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## **Service innovation and internationalization in SMEs: Implications for growth and performance\*\***

We investigate the relationship between the management of innovations and internationalization among small- and medium-sized enterprises (SMEs). The literature has yielded mixed results on how innovation impacts internationalization and performance of SMEs, while simultaneously neglecting the role of service innovations (SI), in particular. Thus, using a sample of 104 Finnish SMEs, we examine how engaging in SI impacts their growth, international performance and international expansion. We find that engaging in SI has a positive relationship with international performance, but not with the growth or degree of internationalization (DOI) among the companies. We then discuss the implications on innovation management and corporate strategy.

**Key words:** **service innovation, innovation management, international performance, business growth**  
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