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Exporting is a team sport: The link between management training and performance in SMEs

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Abstract

Purpose – This paper examines how soft skills training for owner-managers affect the financial performance of exporting SMEs. Furthermore, we examine the differential influence of specific owner-manager skills, such as ‘team working skills’, ‘technical skills’ and ‘leadership skills’, on performance.

Design/methodology/approach – The paper utilises the Longitudinal Small Business Survey, which is a nationally representative employer dataset of UK SMEs with up to 249 employees, including those with no employees. The dataset contains information on firms’ turnover, export status of goods or services, and training provision for employees or owner-managers.

Findings – The results suggest that owner-manager’s training has a positive effect on turnover in non-exporting firms. Moreover, a combination of soft and hard skills is associated with higher turnover in exporting firms. Among the specific skills of owner-managers, training on ‘team working’ has the most significant impact on exporting SMEs’ performance.

Practical Implications – Our findings imply that managerial training to develop soft skills such as leadership, decision-making and communication is a worthwhile investment. The knowledge that owner-managers acquire through soft and hard skills training enables them to develop essential internationalisation competencies. Moreover, we demonstrate that team working is a significant predictor of performance.

Originality/value – We contribute to the literature by examining the role of owner-managers’ training in shaping internal systems, structure and processes, and internationalisation strategies, thus affecting SMEs performance. We also provide a nuanced analysis of how various types of soft and hard skills underpin the successful implementation of internationalisation initiatives.

Keywords: SMEs, internationalisation, management training, soft skills, hard skills, UK.

1. Introduction

Human capital has been widely acknowledged as a driver of firm productivity and competitive advantage (Boy Akdag and Ekmekci, 2023; Hussen, 2020). However, most previous work defines human capital as general education or as a system of components, each affecting performance at the firm level (van Uden et al., 2017). More recently, researchers have called for a closer examination of how these different components interact and whether they affect firm performance differently (Jiang et al., 2020; van Uden et al., 2017). Such calls take a greater urgency when considering the rapid technological change and workplace transformation challenging firms' growth and survival prospects (Kaur et al., 2019; Piwowar-Sulej, 2021). In such a context, there is a realisation that training initiatives to improve both soft and hard employee skills are necessary for firms to mitigate international expansion risks and to achieve sustainable growth (Mubarik et al., 2020; Onkelinx et al., 2016b; Paul et al., 2017; Piwowar-Sulej, 2021).

Yet, existing studies on the direct association between training and performance do not distinguish between different types of training – generic vs specific or hard vs soft skills (Laker and Powell, 2011). This is despite a growing appreciation of the importance of soft skills for managerial efficacy, business growth and international expansion (Charoensap-Kelly et al., 2016; Hurrell, 2016). Most previous work, however, focuses mainly on shop floor training in large firms rather than in small firms (for a review, see Garavan et al., 2020). Small- and medium-sized enterprises (SMEs) differ from large firms in their ability to access resources, their human capital practices, and their internationalisation strategies (Krishnan and Scullion, 2017). Kafouros et al. (2022) argue that human capital is even more of a critical priority for SMEs in maintaining a competitive advantage, compared to large firms. Researchers offer more support for this view by highlighting striking differences between SMEs and large firms in their internationalisation strategies for knowledge and human capital accumulation (Onkelinx et al., 2016a).

In this paper, we draw on Human Capital Theory and the Resource Base View of the firm to examine how soft skills training targeted at owner-managers affects exporting SMEs' business bottom line. Our aim is to provide new evidence on whether soft, rather than hard skills, are more important for exporting SMEs to boost performance (Mubarik et al., 2020). Further, we provide a more nuanced investigation of whether certain specific owner-manager

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3 skills such as ‘*team working skills*’, ‘*technical skills*’ and ‘*leadership skills*’ are stronger
4 predictors of performance.
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7 **Thus, we contribute to the international human resource and entrepreneurship**
8 **literature in several ways. Unlike previous human capital research (e.g., Onkelinx et al.,**
9 **2016a, 2016b), we focus on small firms’ owner-managers for three reasons. First, owner-**
10 **managers are the main decision makers (Niittymies and Pajunen, 2020; Surdu et al.,**
11 **2020), who exert their own influence and implement their own decisions within the firms’**
12 **constraints (Atkinson et al., 2022). Second, they have control over human resource**
13 **practices (Georgiadis and Patels, 2012; Krishnan and Scullion, 2017) to decide whether**
14 **training investments are worthwhile. Third, owner-managers “are positioned as key actors**
15 **in navigating the external environment and shaping internal systems, structure and**
16 **processes” (Atkinson et al., 2022, p. 453). We further argue here that owner-managers’**
17 **human capital affects their internationalisation decisions. Specifically, their commitment**
18 **to international markets, their previous cross-cultural exposure, their understanding of**
19 **global business, and their ability to speak foreign languages all influence their inclination**
20 **to internationalise (Hosein et al., 2022; Love and Roper, 2015).**
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31 We, in addition, recognise that to remain competitive, firms need to manage local
32 factors (Boer et al., 2015). Thus, adopting this contingency theory perspective, we provide new
33 evidence supporting the view that specific types of skills and competencies are important
34 drivers of firms’ global success (Carpenter et al., 2001; Mubarik et al., 2020; Onkelinx et al.,
35 2016b). Besides, in an ever-changing business environment shaped by the Fourth Industrial
36 Revolution and a closer integration of technology and people (Piwowar-Sulej, 2021; Sharma
37 et al., 2022), there has been an increasing recognition of the need to distinguish between the
38 role of soft and hard skills in the workplace. Although soft skills have traditionally been
39 undervalued, their importance has been revived in modern work practices and organisational
40 initiatives (Fletcher and Thornton, 2023; Murrar et al., 2022). We contribute to this discussion
41 by offering a fresh insight on the role of soft skills and managerial talents in driving exporting
42 SMEs success in foreign markets (Giordano and Opromolla, 2014; Vuorio and Torkkeli, 2023).
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53 **2. Literature Review and Hypotheses Development**

54 *2.1. Training and firm performance in SMEs*

55 Human Capital Theory is based on the premise that employees’ learning capacity is as valuable
56 as physical or financial inputs are for producing goods and services (Marvel et al., 2016).
57 Therefore, investing in skills helps employees meet performance targets, thus benefiting
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3 organisations and society alike (Crook et al., 2011). The Resource-based View also postulates
4 that firms develop a competitive advantage by managing rare, unique, valuable, inimitable, and
5 non-substitutable internal assets. In doing so, they achieve superior performance to surpass
6 competitors (Barney, 2001). This argument is echoed by Wright et al. (2001) who believe that
7 employee skills and capacities enable firms to gain unique, context-specific knowledge for
8 strengthening distinctive competencies. This is consistent with Marvel et al. (2016) who claim
9 that developing human capital is context-specific, bounded by difficult to mimic organisational
10 culture. Empirical work supports this conjecture. For example, exploring training and SMEs'
11 overseas performance in context, Chi et al. (2008) document a positive link for Taiwan.
12 Similarly, research considering local and institutional differences across OECD countries
13 shows that SMEs providing training on decision-making skills are more likely than their
14 counterparts to innovate (OECD, 2018).
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24 Although internationalisation offers growth opportunities, it also poses internal and
25 external threats that SMEs need to manage (for a review, see Paul et al., 2017). In general,
26 SMEs have limited financial capital to fund international expansion (Vide et al., 2010), relying
27 mostly on workforce skills (Morais and Ferreira, 2020). It is important therefore to invest in
28 skills that can help employees to overcome difficulties when dealing with foreign customers,
29 often because of cultural or language differences (Chi et al., 2008). Moreover, small firms face
30 significant challenges during their globalisation journey due to inadequate management
31 training or cross-cultural exposure (Suárez-Ortega and Álamo-Vera, 2005). Performing
32 overseas entails a high risk arising from market volatility, limited knowledge of foreign
33 markets and institutions, and limited experience in managing global business (Pedersen et al.,
34 2008). Research underscores how managerial skills have become essential for SMEs'
35 international growth (Paul et al., 2017). Managerial training can help SME owner-managers to
36 close their knowledge gap in motivating an international workforce and navigating through
37 laws and institutions in foreign markets (Kafouros et al., 2022).
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48 Much of the literature on small business internationalisation underlines the influence of
49 how owner-managers lead their teams (Morais and Ferreira, 2020). For example, Loane et al.
50 (2007) point out that owner-managers decide on the skills needed for rapid internationalisation.
51 Hitt et al.'s (2006) study echoes this view by showing that managers' human capital and
52 specialised knowledge increase SMEs' chances of successfully exploiting cross-border
53 opportunities. Besides, SMEs' capacity to be competitive in the long run originates from
54 managers' global attitudes (Pongelli et al., 2023). Focusing on family small business, Pongelli
55 et al. (2023) find that those with more open, inclusive management are more likely to exploit
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3 foreign market opportunities. Managers' global attitudes usually permeate throughout their
4 organisations, influencing SMEs' involvement in international networks (Felicio et al., 2016a;
5 Felicio et al., 2016b). Morais and Ferreira (2020) identify owner-managers' amassed social
6 capital as another valuable trait for SMEs' internationalisation. Social capital is important for
7 gaining knowledge of foreign markets and accessing financial capital to hasten overseas
8 expansion (Lindstrand et al., 2011).
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14 Managerial human capital is essential in directing business strategy and overseeing firm
15 results (Sheehan, 2012). It is equally important for managing a workforce with a strong
16 international orientation. In line with human capital theory and the resource-based view logic,
17 managers' knowledge and skills are an internal intellectual asset, which when fully exploited
18 creates sustainable competitive advantage (Freixanet, 2022). This is especially true for small
19 firms that rely more on managerial teams with firm-specific knowledge, which is unique,
20 imperfectly imitable, and non-substitutable. Managerial training interventions directed to
21 develop such managerial capital are a precondition of international expansion. Further,
22 managers' general human capital skills, such as international business knowledge or foreign
23 languages, help them to appreciate institutional settings in foreign markets (Hosein et al., 2022;
24 Love and Roper, 2015; Vendrell-Herrero et al., 2017). Besides improving workforce
25 productivity, strengthening the knowledge base of owner-managers helps them exploit market
26 opportunities internationally (Freixanet, 2022). In sum, given the greater weight the
27 international business and HRM literature places on the role of managerial human capital
28 (Filatotchev and Piesse, 2009; Hitt et al., 2006; Jiang et al., 2020; Loane et al., 2007), owner-
29 manager training in exporting small firms is essential. Such training helps them to carry out
30 their internationalisation strategy more effectively and to improve performance (Idris et al.,
31 2020). Therefore, we hypothesise that:
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46 **H1:** *Management training is positively related to firm performance in exporting SMEs.*

47 48 49 2.2. *The relationship between different types of managerial training and firm performance in* 50 *SMEs*

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52 **As Holmberg-Wright and Hribar (2016) point out, human capital is an intangible means**
53 **of production, which can make the difference between success and failure. It entails**
54 **individual's knowledge, skills, attitudes, and competencies, which are essential for**
55 **improving productivity and promoting innovation (Hendarman and Cantner, 2018). In a**
56 **rapidly changing knowledge economy, skills that connect and influence others have**
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3 become essential (Holmberg-Wright and Hribar, 2016). In a similar vein, Whysall et al.
4 (2019) claim that technological change has caused a skills gap, which calls for a rethink
5 of human capital development. Technical and soft managerial skills have become vital for
6 internationalisation (Kafouros et al., 2022). Technical skills refer to the technical
7 expertise needed for work (Marin-Zapata et al., 2022). Soft skills include “*non-technical*
8 *and not-reliant on abstract reasoning, interpersonal and intrapersonal abilities to promote*
9 *mastered performance in particular context*” (Hurrell et al., 2012, p.162). In sum, soft skills
10 are those skills related to working with others, while technical skills are associated with
11 carrying specific job tasks. Analytical ability, for instance, is seen as traditional
12 management or a hard skill (Parente et al., 2012). Communication, developing teams,
13 facilitating access to knowledge, and teamwork are people-management or soft skills
14 (Parente et al., 2012).

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24 Historically, companies have favoured an individual’s hard skills that directly
25 contribute to firms’ performance (Holmberg-Wright and Hribar, 2016). Nevertheless, in the
26 knowledge economy and changing workplaces, hard skills alone are no longer enough. While
27 technical skills enable firms to improve their product and service offerings, soft skills in the
28 form of interpersonal skills are important for fostering commitment and loyalty among clients
29 (Mubarik et al., 2020). Laker and Powell (2011) argue that technical skills are not enough for
30 success beyond an entry-level position. Instead, leadership, self-management, communication
31 assertiveness, and emotional intelligence are essential. Practitioners also recognise the value of
32 soft skills for productivity, growth, and survival (Charoensap-Kelly et al., 2016). Developing
33 soft skills allows the workforce to work in an organisational culture with shared values more
34 effectively (Hurrell, 2016). When soft skills are integrated in the workplace, the entire
35 workforce, and especially managers, can perform their tasks more effectively in a more positive
36 work environment. From a resource-based view perspective, soft skills are a valuable, difficult
37 to copy assets, which when used effectively help firms gain a competitive advantage
38 (Fernandes et al., 2018). Soft skills are especially essential for owner-managers of small firms
39 because they perform diverse roles when running their businesses.

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51 Yet, Stobierski (2021) contends that for successful international ventures, owner-
52 managers must have not only soft business skills but also hard skills such as understanding the
53 basic principles of economics, financial accounting, and entrepreneurship. Therefore, what is
54 critical for the success of exporting SMEs is not just ‘learning-by-doing’ or ‘learning-by-
55 experience’, but also developing new technical or human skills through effective training.
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60 Previous studies further reinforce this claim by outlining the differential role of soft and hard

skills in exporting firms (Fernández-Mesa and Alegre, 2015; Herrmann and Peine, 2011; Mubarik et al., 2020). Therefore, we hypothesise that:

H2: *A combination of soft and hard skills training is positively associated with firm performance in exporting SMEs.*

3. Data

3.1. The data

We use data from the first wave of the United Kingdom Longitudinal Small Business Survey (2015). The survey is commissioned by the Department for Business, Innovation, and Skills (BIS, 2016). It is a nationally representative employer dataset based on a stratified sample of SMEs with up to 249 employees, including those with no employees. It is a telephone-based survey of 15,502 small business owners and managers in the United Kingdom, consisting of 13,620 SMEs from the Inter-Departmental Business Register ($n=72,388$, response rate =18.8%) and 1,882 SMEs from Dun and Bradstreet ($n=21,481$, response rate=8.8%). The dataset provides information on firms' turnover, whether they export goods or services, and whether they provide training for employees or owner-managers. **To check for common method bias (CMB), we employed the Harman's Single factor test. The test result showed the single factor explains less than 50% of the total variance. Therefore, it is unlikely CMB is a problem here (Podsakoff et al., 2003).**

3.2. Measures of key variables

Exporting and non-exporting SMEs: The survey provides information about firms' exporting activities. Specifically, it asks owner-managers "*in the past 12 months did your business export any goods or services outside the UK?*". To proxy exporting activity, we created a binary variable with value 1 if the firm exports and 0 otherwise. About 22% of firms export goods or services outside the UK, while 78% do not.

Firm performance: Following Idris et al. (2020), we use a proxy measure of firm performance, the dependent variable, based on owner-managers' responses to the question, "*compared with the previous 12 months, has your turnover in the past 12 months increased, decreased or stayed roughly the same?*". The dependent variable is an ordered variable, taking values 1, 2 or 3 if turnover 'decreased', 'stayed the same' or 'increased'. About 47% of exporting firms improved their turnover.¹ Table 1 shows that, for firms that had an increase in their turnover, 51%

¹ Turnover is statistically significantly different between exporting and non-exporting firms ($t=-7.108$, $\Pr(|T| > |t|)=0.001$).

exporting firms provided training compared to 46% of non-exporting firms. We tested for a difference in firm turnover between exporters and non-exporters with training. We found that the difference is statistically significant ($t=-10.464$, $\Pr (|T|>|t|) = 0.001$).

Table 1. Turnover performance and training for exporting and non-exporting SMEs

	All firms		Exporter		Non-Exporter	
	Training Per cent (%)	No Training Per cent (%)	Training Per cent (%)	No Training Per cent (%)	Training Per cent (%)	No Training Per cent (%)
Decreased	14.93	18.65	16.68	16.07	14.30	19.36
Stayed the same	37.80	47.47	32.32	41.25	39.78	49.21
Increased	47.27	33.88	51.00	42.68	45.92	31.43
Obs.	7671	2574	2031	560	5640	2014

Provision of management training: The survey specifically asks firms that provide training, “did any of the managers of the business receive this off-the-job or informal on-the-job training or development during the last 12 months?”. We created an index variable to capture whether owner-managers received any type of training, with value 1 if owner-managers received training and 0 otherwise. Table 2 shows that about 25% of owner-managers in exporting firms receive training compared to 76% of owner-managers in non-exporting firms.²

Table 2. Owner-manager training for exporting and non-exporting SMEs

	All Firms	Owner-Manager's Training	No Owner-Manager's Training
	Per cent (%)	Per cent (%)	Per cent (%)
Exporter	21.61	24.50	29.20
Non-exporter	78.39	75.50	70.80
Obs.	1,5010	5,731	2,226

Types of managerial skill training: The survey includes information on whether firms provide different types of managerial skill training, including ‘Leadership & management skills’; ‘Information technology skills’; ‘Health & Safety’; ‘technical, practical, or job-specific skills’; ‘Team working skills’. Following previous studies (Charoensap-Kelly et al., 2016; Hendarman and Cantner, 2018; Laker and Powell, 2011), we classify interpersonal skills as soft skills. In contrast, we classify analytical, technical, know-how, and reasoning competencies as hard skills. Based on this distinction, in our empirical analysis, soft skills include ‘Leadership &

² Owner-manager’s training is statistically significantly different between exporting and non-exporting firms ($t= 4.306$, $\Pr (|T| > |t|)= 0.001$).

management skills' and 'Team-working skills'. Hard skills include 'Information technology skills', 'Technical, practical or job-specific skills' and 'Health & Safety'. Table 3 shows that 44% of owner-managers of exporting firms received 'Information technology skills' training, followed by 'Leadership & management skills', 'Technical, practical, or job-specific skills', 'Team-working skills' and 'Health & Safety' (28%, 26%, 23% and 21%). In non-exporting firms, 79% of owner-managers received training related to 'Health & Safety' followed by 'Team working skills' and 'Technical, practical or job-specific skills' (77% and 74%).³

Table 3. Different types of managerial skills training for exporting and non-exporting SMEs

	Leadership & Management Skills	IT Skills	Health & Safety	Technical, Practical or Job-specific skills	Team Working skills	No Training
	Per cent (%)	Per cent (%)	Per cent (%)	Per cent (%)	Per cent (%)	Per cent (%)
Exporter	28.26	44.44	21.35	25.89	23.14	29.20
Non-Exporter	71.74	55.56	78.65	74.11	76.86	70.80
Obs.	46	45	281	2,576	2,783	2,226

Table 4 shows that about 37% of owner-managers of exporting firms received training for at least one type of soft skills, compared to 63% in non-exporting firms. About 23% of owner-managers in exporting firms received both soft and hard skills training, compared to 77% in non-exporting firms.⁴

Table 4. Managerial skills for exporting and non-exporting SMEs

	Soft Skills	Hard Skills	Both Skills	No Training
	Per cent (%)	Per cent (%)	Per cent (%)	Per cent (%)
Exporter	36.75	26.54	23.04	29.20
Non-Exporter	63.25	73.46	76.96	70.80
Obs.	117	1,929	3,685	2,226

Controls: In line with prior research (Olson et al., 2003), we control for firm size, the age of the firm, legal status, number of sites, sector and employee training. Employee training is measured by the provision of funded training for staff in the past 12 months (1 = "yes" or 0 = "no").⁵

³ Only 'Leadership & management' and 'Technical, practical or job specific' skills are not statistically different between exporting and non-exporting firms ($z = -0.380$, $\Pr(|Z| > |z|) = 0.703$; $z = -0.111$, $\Pr(|Z| > |z|) = 0.911$, respectively).

⁴ Only hard skills are not statistically different between exporting and non-exporting firms ($z = -0.840$, $\Pr(|Z| > |z|) = 0.400$).

⁵ Appendix Table A1 provides descriptive statistics of all variables.

4. Empirical results

To test for an association between managerial training and firm performance in SMEs, we estimate ordered probit regressions (Wooldridge, 2014)⁶, controlling for firm-level characteristics. Specifically, we examine how managerial (i.e., owner-manager) training affects turnover by distinguishing between exporting (Models 1a – 3a) and non-exporting SMEs (Models 1b – 3b). Table 5 reports the estimated coefficients.⁷

Hypothesis 1 proposes a positive association between managerial training and firm performance in exporting SMEs. The results (Model 1a) show the coefficient of *managerial training* is not statistically significantly related to turnover in exporting firms ($\beta=0.074$, *n.s.*). However, Model 1b suggests that it is positively related to turnover in non-exporting firms ($\beta=0.065$, $p<.1$). Estimated marginal effects imply that non-exporting firms that offer owner-managers' training are 2.5% more likely to be in the 'increasing' turnover category, 1.4% less likely to be in the 'decreasing' turnover category, and 1% less likely to be in the 'stayed the same' category. Therefore, hypothesis 1 is refuted.

Hypothesis 2 argues that a combination of soft and hard skill training is positively associated with firm performance in exporting SMEs. The estimated coefficients in Models 2a and 2b reveal that the provision of managerial skill training is positively related to both exporting ($\beta=0.108$, $p<0.1$) and non-exporting ($\beta=0.09$, $p<.05$) firms' turnover. Owner-managers of exporting firms who receive training for both technical and interpersonal skills are 4.2% more likely to be in the 'increasing' turnover category. For non-exporting firms, when owner-managers receive training related to both skills are 3.4% more likely to be in the 'increasing' category. Hypothesis 2 therefore is supported.

To explore potential differences in how types of managerial training are associated with exporting and non-exporting SMEs performance, we further break down managerial skill training according to their types (see Models 3a, 3b). It emerges that only training designed to develop '*Teamwork skills*' is positively related to turnover of both exporting ($\beta=0.112$, $p<.1$) and non-exporting SMEs ($\beta=0.093$, $p<.05$). Owner-managers of exporting firms who receive '*Team-working skills*' training are 4.7% more likely to be in the 'increasing' turnover category. They are also 2.9% less likely to be in the 'decreasing' category and 1.7% less likely to be in the 'stayed the same' category. The corresponding marginal effects for non-exporting firms are 3.5%, -2% and -1.5%. Surprisingly, training on '*Leadership & management skills*' is negatively

⁶ For robustness, we also estimated an ordered logit model. The results were similar to those of the ordered probit specification.

⁷ Appendix Tables A2 and A3 display the results for all firms accounting for potential sample selection bias, using propensity score matching techniques. We find no evidence of sample selection bias.

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3 related to turnover in exporting firms ($\beta = -0.571, p < .01$), with a marginal effect of 22.1% less
4 likely to be in the 'increasing' turnover category. A Wald test reveals that '*Teamwork skill*'
5 and '*Leadership & management skill*' training are statistically significantly different from each
6 other in exporting firms ($\chi^2(1) = 4.75, p < .05$).
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Table 5. The association between managerial training and firm's turnover performance for exporting and non-exporting SMEs

Sample	Turnover performance					
	Exporting firms			Non-Exporting Firms		
ordered probit regression	(1a)	(2a)	(3a)	(1b)	(2b)	(3b)
Management training	0.074			0.065*		
	<i>0.056</i>			<i>0.036</i>		
Hard vs soft managerial skills training (Base category: no training)						
<u>Soft skills</u>		0.240			0.112	
		<i>0.194</i>			<i>0.141</i>	
<u>Hard skills</u>		0.017			0.024	
		0.069			<i>0.043</i>	
<u>Both skills</u>		0.108*			0.090**	
		<i>0.064</i>			<i>0.039</i>	
Types of managerial skills training (Base category: no training)						
<u>Leadership & management skills</u>			-0.571*			0.168
			<i>0.318</i>			<i>0.207</i>
<u>IT skills</u>			-0.299			-0.100
			0.259			<i>0.229</i>
<u>Health and safety</u>			-0.081			0.028
			<i>0.160</i>			<i>0.085</i>
<u>Technical, practical or job specific skills</u>			0.074			0.044
			<i>0.065</i>			<i>0.041</i>
<u>Team working skills</u>			0.122*			0.093**
			<i>0.068</i>			<i>0.041</i>
Controls	Yes	Yes	Yes	Yes	Yes	Yes
log Likelihood	-1981.60	-1980.35	-1977.44	-5427.56	-5426.16	-5426.24
Chi 2(degrees of freedom)	81.83(28)	84.32(30)	90.14(32)	304.86(28)	307.65(30)	307.49(32)
Obs.	2,008	2,008	2,008	5,568	5,568	5,568

Note: All models control for variables mentioned before (results are available upon request). Values in italics are standard errors.

***p<0.01, **p<0.05, *p<0.1

5. Discussion

This study examines the association between managerial training and SMEs' performance by distinguishing between exporting and non-exporting firms. The results show that managerial training does not influence firm performance of exporting SMEs. We suspect a reason for this result is that owner-managers in exporting SMEs are reluctant to embrace training opportunities. For instance, owner-managers play a dominant role in setting firms' strategy and HRM initiatives (Krishnan and Scullion, 2017). Therefore, they see training as an operating expense, questioning its benefits (Castany, 2010; Storey and Westhead, 1997). Further, exporting SMEs are more careful in setting priorities for complex international ventures because they have limited financial capital (Dikilitas et al., 2021; Love and Roper, 2015; Onkenlinx et al., 2016a).

We find, on the other hand, that owner-manager's training positively affects turnover in non-exporting firms. Our findings suggest it is worthwhile investing in managerial training to develop soft skills such as leadership, decision-making and communication, and to gain a tacit understanding of work norms (Council for Excellence in Management and Leadership, 2002). Therefore, owner-manager's training can increase their knowledge for exploiting opportunities to expand their social network. Consistent with previous work, our study suggests that owner-managers' human capital exerts a positive impact on performance (Chi et al., 2008; Idris et al., 2020; Sheehan, 2012). Therefore, our findings support previous research adopting the RBV perspective of human capital as an idiosyncratic business resource (Onkelinx et al., 2016b). Under this premise, human capital training is essential for knowledge creation, for employee and managerial upskilling to expand their capabilities, and for boosting SMEs performance (Onkelinx et al., 2016b).

We also examine the association between types of *management skill training* and exporting SMEs performance. Specifically, we find that a combination of soft and hard skills correlates with exporting firms' turnover. The diversity of international markets coupled with their complexity demand different set of competencies. Lack of foreign markets knowledge or a shortage of employees with enough international exposure are among the key challenges that internationalised SMEs face (Paul et al., 2017). The knowledge that owner-managers gain through skills training enables them to develop essential internationalisation competencies, including managing relationships in overseas markets (Hitt et al., 2006). This is in line with the literature that places a significant emphasis on the role of owner-managers or entrepreneurs in the success of global ventures (Morais and Ferreira, 2020). Sapienza et al. (2006) acknowledge,

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3 for instance, the role managerial skills play in internationalisation. Other studies endorse this
4 view, by showing how the specialised knowledge of managerial teams is driving
5 internationalisation (Loane et al., 2007). Besides, human capital does not only allow firms to
6 succeed in the domestic market, but it also plays an essential role in enabling firms to penetrate
7 foreign markets (Carpenter et al., 2001; Mubarik et al., 2020). Operating in international
8 markets requires firms to have both technical and behavioural skills. Our results confirm that
9 both soft and hard skills are important for SMEs performing in international markets. Hard
10 skills are important in allowing firms to change their product or service offerings in foreign
11 markets, while soft skills are important also for foreign customers' loyalty (Fernández-Mesa
12 and Alegre, 2015; Mubarik et al., 2020).

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21 When disaggregating manager training according to their specific skill, we find that
22 training on "*Team working*" affects exporting firms' performance. We argue that
23 internationalisation is complex, with most small firms suffering from the liability of smallness
24 (Kahiya and Dean, 2016) and from the liability of foreignness (Chen, 2017). Thus, working in
25 an effective team is crucial for the success of internationalisation. Besides, the owner-managers
26 of small firms are the main decision makers to take internationalisation forward when they
27 have a global mentality (Ganotakis and Love, 2012; Surdu et al., 2020). The quality of the
28 decisions made by the firm reflects its managerial team (Filatotchev and Piesse, 2009; Pongelli
29 et al., 2023). The managerial team in a small firm is responsible for collecting international
30 know-how, identifying opportunities, expanding networks, and choosing the best appropriate
31 business strategies. This makes the SMEs managerial team responsible for their firms'
32 exporting strategies (Zucchella et al., 2007). Hence, upgrading their skills through training
33 allows owner-managers to succeed in this effort.

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43 In sum, our study contributes to the literature by presenting new evidence on the impact
44 of managerial training on exporting firms' performance (Onkelinx et al., 2016b). Thus, we
45 contribute to a growing debate on the importance of training for international business
46 (Giordano and Opromolla, 2014). Also, given the emphasis on soft skills as essential for small
47 firms' success, we offer new evidence underscoring their importance. A main implication is
48 that SMEs need to embrace soft skills training as valuable complements of technical skills.
49 Developing both types of skills takes on greater urgency as technological advances in
50 computing, e-commerce, and social media offer opportunities for firms to expand in overseas
51 markets (Saridakis et al., 2021). We also contribute to recent discussions on the role of soft and
52 hard skills in the workplace and offer fresh evidence in support of their importance as an
53 essential ingredient of managerial training. Such evidence confirms that in an evolving business
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3 environment, with a greater integration of technology and people (Piwowar-Sulej, 2021;
4 Sharma et al., 2022), “*soft skills are imperative for many organisational activities*” (Fletcher
5 and Thornton, 2023, p. 2).
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8 *5.1. Managerial relevance*

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10 Our results have important practical implications. We would encourage owner-managers of
11 exporting SMEs to invest in training to improve both soft and hard skills. Such training is
12 essential for carrying out a successful internationalisation strategy. We argue that the diversity
13 and complexity of international markets requires owner-managers to take difficult decisions in
14 context (Child et al., 2022). We suggest that soft and technical skills training helps them gain
15 a competitive advantage among international competitors. In this era of globalisation, the
16 ability of SMEs to gain a larger market share depends, to a great extent, on their owner-
17 managers’ attitude towards internationalisation. Therefore, we suggest that owner-managers of
18 exporting firms need to consider investing in HRM initiatives targeting such training programs.
19 In the longer run, such an investment has a positive impact on sustainable performance. It also
20 yields tangible benefits for other organisation functions including supply chain channels, green
21 innovation, and expansion (Bag, 2023; Mamun, 2023).
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31 **6. Limitations and conclusion**

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33 There are, of course, limitations to our analysis that merit further attention. Due to data
34 constraints, we operationalised the notion of internationalisation to include only exports as a
35 binary variable. Future research could consider, for example, more covariates such as export
36 intensity. Qualitative or mixed method approaches may also provide significant insights into
37 the reasons that prevent owner-managers in exporting firms to offer training opportunities. In
38 sum, our findings provide more nuanced evidence on the association between training and
39 exporting firms’ performance than in previous studies. We argue that for firms engaged in
40 international business, owner-managers’ skills are most effective when focused on a
41 combination of interpersonal, intrapersonal, and technical skills. Because international markets
42 are complex and diverse, owner-managers are confronted with great challenges in managing
43 international ventures.
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Appendix

Table A1 Descriptive Statistics – All firms

Variable	%
Turnover performance ²	
<i>Decreased</i>	18.13
<i>Stayed the same</i>	42.76
<i>Increased</i>	39.09
Management training ²	72.02
Managerial skills training ²	
<i>Soft skills</i>	1.47
<i>Hard skills</i>	24.24
<i>Both skills</i>	46.31
<i>No skills</i>	27.97
Types of managerial skills training ²	
<i>Leadership & management skills</i>	0.57
<i>IT skills</i>	0.56
<i>Health & safety</i>	3.53
<i>Technical, practical or job-specific skills</i>	32.37
<i>Team working skills</i>	34.97
<i>No training</i>	27.97

² $n_{firms}=14235$; ² $n_{firms}=7576$.

Table A2 Results for full sample – robustness checks.

Sample	Actual turnover performance		
	(1)	(2)	(3)
ordered probit regression	0.068**		
Management training	<i>0.030</i>		
Hard vs soft managerial skills training (Base category: no training)			
<u>Soft skills</u>		0.169	
		<i>0.113</i>	
<u>Hard skills</u>		0.023	
		<i>0.036</i>	
<u>Both skills</u>		0.094***	
		<i>0.033</i>	
Types of managerial skills training (Base category: no training)			
<u>Leadership & management skills</u>			-0.034
			<i>0.171</i>
<u>IT skills</u>			-0.191
			<i>0.171</i>
<u>Health and safety</u>			0.001
			<i>0.075</i>
<u>Technical, practical or job specific skills</u>			0.054
			<i>0.034</i>
<u>Team working skills</u>			0.1005***
			<i>0.035</i>
Controls	Yes	Yes	Yes
log Likelihood	-7444.7099	-7442.2258	-7441.7995
Chi 2(degrees of freedom)	29	31	33
Obs.	7576	7576	7576

Note: All models control for variables mentioned before (results are available upon request). Values in italics are standard errors.

***p<0.01, **p<0.05

Table A3 Propensity Score Matching Results – robustness checks.

Model	Nearest Neighbour Matching (1)	MMWS Approach (2)	MMWS Approach (3)
Management training	0.076***		
	<i>0.029</i>		
Hard vs soft managerial skills training (Base category: no training)			
<u>Soft skills</u>		0.310**	
		<i>0.128</i>	
<u>Hard skills</u>		0.052	
		<i>0.04</i>	
<u>Both skills</u>		0.102***	
		<i>0.036</i>	
Types of managerial skills training (Base category: no training)			
<u>Leadership & management skills</u>			-0.109
			<i>0.183</i>
<u>IT skills</u>			-0.375
			<i>0.269</i>
<u>Health and safety</u>			0.038
			<i>0.115</i>
<u>Technical, practical or job specific skills</u>			0.100
			<i>0.050</i>

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Team working skills

0.137***

0.051

***p<0.01, **p<0.05. Values in italics are standard errors

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