Ts., Davidkova, T., Yordanova, D., (2013). Study of Entrepreneurship and the Prospects for Innovations Development in SMEs (2012-2013), (BSMEPA), Available:
<https://www.sme.government.bg/>, https://www.sme.government.bg/en/uploads/2013/06/SMEs_2013_en.pdf [Accessed 05 July 2019]
- [15] Todorov, K., M. Vasilka, S. Georgieva et al. (2013). Network Economy. Building and Development of Industrial Clusters, Subcontracting Chains and Entrepreneurial Networks, UNWE University Press, Sofia
- [16] Vasilka, M., I. Kerezhev, Y. Ivanova (2014). Strategic Networking Behavior of SMEs: Practical Considerations from Bulgaria. In: Todorov, K., D. Smallbone (edc.), Handbook of Research on Strategic Management in Small and Medium Enterprises, IGI Global, USA