Chapter 2
An International and Socially Responsible SME Based on Tailored Innovative Products:
empakando From El Salvador

Antonia Mercedes García-Cabrera
Universidad de Las Palmas de Gran Canaria, Spain

María Gracia García-Soto
Universidad de Las Palmas de Gran Canaria, Spain

Deybbi Cuéllar-Molina
Universidad de Las Palmas de Gran Canaria, Spain

EXECUTIVE SUMMARY

In view of the many studies carried out on multinational firms and, to a lesser degree, the internationalization of SMEs based on developed countries, it is surprising to find that so little attention is being paid to the internationalization process of SMEs based on developing countries. There is scarce evidence and knowledge available on the circumstances underlying these processes or the decisions made to successfully address internationalization. The case of the company Empakando, founded in the developing country of El Salvador in 2000 and successfully internationalized toward countries in Central America, allows the authors to make a contribution to this field. Based on the company's experience, the authors addressed a range of important aspects to understand this phenomena: (1) the internationalization process and the entry modes chosen and (2) two key elements in gaining access to the resources and connections needed to facilitate internationalization, that is, the commitment to corporate social responsibility (internal factor) and the support of export promotion programmes (external factor).

DOI: 10.4018/978-1-7998-4387-0.ch002

THEORETICAL BASIS FOR THE STUDY

Literature on international business has prioritized the study of large international companies rather than SMEs. Furthermore, studies on SMEs have primarily focused on companies based in developed countries (García-Cabrera, García-Soto, & Durán-Herrera, 2016). Consequently, the internationalization process of SMEs settled in developing and emerging countries has scarcely been analyzed (Zahra, Newey, & Li, 2014), and the evidence available is not conclusive. For instance, there is consensus over these economies being characterized by the weakness and instability of their institutional frameworks, and some authors have determined that such weakness hampers the international performance of SMEs (Latin-American SMEs, for example). Conversely, other authors suggest that, so as to reduce their exposure to these unstable institutional environments, SMEs often put increasing emphasis on their international expansion (Gil-Barragan, Belso-Martínez, & Mas-Verdú, 2020), consequently improving their internationalization.

The absence of studies on this issue limits our understanding of these processes (e.g. disadvantages associated with socioeconomic and institutional conditions of the country of origin, property advantages facilitating the company's internationalization), decisions made around the internationalization process (e.g. adopting an international strategy, choosing the target country and the entry mode), and the consequences of such decisions.

In an attempt to bridge the knowledge gap somewhat, this work studies a number of key topics on a company's internationalization process. These key elements will be empirically discussed for an SME based in a developing economy. The study addresses the stages of the internationalization process and its main characteristics (e.g. availability of resources for the company, choosing the target country, entry modes, and so on). In addition, two factors that may contribute to having access to the necessary information, resources and connections to facilitate the SME's internationalization are analyzed. From a company-based perspective, the commitment to corporate social responsibility and its impact on the access to valuable resources for international expansion (e.g. qualified human resources, reputation, information) are studied. Then, from an external perspective, export promotion programs available in the country are analyzed, with a particular emphasis on trade shows and commercial missions.

The Internationalization Process and the Entry Modes Chosen by the SME

Among the key variables that have been traditionally identified as key factors determining companies' international expansion, the literature highlights having property advantages (Cheng & Yu, 2008), local geographical resources (e.g. natural resources in the country, weather, geographic location) (Gilmore, O'Donnell, Carson, & Cummins, 2003), the institutional framework's level of development (e.g. property rights, corruption) (Demirbag, Tatoglu, & Glaister, 2009), and economic openness (incoming direct investments, imports) (Luo & Tung, 2007). When analyzing the international expansion of companies based in developing and emerging economies, there has been significant criticism around the emphasis that the literature has placed on property advantages. The literature seems to ignore the difficulties that these companies are faced with when developing property assets (Yan, Zhu, Fan, & Kalfadellis, 2018). In addition, Valliere and Peterson (2009) found that incoming direct investment flows have no impact on developing economies' growth. It can be partly explained by barriers such as local companies' limited capacity to absorb the knowledge transferred by foreign multinationals (Cantwell, Dunning, & Lundan, 2010). The spillover effect caused by multinationals' investments has been proven to only materialize when these acquire a shareholding in local companies (Damijan, Knell, Majcen, & Rojec, 2003). But such practices only cover a limited number of SMEs in developing economies. Consequently, Valliere and Peterson (2009) suggested that, in order to understand internationalization for SMEs based in developing economies, future research should explore variables which are different from those used in developed economies.

As such, it is important to consider the challenge that international expansion poses for SMEs in general. Among other reasons, this is due to their limited resources (Dimitratos, Amorós, Etchebarne, & Felzensztein, 2014), lack of knowledge in international markets (Fletcher & Harris 2012), risk aversion (Laufs & Schwens, 2014) and the difficulties involved in accessing international networks (Johanson & Vahlne, 2009). These barriers increase when the SME comes from a developing country. Taking these difficulties into account, many SMEs, as well as larger-sized companies, decide to internationalize gradually, on a step-by-step basis.

The Uppsala model proposed by Johanson and Vahlne (1977) analyzes this process based on the company's accumulated expertise, increasing resources and incremental, sequential learning process. According to the model, after the company is established, it provides a range of products in the local market to start the business. Only after the company has established itself in the local market does it decide to address its international expansion (Gabrielsson, Kirpalani, Dimitratos, Solberg, & Zucchella, 2008).

However, there are several important factors influencing the decision around which markets the company should expand to (Johanson & Wiedersheim-Paul, 1975), for example, the distance between the company's country of origin and the target countries for internationalization. Ghemawat (2001) suggests distance has four aspects: (1) geographic (e.g. physical distance between countries, lack of access); (2) economic (e.g. differences in consumers' rents); (3) political (e.g. institutional differences); and (4) cultural (e.g. language differences, social values). Taking into account the postulates of the gradual Uppsala model, companies initially set up their external activities in countries in close geographical proximity (i.e. countries that are similar to the country of origin), and then expand towards more distant countries (Johanson & Vahlne, 1977; Johanson & Wiedersheim-Paul, 1975). In this way, they can avoid uncertainty, costs and mistakes (Welch & Loustarinen, 1993).

Johanson and Wiedersheim-Paul (1975) structured the internationalization process into four stages, taking into consideration the company's increasing commitment of resources and its accumulation of experience in the international market: (1) non-regular (sporadic) export activities where the company does not commit resources to the host market and lacks any direct and regular information flows to and from such a host market; (2) export activities through independent intermediaries (agents), where the company assumes a certain degree of commitment in the host market and, through the agent, gains access to an indirect channel to receive regular information about market characteristics; (3) establishment in foreign countries by means of sales subsidiaries, where the company commits economic resources and becomes part of a controlled and direct information channel, enabling access to information flows from the market to the company; and (4) establishment in foreign countries by means of production subsidiaries whereby the company commits a large number of resources abroad. At each stage of the internationalization process, the company accumulates resources and experience before progressing to the next stage. As such, at each stage of the process, it increases its knowledge of international markets and foreign activity management. At the same time, the company's increasing commitment at each stage (i.e. investing its own resources) involves greater levels of activity control and risk, as well as diminishing flexibility (Knight & Cavusgil, 2004; Rialp, 1999).

Based on the above model, Cerviño, Arteaga and Fernández (2017) described the different modes of entry available for international expansion. These are as follows, in order of the increasing resource commitment taken by companies:

1. Indirect export. The exporting company hires an intermediary who sells its products to retail companies or the end consumer abroad. The intermediary is responsible for managing the internationalization process, in the form of a sales representative or distributor, among others.
2. Export through cooperation agreements. The company shares the investment, duties and profits of the export activity with its partners. These agreements include licenses, franchises or joint ventures, among others.
3. Direct export. The company manages the internationalization process on its own, selling its products abroad via the Internet, directly to retail companies or with the help of its own sales team.
4. Establishment abroad. The company commits financial resources abroad to manage the sale of its products, for instance, starting up a commercial delegation, a sales subsidiary or even its own production facilities.

For SMEs, exports are the most frequently used mode of entry (Wright, Westhead & Ucbasaran, 2007). This is because exports are faster (Wright et al, 2007), and the effort required is gradual, as they adapt to the increasing demand the company achieves in the international market (Rialp, 1999). Overall, exports require less investment of resources (financial resources and knowledge), which SMEs usually lack (Dimitratos et al, 2014; Fletcher & Harris, 2012). As such, the modes of entry which involve establishing subsidiaries abroad might not be appropriate for all SMEs undergoing internationalization (Wright et al, 2007), given that they require greater investment and increased risk (Agarwal & Ramaswami, 1992). Therefore, choosing the most appropriate mode of entry is one of the most important decisions an SME must make (Kruesi, Hemmington, & Kim, 2018). In order to make informed decisions, the company needs to thoroughly evaluate its resources, including its knowledge and capabilities (Elbanna, Hsieh, & Child, 2020).

Using Corporate Social Responsibility to Support the Internationalization Process

If a company aims to achieve long-term success, that final goal may converge with the creation of shared value. Shared value allows a company's interests to match society's interests in general. Specifically, generating shared value implies that the company creates the financial value it needs to survive and to meet its owners' interests, whilst at the same time generating social value (Porter & Kramer, 2006). According to Grant (2016), reconciling both objectives is possible. Firstly, if the company's profit converges with society's interests as a whole, the company's profit-seeking actions become oriented towards the common good. Secondly, the benefits earned by businesspeople and stakeholders depend on the company's long-term profit, so setting up business goals within this time frame would make it easier to create shared value.

In economic and strategic terms, having a goal of shared value creation, and the socially responsible behavior related to it, are relevant for the company (Uzhegova, Torkkeli, & Saarenketo, 2019). For example, it contributes to guaranteeing the necessary sustainability of the ecosystem in which the company must thrive, to build a positive reputation amongst consumers and other stakeholders, or to facilitate the obtaining of authorizations for the operation of a particular business activity (Porter and Kramer, 2006). From a financial standpoint, the company's socially responsible behavior is also associated with diminishing costs and greater efficacy (Uzhegova et al, 2019), as well as increasing activities in international markets (Torkkeli, Saarenketo, Salojärvi, & Sainio, 2017).

SMEs may be motivated to adopt the philosophy of social responsibility by the following reasons: (1) their relationships with different stakeholders within the networks they participate in; (2) the tough circumstances of the environment they operate in; and (3) the enterprise's characteristics (Ayuso & Navarrete-Báez, 2018; Uzhegova et al, 2019). These SME motivating factors are relevant to our case study because, depending on the type of corporate social responsibility involved, each can create different valuable utilities for their international operations. These potential connections will be analyzed as follows:

Firstly, stakeholders include a wide range of collectives, e.g. employees, investors, local communities, NGOs, government institutions, industry associations or consumers (Yang & Rivers, 2009). The interaction between the company and these groups, within the business or social networks they participate in, is based on their shared notion of what is valuable. As such, each network's participants are expected to collaborate with the shared objective of creating this value.

In this context, social responsibility allows the SME to build and preserve the trust of these networks' members, whilst also making it easier to develop their intangible assets such as reputation and legitimacy (Uzhegova et al, 2019). For instance, if the company carries out corporate social activities in the networks it has established with its clients or consumer associations, the company can then share their expertise with them, in the context of a network collaboration. Thus, it becomes easier to gain the knowledge necessary to support the company's international expansion (Torkkeli et al, 2017), such as expertise related to product improvement and best market practices.

Secondly, social responsibility may be motivated by the circumstances or deficiencies of the company's environment (Uzhegova et al, 2019). It reflects the company's willingness to meet the needs of a wider audience, either in the immediate local community or at a national level, taking into account (particularly given aim of this study) the audiences in the country of origin and the target country that the company will expand to (Torkkeli et al, 2017).

From this point of view, not only does social responsibility allow the company to build stronger relationships with other local actors, but it also attracts resources (Spence, 1999), such as valuable human resources, therefore facilitating the internationalization of its operations. Additionally, if socially responsible practices are implemented in the countries that the SME wishes to expand to, it is more easily able to gain a deep insight into the host local culture. This contributes to building brand reputation and legitimacy and facilitates the company's integration in the target markets (Jahdi & Acikdilli, 2009).

Thirdly, with regard to the entrepreneurs themselves, variables such as personality, business orientation, and ethical and moral values (Ayuso & Navarrete-Báez, 2018; Porter & Kramen, 2006; Uzhegova et al, 2019) have been identified as elements which promote the adoption of corporate social responsibility, which facilitates successful internationalization. For instance, a greater entrepreneurial orientation leads businesspeople to establish continuous innovation strategies. Combined with entrepreneurs' ethical values and so the will to minimize the ecological footprint of the company and its products, this can give rise to new, highly competitive ecological products in international markets (Torkkeli et al, 2017). In fact, the SME's capacity for innovation has been identified as an essential factor both for a successful international expansion and the development of corporate social responsibility practices (Ayuso & Navarrete-Báez, 2018).

Export Promotion Programs and International Trade Shows to Support the Internationalization of SMEs in Developing Countries

When companies want to begin exporting, the steps they need to take are not always easy to carry out, for instance, collecting information on the conditions of entry in foreign markets, or seeking reliable commercial partners. SMEs are undoubtedly more sensitive to these processes (Comi & Resmini, 2019). Given both these needs and the government's interest in facilitating the company's foreign operations as a contribution to their country's economic development, Export Promotion Programs (EPP) are developed. EPPs are an institutional tool used by governments to stimulate exports and enhance the company's performance when exporting (Geldres-Weiss, Etchebarne, & Bustos, 2011; Leonidou, Samiee, & Geldres, 2015).

EPPs bring together a large number of very diverse activities, including training sessions on export procedures, providing information to companies on market opportunities, holding meetings with potential clients, providing advice on the different stages of the export process, organizing commercial missions abroad, or international trade shows (Lederman, Olarreaga, & Payton, 2010). Having EPPs in countries is important as companies find that participating in these programs has a positive effect on their performance in international markets, such as the financial gains made from exports (Geldres-Weiss & Monreal-Pérez, 2018).

Research has recognized the positive effects that participating in EPPs has on SMEs' international performance. Firstly, EPPs allow SMEs to overcome the export barriers they are usually faced with due to their size (Kalafsky, 2017), e.g. limited financial resources, lack of expertise, insufficient connections. Secondly, such programs help SMEs achieve competitive advantages and improve export performance (Coudounaris, 2018). The positive effect of EPPs on SMEs' international performance is significant even when the potential impact of other financial aids or grants is considered (Comi & Resmini, 2019).

The positive influence of EPPs on SMEs' international operations is derived from a number of factors. For instance, within promotion programs, it is common for export promotion agencies to hold meetings with companies participating in the programs (Haddoud, Jones, & Newbery, 2017). In this way, SMEs become members of a "club" of export companies or firms intending to export. They therefore have the opportunity to develop networks with other companies, have access to foreign networks by establishing connections within the "club", and share expertise and information on foreign markets with other "club members."

Among the several actions and activities associated with EPPs, commercial missions and international trade shows are particularly important. Both allow SMEs to acquire direct expertise (Geldres-Weiss & Monreal-Pérez, 2018; Kalafsky, 2017), in addition to indirect knowledge derived from access to commercial reports, lessons learned by others, etc. According to the Uppsala model, expertise represents a great source of support when entering international markets.

1. Commercial missions consist of scheduled visits to focus countries, aimed at building connections that will go on to support the development of international operations. Such missions help companies connect to markets in these focus countries and support them in conducting field missions to gain a greater insight into the potential operating context. From this point of view, EPPs provide relevant tools for export-oriented SMEs to obtain direct information, enabling them to evaluate the market's suitability for their products. Such programs also provide companies with potentially useful connections who can support the introduction and distribution of their products in new markets.

These commercial missions are also beneficial for SMEs with greater experience as exporters. Participating in the programs provides experienced companies with an opportunity to maintain and strengthen their relationships with their existing local clients (Spence, 2003). Additionally, for exporting companies, missions also represent a chance to survey new markets and countries.

2. Secondly, international trade shows are the perfect stage for SMEs that are already exporting or have the intention to export, to present their products to potential clients based in other markets. As such, these trade shows are an important marketing tool (Evers & Knight, 2008; Geldres-Weiss & Monreal-Pérez, 2018). They also offer companies the chance to form direct connections with potential foreign buyers, carry out negotiations and make commercial agreements (Haddoud et al, 2017). In the case of a company's existing markets, trade shows are also useful as a way of increasing exports (Geldres-Weiss & Monreal-Pérez, 2018).

The previous literature provides evidence on the benefits that participating in international trade shows have on SME internationalization. The literature states that by participating in trade shows, SMEs can generate interest in their products from potential clients, and consequently boost their international performance (Osei, Forkuoh, Shao, & Osei, 2016). These benefits are even more evident in the case of SMEs based in developing countries with less experience in international markets (Martincus & Carballo, 2010). Despite the benefits, there are only a few SMEs participating in international trade shows in these countries, because there are fewer events, the associated costs with attending international events are high, and because companies are not aware of the opportunities and benefits that trade shows offer them (Osei et al, 2016).

Given the evidence supporting the benefits of EPPs, and in an attempt to help SMEs to overcome specific challenges they are faced with when entering international markets, governments are increasingly trying to expand the offer of such markets (Pickernell, Jones, Thompson, & Packham, 2016). When developing these policies, authorities should be aware that the benefits of EPPs on companies' international performance are not direct. The quality of the companies' resources and capabilities to operate at an international level are also important determinants (Leonidou, Palihawadana, & Theodosiou, 2011). It is also dependent on the industry in which the company operates, and on its experience as an exporter. EPPs are likely to provide fewer opportunities for international expansion to companies which are already well-established in foreign markets (Geldres-Weiss & Monreal-Pérez, 2018). In this sense, the suggestions made by Comi and Resmini (2019) are increasingly relevant, as there is a need for new studies which allow researchers to better understand the operation and mechanisms underlying the effects of EPPs on companies' international performance.

THE CASE: EVIDENCE FROM THE SME EMPAKANDO IN THE DEVELOPING COUNTRY OF EL SALVADOR

The SME *empakando* produces and sells tailored products to small, medium, and large international firms in El Salvador, as well as to firms located in other countries in Central America, among them Guatemala, Honduras, Nicaragua, Costa Rica, and Panama. This company was founded in 2000 and currently is a leader in the design and manufacture of semiautomatic and automatic machines for filling, dosing, labeling, and packaging, and conveyor belts, for the food, cosmetic, chemical, and pharmaceutical industries.

The Stage: The Developing Country of El Salvador

El Salvador is a democratic, presidential republic country located in Central America. The country has a surface of 21,040 km^2 divided into 14 municipalities. According to CEPALSTAT (2019), as of 2019, it had a population of 6,654,000 inhabitants, with a resulting population density of 316 inhabitants per km^2. When compared with other countries in Central America (Belize, Costa Rica, Guatemala, Honduras, Nicaragua, and Panama), it is one of the smallest countries in terms of surface, while also being the densest in terms of population. A high proportion of people live in an urban area (72.4%) with an average annual growth rate of 1.37 per 100 inhabitants from 2015 to 2020 (DIGESTYC, 2020). In El Salvador highlights are coffee plantations and a mangrove ecosystem on the coast (The World Bank in El Salvador, 2019).

The country's productive industry consists mostly of SMEs, being the main contributors for the domestic economy, which suffers low economic growth rates (CEPALSTAT, 2019). E.g. its GDP decreased from 2.58% to 2.09% between 2016 and 2018. Additionally, its yearly GDP was €22,064,000, and its per capita GDP €3,321, which is lower than the average in Central America. In particular, the composition of its GDP in 2018 points to an economy based on the manufacturing industry that went from €860,060 in 2017 to €897,190 in 2018, which represented 18.17% of the gross value added in the latter year. The fiscal collection, which is inefficient, leads the country to resort to indebtedness to complete many of its investment programs (The World Bank in El Salvador, 2019).

With regard to the external sector, total exports rose 2.5% and total imports rose 10.7% in 2018 compared to 2017. According to the Central Reserve Bank of El Salvador (2020), the main exports are textile goods (€200.9 million) and food products (€93.98 million), followed by rubber and plastic items (€28.85 million). Industry represents 18.2% of the country's exports, according to data from the third quarter of 2018 (PROESA, 2019a). In particular, the sub-sector of machinery and mechanical devices accounts for 5% of the country's total exports (elsalvadortrade.com.sv). The National Directory of Exporting Companies (PROESA, 2019a) includes 373 companies registered in total in 2019, of which only 7 companies (1.88%) belong to the sub-sector of machinery and mechanical devices, including *empakando.* The country's principal trading partners for exports are the USA, as well as other neighboring countries in the region such as Honduras, Guatemala, Nicaragua, and Costa Rica; but El Salvador has signed commercial agreements with 44 countries in America, Europe and Asia (PROESA, 2019a).

As for social indicators, the country ranked 124 out of 189 countries on the Human Development Index (HDI) in 2018. With a score of 0.667, it is placed among the countries with medium human development levels, along with other Central American countries such as Guatemala, Nicaragua, and Honduras, but El Salvador presents higher levels than the latter. Taking into account that it had an HDI of 0.674 in 2017, the situation in El Salvador has deteriorated slightly in the last year. On the other hand, the Gini coefficient, which measures the inequality of income distribution, was 0.398 in 2017 and 0.389 in 2018. Given that a Gini coefficient near 0 suggests income and consumption are distributed equitably among the population, El Salvador is becoming a more equitable country. If compared to other Central American countries, El Salvador ranks among the least inequitable countries along with Nicaragua (Gini=0.432), whereas coefficients than 0.44 can be found in the rest of the countries. Despite that, 34.5% of the population live in poverty, and 7.6% in extreme poverty, compared to 29.6% on average in the region (The World Bank in El Salvador, 2019). Additionally, the level of illiteracy among people older than 10 is 10.1%, and the level of school attendance for people older than 18 is only 21.3%, according to household survey data collected by the Ministry of Economy of El Salvador (2018). With regard to the labor market and taking into account the urban employed population, 56.5% of people were salaried workers for hire or reward in 2018, 28.2% are self-employed workers, and only 4.5% are employers.

Corruption, and crime and violence in El Salvador are two of the most important factors influencing the country's growth and job creation, which has led to high emigration levels among the population (World Bank in El Salvador, 2019). In this sense, 1.600.739 people have emigrated from El Salvador (24.1% of the population), a medium-high level according to the emigration raking (Expansión, 2019).

However, being a developing economy with so weak and unstable institutional framework, the country's characteristics are challenging for any firm, particularly new and small ventures, or those trying to sell products abroad. For example, some of El Salvador's attributes may harm firms' credibility at the beginning of its internationalization process when they are yet unknown firms in the international markets, so becoming an obstacle. The distrust towards the country by customers abroad extend to firms for being founded and located in El Salvador. It also happens to *empakando*, as detailed below.

Organization Background: Origins of *empakando* and Its Entrepreneurial Team

The company *empakando* was founded by Regina Olmedo, from El Salvador, and Nick Bienz from Switzerland. When they got married, she moved to Switzerland to live with him. She joined the local labor market on a "hire or reward" basis. However, Regina was faced with the reality that neither the country nor her job made her happy. She dreamt of returning to her beloved homeland, El Salvador. In addition, coming from a long line of entrepreneurs, Regina also wanted to set up her own business.

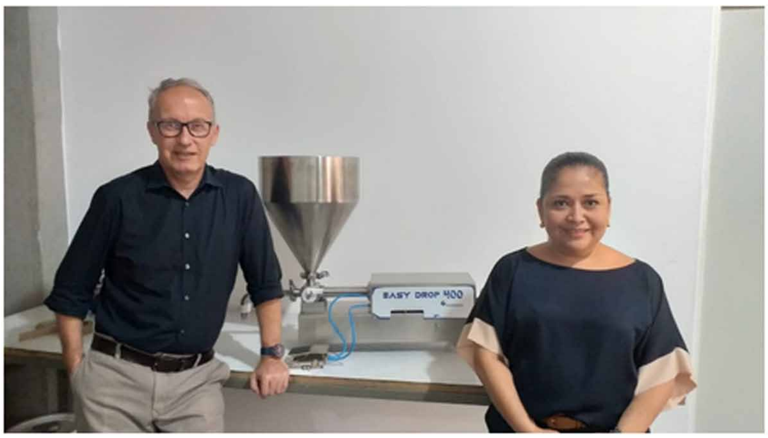
The couple decided to give it a try and moved to El Salvador. They had a clear idea in mind——they wanted to found their own company, which would be different from and hold no ties to the business that Regina's parents ran at that time. Her family's company sold scales and balances to differently-sized businesses from a wide range of industries and was a leading company in the field in El Salvador. However, they had not formed a clear business concept yet, so they took a year to assess their options before deciding on the focus of their future. During that year, they traveled, visiting different trade shows in countries such as Colombia, the Netherlands, and so on. They even thought about importing products that had not been sold in El Salvador yet.

Regina and Nick had saved up money to set up a business, but it was not enough to become manufacturers and build industrial facilities that were suited for production. For this reason, their first business activity revolved around importing water purification filters from Switzerland and distributing them in El Salvador. This first attempt was a complete failure, even though they had bet on the Katadyn brand, one of the leading companies in the market. After this mishap, Regina and Nick carried on looking for business opportunities until in one of the trade shows they used to attend (specifically in Colombia) the field of packaging machinery caught their attention. Thus they found their second business opportunity. They would buy these machines and start up a company to provide semi-automated packaging services to industrial clients focused on wholesale distribution in El Salvador.

Their idea was to buy innovative machines fitted to satisfy their clients' packaging needs based on their manufacturing operations, and it was hugely successful!

After giving shape to their idea, Regina and Nick started the company in 2000 (Figure 1), based on two central pillars: (1) the target market and client acquisition, and (2) providing high-quality services adapted to the clients' needs. The venture provided both the machinery that the industrial client needed and the staff to operate the machines and manage the entire packaging process. The clients achieved faster packaging compared to traditional processes. Regina remembers the time, when they had no employees yet, and she, herself, used to visit prospective clients. Service quality was an essential factor for new venture's strategy. In their view, high service quality meant rigor in process development, punctuality when meeting commitments with clients, and working with responsible staff. For example, the company used to teach and explain the processes to *empakando*'s staff, who would then apply them at the clients' facilities. According to Regina and Nick, good image in the clients' eyes depended on it.

Figure 1. The entrepreneurs: Nick Bienz and Regina Olmedo



As a result of this initial strategy, *empakando* started working with large clients, leading companies in the Salvadoran market. When negotiating with these companies, Regina noticed that their managers developed a wrong idea about *empakando*. They started believing that *empakando* was a big company with large production facilities when it only had a 4-m^2 room where Nick and Regina worked. In any event, those important clients decided to hire *empakando*'s services, and little by little, by promoting client trust in their company, other businesses started contacting Regina and Nick, too. As a result, in only a year *empakando* had become a leading company in the packaging market of El Salvador.

However, the company's first steps were not exactly devoid of problems. The main difficulty was financial. The venture did not have enough economic resources at first, and banks are reluctant to grant loans to recently founded businesses that have no experience and are not well-known. In El Salvador, only a few institutions, such as the Development Bank-Bandesal, are oriented to SMEs and slightly more flexible. This flexibility means they are more willing to grant loans, but only if entrepreneurs are supported by guarantors or mortgage guarantees, which is not always possible.

The entrepreneurs Regina and Nick, however, accepted the challenge to create a successful company. As an entrepreneurial team, they enjoyed a solid trajectory, training, and complementarity. For example, as Regina's parents were entrepreneurs and Nick's parents self-employed, they shared a common background about businesses. However, given the fact that she came from El Salvador and he came from Switzerland, their cultural origins could not be more different. Nick was a mechanical engineer specialized in machinery manufacturing. During the time he lived in Switzerland, he worked at a company that manufactured robots, specifically assigned to the robot design department. Mercedes Benz was included in Nick's client portfolio. So he became experienced designing robots for the German automobile company. On the other hand, Regina specialized in business administration. Having grown up in a family of entrepreneurs, she had high organizational and commercial skills. Therefore, Nick and Regina's educational backgrounds complemented each other.

Thus, they are a couple with an ideal combination of knowledge and abilities——e.g. they have different cultural origins (El Salvador and Switzerland) and different specializations (commercial and technological), which allows them to create valuable synergies. This complementarity of their backgrounds has been the main factor in the success of their business project.

As for their other personality traits, Regina thinks they share several characteristics with other successful business people: "We entrepreneurs have to be stubborn people. We have to be fighters and take risks. It's got to be in your blood." In regards to her and Nick, she highlights their ability to take risks given the characteristics of El Salvador.

Managing a Company in a Developing Country: Challenges Faced by *empakando* in El Salvador

Due to the socioeconomic and institutional characteristics of El Salvador, entrepreneurs are faced with high levels of uncertainty. All the decisions and investments are subject to high levels of risks, so entrepreneurs can never take for granted what the final result will be. Discussing decision-making and the risks assumed by companies in El Salvador, Regina said, "In our country, sometimes you make plans, you devise a perfect strategy, you think this and that will be the results and you believe everything will be fine for you because you have thought out every little detail, but everything is a mess here, and your entire strategic plan might fall apart at the end of the day." As an entrepreneur in the country, she knows that if she makes a bad decision, it will have consequences. That is why she carefully considers the steps she takes, but in the end, she still has to take big risks and keep fighting to achieve success based on her decisions.

Indeed, *empakando* has faced and overcome difficult economic circumstances in the country, problems with clients and employees, problems derived from crime in El Salvador, and so on. That is why Regina believes that, in a country such as El Salvador, entrepreneurs must be able to make the majority of decisions instinctually and take risks, and that this way of doing things is shared by all entrepreneurs who manage to have successful businesses.

But at the same time, starting up a firm is a way to contribute to job creation, wealth and development for the country. This brings satisfaction to entrepreneurs, but there is also a factor of concern and responsibility at play for them. In this sense, Regina said: "When you create a company, many families start depending on you. That is why you need to manage your business very carefully. Setting up a business in El Salvador is a very complex process, but it is a beautiful, very rewarding challenge at the same time. It can bring you a lot of joys but also cause you many, many headaches and difficulties." They are the two sides of the same coin.

Globally considering their 20 years managing *empakando*, Regina and Nick have assimilated that the day-to-day operation of the company is a challenge in itself. But they have accepted such challenge and with their qualities and good practices, they have been able to create a global industrial company. Nick and Regina work at the company as Chief Executive Officer (CEO), and Administrative Manager-Legal Representative, respectively, and they provide high-quality jobs to 18 other Salvadoran people. Despite conditions in El Salvador, Regina and Nick were never less enthusiastic about carrying on with their company: “We are together in this boat and we want to keep growing. We want to keep innovating, diversifying our products and creating more jobs,” she says, her voice filled with excitement and conviction.

Preparing the SME for Internationalization: Consolidation in the Local Market and Acquisition of Increasing Resources and Capabilities

From the operations based on the first idea to *empakando*’s current business, Regina and Nicks faced many challenges that required them to make decisions in order to adapt the venture to the competitive context and so survive. Meanwhile, they took advantage of such experiences to increasingly learn about the clients, the products, the local market and the foreign markets due to import activities, as well as to build social and business networks.

Looking at the company’s origin, the packaging services that *empakando* focused on were very dynamic and inspiring. The company had to manage a wide range of processes and it was quite a challenge (they had to understand the client’s processes, design packaging processes adapted to the client’s industrial practices and products, train the staff, organize the provision of services at the client’s facilities, and so on). As for the inconveniences, the profit earned from this operation heavily depended on the clients’ business volume. Additionally, margins were minimal, only amounting to a few cents. Moreover, *empakando*’s activities were highly stressful. They required a lot of staff to provide the services to the clients punctually, while staff turnover for this type of business in El Salvador (mainly, laborers) is quite high. Another problem that Regina and Nick had to overcome sooner than expected was that many small Salvadoran businesses started imitating *empakando* after noticing their success. Competition appeared quickly, and the tariffs for these services, which were already low, to begin with, experienced an even sharper drop. All of this was taking quite a heavy toll on Regina and Nick.

The name “*empakando*” (Figure 2) led to favorable business alternatives for Regina and Nick. Industrial companies associated it with everything related to filling operations, not merely packaging. For instance, clients contacted Regina and Nick to request services related to sealing and filling machines, and so on, and some even asked if they could buy the machines themselves. Thus, Regina and Nick identified additional business growth opportunities. Selling machinery, in addition to providing packaging services, could be an interesting option for the company!

Figure 2. The logo of empakando

Making a global assessment of the competition and the market, Regina and Nick concluded they had already made great progress. The company had valuable, well-structured processes in place, had earned recognition in the market, and made large investments, mainly in machinery. For these reasons, they decided against lowering their margins more than they had already to address the growing competition in their initial field of operations. This situation, along with the fact that they were addressing other types of demands in the market, led Regina and Nick to gradually move away from packaging services and closer to the market of design, manufacturing processes, and sale of machinery in the same industry.

Initially, Regina and Nick imported sealing machines, packaging materials, and other tools from Taiwan for the industry, but their clients had other insistent ideas: "Look, the truth is that I have these ideas. Don't you know more about sealing machines? I would require something that more closely meets my needs." Nick had acquired extensive experience in Switzerland during the years he worked in a robot manufacturing company, so he accepted the challenge and started designing machines. When he had arrived in El Salvador, he did not imagine he would ever operate with those services, because the Salvadoran market, given its limited development, did not offer many opportunities in the field in 2000. For this reason, Nick could not put his skills and experience to much use.

The company's new course, making use of Nick's abilities, would not only allow *empakando* to benefit from its founder's training but also strengthen Nick's hopes for the company even more. Nick started designing very basic, completely mechanical machines, what the clients demanded most at the time. In 2003 *empakando* built its first machine, a bag-filling tubular machine, which was basic and 100% mechanical as well. From 2005 on, the company took a very important step forward by building semi-automated liquid-filling machines. Up until now in 2020, the company has mainly focused on this. Its core strength has been the design and manufacture of the semi-automated and fully automated packaging and filling machines, in addition to importing other types of machinery that they do not build, from the USA and several Asian countries.

Now, this decision has been based on the same principles that supported Regina and Nick's initial project——paying attention to the target market and client acquisition, and product quality and meeting the clients' needs. This is along with two additional principles that, albeit present from the beginning of Regina and Nick's business, became more and more important as the company progressed: the importance of staff training, and management based on the principles of corporate social responsibility.

These four pillars have been supporting the company's operations up until know and have also offered the basis to successfully carry out its international expansion process.

Target Market and Client Acquisition

When Regina and Nick started their business, they prioritized acquiring the biggest companies set up in El Salvador (e.g., Kellogg, Kraft, Jugos del Monte, Leche de Lactome) as clients. Currently the entrepreneurs aim their offers to very small, small, medium-sized, and large companies, including multinational companies based and operating in El Salvador. While initially Regina and Nick offered them complete packaging services, currently clients demand a wide range of products, although there are some patterns in their requests. Very small businesses mostly require packaging solutions, whereas SMEs want to optimize their resources and operation efficiency, so they usually decide to invest in full-process automation. Concerning industries, Regina and Nick assist companies in the food manufacturing, for instance, nostalgic products such as *pupusas*[1], or typical foods from El Salvador such as *tortillas,* tamales[2], tropical fruits, and so on. All of these companies export large amounts of products to other countries, mainly the USA. Over time, as the company increased its operations, *empakando* expanded its target market incorporating companies from the pharmaceutical, chemical, and cosmetic industries.

Aiming its products and services to industrial clients with export capabilities and facilities has allowed *empakando* to adopt an international view for its operations, as well as knowledge about the procedures and sometimes difficulties involved in these processes. For instance, when *empakando*'s clients want to export products, they must comply with the conditions required by each country of destination. For instance, in 2017 the USA established new standards that foreign food products had to meet to enter the country. However, many export Salvadoran companies that had been selling their products in the USA did not satisfy these requirements. To carry on exporting products to America, these companies had to introduce automation, sanitization, and sterilization processes in their operations. The company *empakando* provided these companies from El Salvador with personalized solutions that allowed them to keep operating in the USA, and at the same time, *empakando* was able to acquire necessary expertise in international processes.

As for client acquisition, *empakando* carries out its marketing activities through two main channels: its website (www.empakando.com) and its sales force. For Regina and Nick, the website is an essential component of the business because it helps the company showcase *empakando*'s brand image. That is why they take care of the website, making sure that it is based on and fully communicates the company's core values, such as professionalism, quality, innovation, and functionality. For instance, in the machinery section, each model that the company sells is accompanied by a PDF file carefully designed as a presentation tool, including a description of the machine, its characteristics, specifications, potential applications, and so on. Thus, the company also presents the technical expertise supporting the machinery it produces, and the professionalism that serves as a core principle for its business operations.

empakando also relies on a two-person sales team. One of its sales representatives focuses on the sale of import products, specifically sealing and labeling machines, as well as spare parts. The second representative is in charge of selling machinery built by *empakando* itself: filling machines, tanks, tunnel machines, capping machines, rinsers, and bakery machines. Now, in the case of large-scope projects, clients can discuss their needs and negotiate directly with Nick. Therefore, he collaborates with the sales team for bigger projects. Some of the company's traditional clients, such as the Spanish company Calvo, are always served by Nick.

Offered Products

While initially *empakando* designed the packaging process based on the peculiarities of its clients' products, currently the offer is focused on manufacturing more than the provision of services. The company's portfolio includes semiautomatic and automatic machines for filling, dosing, labeling, packaging, and conveyor belts (Figure 3). From a global point of view, the company's offer includes a first, pre-sale stage, supported by the premise "We transform your idea." The company helps the client materialize its ideas by designing plans, making first drafts, among other things. Next, *empakando* builds the machine, makes an inspection, and installs the equipment at the client's facilities. Finally, *empakando* provides the client with after-sales technical services, on-the-field training, and continuous support.

When designing and manufacturing these products, *empakando* follows the principles of quality, innovation, and complete adaptation to the client's needs. Thus, clients can expect high quality and precision throughout the entire purchase process, from machine design to final assembly and installation. Additionally, because these products are manufactured locally, prices are competitive, which clients appreciate. This is all possible largely thanks to Nick's experience in Switzerland and his technological skills. This allows *empakando* to develop new and unique products that meet high European manufacturing standards. *empakando*'s machines are so competitive compared to those built in the USA or Europe that sometimes it is questioned whether they were manufactured in El Salvador.

Figure 3. Automatic machine for filling designed by empakando

Regarding the services provided by *empakando*, these are also of very high quality. For instance, technical services are provided by highly qualified, specialized staff. Moreover, in comparison to the competition, Regina and Nick meet their clients' demands with faster response times, reducing downtime caused by the failure of machinery owned by the company's clients. On the other hand, because *empakando* is a manufacturer, it always has an available stock of spare parts, which allows the company to quickly repair the client's equipment. Furthermore, as the spare parts themselves are manufactured by *empakando*, they are high quality, which helps preserve the clients' machines longer and ensures optimal performance. By providing after-sales support, *empakando* offers its clients complete solutions, minimizing downtime and subsequent losses of productivity.

Staff Training

Regina and Nick, who make up a highly qualified founding team, have always placed great emphasis on staff training at *empakando*. As the company's administrative director, Regina relies on a graduate in Business Administration whom she considers "her right hand" without a doubt. On the other hand, Nick works with the support of a team of mechanical and industrial engineers. The entire staff in the Production Department is made of specialists who hold degrees in Mechanical Engineering. Regina and Nick think that it is much easier to work with qualified personnel, which also allows them to learn from their employees. In Regina's opinion, the new generations have quick minds, are fast, and have high technological skills. By contrast, she and Nick have started becoming slower due to their age. Their experience as managers of a company is valuable, but they also need the support of talented, younger generations. The emphasis that the entrepreneurs place on the staff's specialized training is a key element of *empakando's* growth. Technological expertise is an essential requirement to develop and market innovative products and processes, which, at the same time, is a necessary requisite for industrial SMEs' international expansion (García-Cabrera, García-Soto y Suárez-Ortega, 2017).

Business Social Responsibility

Empakando's socially responsible operations are based on three pillars: the difficulties many Salvadoran people are faced with due to the country's circumstances; relationships with different stakeholder groups with whom the company collaborates; and Regina and Nick's passion for education and human values (e.g., empathy, solidarity, responsibility).

First, and regarding the country, El Salvador is characterized by its harsh, difficult conditions. Thus, having the opportunity to receive high-quality training is extremely valuable for the population. A good education allows people to have access to decent, regulated jobs, hence why this activity is considered so valuable. The students and mechanical engineers welcomed into the company feel that *empakando* is a paradise for them in terms of training because they can receive a lot of specialized expertise from Nick.

Secondly, the company's interactions with several local and foreign stakeholder groups that it shares common goals with also contribute to developing the activity of corporate social responsibility. For example, in regards to training, *empakando* is currently collaborating with the Central American Technical Institute (ITCA), which imparts several degrees (e.g. mechanical engineering, industrial engineering, computer science, business administration, and management) applying a dual training system. ITCA's dual system, which is similar to the training provided in Switzerland, is unique in El Salvador. More specifically, *empakando* collaborates with the School of Engineering ITCA-FEPADE by granting scholarships to students so that they can study at this university while also pursuing an internship with the company within the framework of their dual training. A student with a scholarship from *empakando* spends alternate months at the company and ITCA, in addition to receiving the money to pay the entirety of their university fees. Many of these students are subsequently hired by *empakando*, therefore joining the labor market after finishing their studies. It is a good process for the company to hire talented people which are necessary to maintain the company's levels of quality and innovation and, therefore, the competitiveness of its products; and for graduates to join a company that provides them with a job suited to their training. Thus, both the company and the community benefit from this activity; that is, the company adds shared value. In addition, within the framework of its social business program and cooperation with stakeholders, *empakando* supports charity organizations. At Christmas, it also provides support to organizations that help minors with oncological problems.

Finally, at a more personal level, Nick and Regina are members of the Management Board of the Sociedad de Beneficiencia Suiza (Swiss Charity Society), where Nick is president. Every year this organization holds three large fundraisers so that they can offer scholarships to financially challenged, young people with great academic records. Moreover, Nick is also the president of the Fundación Educación (Education Foundation), which is based in Switzerland and has branch offices in different countries in Latin America. This foundation also provides funding for scholarship programs, specifically in the university context. For instance, it grants scholarships so that students can get their degrees at the universities of ESEN, Don Bosco, or ITCA. In this case, Regina and Nick participate in the screening process for scholarship candidates, whose progress they track throughout the entire degree. This is relevant because most students are faced with severe financial and family-related problems. Throughout their university years, they often feel overwhelmed by these difficulties and so they want to give up their studies. Regina and Nick provide them with emotional support to keep trying. They have taken it as a personal challenge to help these students graduate, to improve their lives and that of their families.

In addition, Regina is a member, along with five other female entrepreneurs, of the Advisory Committee of the international organization Voces Vitales. This organization proves support to business women and female entrepreneurs. For over a year, the organization has been implementing a program with funding provided by FOMILENIO[3] from the USA. The program offers technical and practical training to women who want to start businesses and thrive in life. Given that, in El Salvador, many theoretical seminars and workshops are already provided, Voces Vitales only provides real, practical training and counseling to women who wish to set up a business. Regina has a very positive opinion of the work carried out at Voces Vitales. By offering female participants valid connections for their own companies and practical training, the organization makes a relevant contribution to the Salvadoran society.

Thus, *empakando*'s commitment to corporate social responsibility has benefitted the local business and social environment, which requires help in El Salvador. This has been recognized by customers and many stakeholders, which helps reinforce the company's positive image and reputation. Also, it has benefitted *empakando*, in terms of acquiring qualified, highly committed employees who value the company's corporate social responsibility, as well as its slightly reduced hiring and turnover costs. All this has helped consolidate *empakando's* business project in the local Salvadoran market, therefore generating sufficient financial resources and experience to address the challenges posed by international markets.

Going Gradually into International Markets

The local Salvadoran market is small. Regina had already contacted all the companies that she thought would be interested in *empakando's* machinery. However, many of these companies did not want to invest in improving their production processes. The company was founded in 2000. Three years later it had already reached maximum capacity in the local market, and sales began to diminish (2003). It was time to consider increasing the company's operations entering foreign countries.

Regina and Nick thought of *empakando*'s international expansion as a regional process, aimed at Central America, including Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama. For the couple, the Central American region was so small that it did not make sense for them to keep growing sequentially across these countries. In Regina and Nick's opinion, it was better to target these countries simultaneously. As such, after three years, between 2004 and 2007, the company was already present across Central America.

Given its resources at that time, the company carried out the process in a rudimentary way. From its headquarters in El Salvador, Regina and Nick sought companies operating in industries that were the most suitable for *empakando*, in order to sell their machines to them. They used telephone directories and information requests submitted to the relevant embassies. Once they had located the companies, they called them by phone, arranged meetings, and travelled to visit them in their home countries. In general, these foreign companies gave a warm welcome to Regina and Nick and appreciated *empakando*'s offer. A few years after *empakando*'s entry into the region, Regina and Nick's visits were complemented by the company's participation at trade shows. Regina and Nick yielded excellent results from these given that such events provide networking opportunities to connect with potential clients from foreign countries

The below information provides more detail about the motives and methods of entering each country.

- **Belize and Nicaragua**. Belize was the first foreign country where the company sold its products. *empakando* chose it to seize an opportunity: Belize's ambassador in El Salvador contacted the company believing that its products and services could be of value to Belizean businesses. After the initial contact, Regina and Nick visited Belize in person to engage clients following the procedure described above. That is how they made their first sales in Belize in 2004. After two years in the country, *empakando* decided to stop operating there for two main reasons: (1) the food and pharmaceutical industries in the country were very limited and work is mostly done manually, so there were few potential clients; and (2) the country's political situation was very sensitive. There was a similar situation in Nicaragua which *empakando* entered in 2006, because there were no other machinery manufacturers that could compete with it in the country. The company's entry followed the same procedure as in Belize, directly contacting other businesses as potential clients. After many years operating in Nicaragua, *empakando* decided to cease its activities there in 2013, again due to the country's political situation, which had made negotiations more complicated.

- **Panama.** The SME entered the country in 2005, knowing that there were no competitors that manufactured similar machinery. To make the entry easier, based on their previous positive experience in Belize, Regina and Nick made prospecting visits to the country. Afterwards, to accelerate *empakando*'s launch in the country, the company's owners visited international trade shows in 2010 and 2013. Both procedures allowed them to engage customers and close sales deals.
- **Guatemala**. *empakando* entered the country in 2005. Although entering Guatemala would have been easier because geographically it is the closest country to El Salvador, it was the third country where they sold their products. Guatemala was an interesting market, not only because it was close to El Salvador, but also because its food and cosmetics industry is highly developed. Therefore, there were many potential clients for *empakando*. The SME entered Guatemala just as it had done with Panama. After a few years operating in the country, *empakando* started participating in international trade shows between 2009 and 2014. However, unlike in Panama, the trade show visits were not as productive in terms of engaging customers and closing deals. As an alternative, Regina and Nick decided to find a Guatemalan distributor to represent the company's brand in-country. This was most beneficial for *empakando*, with an increase in sales in Guatemala.
- **Costa Rica**. Given the country's high potential for engaging customers, *empakando* entered in 2006. Just as on previous occasions, the procedure stayed the same: visits, direct contact with potential clients, followed by participation at trade shows. Following its recent positive experience in Guatemala, the company located a distributor in Costa Rica, a company focused on similar operations which agreed to sell *empakando*'s products.
- **Honduras**. Finally, *empakando* entered Honduras in 2007. It was a strategic and potentially valuable country given the potential market available for the company to sell its products. After its previous experiences in other countries and the results obtained with the help of a local distributor, *empakando* made slight modifications to the entry procedure. The company directly contacted a Salvadoran firm with a subsidiary in Honduras. As such, they agreed that the firm would represent *empakando* and sell its products in Honduras.

However, when *empakando* initially entered the country they experienced a lot of difficulties. Some potential clients regarded them as an unknown company based in El Salvador, offering a product that is rarely manufactured in Central America. Indeed, El Salvador is known for its textile and agro-industrial products. As previously stated, *empakando* had almost no competition in the country and the region as a whole. Thus, being a Salvadoran company did not open many doors in foreign countries, resulting in prospective clients having doubts about *empakando*'s reliability. These circumstances were barriers to the company's beginnings as an exporter.

The company started operating abroad by selling liquid-filling machines (its strongest products) and then gradually increased its range of exported products (e.g. piston fillers, conveyor belts and rotary tables). Because *empakando* manufactured these machines adapting them to the clients' needs (e.g. size, capacity, speed), Regina and Nick requested an advance on 50% of the machines' value to start production. Because the clients doubted that the machinery was being produced in El Salvador, they were reluctant to advance money for a purchase they regarded as highly uncertain. Despite that, in 2005, the same year *empakando* started manufacturing semi-automated (not solely mechanical) machinery, the company also made its first sales in Panama and Guatemala. Gradually, potential clients in Central America researched and became more familiar with *empakando*. Thanks to initial product sales, *empakando* was able to demonstrate the high quality of its machines and the company's first clients became strong ambassadors. "The fact that local clients had an excellent opinion of our team and work helped increase people's trust in our company and our sales volume, as well," Regina remembers.

However, the procedure they chose to enter those countries (direct exports based on client engagement carried out by Regina and Nick, and recommendations made by their first clients) led to a slower entering than expected. As a faster alternative, the company used indirect exportation, sealing deals with companies based in Central American countries to enhance customer acquisition. Regina and Nick's first experiences with some of these distributors were not positive and they soon realized that, unless these companies' own operations were related to machinery, they were not effective. This made *empakando* waste a great deal of time. Regina and Nick learned that it is essential for the local distributor to operate in the same industry as *empakando* and to have a good reputation in the target country. Furthermore, a specialization in machinery meant that these representatives could provide installation and maintenance services for *empakando*'s products. When Regina and Nick started working with specialized intermediaries, and as an additional measure to guarantee service quality for customers (a distinguishing mark for *empakando*), Nick started training their local distributors' technical staff. On the other hand, when *empakando* had no local distributor in some host countries (for instance, when an intermediary failed and had to be replaced by another), *empakando* sent a technical specialist from El Salvador. This procedure for the company's foreign operations has been retained over the years, so Regina and Nick have not established delegations for the company abroad.

empakando's exports started growing gradually, accounting for 23%-52% of its production over the last 5 years, with an annual average of 31.4% between 2015 and 2019. However, the level of implementation varies between these countries. For instance, in Panama and Guatemala, sales are continuous, with the latter being *empakando*'s best customer abroad. On the other hand, in Honduras and Costa Rica, exports are sporadic. After providing the company with significant profit for a long time, over the last four years, sales in Honduras have greatly diminished, which is why *empakando* is preparing to strengthen its presence there. In Costa Rica, the company is currently looking for a new distributor because the previous one failed to meet their expectations.

When evaluating entry barriers in these countries, Regina does not identify other relevant obstacles. They certainly had to deal with the differences in some target countries' legislations, but this was not a problem. For instance, Panama is the only Central American country that requires a certificate of origin for its products, but *empakando*'s papers were already in order in El Salvador which made it easy to obtain the document and submit it to Panamanian customs so that the company's clients could import *empakando*'s products.

Concerning the negotiation processes needed to operate in the international context, Regina found them to be very similar to clients from Belize, Guatemala, Honduras, Nicaragua, Costa Rica, or Panama. In her opinion, the negotiating process has always been the same. The SME *empakando* first identifies the client's needs to find the product best suited to them. As for the steps where the client accepts the planes, the offer, and so on, there were no significant difficulties either. For Regina, the fact that *empakando* offers solutions aimed at improving the client's processes and clearly provides the relevant information from the beginning, which the client also notices, makes it easier to hold smooth negotiations that benefit all the parties involved. In addition, all Central American countries speak the same language and have similar cultures, which also simplifies the process. In any event, when contacting people from other cultures who also operate in Central America, negotiations have been held and agreements have been implemented successfully as well, without relevant incidents.

Finally, in geographical terms, exporting products to other countries in the region has been easy. Given that Central America is a relatively small region and there are reliable transport services in place, shipment time also meets the requirements. In fact, all of these products have always been sent from El Salvador by land, using specialized transport companies. In this regard, the company faces no problems. The only exception comes from situations outside the company's control, such as customs, strikes, etc. However, such difficulties can appear at any time and affect both *empakando* and its clients.

The Support of Export Promotion Programs Offered by Public Institutions and Non-profit Business Unions in El Salvador

El Salvador has a number of institutions that provide support to local companies wishing to internationalize. Some of them are public institutions and others are non-profit business unions (elsalvadortrade.com.sv). Among the first are: PROESA, responsible for strengthening Salvadoran companies' export operations; the Centro de Trámites de Importación y Exportación (CIEX) (Import and Export Center), which expedites the necessary export and import procedures; and the Ministry of Foreign Affairs, which manages El Salvador's foreign policy. Some non-profit business unions are the Corporación de Exportadores de El Salvador (COEXPORT) (Salvadoran Exporters Corporation), which promotes the production and export of products and services, and other organizations such as the Asociación Salvadoreña de Industriales (ASI) (Salvadoran Industry Association), El Salvador's Chamber of Commerce and Industry (CAMARASAL), the Salvadoran Chamber of the Construction Industry (CASALCO) or the Salvadoran Coffee Council (CSC).

With the help of these public and private institutions, the Salvadoran Ministry of Foreign Affairs presents an events plan each year based on the Government and business associations' industrial strategic interests. The plan comprises national and international trade shows, missions and investment fora organized to help Salvadoran companies to market their products and services. For instance, El Salvador's Event Plan 2019 (PROESA, 2019b) includes 50 events, including a description of the events, how and how many companies can participate, the benefits for companies, etc. Among the scheduled events, highlights include multi-sectoral commercial missions to countries such as Guatemala, Honduras and the Dominican Republic; the presentation of business opportunities El Salvador-Belgium; Design & Manufacturing Pacific in the USA, related to developments made with regard to engineering, computer science, electronics, automation, etc.; AGITRADE in Guatemala on agro-industrial matters; the EXPOCOMER multi-sectorial trade show in Panama; 6th Multi-Sectorial Business Meetings in El Salvador; as well as several trade shows related to tourism, fashion or the automotive industry.

However, the expenses associated with participating at trade shows and international missions (e.g. plane tickets, hotel reservations, and meals) make them inaccessible for some companies, especially for newly established ones. For example, companies sometimes attend trade shows because they are invited by the organizers, yet they still have to pay the expenses involved in attending. In some cases, Salvadoran institutions help local companies participate in these international trade shows. They help companies book a space or stand to represent El Salvador so that the companies do not have to pay to rent it. Other expenses incurred to attend the show are the companies' responsibility. In Regina's opinion, these expenses can be very high depending on where the event is held.

Several factors determine the requirements to participate at an international trade show: whether the company wants to attend individually or as part of a commercial mission, the size, and relevance of the show, and whether it is a general or specialized trade show in a specific industry. To attend a trade show individually, if the company can cover all its expenses, including the reservation of the stand for its products, it simply has to submit a request and the relevant forms. Additionally, when the trade show is specialized, all the products being exhibited must belong to the same industry. *empakando* attended both general and specialized international trade shows to market their products, acquire customers and seal sales deals shortly after starting its internationalization process, in order to enter Central American countries faster. It participated in general trade shows in 2010 and 2013 independently to facilitate its entry in Panama, in specialized trade shows from 2009 to 2014 independently to acquire customers and business opportunities in Guatemala, and in a commercial mission to facilitate its entry in Costa Rica. In the latter case, the SME was supported by the Salvadoran Chamber of Commerce, which organized commercial missions so that local entrepreneurs could attend international trade shows. The company was also supported by FONDEPRO, which financed 50% of the costs.

Nevertheless, for a few years there have not been any relevant specialized trade shows for the Central American market, which is why *empakando* does not currently attend such events. Although general trade shows are available, they provide fewer business opportunities. For specialized events in *empakando*'s areas of interest, highly renowned trade shows, such as a machinery trade show, are held every year, but these take place in other geographic areas such as the USA and Brazil. Given that most companies in the industry want to participate in such trade shows, aspiring companies are evaluated according to their product portfolio, country of origin, among other criteria. To ensure high standards, the organizers decide which companies the stands should be assigned to. As *empakando* has not yet considered internationalizing to other countries outside of Central America, it has limited interest in these trade shows.

If companies participate in a trade show within the framework of a commercial mission, there are also specific requirements. Again, it depends on who the organizers of the mission are and on whether there is partial or complete financial support available for companies. In these cases, it is quite difficult to access these programs. Companies must include their legal registration certificate as well as their financial information. Entrepreneurs are not considered for these programs. As such, if a potential entrepreneur has a business idea and has carried out the necessary analyses to establish their project, but their company has not yet become a legal entity, they will not be able to receive support to participate in a commercial mission. Once the necessary information has been collected from the candidates, the organizers will evaluate the companies that have submitted the correct information. They then decide which companies they should support and authorize to participate in the mission.

Earning a place within a commercial mission is not easy, as the organizers usually establish a maximum number of participants, i.e. five to ten companies. In El Salvador, these missions are mainly aimed at different Central American countries, but some are also organized to attend trade shows in the USA, Europe, and Asia. As Regina and Nick registered their company and followed all the legal procedures since the inception of their business, they were able to participate in some commercial missions, as described above. However, they are currently not particularly interested in such programs given that they are now established in Central America and not aiming to sell their products in the USA, Europe or Asia.

For companies entering foreign markets for the first time, commercial missions offer great support. Regina suggests that finding clients and initial negotiations are a very different experience as part of a commercial mission, compared to doing so independently. That is why their participation in these missions was so useful for them in the initial years of their internationalization process. As part of a commercial mission, the company introduces itself as a member of its country's delegation. Simply being chosen to participate in a country's commercial mission is proof of the company and its management's reliability. Moreover, on many occasions, organizers provide additional support to business people who are taking their first steps in the international context. For instance, during negotiations, they offer guidance about which countries are most suitable for them depending on the type of products they wish to export and each country's tax law.

Regarding the general advice provided to companies in commercial missions, organizers usually provide useful oral and written information related to closing successful deals. For instance, when a company participates in a commercial mission, the organizers usually provide handbooks and pamphlets on how to negotiate or export products to countries which might be of value to El Salvador. Organizers usually supply information on the available Free Trade Agreements (e.g. Central American free trade agreements, Panama-Central America Free Trade Agreement, Dominican Republic-Central America Free Trade Agreement) and how to benefit from them, important factors in specific countries, and tips related to networking and negotiations. All this information was very useful for *empakando*. It is particularly necessary for companies participating in the mission for the first time because they need more support. As such, organizers usually provide them with additional help. When a company participates in a commercial mission, it can ask the organizers for support in arranging meetings with potential clients. The organizers then contact the potential clients, inform them that the company is going to attend the trade show, and request a meeting. This process ensures professionalism and security for both the companies participating in the mission and the potential clients themselves.

If companies attend international trade shows individually, as *empakando* did when it had already acquired enough experience, they lack the support that commercial missions usually provide, because the trade shows do not offer such services. The company must prepare on its own, collecting all the necessary information to ensure the productivity of attending the event. Regina remembers that, on one occasion, they wanted to do business in China, but they initially got the impression that the company they wanted to collaborate with was not very reliable. As such, they sought information about the company, yet what they found did not allay their doubts. Regina then contacted COEXPORT, who informed her about China's situation at the time. Their recommendation was for her not to carry out the negotiation. The entrepreneurs did not hesitate to follow COEXPORT'S suggestions. Situations like this can affect both importers and exporters. That is why every company should carry out a thorough investigation before attending trade shows.

When considering their general experience with commercial missions and trade shows, Regina believes that each company should make an analysis individually, as they did. Even if the company participates in the trade show as a member of a commercial mission, the conclusion of the negotiations is still their responsibility. At a trade show, many clients can approach the company without it expressly seeking them, and therefore prior to the show, the company must develop strong criteria to assess potential collaborations on-site. This is key to forging a long-term relationship based on a "win-win" principle, i.e. a mutually beneficial relationship.

All things considered, the support of export promotion programs in a country like El Salvador, although less important than *empakando*'s products and principles, is still important.

FINDINGS FROM *EMPAKANDO*'S EXPERIENCE AND CURRENT CHALLENGES FACING THE FIRM

The current case study aims to address a gap in the current literature: the lack of evidence with regard to the internationalization process of SMEs based in developing countries. We provide details on the circumstances underlying these processes and the decisions made to successfully address internationalization. Our case study is based on the SME *empakando*, which was founded in the developing country El Salvador in 2000. The case study analyzes a range of important aspects in order to understand the phenomenon: firstly, the internationalization process and the entry methods chosen; and secondly, two key elements in gaining access to the resources and connections needed to facilitate internationalization, that is, the commitment to corporate social responsibility (as an internal factor) and the support of export promotion programs (as an external factor).

Regarding the internationalization process, we note that like many SMEs, *empakando* follows the internationalization process based on a gradual model. After the SME was established in the local market, it began its international expansion by entering new countries step by step, based on an incremental, gradual learning process. During this process, the firm adopted the most common entry mode used by SMES, i.e. using exports with or without intermediaries, as such avoiding having to commit a high level of resources.

The case also demonstrates the main challenges *empakando* experienced when entering foreign countries as an SME based in a developing country. It also highlights the primary factors favoring its successful internationalization.

The country the SME is based in can provide challenges. Some are challenges usually faced by SMEs during internationalization (e.g., lack of experience on foreign markets, lack of financial resources, reputation when entering foreign countries, etc.), and some are country-level factors related to the conditions in a developing economy such as El Salvador. The country's characteristics harmed *empakando*'s credibility at the beginning of the process and became an obstacle. The distrust towards the country by customers abroad was extended to *empakando* because of it being an SME founded and located in El Salvador.

On the other hand, factors that favored its successful internationalization include the following:

- The complementarity of the founding team members' backgrounds. They are a couple with an ideal combination of knowledge and abilities, e.g. they have different cultural origins (El Salvador and Switzerland) and different specializations (commercial and technological), which provide valuable synergies. Such complementarity allows them to nurture the SME with (1) market capabilities and the ability to develop tailor made products; and (2) technological capabilities, particularly innovation, which allows *empakando* to develop new and unique products that meet high European manufacturing standards.
- The SME's commitment to corporate social responsibility, which has helped *empakando* recruit qualified and committed employees, as well as resulting in slightly reduced hiring and turnover costs. This social commitment also benefits the firm's environment, which requires great support in El Salvador.
- The support offered by public export promotion programs has also been relevant, albeit to a lesser degree.

However, *empakando's* internationalization process does not end with the experience described in this case study. For the next few years, *empakando* has set itself new challenges to expand its operations in two ways:

Concerning the market, Regina and Nick have decided to strengthen the company's international presence in Central America, specifically in Guatemala, Honduras and Costa Rica, given that their operations are scarce in these countries. *empakando* has a very large margin for growth and it therefore hopes to achieve greater market penetration.

Concerning products, Nick has designed a new dosing machine, geared towards bakeries and confectioneries. It is a markedly innovative and competitive product. *empakando* has already hired new staff to manufacture and distribute it. Additionally, Regina and Nick intend to use the new machine as a way of reaching the South American region, a new market which has remained unexplored by the company until now. This product provides a highly valuable competitive advantage to help the company enter the regional market, even if Regina and Nick's aim is to sell its entire range of machinery there once the company enters the region. They have said they are very excited about this challenge. Although they know that 2020 will involve a lot of work and uncertainty due to the pandemic generated by COVID-19 and their inexperience in South America, they remain positive as to the potential of their product to be successful in this new region.

In fact, Regina and Nick are working on an aggressive plan to enter into the entire South American market. The company is preparing to seek and establish connections with potential clients in the region. They will enter the market through Colombia, which they chose for two reasons. Firstly, *empakando* has previous commercial experience with Colombian companies, meaning that they have knowledge and connections for that market, despite not having previously operated in the country. Secondly, there is a large market in Colombia for *empakando*'s products, and the company already has a list of potential clients there.

To speed up its entry into Colombia, and later other South American countries, *empakando* will use the same methods which have previously helped it to expand internationally. The company will attend commercial trade shows in target countries to market their products and seek new clients and look for suitable local distributors. Given the company's extensive international experience, *empakando* will not use export promotion programs, choosing only targeted trade shows, particularly specialized events (e.g. a trade show in Brazil), which the company will attend individually. As for distributors, to save on travel expenses and particularly to protect *empakando*'s distinguishing mark, these distributors will have to be local, well-established companies, with a relevant trajectory and a strong reputation in their respective countries, as well as working with similar products to *empakando*. They will also have to rely on a technical department to provide customers with optimal assembly and repair services. Given that *empakando*'s aim is to have a wide distributor network, the company will not enter exclusivity agreements for the distribution of their products. Regina and Nick know that establishing this sales network will be a difficult and lengthy process. As such, their first sales will be made via direct exports if necessary, because they have no distribution agreements in the target countries. In such cases, installation and maintenance services for the machinery will be provided directly by *empakando.*

Regina and Nick are aware of the challenges that they will have to address in the upcoming months. Their experience, good principles and practices employed over the 20 years they have been running *empakando,* will be essential in meeting their new objectives.

ACKNOWLEDGMENT

This research was supported by the Spain's Economy, Industry and Competitiveness National Department [grant number ECO2016-80518-R].

REFERENCES

Agarwal, S., & Ramaswami, S. N. (1992). Choice of foreign market entry mode: Impact of ownership, location and internalization factors. *Journal of International Business Studies*, *23*(1), 1–27. doi:10.1057/palgrave.jibs.8490257

Ayuso, S., & Navarrete-Báez, F. E. (2018). How does entrepreneurial and international orientation influence SMEs' commitment to sustainable development? Empirical evidence from Spain and Mexico. *Corporate Social Responsibility and Environmental Management*, *25*(1), 80–94. doi:10.1002/csr.1441

Cantwell, J., Dunning, J. H., & Lundan, S. M. (2010). An evolutionary approach to understanding international business activity: The co-evolution of MNEs and the institutional environment. *Journal of International Business Studies*, *41*(4), 567–586. doi:10.1057/jibs.2009.95

Central Reserve Bank of El Salvador. (2020). Retrieved from https://www.bcr.gob.sv/comex/

CEPALSTAT. (2019). Retrieved from https://estadisticas.cepal.org/cepalstat/WEB_CEPALSTAT/estadisticasIndicadores.asp?idioma=e

Cerviño, J., Arteaga-Ortiz, J., & Fernández-del Hoyo, A. (2017). Marketing internacional. In J. Arteaga Ortiz (Ed.), *Manual de internacionalización. Técnicas, herramientas y estrategias necesarias para afrontar con éxito el proceso de internacionalización* (pp. 218–372). ICEX-CECO.

Cheng, H. L., & Yu, C. M. J. (2008). Institutional pressures and initiation of internationalization: Evidence from Taiwanese small and medium-sized enterprises. *International Business Review*, *17*(3), 331–348. doi:10.1016/j.ibusrev.2008.01.006

Comi, S., & Resmini, L. (2019). Are export promotion programs effective in promoting the internalization of SMEs? *Economics and Politics*, 1–35.

Coudounaris, D. N. (2018). Export promotion programmes for assisting SMEs. *Review of International Business and Strategy*, *28*(1), 77–109. doi:10.1108/RIBS-06-2017-0050

Damijan, P. J., Knell, M., Majcen, B., & Rojec, M. (2003). The role of FDI, R&D accumulation and trade in transferring technology to transition countries: Evidence from firm panel data for eight transition countries. *Economic Systems*, *27*(2), 189–204. doi:10.1016/S0939-3625(03)00039-6

Demirbag, M., Tatoglu, E., & Glaister, K. W. (2009). Equity-based entry modes of emerging country multinational. *Journal of World Business*, *44*(4), 445–462. doi:10.1016/j.jwb.2008.11.009

DIGESTYC -Dirección General de Estadístico y Censos. (2020). Retrieved from http://www.digestyc.gob.sv/index.php/foro/2-bienvenido-mat/16-pib.html

Dimitratos, P., Amorós, J. E., Etchebarne, M. S., & Felzensztein, C. (2014). Micro-multinational or not? International entrepreneurship, networking and learning effects. *Journal of Business Research*, *67*(5), 908–915. doi:10.1016/j.jbusres.2013.07.010

Elbanna, S., Hsieh, L., & Child, J. (2020). *Contextualizing internationalization decision-making research in SMEs: Towards an integration of existing studies*. European Academy of Management. doi:10.1111/emre.12395

Evers, N., & Knight, J. (2008). Role of international trade shows in small firm internationalization: A network perspective. *International Marketing Review*, *25*(5), 544–562. doi:10.1108/02651330810904080

Expansión. (2019). Retrieved from https://datosmacro.expansion.com/paises/el-salvador

Fletcher, D., & Harris, S. (2012). Knowledge acquisition for the internationalization of the smaller firm: Content and sources. *International Business Review*, *21*(4), 631–647. doi:10.1016/j.ibusrev.2011.07.008

Gabrielsson, M., Kirpalani, V. H. M., Dimitratos, P., Solberg, C. A., & Zucchella, A. (2008). Born globals: Propositions to help advance the theory. *International Business Review*, *17*(4), 385–401. doi:10.1016/j.ibusrev.2008.02.015

García-Cabrera, A. M., García-Soto, M. G., & Durán-Herrera, J. J. (2016). Opportunity motivation and SME internationalisation in emerging countries: Evidence from entrepreneurs' perception of institutions. *The International Entrepreneurship and Management Journal*, *12*(3), 879–910. doi:10.100711365-016-0386-7

García-Cabrera, A. M., García-Soto, M. G., & Suárez-Ortega, S. M. (2017). Macro-level spillovers and micro-level capabilities as antecedents of young SMEs' propensity to export and to become a born global. *The International Entrepreneurship and Management Journal*, *13*(4), 1199–1220. doi:10.100711365-017-0451-x

Geldres-Weiss, V. V., Etchebarne, M. S., & Bustos, L. H. (2011). The impact of governmental export promotion on the firm's export performance. *Academia (Caracas)*, *47*, 1–17.

Geldres-Weiss, V. V., & Monreal-Pérez, J. (2018). The Effect of Export Promotion Programs on Chilean Firms' Export Activity: A Longitudinal Study on Trade Shows and Trade Missions. *Journal of Promotion Management*, *24*(5), 660–674. doi:10.1080/10496491.2018.1405519

Ghemawat, P. (2001). Distance still Matters. *Harvard Business Review*, *79*(8), 137–145. PMID:11550630

Gil-Barragan, J. M., Belso-Martínez, J. A., & Mas-Verdú, F. (2020). When do domestic networks cause accelerated internationalization under different decision-making logic? *European Business Review*, *32*(2), 227–256. doi:10.1108/EBR-11-2018-0191

Gilmore, A., O'Donnell, A., Carson, D., & Cummins, D. (2003). Factors influencing foreign direct investment and international joint ventures – A comparative study of Northern Ireland and Bahrain. *International Marketing Review*, *20*(2), 195–215. doi:10.1108/02651330310470401

Grant, R. M. (2016). *Contemporary strategy analysis: Text and cases*. Reino Unido: John Wiley & Sons.

Haddoud, M. Y., Jones, P., & Newbery, R. (2017). Export promotion programmes and SMEs' performance. *Journal of Small Business and Enterprise Development*, *24*(1), 68–87. doi:10.1108/JSBED-07-2016-0116

Jahdi, K. S., & Acikdilli, G. (2009). Marketing communications and corporate social responsibility (CSR): Marriage of convenience or shotgun wedding? *Journal of Business Ethics*, *88*(1), 103–113. doi:10.100710551-009-0113-1

Johanson, J., & Vahlne, J. (1977). The internationalization process of the firm: A model of knowledge development and increasing foreign market commitments. *Journal of International Business Studies*, *8*(1), 23–32. doi:10.1057/palgrave.jibs.8490676

Johanson, J., & Vahlne, J. (2009). The Uppsala internationalization process model revisited: From liability of foreignness to liability of outsidership. *Journal of International Business Studies*, *40*(9), 1411–1431. doi:10.1057/jibs.2009.24

Johanson, J., & Wiedersheim-Paul, F. (1975). The internationalization of the firm - four Swedish cases. *Journal of Management Studies*, *12*(3), 305–323. doi:10.1111/j.1467-6486.1975.tb00514.x

Kalafsky, R. V. (2017). Export programs and SME market choice: Evidence from North West England. *GeoJournal*, *82*(6), 1135–1144. doi:10.100710708-016-9733-z

Knight, G. A., & Cavusgil, S. T. (2004). Innovation, organizational capabilities, and the born-global firm. *Journal of International Business Studies*, *35*(2), 124–141. doi:10.1057/palgrave.jibs.8400071

Kruesi, M. A., Hemmington, N. R., & Kim, P. B. (2018). What matters for hotel executives? An examination of major theories in non-equity entry mode research. *International Journal of Hospitality Management*, *70*, 25–36. doi:10.1016/j.ijhm.2017.11.005

Laufs, K., & Schwens, C. (2014). Foreign market entry mode choice of small and medium-sized enterprises: A systematic review and future research agenda. *International Business Review*, *23*(6), 1109–1126. doi:10.1016/j.ibusrev.2014.03.006

Lederman, D., Olarreaga, M., & Payton, L. (2010). Export promotion agencies: Do they work? *Journal of Development Economics*, *91*(2), 257–265. doi:10.1016/j.jdeveco.2009.09.003

Leonidou, L., Samiee, S., & Geldres, V. V. (2015). Using national export promotion programs to assist smaller firms' international entrepreneurial initiatives. In P. N. Ghauri & V. H. M. Kirpalani (Eds.), *Handbook of Research on International Entrepreneurship Strategy: Improving SME Performance Globally* (pp. 239–252). Edward Elgar Publishing Ltd. doi:10.4337/9781783471584.00023

Leonidou, L. C., Palihawadana, D., & Theodosiou, M. (2011). National export-promotion programs as drivers of organizational resources and capabilities: Effects on strategy, competitive advantage, and performance. *Journal of International Marketing*, *19*(2), 1–29. doi:10.1509/jimk.19.2.1

Luo, Y., & Tung, R. L. (2007). International expansion of emerging market enterprises: A springboard perspective. *Journal of International Business Studies*, *38*(4), 481–498. doi:10.1057/palgrave.jibs.8400275

Martincus, C. V., & Carballo, J. (2010). Beyond the average effects: The distributional impacts of export promotion programs in developing countries. *Journal of Development Economics*, *92*(2), 201–214. doi:10.1016/j.jdeveco.2009.02.007

Ministry of Economy of El Salvador. (2018). *Household survey data*. Retrieved from http://www.digestyc.gob.sv/index.php/temas/des/

Osei, A., Forkuoh, K. S., Shao, Y., & Osei, M. A. (2016). The impact of institutional support in SMEs marketing, and growth—A case study of retail SMEs in Ghana. *Open Journal of Business and Management*, *4*(3), 408–426. doi:10.4236/ojbm.2016.43043

Pickernell, D., Jones, P., Thompson, P., & Packham, G. (2016). Determinants of SME exporting: Insights and implications. *International Journal of Entrepreneurship and Innovation*, *17*(1), 31–42. doi:10.5367/ijei.2016.0208

Portal[REMOVED HYPERLINK FIELD]. (n.d.).Retrieved from http://www.elsalvadortrade.com.sv/

Porter, M. E., & Kramer, M. R. (2006). The link between competitive advantage and corporate social responsibility. *Harvard Business Review*, *84*(12), 78–92. PMID:17183795

PROESA. (2019a). *Directorio Nacional de Empresas Exportadoras*. Retrieved from http://www.proesa.gob.sv/

PROESA. (2019b). *Plan de Eventos El Salvador (2019).* Retrieved from http://www.proesa.gob.sv/

Rialp-Criado, A. (1999). Los enfoques micro-organizativos de la internacionalización de la empresa: Una revisión y síntesis de la literatura. *Información Comercial Española, ICE. Revista de Economia (Curitiba)*, *781*, 117–128.

Spence, L. J. (1999). Does size matter? The state of the art in small business ethics. *Business Ethics: A European Review, 8*(3), 163-174.

Spence, M. M. (2003). Evaluating export promotion programmes: UK overseas trade missions and export performance. *Small Business Economics*, *20*(1), 83–103. doi:10.1023/A:1020200621988

The World Bank in El Salvador. (2019). Retrieved from https://www.bancomundial.org/es/country/elsalvador/overview#1

Torkkeli, L., Saarenketo, S., Salojärvi, H., & Sainio, L.-M. (2017). Sustainability and Corporate Social Responsibility in Internationally Operating SMEs: Implications on Performance. In Value Creation in IB: An SME Perspective (pp 359-373). Vaasa, Finland: Palgrave MacMillan.

Uzhegova, M., Torkkeli, L., & Saarenketo, S. (2019). Corporate Social Responsibility in SMEs: Implications on Competitive Performance. *Management Review*, *30*(2-3), 232–267.

Valliere, D., & Petterson, R. (2009). Entrepreneurship and economic growth: Evidence from emerging and developed countries. *Entrepreneurship and Regional Development*, *21*(5), 459–480. doi:10.1080/08985620802332723

Welch, L. S., & Luostarinen, R. K. (1993). Inward-Outward Connections in Internationalization. *Journal of International Marketing*, *1*(1), 44–56. doi:10.1177/1069031X9300100104

Wright, M., Westhead, P., & Ucbasaran, D. (2007). Internationalization of small and medium-sized enterprises (SMEs) and international entrepreneurship: A critique and policy implications. *Regional Studies*, *41*(7), 1013–1029. doi:10.1080/00343400601120288

Yan, Z. J., Zhu, J. C., Fan, D., & Kalfadellis, P. (2018). An institutional work view toward the internationalization of emerging market firms. *Journal of World Business*, *53*(5), 682–694. doi:10.1016/j.jwb.2018.03.008

Yang, X., & Rivers, C. (2009). Antecedents of CSR practices in MNCs' subsidiaries: A stakeholder and institutional perspective. *Journal of Business Ethics*, *86*(S2), 155–169. doi:10.100710551-009-0191-0

Zahra, S. A., Newey, L. R., & Li, Y. (2014). On the frontiers: The implications of social entrepreneurship for international entrepreneurship. *Entrepreneurship Theory and Practice*, *38*(1), 137–158. doi:10.1111/etap.12061

KEY TERMS AND DEFINITIONS

Corporate Social Responsibility: The continuing commitment by the business to behave ethically and contribute to economic development while improving the quality of life of the workforce as well as the local community and society.

Developing Country: Nation with a less-developed industrial base and a lower Human Development Index than other countries.

Dual Training: Training system takes place at two learning center, an academy and a workplace. The relationship between the student and the company is organized through a training and learning contract.

Entrepreneur: An individual who creates a new, independent company aiming to exploit business opportunities.

Entrepreneurship: The creation of a new business enterprise.

Entry Mode Strategy: Structural agreement for organizing and conducting international business transactions, by carrying out the marketing and/or production operations, by itself or in partnership with others.

Export Promotion Programs: Support offered by governments to help firms overcome real or perceived obstacles to exporting.

Gradual Internationalization Model: Strategic approach to internationalization based on the offer of products and services aimed at a local market in order to achieve business consolidation and undertake international expansion later.

ENDNOTES

1. Thick flatbread made by hand with cornmeal or rice flour, usually stuffed with one or more ingredients, e.g. cheese, *chicharrón,* squash, fried beans or cheese with *loroco* buds.
2. Made with chicken meat, tamales are a traditional dish for New Year's Eve and almost all kinds of festivities in El Salvador.
3. FOMILENIO is a programme funded with US$277 million donated by the Government of the USA through the Millennium Challenge Corporation (MCC).