

# Cross-border Business Development

Cross-border innovation = learning innovative organization?

How do cross-border SMEs learn and innovate in the Dutch-German borderland?

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## INTRODUCTION:

Organizations doing business across national borders face new and more barriers, such as differences in culture, language, legislation and infrastructure. Learning organizations are better able to meet these challenges flexibly, to innovate and to sustain professional capital (Marsick & Watkins, 1999). In this leaders, HR-managers and brokers have a crucial role to facilitate and stimulate learning and development in an organization.

However, there has no research been done yet on how SMEs develop into learning organizations in a cross-border context. The purpose of this research is to gain insight into what leaders and brokers in SME do towards becoming a learning organization and how this helps or hinders the development of cross-border activities.



## METHODS:

- A cross-sectional qualitative study (ongoing at this moment for German entrepreneurs)
- 18 qualitative interviews with Dutch & German entrepreneurs (NL 9 DE 9) from 9 different organizations (SMEs) with experience in cross-border business (Dutch-German borderland) (according to Smallbone & Welter, 2012, p. 96)

Organization NL	Interviewee(s)	Industry	Organization GER	Interviewee(s)	Industry
ORG-1	CEO/owner [STB] and sales manager [LWB]	IT	ORG-1	Deputy Managing Director	IT
ORG-2	CEO/owner [MNT] and Sales [ABT]	Trade; IT	ORG-2	CEO [RWB]	Steel Construction
ORG-3	CEO/owner [JDM] and HR [EBM]	Manufacturer of machines	ORG-3	Managing Director	Tax
ORG-4	CEO/owner [TJJ] & plant manager [EPJ]	Trade of fuel	ORG-4	Managing Director	Floristics
ORG-5	Managing director [MMB]	Tree farm	ORG-5	Lawyer	Law
ORG-6	CEO/owner [MNA]	Cardboard production	ORG-6	Managing Director	Print & Packaging Materials
ORG-7	CEO/owner [PMA] and sales [SKA]	Archive systems	ORG-7	Sales Director	IT
ORG-8	CEO/owner [SDS]	Data centre and wiring	ORG-8	Managing Director	Event Technology
ORG-9	HR director [TRV]	Office materials	ORG-9	Executive Team Member	Construction Industry

\* Criteria cross-border organization: being active across NL-D border in a way that can vary from any form of business until joint ventures and strategic partnerships.

## METHODS PART 2:

The research covers the 4 levels of a learning organization

(individual, team, organization and its environment; Marsick & Watkins, 1999).



## RESULTS :

**SMEs in the euregio rhine-meuse-north** are active across borders and deliberately invest in:

- Individual employee development
- Team development within organizations

**Clear differences** between Dutch and German SMEs in their approaches to:

- Learning and individual development
- The role of employees in organizational development

**Identified mismatch:**

- Staff development does not always align with broader goals such as innovation or organizational growth

**Leadership challenge:**

- A stronger strategic link (alignment) is needed between individual & team development and organizational objectives

**The border region as an opportunity:**

- Potential to learn more *with* each other, not just *about* each other
- Cross-cultural collaboration can serve as a lever for joint development and innovation

## CONCLUSIONS AND RECOMMENDATIONS :

- SMEs involved in cross-border business in the euregio rhine-meuse-north learn at the different dimensions of a learning organization, but all in a different manner.
- Not every dimension of learning is applied (e.g. organizational) which also results in a lack of alignment between levels.
- Alignment is a task for leadership and brokers who stimulate learning, collaboration and innovation.
- All in all, cross-border businesses do not differ from SMEs in general. Learning & development thus does not seem to be an additional way for cross-border organizations to deal with the complexities of cross-border business.
- Our findings (combined with data of earlier CBBD studies) illustrate that SMEs doing business across-borders are using an **effectuation** strategy (Sarasvathy et al., 2014) in their cross-border business. However, these intentions and activities seem to occur **implicitly and unconsciously**.
- SMEs do not actively promote themselves as cross-border business although we perceive them as pioneers
- Possible reasons might be that those entrepreneurs who are close to the border do not see the national border as a business border nor as a barrier - due to **proximity to the border/ familiarity with regions** (Spierings & van der Velde, 2013) **and/or that key figures (brokers/leaders) lack awareness of their boundary spanning competences** (Broadwell, 1969)