# The implications of internationalisation on the management process of the Small or Medium-Sized Enterprise

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## Introduction

In the economic, political, social and financial context that has been a feature of the early 21st century, factors such as the deregulation of markets and commercial practices and the growing interconnection of markets have resulted, virtually inevitably, with Small and Medium-Sized Enterprises having to get to grips with the phenomenon of internationalisation.

This challenge is having inescapable consequences on the organisation and day-to-day operation of SMEs, forcing them in particular to make their management practices more professional, especially in terms of implementing systematic control procedures into their activities. SMEs have also had effectively to introduce a multicultural dimension linked closely to the internationalisation of their business to their management practices and processes, and to their way of making strategic choices.

These changes are having an effect on the tools, rules, lines of conduct, internal directives, informal practices, etc. that together make up the system of processes deployed by SME managers to enable their companies to be managed with regular and recurrent performance in mind. This is characterised in particular by the fact that they need to be capable of achieving the financial, manufacturing and employment-related objectives that they set themselves.

The aim of this contribution is to identify, through a structured framework of analysis, what the implications are that internationalisation may have on the system of processes within SMEs that are performing well. It is based on a summary of the elements highlighted in the specialist scientific and business literature devoted to the impact of internationalisation in the context of an SME. It is structured and uses the modelling of the (non-)performance of the SME proposed by Crutzen and Van Caillie (2009) as its organisational framework.

After defining the concept of internationalisation from a managerial point of view, we will identify in the initial section of this contribution, the stages in a “standard” internationalisation process for an SME, showing in particular that this process is generally a gradual one that is not continuous and is different in every company given the characteristics of its environment and the values and aims of the main people leading it forward.

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In the second section, we will highlight the main consequences that the process of internationalisation has on the organisation and day-to-day management of operations within the business. The emphasis here is deliberately placed on the constraints that must be expressly incorporated into the practices and hence into the management processes of an effective SME looking to internationalise efficiently. We will examine the essential processes used daily within the company (mainly financial management, commercial management, human resource management, and production and logistics management).

Finally, in the third section, we will look at the implications that these operational consequences have on the management system per se of the internationalised Small or Medium-Sized Enterprise across 3 components. These are the SME's information system, power or decision-making system, and its auditing system.

## 1. The internationalisation process of an SME

### *1.1. Definitions*

Very frequently studied or considered by the scientific or business literature dedicated to international management, management control, financial management, marketing and strategy, the process of internationalising a company, paradoxically, is rarely defined as such by the authors examined.

However, based on the elements mentioned most often in this literature, we propose to define the process of internationalising a company as the structured, cohesive and coordinated extension of strategic choices taken by the people within the company who make the decisions, as well as the strategic decisions taken and the operating decisions taken as a result of these strategic decisions, which when taken together, enable the company to incorporate into all of its management practices the diversity of contexts and cultures, the uncertainty and risk born of the fact that the company is operating outside the national market that it knows, whether in terms of its supplies or the markets into which it sells.

In the context of an SME, this process of internationalisation is made even more complex by the fact that an SME is, by definition, an entity of modest size (hence with few financial resources and therefore it is generally limited in terms of the resources available, particularly human and technical) in which the decision-making and controlling powers are usually concentrated in the hands of one or more directors only (very often with family links). This means that there tends to be a high level of closeness within the company and this leads to management practices that are often informal (with few documents and formalised procedures) and based on regular direct contacts (practices that are, in fact, hard to reconcile with the idea of internationalisation, which by definition is the opposite of the principle of proximity).

### *1.2. The key stages in the process*

The process of internationalising a company, and especially an SME, inevitably stems from a strategic decision taken at a particular moment in the company's history by the main people running the business.

This strategic decision depends, with reference to the performance modelling put forward by Crutzen and Van Caillie, on a very large group of different elements that have a contingent action (influence) on the decision taken.

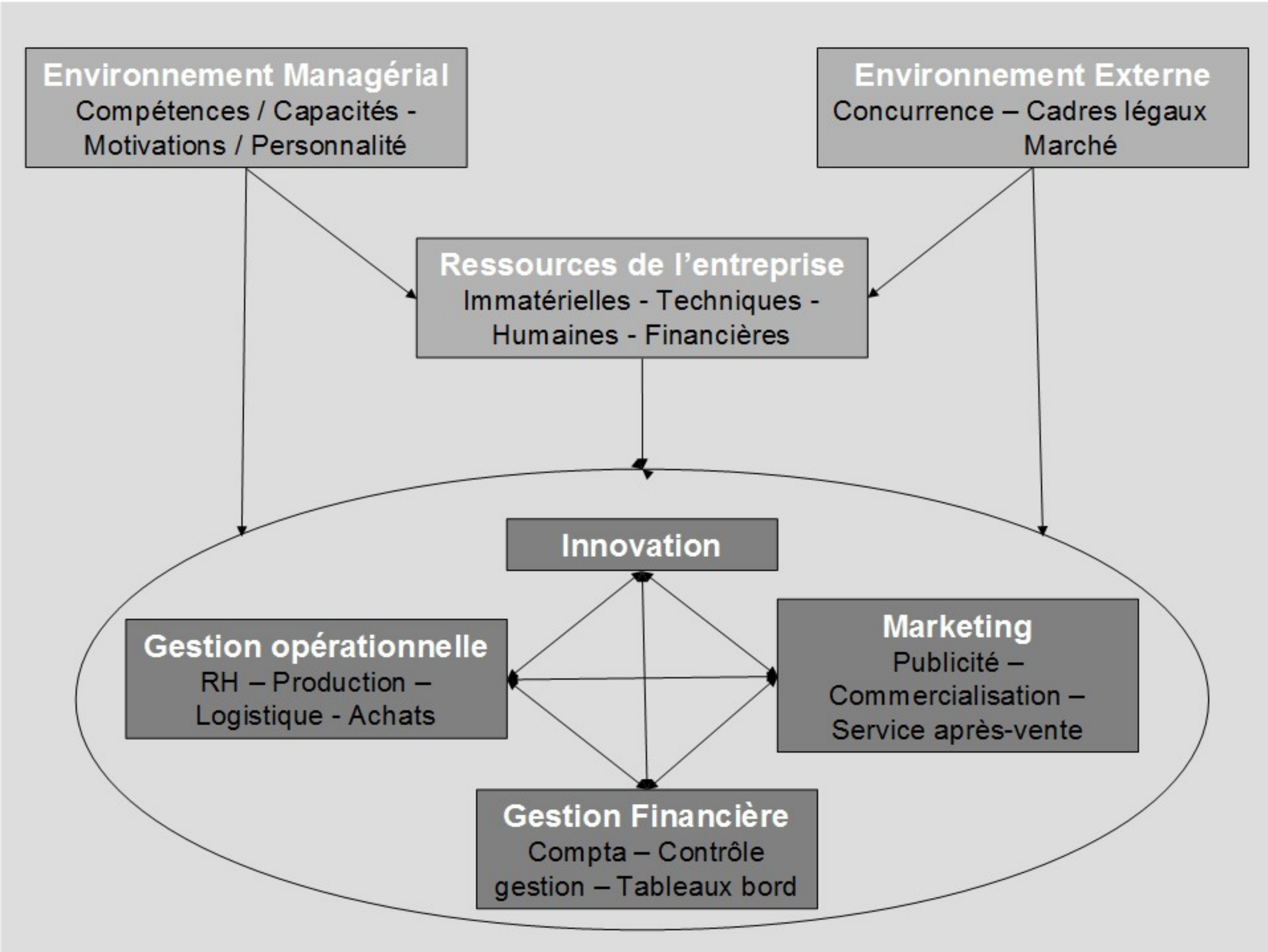


**Figure 1: Simplified modelling of the factors explaining the performance of an SME (adapted from Crutzen & Van Caillie, 2009)**

These various elements are usually linked to two complementary environments:

1. The entrepreneurial environment, in which the aspirations, motivations and expectations of the principal director of the SME and his or her family play a crucial role. As a result, the

dominant entrepreneurial profile in the SME (in particular that of its main manager) will speed up or slow down the company's process of internationalisation. Hence, by reference to the typology proposed by Marchesnay (1984), is a "GAC" entrepreneur, who gives priority to the Growth of his company over Autonomy and Continuity more inclined to internationalise quickly and far away from home (because he is constantly looking for new markets that will enable his business to grow) than the "CIG" entrepreneur, who gives priority to the Continuity of the business (and hence who prefers to avoid the risk and uncertainty brought about inevitably by internationalisation) and to its Independence over Growth?

2. The competitive environment in which the SME has to operate, which itself depends on the nature of its expertise (design, production and/or sale of physical goods or services), on the technological complexity of its offering (high technology at one extreme, standardised mass production technology, at the other) and the structure of the markets in which it operates (niche high-value technological market with a very high level of interconnection between the customer and the supplier at one extreme, and a highly competitive mass market in which competition is mainly price-based at the other). This means that it is the size of the market required to ensure the survival and/or growth of the SME, in view of the intensity of the competition it has to face and the more or less high level of specificity of its range of products/services, that is the element that will speed up or slow down the SME's process of internationalisation.

The elements that come out of these two environments will then combine to lead to a strategic choice of internationalisation or non-internationalisation that can then be characterised as:

- The result of a voluntary, proactive decision to internationalise, made by one or more entrepreneurs aware of the opportunities and advantages (or even their absolute necessity) and of the difficulties generated by internationalising their business. In general in this case, a strategy of internationalisation is thought through in advance and gradually introduced and interpreted through procedures, rules, checks, management tools, etc. that will enable the effective guidance of this internationalisation strategy.
- The consequence of or response to a constraint imposed by the SME's competitive environment, which is forced to internationalise if it wants to consolidate or stabilise its supplies, if it wishes to meet the requirements of one or more important and influential customers, if it wants to continue operating under cost-related conditions that can be sustained by the market (in the event of internationalisation by relocating part of the SME's activities, usually in order to reduce supply costs and/or the cost of wages for production).

In this case, the internationalisation strategy created is the "reactive" type, with relatively little continuity in time. It is usually also implemented with little structure, most often through organisational rules and procedures, and sometimes through temporary management tools requiring little investment (particularly in terms of information technology).

However, observing the practices of SMEs shows that between these two extreme – i.e. an SME that is deliberately international (such as in the case of the businesses today called "born globals", whose business is most often focused on Web technologies) and an SME that has come to internationalisation purely because it has had to (such as in the case of an SME forced to internationalise because its main customer has relocated its business), there is an infinity of situations that render the more accurate modelling of the SME international process complex and even little relevant.

As for examining the way in which the process of internationalisation takes place over time, analysis of scientific and business literature shows that it is generally structured in 4 stages, as illustrated in Figure 2. These stages can be positioned in a two-dimensional space based on the complexity of their implementation (from fairly low for exports to neighbouring countries, to very high for situations involving multiple countries ['multinationalisation']) and the time it takes for the process to be completed (fairly quickly for exports to neighbouring countries, to very long for situations involving multiple countries).

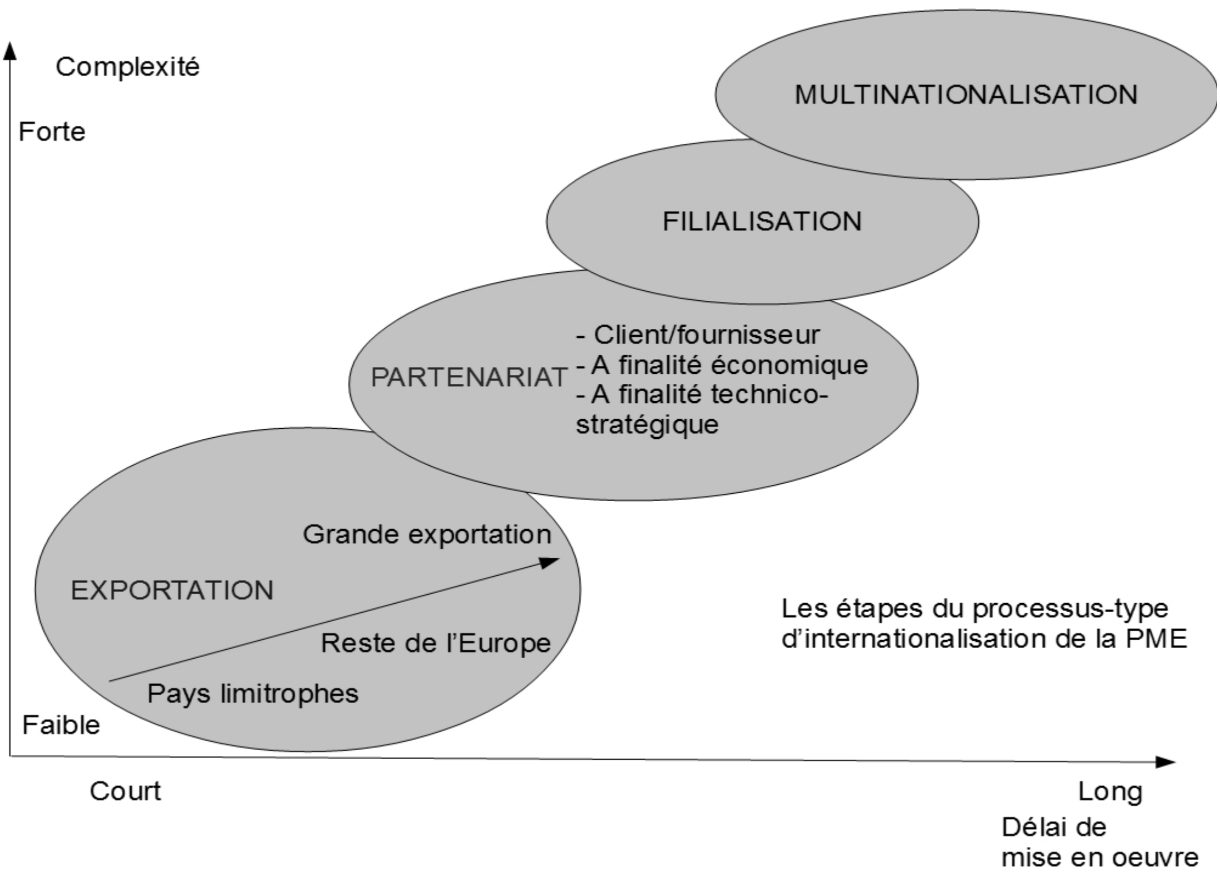


**Figure 2: The characteristic stages in the internationalisation process of an SME**

- Stage one of the internationalisation process is to broaden markets and export outside the company's national market, either by happenstance (e.g. an order that comes in that the SME does not want to refuse), or by the deliberate will to go elsewhere looking for the volumes lacking on the local, regional or national markets. In most cases, exports start with neighbouring countries; in Belgium's case this is Germany, the Netherlands and France, to which 70% of Belgian SMEs state they export occasionally or regularly. Next comes the step of exporting to other countries in Europe (which still involve between 20% and 30% of Belgian SMEs, usually on an occasional basis). Finally comes the stage of "major export", outside Europe; in this case, though, exporting by happenstance is quite rare and the decision to go outside Europe is usually the result of careful strategic thinking, put into effect by an internationalisation strategy that is well thought-through and constructed with care.
- Stage two of the internationalisation process is the partnership, whether formal or informal, with another business operator located outside the home country. This generally takes the form of a "customer/supplier" partnership linked closely to the way in which the company manages its manufacturing value chain (i.e. the way in which it is organised on a daily basis

to design, manufacture, distribute and monitor its products and services). This stage may also take the form of a partnership for purely economic and financial purposes, usually aimed at enabling the SME to have better control over its supply or production/distribution costs by outsourcing part of its business to regions where there are low wages, or close to areas that produce raw materials. This stage is then closely linked to the idea of relocating part of its business. Finally, it can take the form of a technical/strategic partnership that is part of a deliberate joint-strategy to develop new technologies, new markets or new products with a well-positioned partner (in technological or commercial terms) outside the country: it is then closely linked to the idea of a strategic joint-venture.

- Stage three of the internationalisation process is to open subsidiaries. This happens when the SME grows and its directors display a deliberate desire to grow outside their national borders in order to achieve structured and recurrent access to a market potential, labour potential or technological potential they view as essential for sustaining growth in the long term. This includes the creation of subsidiaries and operating units that are more or less independent, or even just sales offices outside the country. These entities usually have their own legal personality, which subjects them de facto to a judicial and statutory context that differs from the Belgian legal framework and which comes with the obligation to consolidate the company's accounts, its flow of funds and contracts in order to incorporate the specific features of the various statutory and regulatory environments with which subsidiaries are confronted.
- The fourth and final stage involves the company becoming fully 'multinationalised'. When this happens, the SME is structured into investment centres, cost centres and profit centres. This is done deliberately and only after the careful development of a strategy that is based on industrial, commercial, accounting, fiscal, financial and legal considerations. It is done to optimise the overall performance of the whole group ("group" logic will then dominate the local national entrepreneurial logic) and specifically takes account of the opportunities offered by the various accounting, fiscal, legal and regulatory environments offered by the different international contexts in which the SME is operating. Once it arrives at this stage of development, the SME has generally achieved a significant financial weight (even if it still only has a small workforce) and sometimes also calls on the financial markets, which also subjects it to the controls of a whole series of bodies in the world of finance.

The analysis of business practices shows that:

- going from one stage to another is far from inescapable (some SMEs do nothing but export and have no intention of doing anything else),

- going through each of the stages in chronological order is also not inevitable, either (in the world of industry it is not unusual to see manufacturers embark on purely technology-based joint-ventures with international partners by clearly separating out the “markets” dimension and so without exporting directly themselves),
- going gradually through these 4 “standard” stages also results in a marked development of the main concerns in the process of internationalisation. These concerns are mainly commercial during the exporting and industrial partnership stages, but they go on to become principally about accounting, tax matters, finances, legal issues and good governance once the SME reaches the stage of opening subsidiaries.

## 2. The effects of the internationalisation process on the SME

We will now analyse the most striking consequences that the process of internationalisation has on the organisation and day-to-day management of operations within the SME. We should point out that in this section, we will only be emphasising those elements identified by scientific and business literature as being affected directly from a really contingent point of view by the dimension of "internationalisation". The other elements relate more to the principles of sound management that are valid for any SME that performs well.

The analysis grid used to support this section is the "Value Chain" model by Michael Porter (1985). We place the emphasis first on the processes associated with the main meta-businesses of an internationalised SME (those that contribute the most directly to the SME's process of creating value, i.e. the process for managing production and logistics, on the one hand, and the sales and marketing process, on the other). Then we look at the processes associated with the support meta-businesses impacted the most by the international dimension of the SME (the process of managing human resources and the financial management process).

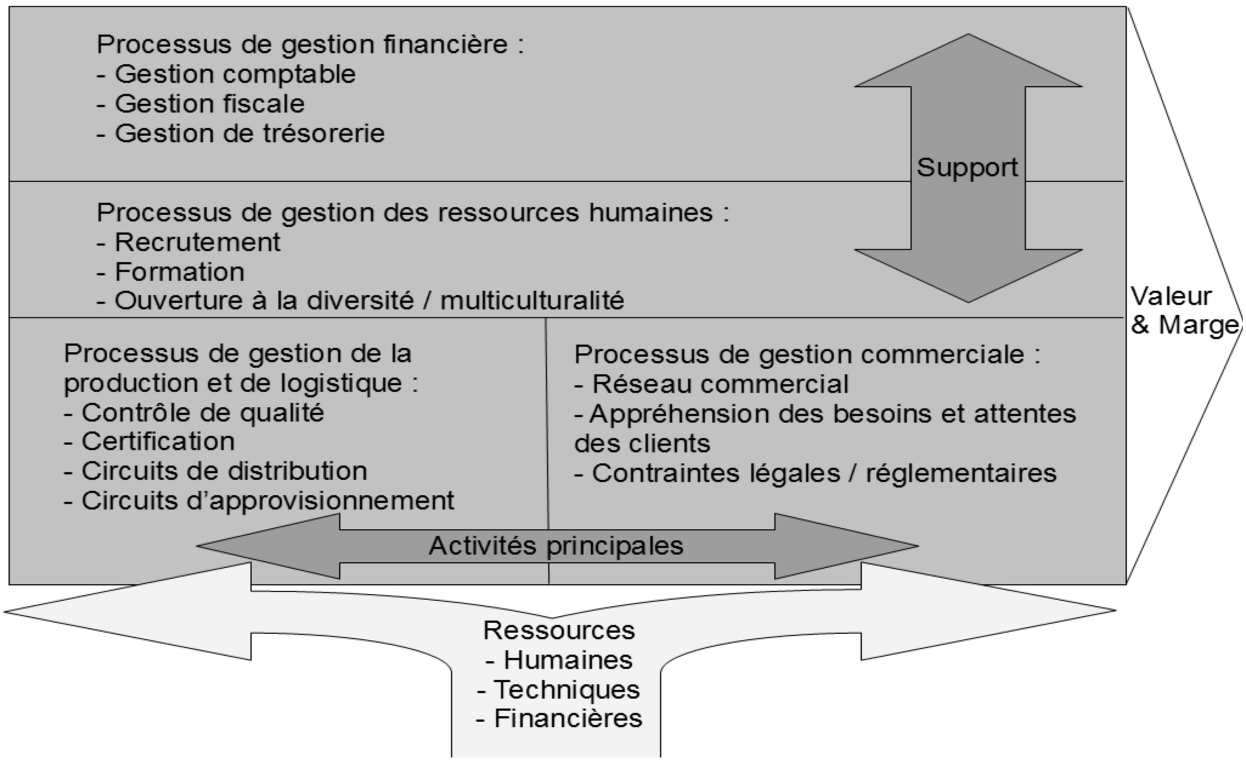


**Figure 3: The factors determining the performance of the key processes for creating value for the internationalised SME**

### *2.1. Regarding the process of managing production and logistics*

In terms of managing production and logistics, 4 areas stand out generally from the literature as being directly affected by the dimension of "the SME's internationalisation":

- First, the importance and difficulty of maintaining control over quality, especially when a significant proportion of production or if the production of sensitive components is carried out a long way from the traditional operating base of the internationalised SME. The difficulty of conducting full and relevant operating audits, the need to translate all technical documents and quality manuals carefully and accurately into the language of users on the ground, and the need to train and closely supervise the partners being worked with in particular happen to be some of the key and important performance factors to be emphasised.
- Then, there is the importance of having a coordinated policy for managing the certifications obtained by the SME, both in Belgium and abroad. A Belgian certification does not necessarily have the same value in another country, and vice versa. At the same time and although this observation is contrary to the very notion of certification, the terms for being granted certification are not all identical everywhere and hence require careful and coordinated understanding, especially for SMEs operating in sectors (such as manufacturing in general or sectors associated with food-processing) where these certifications constitute essential strategic assets for the survival of a business.
- Having control over distribution circuits is also an issue that requires the full attention of the person leading the internationalised SME. Statutory and particularly regulatory contexts, local cultural and business practices (especially in terms of commissioning), and the infrastructures available are elements in particular that have a major effect on the performance or non-performance of local distribution circuits. The presence on the ground, even very temporarily, of the SME's leading manager or an effective member of the SME's management team, is a factor that strongly determines performance in the use of local distribution circuits.
- Finally, having control over supply circuits, particularly for SMEs generating part of their production abroad, is also an essential performance factor that is impacted by the context of the internationalisation of the SME in question. This means that the assurance of receiving deliveries on time, anticipating difficulties associated with any customs operations, the certainty of having the required storage space and appropriate vehicles are all key performance elements that require an investment in preparation and supervision time that is often lengthy – all the more so if the SME is operating far from its usual working base.

### *2.2. Regarding the process of commercial management*

The process of managing the commercial and sales/marketing side of the internationalised SME's products and services is particularly important for companies focusing on the stage one of the internationalisation process: exporting.

The performance factors associated with the "international" dimension of the commercial management process identified more particularly in the literature are linked to the following 4 concerns:

- Developing and running an effective commercial network locally, suited to local cultural and physical contingencies, capable of expressing itself and negotiating in the language of the country, without distorting the more technical aspects of the products and services being offered.
- A proper understanding of the needs and actual expectations of local customers that encompasses the financial capabilities of the local customer base (particularly in relations with an end-consumer), the specific cultural features of their expectations and purchasing habits: practices in the home country of the exporting SME will not necessarily correspond with those of the target country, for example in terms of the extent of the range on offer, the distribution channel used, terms of payment and methods of delivery.
- Complying scrupulously with the statutory and regulatory constraints applied in the target country in commercial matters. For cultural or historical reasons, commercial practices may differ fundamentally from one country to another, even between two countries in close geographical proximity. These customs and habits logically have an impact on the statutory and regulatory framework in place in the country and not complying with them can quickly lead to a situation of conflict, with the risk of potentially lengthy and costly legal proceedings. This risk is all the greater when the exported product or service is going to a target market in which the exporting SME is placing the position of a local competitor in danger.
- Finally, managing the brand and brand image is also a key performance factor in the internationalised SME, especially for one positioned in luxury or high-end segments, technologically or commercially. However, the proactive and ambitious management of brand and image often runs quickly out of the reach of a small or medium-sized enterprise, particularly if it bases its sales on advertising campaigns that are targeted and really appropriate for the expectations of local consumers and if the company is seeking to protect the key elements of its image across all of the markets it targets. By contrast, these days it

appears more realistic and even an essential factor for the SME's success if it makes judicious use of the commercial possibilities and image enhancement provided by new Web technologies.

### *2.3. Regarding the process of managing human resources*

The process of managing human resources also appears to be extensively impacted by the internationalisation process of an SME.

This impact is felt mainly in two areas of the business:

- Recruitment: The virtually inevitable corollary of internationalisation for an SME is the incorporation of the recruitment criteria used, of precise requirements in terms of the use of languages, openness to the diversity of cultures and the acceptance of international mobility. These are all requirements that will make it possible to attract the skills and expertise needed to fit in closely with the demands of internationalisation (mobility, openness to other cultures and established language capabilities).
- Training: When an SME internationalises, this has an impact not only on the staff in close and direct contact with foreign markets and partners, but also (and this is often forgotten in the context of the SME) on all of the company's employees, who are inevitably obliged to include openness to cultural diversity in the way they reason and in their process of creativity (new products, new processes, etc.). If they do not, they run the risk of placing an offering in the marketplace that does not correspond with the expectations of international markets and with the cultural or regulatory constraints that they impose. Failure to take sufficient account of this relatively immaterial organisational aspect frequently explains why an SME that has succeeded in building up an effective sales process in certain target markets, is unable to sustain it over time. If the company's sales people have totally incorporated the international dimension of the business into the way they operate, but their more technology-based counterparts responsible for designing new products or applications have not, then the SME's range of new products and services will not, in the end, correspond with the expectations of its international markets.

At the same time, depending in the organisational choices that it makes, the internationalised SME must be aware of the fact that the interference of the international dimension in the SME's remuneration practices may end up, if not anticipated and prepared with care, with disastrous effects in terms of the working atmosphere and motivation of staff. In fact, two basically identical sliding pay scales will frequently lead to very different net remuneration, depending on the local tax systems. This feeling of frustration can be made better or worse depending on the purchasing power that this pay goes towards generating on a local level.

### *2.4. Regarding the process of financial management*

Finally, the process of managing the finances of an internationalised SME is greatly influenced by the international dimension of the business, essentially through 3 of its essential components:

- Accounting: while an SME operating solely in exports or imports is impacted only by the fact it may have to work with number of foreign currencies, an SME that has subsidiaries or has opted to take the path of multi-nationalisation is soon faced with the complexity caused by the coexistence of various different statutory and regulatory accounting frameworks and with checks conducted by several auditing bodies (this is inevitably the case for an SME with a legal entity in the United States, the United Kingdom or in Asia). This complexity also has repercussions on the obligations that must be complied with in terms of the consolidation of accounts and financial statements, which makes a process that is already complex at the start even more complex (and hence costly).
- Tax matters: the question that is posed inevitably to an internationalised SME with legal entities in several countries is the one of optimising the company's profits and tax situation, taking account of the diversity of statutory and regulatory contexts with which it is faced. This issue is so complex that most SMEs admit basing themselves closely on the advice of specialised consultancies in order to avoid overstepping the subtle line that separates tax fraud from tax avoidance (which is subject to serious financial penalties at the end of legal proceedings that are often very lengthy and expensive and at the cost of seeing the SME's image badly damaged) while at the same time optimising the company's tax situation as well as possible, given the opportunities presented by the various tax environments in which the SME is operating.
- Finally, in terms of cashflow management, the question raised is a dual one. First, it relates to calculating the SME's actual net accounting cashflow situation, taking account of the fact that receipts and expenditure are potentially entered in a large number of accounts in several banking establishments, themselves located in several different countries. Consolidating all of this information, ideally on an ongoing basis and not at irregular intervals, is potentially complex and needs to be thought through with care. Otherwise the individuals responsible for the company may not have an accurate picture of their cashflow situation and the extent of the financial resources that they have available on a day-to-day basis. Finally, there is the issue of transferring (and hence repatriating) the funds available in the company's various accounts. While, technologically speaking, this question generally receives a rapid and

inexpensive response when the transactions take place in the eurozone, with the United States, Canada or Japan, it can sometimes be a great deal more difficult to resolve in other countries for purely technological reasons (such as incompatible protocols or transfer systems) or for political or regulatory reasons.

As for the basic principles of healthy financial management, these are essentially impacted by the nature of the resources and tools that the internationalised SME will put in place to handle the financial risks brought about by its internationalisation.

As a result, every internationalised SME is inevitably faced with the question of knowing how to manage 3 different types of financial risk:

- Exchange rate risk: born of the fact that not all financial transactions are conducted in the same currency and hence there are currency conversions to be carried out while the exchange parity of currencies fluctuate constantly – and sometimes quickly and significantly. Converted at the wrong time, a currency can generate an exchange loss in relation to the time a contract is signed. This can more than absorb the operating profit generated by the basic commercial transaction. This means there is a need to work with a bank to implement a non-speculative hedging strategy to cover the company's real exchange rate risks and to include the cost in advance when conducting any commercial negotiation in foreign currency.
- Interest rate risk: this is an issue that exists essentially for SMEs that have to deal with long financing cycles (several months or years) that require high levels of funding (in direct investments in materials or to fund working capital requirements) – and especially for SMEs involved in major export projects. The longer the financing cycle and the more funding is obtained in countries with different macroeconomic environments and the more rate conditions chop and change, it is vital for an internationalised SME that wants to operate effectively, again with the support of its bank, to implement a non-speculative hedging strategy to cover the company's real interest rate risks and to include that cost in advance when conducting any commercial negotiations involving an interest rate risk.
- The risk of non-payment: this risk comes into existence once a contractual relationship, itself inherently uncertain, is established with a customer. But this risk is magnified as soon as this customer is located beyond the SME's national borders. In fact, it is not always the first thing an SME thinks about and it can sometimes be very costly, despite the quality of the databases available today, to gain an accurate idea of the reputation and financial credibility of a customer located in another country. This increases the risk of entering into an unfortunate contract with an insolvent customer. Here again there is a case for advising

an internationalised SME to work with its bank to implement a preventative hedging strategy to cover against the risk of non-payment (by using factoring, documentary credit, etc.) and again to include this cost in advance during any commercial negotiations involving a level of risk considered as high in relation to the amount of the contract and/or a poor level of knowledge about the customer's reputation.

## 3. The implications of internationalisation on the SME's management system

The gradual internationalisation of an SME's business, starting with its first exports to neighbouring countries and possibly ending at a later stage with the company becoming a multinational operation, inevitably has repercussions on the 3 inextricably linked components of the SME's management system (Robbins, 1991) (Van Caillie, 2005): its information system, decision-making system and auditing system.

Let us now analyse these major effects:

### *3.1. Effects on the information system*

As business gradually becomes internationalised, the information system also becomes more complex. If a carefully considered allowance is not made for this change and hence the system is subjected to more and more uncoordinated additions of information, this can soon lead to a significant loss of efficiency in the operating management of the business.

This increase in complexity relates to 3 different aspects that are virtually always complementary to one another:

- More complex data and information contained in the SME's databases or exchanged within the company. As it is multilingual by necessity and hence is translated into the various languages of the countries with which the SME works or exports to, this information (mainly technical and commercial in nature) needs to be converted into the various currencies or measurement systems used in those countries. At the same time, the validity, relevance and completeness of the information provided or managed by the SME also need to have final approval in relation to the statutory and regulatory context of these countries – otherwise it may lead to commercial disputes or court cases should there be unanticipated technical difficulties associated with the local constraints imposed in one of the SME's partner countries.
- More complex technical infrastructure needed to manage information properly. Even though

use of the Web and especially Web 2.0 technologies are becoming more widespread across the world, there are still many technical incompatibilities in terms of the transfer, repatriation or storage of data. Also, the level of security for transactions and transfers is far from being uniform throughout the world, especially when the SME is involved in major export projects or is committing to partnerships with distant countries. Internationalisation is therefore also synonymous with regular audits of the internationalising SME's information system and technical infrastructure, particularly in terms of the overall security of the system.

35 17 Finally, there is increased complexity in the software infrastructure and an adaptation (mainly language-related) of the customised applications developed by and for the SME that is internationalising. If staff located abroad need to be able to use or interact with this software infrastructure, there may be a need to envisage either translating it into the language of its users, or to envisage development in a common language (usually English) that can potentially be used internationally (but with a lower level of accuracy than if it were in the mother tongue of each user). As with matters relating to technical infrastructure, the financial consequences of these adaptations may quickly become significant and the cost of these investments may sometimes be hard to offset in view of the margins generated in international business.

### *3.2. Effects on the power and decision-making system*

The effects of internationalisation on the internationalised SME's power and decision-making system are felt mainly at the stage of opening subsidiaries for certain areas of the business and, further still, when the company begins multinational operations.

In fact, while an extremely centralised power and decision-making system in the hands of the SME's main director or his nearest staff may be envisaged if the SME is restricting itself to exports, this becomes hard to sustain as soon as the company creates one or more subsidiaries, and even more so when the company becomes multinational and fully incorporates the specific requirements of the various accounting, tax, employment and environmental legislations of the countries in which it is operating into its decision-taking rules. When this is the case, the full involvement of decision-makers who are totally informed and capable of understanding local legal and cultural subtleties quickly becomes a necessity. Otherwise poorly prepared decisions leading to poorly controlled consequences may be taken.

Opening the system of power to players other than the SME's main director, his family members or trusted colleagues is also synonymous with a total revamp of the SME's philosophy and its structure of the power and decision-making system. This revamp generally and very traditionally comes up against a series of strong barriers and reluctance that are often difficult to control because they tend to be informal and are tainted with irrationality. These take the form of resistance to change, conservatism, refusal to share power and the rejection of the multi-cultural mindset needed to accommodate the internationalisation of the business.

### *3.3. Effects on the audit system*

Finally, the gradual internationalisation of the SME's business also have major repercussions on the SME's system of audit – in particular in the areas of controlling costs, management accountancy and management audits.

Indeed, right from the impending export stage, the accounting and financial auditing of the SME obliges the company to introduce an accurate system for calculating its costs, especially its cost prices, so that a price can be established that will enable the SME to generate a sufficient profit margin to be able to cope with the uncertainty and risk that are a particular factor of the costs associated with doing business internationally.

Very quickly, the need to incorporate such a cost-calculating component as part of a broader accounting system becomes apparent. This broader accounting system then becomes the core of management accounting and the system of management auditing for SMEs opening subsidiaries abroad and/or that are becoming a genuine multinationals. It opens itself up to the strategic guidance of the SME by incorporating dashboards dedicated to monitoring international operations, in particular by providing accounting and financial information and projections that are nuanced in accordance with a series of data relating to the accounting, financial, employment, fiscal and cultural context of the various countries in which the SME is operating.

At an advanced stage of internationalisation, this management audit system finally includes accounting, financial and employment-related data that will enable the SME to offer its staff, especially when they are working abroad, a remuneration and system of financial and non-financial incentives that will protect them from any uncertainty associated with the context of the country in which they are working.

## Conclusion

Any SME, even a very small one or one just starting out, may quickly find itself having to deal with a process of internationalisation, either deliberately or by constraint (for example by making an important purchase from a foreign supplier).

This process inevitably generates a large number of different operating risks (such as poor understanding of the customer's real needs, poor understanding of local distribution circuits,) or financial risks (such as non-payment, exchange rate risk, interest rate risk).

As a good manager, the director of an internationalised SME will then seek at an early stage and proactively, to introduce management processes for his main areas of business (design, production and distribution of his products and services) and support activities (essentially financial management and human resources management). These will fully incorporate the intrinsic characteristics related to internationalisation, i.e. multiple languages, multiple statutory and regulatory contexts, the diversity of international managerial practices, a multicultural mindset and the wide range of expectations, values and beliefs of current or potential customers located outside the SME's national borders.

At the same time, the management team at the internationalised SME will monitor these very operations-related consequences caused by the phenomenon of internationalisation in the 3 systems that make up its management system, i.e. its information system, decision-making system and audit system. The multi-language aspect of its management tools, the ongoing concern of keeping the information system secure in all its software and hardware components, the opening up of the decision-making system and the sharing of power for the purpose of gaining greater multicultural understanding are all consequences of internationalisation in the management system that are traditionally underestimated or even complete ignored by SMEs that internationalise too quickly, without really becoming aware of the issues of making the company's business multinational and without properly preparing for this major development in its operating structure and its decision-making structure.