

CHAPTER ONE

1.0 INTRODUCTION

The global marketplace is replete with opportunities and challenges for Small and Medium Enterprises (SMEs) in the United Kingdom (UK) (McDougall & Oviatt, 2000). In a time of unprecedented globalization, international expansion has arisen as a compelling strategy for SMEs, offering prospects for revenue growth, diversification, and competitive advantage (Coviello & Munro, 1997). The UK, with its dynamic economy and strategic location, provides a fertile ground for local and international SMEs to establish their business. However, venturing into international markets demands a sophisticated understanding of diverse regulatory landscapes, cultural nuances, and competitive dynamics (Shenker & Reuer, 2006).

In this context, business consultants have emerged as essential allies for SMEs embarking on internationalization journeys. Business consultants, with their specialized knowledge and expertise, are uniquely positioned to guide SMEs through the intricate processes of market selection, market entry, and sustainable growth in foreign territories. Their role encompasses a wide spectrum of activities from strategic planning and market research to risk management and regulatory compliance (Freeman & Cavusgil, 2007).

Despite the potential value that business consultants bring to the international expansion strategies of SMEs, a comprehensive assessment of their roles, effectiveness, and impact in the UK companies' context is notably lacking. It is this critical gap in our understanding that motivates the present research endeavor.

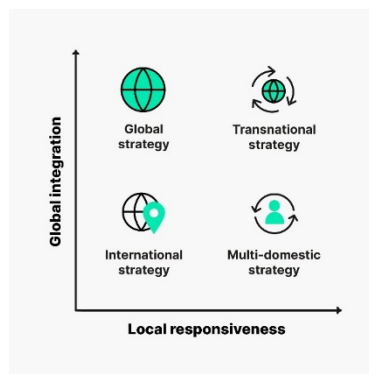


Figure 1: Global Integration

Source: Phrase

1.1 BACKGROUND OF THE STUDY

International expansion is a critical growth strategy for Small and Medium Enterprises (SMEs) in the United Kingdom (UK) to tap into new markets, increase revenues, and gain a competitive edge. As depicted in Figure 1 above, global integration encompasses global strategy, international strategy, transnational strategy, and multi-domestic strategy which all are key to determining local responsiveness. However, SMEs often face challenges related to limited resources, lack of international business expertise, and unfamiliarity with foreign markets. To overcome these challenges, SMEs frequently turn to business consultants for guidance and support (Alon, & McKee, 2019).

Business consultants play a crucial role in assisting SMEs throughout the international expansion process. They provide specialized knowledge, expertise, and practical advice to help SMEs navigate the complexities of entering foreign markets successfully. Some key aspects of their role include market research and analysis, entering strategy development, partner identification and relationship building, regulatory compliance, financial assistance, organizational development, and risk assessment and management (Bell, & McNaughton, 2019).

Small and Medium-sized Enterprises constitute a crucial segment of the United Kingdom economy (figure 2), accounting for a substantial portion of employment and economic output. The increasingly competitive global marketplace has undergone significant transformation in recent decades with advancements in technology, trade liberalization, and communication networks. Small and Medium-sized Enterprises are recognizing the importance of expanding their operations beyond their domestic borders to capitalize on new growth opportunities. International expansion presents numerous challenges which necessitate strategic planning and expert guidance. Business Consultants are quintessential in making the process effective by offering expertly proven experience, knowledge, and support to SMEs in the United Kingdom who are in dire need of this service as just 9% of the current 99.9% of SMEs in the private sector engage in exportation (David Buckley, 2023).

This research aims to assess the role of Business Consultants in guiding Small and Medium-sized Enterprises in the United Kingdom through the intricacies of international expansion strategies. It delves into the key factors driving SMEs in the United Kingdom to expand abroad,

the challenges, and how Business Consultants contribute to overcoming these hurdles thereby helping Key organizational decision makers to devise effective strategies to enhance the SME's global competitiveness and foster economic growth.

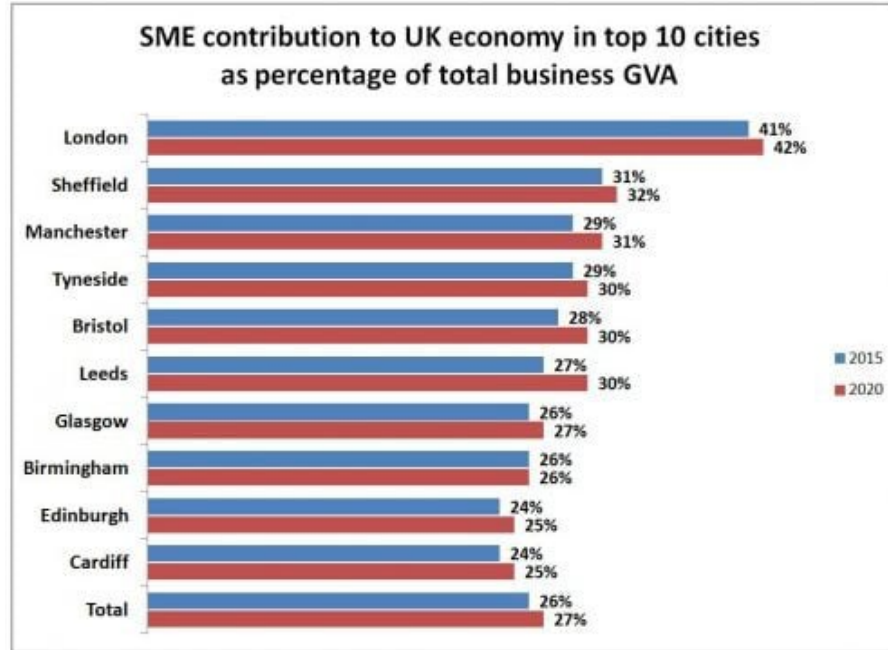


Figure 2: SME Contribution to the UK Economy

Source: Hampshire Trust Bank

Understanding how SMEs anticipate and react to a changing complicated and uncertain business environment has received less attention in the expansion and management literature of late. SMEs may operate on a global scale in both developed and developing Nations (Gherhes, Williams, Vorley & Vasconcelos, 2016). When looking at nations with a lengthy history of foreign trade, like Nigeria and the UK. Especially considering that the UK has technologically advanced products, fierce local competition, well-organized, robust financial support networks, the capacity and desire to grow globally, and how obstacles to cross national boundaries. The study focuses on how SMEs succeed internationally across both the developed and the developing economy where SMEs contribute significantly to gross domestic products (World Bank, 2017, the UK Department for Business Innovation and Skills, 2012).

Business consultants play a crucial role in supporting SMEs' international expansion efforts by providing specialized knowledge, expertise, and guidance. According to Buche and Aliouat (2020), some key aspects of their role include:

- **Market Research and Analysis:**

Business consultants assist SMEs in conducting market research and analysis to identify potential target markets, assess market demand, and analyze competition. They help SMEs gather relevant market information, such as consumer preferences, local regulations, and cultural nuances, to make informed decisions about international expansion.

- **Entry Strategy Development:**

Consultants aid SMEs in developing entry strategies tailored to specific target markets. They assess different market entry modes, such as exporting, licensing, joint ventures, or direct investment, and provide recommendations based on factors such as the SME's resources, capabilities, and risk tolerance.

- **Partner Identification and Relationship Building:**

Consultants assist SMEs in identifying potential local partners, distributors, or suppliers in foreign markets. They help SMEs establish and nurture relationships with key stakeholders, facilitate negotiations, and navigate cultural differences to build successful partnerships.

- **Regulatory Compliance and Legal Support:**

Business consultants guide SMEs through the complex regulatory frameworks and legal requirements associated with international expansion. They help SMEs understand and comply with local laws, regulations, and trade policies, reducing the risk of non-compliance and potential legal issues.

- **Financial and Funding Assistance:**

Consultants help SMEs identify and access sources of funding and financial support for international expansion. They assist in preparing business plans, financial projections, and investment proposals to attract potential investors or secure loans.

- **Organizational Development and Capacity Building:**

Consultants support SMEs in developing organizational capabilities and structures necessary for international expansion. They provide guidance on talent acquisition, training, and development to equip SMEs with the skills and resources needed to operate effectively in foreign markets.

- **Risk Assessment and Management:**

Consultants assist SMEs in identifying and mitigating risks associated with international expansion. They conduct risk assessments, develop contingency plans, and help SMEs

navigate geopolitical, economic, and operational risks to ensure a smoother expansion process.

By assessing the role of business consultants in facilitating international expansion strategies for SMEs in the UK, the study aims to provide valuable insights into the contributions and significance of consulting services in enhancing SMEs' competitiveness and success in global markets.

1.2 STATEMENT OF THE PROBLEM

The role of business consultants in facilitating international expansion strategies for Small and Medium Enterprises (SMEs) in the United Kingdom faces several challenges and limitations. Understanding these challenges is essential to address the gaps and improve the effectiveness of business consultants' contribution to SMEs' international expansion.

Many SMEs in the United Kingdom lack awareness of the potential benefits of engaging business consultants for international expansion (Hessels, Gelderen, & Thurik, 2021). They may not fully understand the role and value that consultants can provide in terms of market research, strategy development, and partner identification. Moreover, some SMEs may face barriers in accessing high-quality, affordable consultancy services due to financial constraints or limited availability of consultants with relevant expertise (Bloom, Sadun, & Van Reenen, 2018).

International expansion involves navigating complex regulatory frameworks, including trade agreements, export controls, and compliance with local laws and regulations (Barkema & Vermeulen, 2017). Business consultants need to have a deep understanding of these regulations to guide SMEs appropriately. However, providing up-to-date knowledge on changing regulatory requirements and ensuring compliance can be challenging, particularly when regulations vary across different target markets (Coviello & McAuley, 2022).

SMEs often operate with limited resources, including financial and human capital (European Commission, 2012). Engaging business consultants for international expansion may require additional investments. SMEs may struggle to allocate sufficient resources for consultancy fees, making it difficult to access the specialized expertise and support they need to develop effective international expansion strategies (McDougall & Oviatt, 2000).

Successful international expansion requires understanding cultural nuances, consumer preferences, and local market dynamics (Knight & Liesch, 2016). Business consultants need to possess cross-cultural competence and market-specific knowledge to guide SMEs in adapting their products, services, and marketing strategies. However, consultants may face challenges in acquiring deep insights into every target market due to the diversity of international markets and the rapidly changing global business landscape (Moen & Servais, 2021).

Business consultants often provide generic frameworks and methodologies that may not fully align with the unique needs and capabilities of individual SMEs (Welch & Luostarinen, 2021). Balancing scalability and customization can be challenging, especially when SMEs have different industry focuses, market entry strategies, and growth aspirations. Consultants need to tailor their approach to accommodate the specific requirements of SMEs in the United Kingdom, considering their size, industry, and international expansion objectives (Rialp, Rialp, & Knight, 2018).

SMEs need to evaluate the performance and value delivered by business consultants in facilitating their international expansion. However, assessing the impact and return on investment from consultancy services can be challenging. SMEs may lack the tools and resources to systematically measure the outcomes and effectiveness of the consultancy engagement, making it difficult to gauge the consultant's contribution and make informed decisions about future collaborations (O'Cass & Weerawardena, 2020).

Addressing these challenges and limitations is crucial to enhance the role of business consultants in facilitating international expansion strategies for SMEs in the United Kingdom. Overcoming these obstacles would enable SMEs to access the necessary expertise, support, and guidance to successfully navigate international markets and drive sustainable growth.

While existing literature underscores the importance of international expansion for SMEs (Coviello & Munro, 1997), acknowledges the challenges they face (Garonne & Zouaghi, 2018) and underscores the potential of business consultants in this context, there is a conspicuous lack of empirical research that systematically investigates the role of business consultants and their contribution to UK's SMEs internationalization. Despite the benefits of international expansion for SMEs in United Kingdom, many are yet to initiate the process

while others have encountered various challenges during the process. Only 9% of the 5.58 million SMEs, which makes up 99.9% of enterprises in the private sector of the United Kingdom economy, are currently engaging in international business (startups.co.uk statistics 2023).

The specific research problem is to determine to what extent and in what ways do Business Consultants contribute to overcoming challenges and enhancing the success of SMEs international expansion strategies in the United Kingdom.

The role of Business Consultants in supporting SMEs through the expansion journey remains a critical aspect that requires comprehensive investigation and evaluation. It is vital to examine economy-wide business consultancy, all possible international expansion strategies, and Small and Medium-sized Enterprises' performance utilizing the United Kingdom as the case study due to the aforementioned contentious problems.

1.3 RESEARCH QUESTION

The basic objective of this study is to ascertain the role of Business Consultants in facilitating successful international expansion for SMEs in the United Kingdom.

Therefore, the main research questions of the present study are as follows:

1. What are the current landscapes of international expansion amongst SMEs in the United Kingdom?
2. What are the key challenges faced by SMEs in the United Kingdom when expanding internationally and assess how business consultants can help address these challenges?
3. Are there specific services and expertise offered by business consultants to SMEs in the United Kingdom seeking international expansion?
4. Are there emerging trends and future prospects for the role of business consultants in facilitating international expansion strategies for SMEs in the United Kingdom?

1.4 OBJECTIVES OF THE STUDY

The broad objective of this research study is to examine the relationship between Business Consultants and international expansion strategies for SMEs in the United Kingdom.

The specific objectives are to:

1. To assess the current landscape of international expansion amongst SMEs in the United Kingdom.
2. To analyze the key challenges faced by SMEs in the United Kingdom when expanding internationally and assess how business consultants can help address these challenges.
3. To examine the specific services and expertise offered by business consultants to SMEs in the United Kingdom seeking international expansion.
4. To explore the emerging trends and future prospects for the role of business consultants in facilitating international expansion strategies for SMEs in the United Kingdom.

1.5 HYPOTHESIS OF THE STUDY

The following hypotheses have been formulated to serve as a guide to arriving at a logical conclusion on the study.

H₀₁: There are significant current landscapes of international expansion amongst SMEs in the United Kingdom.

H₀₂: There are significant key challenges faced by SMEs in the United Kingdom when expanding internationally and business consultants can help address these challenges.

H₀₃: There are specific services and expertise offered by business consultants to SMEs in the United Kingdom seeking international expansion.

H₀₄: There are significant emerging trends and prospects for the role of business consultants in facilitating international expansion strategies for SMEs in the United Kingdom.

1.6 SIGNIFICANCE OF THE STUDY

The usefulness of a study's findings hinges on how well those findings can be implemented. The importance of this study is emphasized due to the anticipated importance of the empirical findings, which will demonstrate the impact that Business Consultants have on ensuring effective and efficient international expansion strategies for SMEs in the United Kingdom. It is one of the goals of this study to identify areas where consultancy and international expansion theories and practices fall short. I hope that the findings will help the executives of Small and

Medium-sized Enterprises and the leaders of similar organizations improve their strategies for international trade. Scholars and professionals agree that Business Consultants will prove useful when organizations face any business challenges as they are experts in business management and organization (Alaric Bourgoin et al., 2018).

Again, some research has shown that Business Consultants are crucial to a company's strategic expansion process. As a result, a Business Consultant is recognized as a key to fostering organizational performance and sustaining a competitive edge over the long term. This is done to help businesses succeed more rapidly by linking leadership performance to substantial rewards and equipping the organization with the resources they need to do their jobs effectively.

This study also has theoretical significance since, for a long time, businesses have looked to the effects of Business Consultants to inform their strategy development for competitive advantage. This is because of the widespread belief that teams benefit greatly from having dedicated industry experts who advise on standards, help members integrate new information, and organize and steer projects. The repercussions of poor consultancy may be devastating. Organizations that are lacking in professional consultancy services or sound leadership tend to move at a snail's pace and have no clear direction. If decisions are made promptly, thoroughly, and accurately, then things will go smoothly; nonetheless, a choice in and of itself does not change the status quo. Once a decision has been taken, an organization must find out how to put it into action in a timely and effective way. The difficulties associated with implementation stem from questions about how Consultants can affect employer and employee behavior, change the trajectory of events, and overcome resistance. Leadership is crucial for carrying out choices suggested by a Business Consultant successfully.

Moreover, the leadership of Small and Medium-sized Enterprises stands to gain a great deal from this effort. The importance of this research is listed below:

1. It adds to the knowledge on SMEs globalization which is crucial to global economic development.
2. It shows the value of Business Consultants in supporting SMEs' international expansion endeavors.

3. SME owners can gain practical insights into the benefits of engaging business Consultants for their internationalization goals.
4. Findings can assist policymakers in developing programs for SMEs aiming to expand internationally.
5. It is also hoped that this investigation would ignite the interest of rising academics, who will join or are already a member of these SME research teams.

In addition to these benefits, it will add to the literature on business consultants and international expansion strategies, making it a useful resource for future studies.

CHAPTER TWO

CONCEPTUAL FRAMEWORK AND LITERATURE REVIEW

2.0 CONCEPTUAL FRAMEWORK

Business consultants are professionals who offer specialized advice and assistance to organizations across various areas of business. They provide expertise and guidance to help businesses improve their performance, solve problems, and achieve their objectives. Business consultants work with clients to analyze their operations, identify areas for improvement, and develop strategies to drive growth and success (Investopedia, 2024).

International expansion strategies involve the process of entering and operating in foreign markets to expand a business's reach beyond its domestic market. For SMEs in the United Kingdom, international expansion offers opportunities to tap into new markets, access a broader customer base, and increase revenue potential (British Chambers of Commerce, 2024). International expansion strategies for SMEs can include various approaches such as exporting, establishing foreign subsidiaries or branches, forming partnerships or alliances, or engaging in licensing or franchising agreements. These strategies require careful planning, market research, adaptation to local regulations and cultural differences, and effective execution to succeed in international markets (British Chambers of Commerce, 2024).

According to Tommy Bukley (2022), 75% of SMEs in the United Kingdom that begins international trade are more profitable (Appendix 1). International expansion is a critical growth strategy for SMEs aiming to remain competitive in the global marketplace. SMEs in the United

Kingdom have increasingly recognized the significance of internationalization for the benefits of revenue diversification, risk mitigation, and accessing new customer bases (Coviello & Munro, 1997; McDougall & Oviatt, 2000). Despite its potential benefits, international expansion poses unique challenges including market selection, regulatory compliance, and cultural adaptation (Shenkar & Reuer, 2006).

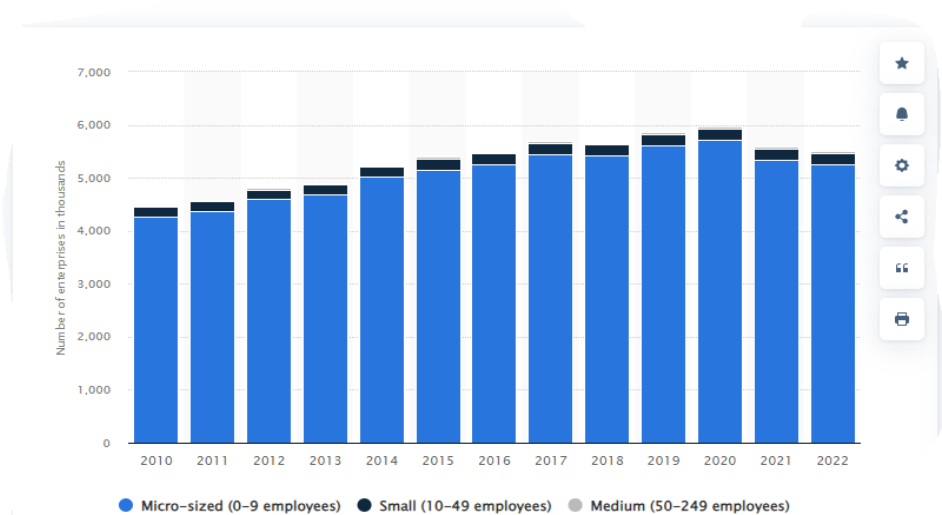


Figure 3: SMEs in UK from 2010 – 2022

Source: Statista

2.1 STRATEGIES FOR EXPANDING GLOBALLY WITH IBC

In today's interconnected world, expanding your business globally can open up new opportunities and drive significant growth. However, navigating the complexities of international markets can be challenging. This is where International Business Consultants (IBCs) play a pivotal role in empowering your enterprise to thrive globally. Let's explore some effective strategies for global expansion with the expertise of IBCs (De Clercq, Thongpapanl, & Dimov, 2018):

- **Conducting Market Research and Feasibility Studies:**

Before venturing into foreign markets, conducting thorough market research and feasibility studies is essential. IBCs can help you analyze market trends, customer behavior, and competitor landscapes. By gathering valuable insights, you can make informed decisions and identify the most promising markets for your products or services. Furthermore,

feasibility studies performed by IBC assess the viability of your expansion plans. They analyze factors such as regulatory compliance, cultural differences, and potential risks, allowing you to tailor your approach and maximize success.

- **Identifying and Forming Strategic Partnerships:**

Entering foreign markets often involves building relationships with local partners and stakeholders. IBCs have extensive networks and expertise in identifying potential strategic partners, suppliers, or distributors. These partnerships can help you navigate cultural nuances, overcome language barriers, and establish a strong presence in the global market. Strategic alliances enable you to leverage the local expertise and resources of partners, mitigating risks and accelerating your market entry.

- **Overcoming Challenges with the Help of International Business Consultants**

In the dynamic world of international business, companies often encounter various challenges when expanding their operations beyond borders. These hurdles can be daunting, but with the assistance of experienced International Business Consultants (IBCs), they can be effectively addressed and turned into opportunities for growth. Here, we explore some of the key challenges that global enterprises face and how IBCs play a vital role in overcoming them according to Ali, and Yusuf (2016).

- **Addressing Cultural Differences and Communication Barriers:**

One of the most common obstacles when conducting business across borders is navigating diverse cultures and communication styles. IBCs bring invaluable expertise in cultural intelligence, helping businesses understand local customs, traditions, and business practices. By facilitating effective cross-cultural communication, IBCs enable smooth interactions with international partners, employees, and customers. This fosters trust and strengthens business relationships, leading to enhanced collaboration and successful market penetration.

- **Complying with International Trade Regulations and Legal Frameworks:**

Operating across multiple countries means navigating a labyrinth of complex international trade regulations and legal requirements. Non-compliance can lead to severe penalties and reputational damage. International Business Consultants possess in-depth knowledge of global trade laws and regulations, keeping businesses updated on the latest changes. They

assist in crafting compliance strategies, ensuring adherence to all legal frameworks, and avoiding potential pitfalls that may arise when conducting business internationally.

2.1.1 FUTURE TRENDS IN INTERNATIONAL BUSINESS CONSULTING

According to Sardana, and Sharma, (2019), as the world becomes more interconnected, the role of International Business Consultants (IBC) is continuously evolving to meet the demands of a rapidly changing global landscape. In this section, we'll explore the future trends that will impact IBC practices, the shifting dynamics in global markets, and the emerging opportunities that lie ahead for international business consultants.

TECHNOLOGICAL ADVANCEMENTS IMPACTING IBC PRACTICES

Presently and in the future, technological advancements play a pivotal role in reshaping how IBCs operate. Automation and artificial intelligence (AI) streamline various consulting processes, allowing IBCs to gather and analyze vast amounts of data efficiently. This data-driven approach enables IBCs to provide more accurate market insights, identify potential risks, and develop tailored strategies for their clients (Sardana & Sharma, 2019).

SHIFTING DYNAMICS IN GLOBAL MARKETS AND EMERGING OPPORTUNITIES

The global business environment is ever-changing, and IBCs must stay attuned to emerging trends and opportunities. As certain regions experience rapid economic growth, IBCs will help their clients tap into these markets by providing market entry strategies, localization expertise, and cultural understanding.

Additionally, with the rise of sustainable and socially responsible practices, IBCs will assist businesses in adopting ethical business models to appeal to conscientious consumers. They will guide companies in integrating sustainability practices into their global expansion plans, driving positive impact and fostering long-term success.

PREDICTIONS FOR THE ROLE OF IBCS IN THE COMING YEARS

In the future, IBCs will become even more instrumental in enabling global enterprises to thrive. Their role will extend beyond traditional consulting services to include acting as strategic partners, helping companies navigate geopolitical complexities, and identifying new avenues for growth.

2.2 CHALLENGES FACED BY SMES IN INTERNATIONALIZATION

SMEs face a myriad of challenges when expanding internationally (Crick & Spence, 2005; Oviatt & McDougall, 1994). These include:

- Limited Resources
- Identification of Barriers
- Key Motives and Drivers
- Human Capital
- Lack Of In-House Expertise in Foreign Markets
- Unfamiliarity With Regulatory and Cultural Nuances

Additionally, SMEs often grapple with the complexity of global supply chains and logistical operations (Garoone & Zouaghi, 2018).

2.2.1 BUSINESS CONSULTANTS AND INTERNATIONALIZATION CHALLENGES

Business consultants play a pivotal role in mitigating challenges faced by SMEs in their internationalization efforts. They bring specialized knowledge and experience, helping SMEs navigate complex international markets (Fombrun & Zajac, 1987). Consultants assist in market research, partner identification and connection, and strategy formulation which all provide the businesses concerned with a strategic roadmap for international expansion (Freeman & Cavusgil, 2007).

Moreover, Consultants offer valuable insights into regulatory compliance, tax optimization, and risk management in foreign markets (Child, 1997). They serve as a bridge between SMEs and global networks, facilitating partnerships and alliances crucial for successful internationalization (Contractor, 2013).

The role of business consultants in international expansion is vital for organizations looking to expand their operations into foreign markets. Business consultants bring specialized knowledge, expertise, and experience that can help companies navigate the complexities of international markets and develop effective expansion strategies according to Sardana, and Sharma, (2019). Here are some key roles played by business consultants in international expansion:

1. **Expertise and Knowledge:** Business consultants possess specialized knowledge and expertise in various aspects of international business, including market analysis, entry strategies, regulatory compliance, and cultural considerations. They bring this expertise to the table and assist SMEs in understanding the complexities of foreign markets, identifying opportunities, and making informed decisions (Doherty, & Alexander, 2018).
2. **Tailored Strategies:** Consultants work closely with SMEs to develop customized international expansion strategies based on the specific needs, goals, and resources of the SME. They assess factors such as the target market, competitive landscape, industry trends, and the SME's capabilities to recommend appropriate entry modes, market positioning, and growth strategies (Chetty, & Campbell-Hunt, 2020).
3. **Market Research and Analysis:** Business consultants conduct thorough market research to identify potential target markets and assess their attractiveness. They analyze market trends, customer preferences, competition, regulatory frameworks, and cultural factors to provide valuable insights for decision-making. This information enables SMEs to make informed decisions regarding market entry, product adaptation, pricing, and marketing strategies (Bell, & McNaughton, 2019).
4. **Entry Strategy Development:** Consultants assist in developing entry strategies tailored to specific markets. They help organizations evaluate different entry modes such as exporting, licensing, joint ventures, or establishing subsidiaries. Consultants also provide guidance on market positioning, pricing strategies, and distribution channels.
5. **Risk Assessment and Mitigation:** Business consultants assess the risks associated with international expansion and develop strategies to mitigate them. They help organizations understand political, economic, legal, and cultural risks in target markets and develop contingency plans to minimize potential disruptions.
6. **Regulatory Compliance:** Consultants ensure that organizations comply with local regulations, legal requirements, and trade policies in target markets. They help navigate complex regulatory frameworks, obtain necessary licenses, permits, and certifications, and ensure adherence to international business practices and standards.

7. **Partner Identification, Relationship Building and Negotiation:** Consultants assist SMEs in identifying potential local partners, distributors, suppliers, or joint venture opportunities in foreign markets. They leverage their networks, industry contacts, and knowledge of the local business environment to help SMEs establish and nurture relationships with key stakeholders. This support is crucial for building trust, negotiating partnerships, and navigating cultural differences (Hughes, & Morgan, 2021).
8. **Risk Assessment and Management:** Business consultants help SMEs assess and manage risks associated with international expansion. They conduct risk assessments, identify potential challenges, and develop strategies to mitigate risks. Consultants assist SMEs in understanding geopolitical, economic, legal, and operational risks, enabling them to make informed decisions and develop contingency plans (Ramírez-Pasillas, & de Fuentes, 2019).
9. **Regulatory Compliance and Legal Support:** Consultants guide SMEs through the complex regulatory frameworks and legal requirements of foreign markets. They help SMEs navigate local laws, regulations, trade policies, and intellectual property rights. By ensuring compliance, consultants minimize legal risks and potential barriers to entry (Alon, & McKee, 2019).
10. **Capacity Building and Skill Development:** Consultants support SMEs in developing the necessary capabilities, skills, and resources for successful international expansion. They provide training, coaching, and guidance on international business practices, cross-cultural communication, negotiation skills, and other relevant areas. This capacity-building enables SMEs to adapt to new market demands and effectively manage global operations (Alon, & McKee, 2019).
11. **On-going Support and Evaluation:** Business consultants often provide ongoing support to SMEs throughout the international expansion process. They help organizations set up new facilities, establish supply chains, recruit and train local staff, and implement efficient processes and systems to ensure smooth operations in the new market. Consultants act as trusted advisors, offering continuous guidance and support to ensure the success of the SME's international expansion initiatives (Kitching, & Woldesenbet, 2016).
12. **Post-Expansion Evaluation:** Consultants conduct post-expansion evaluations to assess the success of international expansion initiatives. They analyze key performance

indicators, evaluate the effectiveness of strategies implemented, and provide recommendations for further optimization and improvement.

The relationship between business consultants and SMEs in international expansion strategies is built on trust, collaboration, and shared goals. Consultants bring valuable expertise, experience, and networks to the table, helping SMEs overcome challenges, capitalize on opportunities, and navigate the complexities of global markets. Through this partnership, SMEs can enhance their chances of successful international expansion and achieve sustainable growth.

Business consultants play a crucial role in guiding organizations through the entire international expansion process, from market analysis and strategy development to implementation and evaluation. Their expertise and support help businesses minimize risks, optimize opportunities, and increase the chances of success in foreign markets.

2.3 SUCCESS FACTORS FOR SMES IN INTERNATIONAL MARKETS.

Research indicates that successful international expansion is dependent on a number of key factors. These include strategic planning, adaptation to local market conditions, and the establishment of strong networks and relationships (Zou & Cavusgil, 2002). Effective communication and cultural intelligence also emerge as critical determinants of success (Barkema & Vermeulen, 1998).

Success in international markets for Small and Medium Enterprises (SMEs) depends on several key factors. Here are some success factors that can contribute to SMEs' effectiveness and growth in international markets:

- **Market Research and Selection:** Conducting thorough market research is crucial. SMEs should identify target markets that align with their products or services, and understand market dynamics, customer preferences, competition, and cultural nuances. Choosing the right market with favorable conditions and demand for their offerings increases the chances of success according to Coviello and McAuley (2022).
- **Strategic Planning and Adaptation:** Developing a well-defined international business strategy is essential. SMEs should align their goals, resources, and capabilities with the chosen market. This includes developing an entry strategy, such as exporting, licensing,

joint ventures, or direct investment, and adapting products, services, pricing, and marketing to meet local market needs (Morschett, Schramm-Klein, & Zentes, 2019).

- **Partner Selection and Relationship Building:** according to Welch and Luostarinen (2021), identifying reliable partners, such as distributors, agents, or local representatives, is crucial for market entry and expansion. Building strong relationships based on trust, clear communication, and mutually beneficial agreements is essential. Partnerships enable SMEs to leverage local market knowledge, networks, and distribution channels.
- **Competitive Value Proposition:** SMEs should differentiate themselves by offering a unique value proposition that addresses customer needs and provides a competitive advantage. This could be through product differentiation, quality, innovation, pricing, customer service, or other factors that set them apart from competitors in the international market (Morschett, Schramm-Klein, & Zentes, 2019).
- **Financial Planning and Resource Allocation:** According to Knight and Liesch (2016), adequate financial planning and resource allocation are vital for SMEs' international success. SMEs should carefully assess the costs involved in international expansion, including market entry expenses, marketing, logistics, and legal compliance. Allocating resources effectively and managing cash flow is crucial for sustaining operations and growth.
- **Operational Efficiency and Supply Chain Management:** SMEs need to establish efficient operations and robust supply chain management to meet international market demands. This includes optimizing production, managing inventory, ensuring timely delivery, and maintaining product quality and consistency across borders (O'Cass & Weerawardena, 2020).
- **Cultural and Language Competence:** Understanding the cultural and linguistic aspects of target markets is essential. SMEs should invest in cross-cultural training and language skills to effectively communicate, negotiate, and build relationships with customers, partners, and stakeholders in the international market (Moen, & Servais, 2021).
- **Regulatory Compliance and Risk Management:** SMEs must navigate legal and regulatory requirements in target markets. Complying with trade regulations, intellectual property protection, taxation, and local laws is crucial. Implementing effective risk

management strategies, such as market risk assessment, contingency planning, and insurance coverage, helps mitigate potential challenges (Moen, & Servais, 2021).

- **Continuous Learning and Adaptation:** International markets are dynamic and constantly evolving. SMEs should foster a culture of continuous learning, monitor market trends, and adapt their strategies accordingly. Flexibility, agility, and the ability to respond to changing market conditions are vital for sustained success (Rialp, Rialp, & Knight, 2018).
- **Networking and Government Support:** Engaging in networking activities, participating in trade shows, industry events, and joining international business associations can provide SMEs with valuable connections and insights. Additionally, accessing government support programs, export promotion initiatives and trade missions can provide SMEs with resources and assistance for their international expansion efforts (Rialp, Rialp, & Knight, 2018).

These success factors provide a framework for SMEs to navigate the challenges and maximize opportunities in international markets. It is essential for SMEs to prioritize these factors and tailor their strategies based on their specific industry, target markets, and resources.

2.4 DEPENDENT AND INDEPENDENT VARIABLES

In the context of studying the role of business consultants in facilitating international expansion strategies for SMEs in the United Kingdom, the dependent and independent variables can be defined as follows:

Dependent Variable:

The dependent variable is the outcome or result that is being measured or observed. In this case, the dependent variable can be:

- **Success of international expansion strategies:** This can be measured by factors such as increased revenue, market share, successful market entry, growth rate, customer satisfaction, or any other relevant metrics that reflect the success of the international expansion efforts.

Independent Variables:

The independent variables are the factors or variables that are believed to have an impact on the dependent variable. In this case, the independent variables can include:

1. **Engagement of business consultants:** This variable can be binary (Yes/No) to indicate whether SMEs have engaged in the services of business consultants or not.
2. **Quality of business consultant services:** This variable can measure the effectiveness, expertise, and support provided by the business consultants. It can be assessed through ratings or qualitative assessments provided by SMEs.
3. **Specific areas of assistance:** This variable can capture the specific areas in which business consultants provide support, such as market research, market entry strategies, legal compliance, financial planning, etc. It can be measured through a categorical variable indicating the presence or absence of assistance in each specific area.
4. **Satisfaction with business consultant services:** This variable can measure the satisfaction levels of SMEs regarding the role played by business consultants in facilitating international expansion. It can be measured using a Likert scale or a similar rating system.
5. **Challenges faced during international expansion:** This variable can capture the obstacles or difficulties encountered by SMEs during the international expansion process. It can be assessed through open-ended responses or categorized into specific challenges.

By analyzing the relationship between the dependent variable (success of international expansion strategies) and the independent variables (engagement of business consultants, quality of services, specific areas of assistance, satisfaction with services, and challenges faced), the research can assess the impact and effectiveness of business consultants in facilitating international expansion strategies for SMEs in the United Kingdom.

2.5 THEORETICAL FRAMEWORK

The theoretical framework for understanding the role of business consultants in facilitating international expansion strategies for SMEs in the United Kingdom can be based on the following concepts and theories:

1. **Internationalization Process Theory:** The Internationalization Process Theory, proposed by Johanson and Vahlne (1977), explains how firms gradually increase their

international activities. It emphasizes the importance of knowledge acquisition, experiential learning, and network relationships in the internationalization process. Business consultants play a vital role in SMEs' internationalization by providing knowledge, expertise, and access to networks, accelerating the learning process, and reducing the liabilities of foreignness and newness (Coviello & McAuley, 1999).

Internationalization theories are approaches researchers use to define the SME internationalization process in terms of fundamental assumptions and structures of scope, scale, and timing (Baum et al., 2015). Baum et al. (2015) deconstructed internationalization theories into common characteristics, namely the geographic scope, scale of internationalization, structure scale, and initiation phase. Paul, Parthasarathy, and Gupta (2017) identified three of the main internationalization theories, including characterizing patterns business leaders follow in international markets: the internalization theory, UIPM, and the international new ventures theory (INV). Internationalization theories commonly adopted by researchers are the internalization theory developed by Buckley and Casson in 1976, and updated by Rugman in 1981, and UIPM authored by Johanson and Vahlne in 1977 (Hennart, 2014).

Buckley and Casson derived the internalization theory from three fields: resource-based view (RBV), transaction cost economics (TCE), and entrepreneurship (Verbeke et al., 2014). Based on the internalization theory, firms gain economic benefit through the international exploitation of FSA and assets provided that the costs incurred are less than anticipated profits (Verbeke et al., 2014). As a vital component of the internalization theory, FSA is a representation of the intangible assets of a firm, such as competencies and transactional advantages, incorporating the accumulated knowledge bundles comprised of expertise and capabilities (Clarke et al., 2013).

Dynamic capabilities are crucial for firms to adapt, reinstate, and integrate FSA to cater to turbulent business environments in international markets (Zhang et al., 2014). The internalization theory authors, Buckley and Casson, stated that business leaders with FSA use organized interdependencies with international agents for expansion (Verbeke & Cano, 2016). The specialized judgment of the management team on how to efficiently merge and deploy resources for profit maximization and asset utilization is

indicative of the internalization theory (Verbeke et al., 2014). Accordingly, business leaders leverage FSA with country-specific advantages (CSA) to conduct international business (Hillemann & Gestrin, 2016). Business leaders may utilize FSA as a tool in determining the competitiveness of the foreign market (Hillemann & Gestrin, 2016). According to Rugman's update to the internalization theory, modifications of organizational routines are another form of internalization a firm executes based on FSA accrued from international experience (Clarke et al., 2013).

2. **Resource-Based View (RBV):** The Resource-Based View theory suggests that firms' unique resources and capabilities contribute to their competitive advantage and performance (Barney, 1991). Business consultants bring specialized knowledge, market insights, and networks as valuable resources to SMEs. By leveraging these resources, consultants help SMEs identify and exploit international market opportunities, develop competitive strategies, and overcome resource constraints (Welch & Welch, 2008).
3. **Transaction Cost Economics (TCE):** TCE focuses on the efficiency of governance structures in managing transactions between economic agents (Williamson, 1979). SMEs face transaction costs and uncertainties when expanding internationally, such as search costs, information asymmetry, and contract enforcement. Business consultants help reduce these transaction costs by providing information, expertise in partner selection, and contract negotiation support, facilitating SMEs' international expansion (Coviello & Munro, 1995).
4. **Institutional Theory:** Institutional theory emphasizes the influence of institutional factors on firms' behaviors and strategies (Scott, 2014). Business consultants assist SMEs in understanding and complying with institutional norms, regulations, and cultural practices in foreign markets. They help SMEs adapt their strategies, structures, and practices to fit the institutional context, enhancing their legitimacy and reducing the risk of institutional voids (Meyer & Rowan, 1977).
5. **Knowledge-Based View (KBV):** The Knowledge-Based View highlights the significance of knowledge creation, transfer, and utilization for firms' competitive advantage (Grant, 1996). Business consultants possess industry-specific knowledge, market insights, and best practices, which they share with SMEs. Through knowledge

transfer and capability-building, consultants enhance SMEs' international business knowledge, enabling them to make informed decisions, develop effective strategies, and navigate the complexities of international markets (Tanev & Rueda-Cantuche, 2018).

6. **Network Theory:** Network theory emphasizes the importance of social networks and relationships in facilitating business activities (Granovetter, 1985). Business consultants bring extensive networks of contacts, including potential partners, distributors, and industry experts. They leverage their networks to connect SMEs with valuable resources and opportunities, enabling them to access new markets, establish relationships, and overcome information asymmetry (McDougall & Oviatt, 2000).

By applying these theoretical perspectives, the role of business consultants in facilitating international expansion strategies for SMEs in the United Kingdom can be understood in terms of knowledge transfer, resource mobilization, network facilitation, and institutional adaptation. These frameworks provide a comprehensive understanding of how consultants contribute to SMEs' internationalization efforts and can guide future research and practice in this area.

2.6 EMPIRICAL REVIEW

There is a wealth of evidence within the academic literature and government statistics that demonstrate that exporting is the predominant mode by which SMEs engage with international markets and trading. Since the mid-1990s, there has been a great deal of debate around the exporting activities of small and medium-sized enterprises (SMEs), in both a regional and national context. A brief review of the academic and practitioner literature highlights several perceived benefits to businesses from exporting. These include exposure to differing ways of doing business (Barclays Bank, 2017), additional demand for the product or service of the business (Julien *et al*, 2019), and opportunities for modifications of existing products and new product development. The successful development of export markets by SMEs has also been recognized by the government as critical to enhancing the competitiveness of these businesses and hence to the strengthening of regional and national economies. It is these public benefits - principally the generation of a larger number of more secure jobs - that provide the basis for

the substantial expenditure of government funds in the support of private businesses. In the United Kingdom, for example, policies have drawn upon research by Girma, Greenaway, and Keller (2001) that provides evidence of a causal link between exporting and improved business performance.

Empirical studies have shown that business consultants contribute to SMEs' international expansion by transferring knowledge and expertise. Tanev and Rueda-Cantuche (2018) found that SMEs that engage with business consultants significantly improve their international performance. Consultants bring industry-specific knowledge, market insights, and best practices, which help SMEs make informed decisions and develop effective strategies for entering and expanding into international markets.

Business consultants play a vital role in assisting SMEs with market entry and partner selection. They help SMEs identify attractive international markets, evaluate market potential, and select suitable entry modes (Coviello & McAuley, 1999). Consultants also assist in identifying and establishing relationships with potential partners, distributors, and suppliers in the target markets (McDougall & Oviatt, 1997).

Empirical research has highlighted the importance of networks in facilitating international expansion for SMEs. Business consultants bring extensive networks of contacts and leverage their relationships to connect SMEs with valuable resources and opportunities (Tanev & Rueda-Cantuche, 2018). These networks help SMEs overcome information asymmetry, reduce transaction costs, and access critical market information and intelligence.

International expansion involves various risks, such as political, economic, legal, and cultural risks. Business consultants assist SMEs in assessing and mitigating these risks, providing guidance on risk management strategies (Kedia & Mukherjee, 1999). Consultants help SMEs navigate complex regulatory environments, comply with international trade regulations, and develop risk mitigation plans.

Business consultants support SMEs in enhancing their organizational capabilities to facilitate international expansion. They guide the development of internationalization plans, improve operational processes, and optimize resource allocation (Tanev & Rueda-Cantuche, 2018).

Consultants may also offer training programs to enhance employees' cross-cultural competence and international business skills.

Consultants assist SMEs in measuring and evaluating the performance of their international expansion efforts. They help define key performance indicators (KPIs) and develop measurement frameworks to assess the effectiveness and efficiency of international expansion strategies (Sousa et al., 2015). Consultants provide regular progress reports and suggest adjustments to optimize outcomes.

Findings from a recently completed audit of export provision for Trade Partners UK (Sear et al, 2021), highlighted that at a local and regional level, the support infrastructure for exporting is complex, involving a large number of players in a series of multiple networks and relationships. Amongst this diversity, however, the following eight general organizations operating as export support providers can be identified:

- i. ***Government Bodies and Agencies*** incorporating regional and national government bodies and supporting the funding of trade services. This structure is not fixed. Recently, the branding of British Trade International as UKT&I has created several ambiguities, especially in terms of the focus of Government support.
- ii. ***Regional Agencies*** such as Regional Development Agencies (RDAs) that have trade development as one of their strategic activities.
- iii. ***The Business Link Network*** bridges, to some extent, the regional-local divide in support configuration, in that it is a sub-regional provider but operates as an interface between local and regional support programs.
- iv. ***Local Authority Economic Development Units*** (EDUs) that focus on trade development and exporting as a means of job and wealth creation.
- v. ***Chambers of Commerce*** who operate largely at a sub-regional or local level.
- vi. ***Business Federations, Associations, and Institutes*** which are generally business-led but with some support and input from the public or quasi-public sector.
- vii. ***Private Sector Providers*** supporting different types of export activity.
- viii. A broad range of ***other providers*** of support, such as enterprise agencies, and Universities, who are involved at a local, regional, and national level and offer varied

services. Such agencies tend to have somewhat different, and unclear, relationships with the above groupings of providers within and between regions.

The extent to which these different types of organizations are involved in the provision of export services varies between each English region, although the role and type of service provided by each grouping of providers is somewhat similar throughout England (Johnson et al., 2020). For example, Chambers of Commerce tend to provide a plethora of services including advice, information, training, and documentation services, whilst local government economic development units focus on the provision of information and direct financial assistance. There is, however, a degree of flux and interaction between these different organizations, at all levels, that blurs organizational and network boundaries. For example, the development of the Small Business Service franchises has altered the configuration of export services at a local level within several of the regions. Such changes and turbulence within support structures create issues to be resolved and present challenges to business support organizations in developing coherence within the configuration of provisions that make sense to the business community (Gibb, 2018). For example, since the mid-1990s, there have been three major changes to the nature of central government support for exporting which have hindered attempts to integrate national schemes into the portfolio of local providers. Furthermore, they have aggravated the confusion within the business community as to the accessibility and availability of different schemes (The Wilson Review, 1999).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 RESEARCH DESIGN

A mixed-method research design that combines both qualitative and quantitative approaches is ideal for this research but the time scale of this project would not allow a qualitative data collection method to be undertaken. In-depth interviews with SME owners and consultants would provide rich insight into their experiences, challenges, and strategies in the internationalization process. The quantitative approach will be utilized by using secondary data sources like already distributed surveys to a representative sample of SMEs, as this will provide broad data on their engagement with business consultants, the nature of services sought and the outcomes achieved. This will allow for statistical analysis and generalizability of findings.

3.2 DATA COLLECTION METHOD

This section discusses the methodological issues in the study. In precise terms, this section deals with the model specification, data description, estimation techniques, and sources of data. Secondary data obtained for the research were sourced from British Business Bank, Department of International Trade UK, HMRC, Banks, and the World using time series data obtained from the period of 2000-2023. The estimation was based on the nature of the data obtained in the study. Co-integrating regression techniques will be applied to achieve the objective of the study. In evaluating the result of the regression, there will be econometric and statistical tests that will be employed.

3.3 DATA SOURCES

Data are discrete bits of information that are organized into sets of values for both qualitative and quantitative characteristics. After data is measured, gathered, reported, and examined, graphs or pictures can be used to visualize the data. The original data was collected and applied to this study project. The data source I will be utilizing for my research project is secondary.

Secondary data: this will be collected from relevant literature, reports, publications, and studies on SME internalization, business consulting, and related topics.

Secondary data that will span 2000-2023, sourced from the local chambers of commerce, Lloyds banks international trade portal, and British Chambers of Commerce were used for the study. The data used in this research are secondary data with the variables of interest including retail and wholesale turn as a proxy for contribution to the growth of GDP, while the independent variables include engagement of business consultants, quality of business consultant services, specific areas of assistance (market research, market entry strategies, legal compliance, financial planning), satisfaction with business consultant services, and challenges faced during international expansion. For this study, our source of data is the British Business Bank, Department of International Trade UK, HMRC, Banks, and other data repositories.

3.4 METHOD OF DATA ANALYSIS

- **Descriptive Statistics:** This method involves describing the characteristics of a dataset, such as the mean, standard deviation, and range of the data. I will analyze survey responses using measures of central tendencies and dispersion to provide an overview of the data.
- **Correlation Analysis:** this will help me investigate relationships between variables such as the type of consulting services and the success of international expansion.

3.5 RELIABILITY INSTRUMENT

The statistics on reliability show how much variance in the measurement to anticipated from one time to the next. It displays the degree of score consistency between sections of the instrument as

well as the internal consistency of the scale instrument. Additionally, the Cronbach's Alpha Statistic will be used to assess the instrument's dependability.

3.6 VALIDITY OF INSTRUMENT

Obassi (2020) opined that validity is the appropriateness of an instrument in measuring what is intended to be measured for this reason; the researcher will test the validity of her instrument by conducting a pilot study and with the professional help of the supervisor.

3.7 LIMITATIONS OF THE STUDY

If all the Small and Medium-sized Enterprises within the United Kingdom's private sector could be investigated for this study project, the work would be more comprehensive. Due to the potentially high cost of related logistics and the limited amount of time available, it will be challenging to analyze all the SMEs in the United Kingdom's private sector. These limitations will cause this research to concentrate only on 200 Small and Medium-sized Enterprises in the United Kingdom as a whole.

The inability to obtain the information that could potentially make this research in the United Kingdom more comprehensive is due to several factors such as collecting a limited amount of data due to the large number of SMEs within the country, distance, and overall inability to obtain primary information, so the most quality secondary information that can be gathered from a substantial number of Entrepreneurs will be used.

Despite these and other possible restrictions, the research work's validity for use as a reference and by all parties involved in the United Kingdom's consultancy industry as well as the business sector, particularly those who were chosen for this study, is unaffected in any manner.

3.8 ETHICAL CONSIDERATIONS

This research project will adhere to all ethical guidelines including informed consent, confidentiality, and data protection regulations. All participants will be provided with clear information regarding the purpose and use of their data and their rights to withdraw at any stage of the study.

