



INTERNATIONALISATION AND INTERNATIONAL MARKETING  
Challenges and Barriers of SMEs From Developing Countries  
(Training and Consulting Sector)

Ahmed Mahdi Talib Mahdi

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## **PREFACE**

It has been a demanding period of more than ten months of learning in the scientific field and personally. Writing this thesis had a significant impact on my career. Therefore, I want to reflect on the people who have supported and helped me so much throughout this period.

First, I would like to dedicate this simple work to Mr. Ahmed Al-Hassan, for his guidance and enthusiasm. Secondly, I would like to thank my wife and children, Ali, Noor, and Fatimah, for their advice, motivational words, and support.

I also want to express my sincere gratitude to my supervisor Professor Jari Ruokolainen for the continuous support of my Master thesis for his patience, motivation, and immense knowledge.

This research initially stemmed from my interest in exploring the challenges that SMEs in developing countries face before going international.

I chose this subject because I worked with MEDI Connection Oy in Tampere in sales and marketing development. The idea was to build an online training and consulting company by utilizing the SMEs in developing countries to promote MEDI Connection Oy products and services. Since the world is moving further into the network age, generating vast amounts of training and consulting courses, there will be a more significant need for this service. During my working time, I noticed from my conversation and chatting with many company owners. The SMEs had problems moving to the international market, but they did not highlight them clearly; hence, it comes to my mind to see these issues by myself through this research. I hope you will find this helpful research for further investigations.

Enjoy reading,

Ahmed Mahdi

## ABSTRACT

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Small and medium enterprises have received significant development and great interest from many international organizations and economic researchers. It is one of the best means that drive economic growth due to its rapid establishment and other characteristics and its influential role in economic development. This Master's Thesis is a study to analyse SMEs' challenges and barriers in developing countries before going to international markets. The purpose was to explore how the current management deals with challenges and barriers in terms of internal or external challenges and barriers. The study sought to provide answers to the research questions by perceived challenges to extract value to support decision-makers and the development of the owners of SMEs.

The study's theoretical framework defines international, and internationalization and its primary functions within SMEs in developing countries, the knowledge about the international theories, and how (management/owners) can make decisions before thinking about global markets. Additionally, described the relationship among data collected, information, and the (knowledge/experience) of the executives, the progression of dealing with international processes considering the relevance for a decision setting, and the company's international performance process, including practical network principles, and required qualities of beneficial global strategies. The primary empirical data collection method was a semi-structured online interview targeting three firms. The essential selection criteria used for this study is constructing the purposeful sample:(be currently active in the market and established in a developing country, employ from one to fifty staff, and belong to training and consulting sectors as core business activity).

The study results showed that the challenges and Barriers differ based on company products. As a result, the challenges and barriers could be different accord-

ing to the company's business, activity, and location. Therefore, the effect of challenges and barriers considered at the first stage of the internationalization process need not be a barrier forever. The present study explains that one of the motives for SMEs' internationalization is the managerial wish. As well as analysis concludes that government encouragement and tax benefits significantly impact internationalization and serve as motives for the companies; the SMEs in developing countries experience a lack of government encouragement. Furthermore, it is recommended to conduct similar investigations within various industries separately and differentiate the results achieved according to the foreign markets provided suitable formulation.

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## 1 INTRODUCTION

This chapter discusses the research topic and background information and asserts its purpose, problem area, and research questions. Furthermore, this chapter presents the structure of the research.

From the start of internationalization, considerable attention has been directed to the process that leads companies to be part of this development. This process has been known as internationalization ever since researchers have provided a good idea of this occurrence. (Welch & Luostarinen, 1988) defined internationalization as “the process of increasing involvement in international operations.” (Welch and Luostarinen 1988, p. 36) As it is now well-known, this process is no longer an option for many enterprises in developing and developed countries. Still, it is needed to continue globally due to high competition in local markets or international opportunities.

The globalization of small business and trade has become an increasingly important truth international in 2000, the worldwide trade in goods and services achieved 25% of world GDP (Govindarajan & Gupta, 2000). The growth of globalization implies numerous significant challenges to SMEs in developing countries considering an international existence. Various tactical characteristics need to be observed before commitment at the international level and after that. Constantly flexibility is required to adapt to changing forms at local, regional, and international levels.

On the other hand, SMEs are exposed to more critical risks with internationalization. For example, the financing cost of going international can be high. Further, they are open to foreign exchange rates, which might impact their profits when variations happen. Their lack of knowledge about cultural differences or regulations in foreign markets can generate uncertainty or make bad decisions.

SMEs are challenged, particularly when facing intense competition in international markets where they have so far determined strongholds. Despite such obvious demands, the other existing theories of internationalization have not recognized the basic characteristics of small and medium-sized enterprises (SMEs) and the possible impact of unrestrained global competition on them. (Etemad, 2004)

Through internationalization, SMEs are compelled to improve efficiency to meet foreign demand. This efficiency in the local market converts into job generation for the population, enhancing important innovation sectors and developing local businesses. These three aspects positively impact the macroeconomic environment of countries (Etemad, 2004). From a unique perspective, SMEs can benefit from technology and knowledge transfer and greater financial return when successfully growing abroad.

I assume these businesses are substantial in developed countries. In this case, they are more critical for developing countries, especially considering the challenges generated by the new global economic order, given the significant economic inequalities these countries suffer from and their rising need to create job opportunities to reduce joblessness.

Because of the role that small and medium enterprises play in this setting, most developing countries have made this sector because of its influential role in building a combined economic fabric and inspiring the private sector to invest and promote fundamental changes at the economic level.

## **1.1 Objectives**

This research's long-term goal is to identify SMEs' main challenges and barriers in developing countries when trying to go international. Following are the objectives of this research:

1. When going international, there are many barriers to SMEs in developing countries, (Ayyagari et al., 2017) stated that " Corruption, Political Instability, Electricity, Tax rates, Tax administration, Practices of competitors in the informal sector, Access to financing (both availability and cost), Access to land, Inadequately educated workforce, Street crime, Customs & trade regulations, Transportation of goods, supplies, and inputs, Courts, Business licensing and permits, and Labor regulations". (Ayyagari, Demirgüç-Kunt, and Maksimovic 2017, p. 7). therefore, it is valuable to study which

ones are more affecting the business during the internationalization process. to give more knowledge to the SMEs owner/managers in developing countries.

2. To find out how the firm size is affecting the internationalization process. Coviello and McAuley (1999) agreed that SMEs often suffer from their limited size and resources and thus end up thus encountering numerous challenges in their efforts to enter the global market (Coviello & Mcauley, 1999).
3. The idea of moving companies in developing countries to internationalize is connected to the owner/manager's personal and expert experiences of the owner/manager and their opinions concerning the company's opportunity. hence it is valuable to know how the owner/managers are familiar with the international theories.
4. Internationalization of the business company involves the creation and expansion of business interactions with business associates in different countries. Andersson, U., Johanson, J., & Vahlne, (1997) stated that "The internationalization of the business firm can be characterized as an interplay between experiential learning and market commitment processes as suggested by the general internationalization process model". (Andersson, U., Johanson, J., & Vahlne, 1997, p. 76)

Furthermore, this thesis will mainly discuss and analyze the challenges and barriers SMEs face in developing countries before going international. The figure below shows the kind of challenges and barriers faced by SMEs.

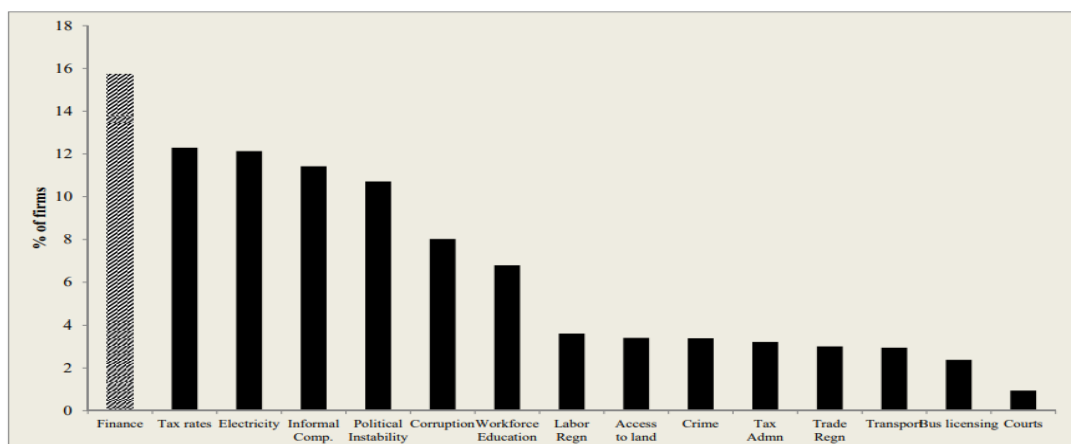


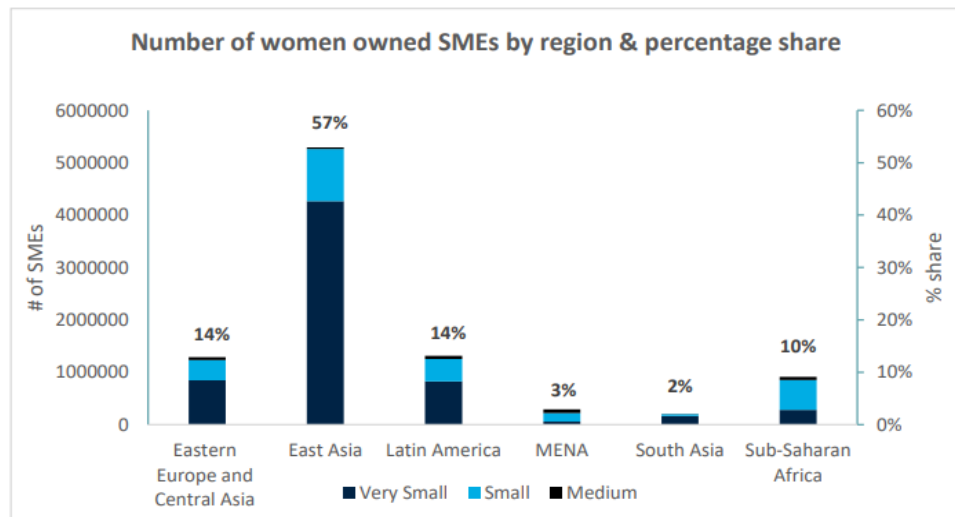
FIGURE 1. SMEs Business challenges and barriers Adopted by the student from (Ayyagari et al., 2017)

## 1.2 Background of the research

SMEs are leading national and local growth performers in many countries. But It continues challenging, however, for many SMEs to internationalise, which becomes it useful to detect new reasons that affect the entry of SMEs into international markets. (Fernández & Nieto, 2006). Numerous countries are implementing assistance SMEs in multiple programs and strategies. Many courses are applied to develop SMEs' innovation and private business. Therefore, support for SMEs is one of the developing countries' main concerns for financial development, job creation, and economic and social structure. SMEs play an essential role in the developing economy. Sousa, Martínez-López, & Coelho, (2008) stated that" the fact that small to medium-sized firms play an important role in many economies as they often account for the largest part of the industrial base".(Sousa, C. M., Martínez-López, F. J., & Coelho, 2008, p. 349). Therefore, the SME sector's impact is well established worldwide due to its significant impact on satisfying different commercial objectives, such as higher employment growth, productivity, marketing of exports, and encouraging entrepreneurship.

Latest investigational studies show that SMEs, including over 90% of the private sector in developing countries, create more than 50% of jobs in their economies. Nearly 67% or 25-30 million used in developing countries, with the most significant share in East Asia and the Pacific (Dalberg, 2011).

Furthermore, SMEs have a significant part in making vast opportunities for women. Women-held SMEs comprise 30 to 37% of all SMEs in developing markets, equaling about 8 to 10 million SMEs. Figure No.1 shows local variations, and that women-owned SMEs are less in MENA, South Asia, and Sub-Saharan Africa. Within the size class, women own minor enterprises, and about 20 % of medium-sized enterprises (Dalberg, 2011).



Source: IFC Enterprise Finance Gap Database, 2011

FIGURE 2. SHARE OF WOMEN-OWNED SME BY REGION Adopted by the student from (Dalberg, 2011)

One of the main worries of developing countries about their involvement in international trade is their lack of competitiveness. “They need to solve supply-side constraints, to build up national productive capacity as well as an efficient trading and transport infrastructure, and engage fully in a coherent export and investment promotion strategy”. (UNCTAD, 2005, p. 143)

The International Finance Corporation (IFC) estimates that “65 million firms, or 40% of formal micro, small and medium enterprises (MSMEs) in developing countries, have an unmet financing need of \$5.2 trillion every year, which is equivalent to 1.4 times the current level of the global MSME lending”.

International Finance Corporation, (2017) stated that “The finance gap attributed to formal MSMEs in developing countries is valued at \$ 5.2 trillion, which is equivalent to 19 percent of the gross domestic product (GDP) of the 128 countries. This in turn amounts to 1.4 times the current level of MSME lending to these countries”. (International Finance Corporation, 2017, p. 51). Therefore, the data show that most SMEs in developing countries are not yet benefiting from an international market and this condition has not considerably changed over the past decade. The current difference in international markets involvement by SMEs looks much clear if we look at the resultant share of large companies that participate internationally. Stepanyan et al., (2019) stated that “Private sector investment in the Arab region is the second-lowest worldwide. Between 2000–2017, annual private investment in the Arab region averaged 15.1 percent of GDP, with

other EMDEs outperforming by as much as 3 percentage points". (Stepanyan et al., 2019, p. 9).

### 1.3 Purpose of the research

As small and Medium Enterprises operate a substantial responsibility in the most exceptional economies, especially in developing countries, SMEs account for most businesses worldwide. SMEs are essential funders of job creation and global financial growth. SMEs are the leading enterprise in the OECD area, accounting for approximately 99% of all firms. They provide the primary source of employment, accounting for about 70% of jobs on average, and are significant contributors to value creation, generating between 50% and 60% of value-added on average (OECD, 2017).

Following are the purposes of this research:

1. Researchers and governmental institutions have increased attention to identifying SMEs' challenges and barriers for many decades. Still, very little research focused on developing countries as a group (Wang 2016, p. 167).
2. SMEs need to admit the challenges, including the barriers as they move towards successful acceptance of available technologies while raising awareness of related support events and protective partial available resources to avoid simple effects from expensive faults. (Kapurubandara & Lawson, 2007).
3. Family involvement at several levels and an often-protected leadership lead to crises or challenges that must be affected if the organization continues and moves to the next stage. Therefore, entrepreneurs must know the firm's lifecycle before going to the international market. (Ryabota, V., Volynets, A., Kravatzky, A., & Carrington, 2019, p. 5) identify the main four stages of an organization's lifecycle, especially for SMEs:  
 Stage 1: Start-Up.  
 Stage 2: Active Growth.

Stage 3: Organizational Development.

Stage 4: Business Expansion. Additional

4. The study Point that several SMEs do not succeed within only some years. Tewari, P. S., Skilling, D., Kumar, P., & Wu, (2013) indicated that "Many SMEs fail within a few years of establishment, and many of the surviving SMEs do not grow much beyond their starting size".(Tewari, P. S., Skilling, D., Kumar, P., & Wu, 2013, p. 3).
5. The studies indicate that most small and medium companies in developing countries are managed by the owner who takes over all major company decisions. Rodrigues (2021) stated that "SMEs management and decision-making are centralized in their owner-managers, who manage to have an effective and efficient management style, providing positive direction to the success and growth of their business".(Rodrigues et al. 2021, p. 13). However, the businessperson has limited formal education, access to and uses new skills, market information, and trust from the banking sector. Moreover, management skills are inadequate, hindering the development of a strategic plan for average growth.

Therefore, this research will be focused on understanding the scope of these challenges for SMEs in developing countries. Furthermore, the following research questions and sub-questions are addressed to be used in this research.

#### **1.4 Observation and identifying the research problem**

SMEs today have so many activities that it can be challenging to know which problems to address. at the same time, the researchers also have stakeholders who come to them with issues they would like to have explored. My research job is to sift through these issues, discover what higher-level trends and critical concepts are worth investing in, and understand the SMEs' problems.

I firstly started by asking questions and doing some initial investigation to decide which avenues to pursue. By talking to cross-functional teams and going outside

the organization for additional expertise and contextual information from the more comprehensive experience. therefore, I decided to research the problems that facing by SMEs in developing countries

Secondly, I did a small-scale preliminary study to help to get a more comprehensive understanding of the business context, and needs and ensure the research problem addresses the most critical questions.

That drove me a form a few in-depth interviews to compare with the literature review.

Then I tried to identify the factors that will affect the research and begin formulating different methods to control them by considering the relationships between them and the degree of control I must have over them. these factors are determined as follows:

- a. The factors that affect the solution to the research problem.
- b. Which ones can be monitored and utilized for this research?
- c. The relationships between these elements.
- d. Which ones are important to the explanation of the research problem?

Once I got a few observations, I started prioritizing them based on their impact and importance for this research. And I list below questions to help to a controller of these observations:

Who? Who are the people/companies with the research problem?

What? What is its nature, and what is the helping evidence for this research?

Why? What is the business case to solve the research problem?

Where? How does the research problem establish, and where is it observed?

Therefore, and based on the review of several research and findings from the specialized people in SMEs in developing countries, the present study pursued a key finding to find the challenges and barriers faced by SMEs in developing countries by conducting constructive research with three cases and creating the structure for qualitative situation data with the assistance of the literature on SMEs.



### 1.5 Contribution to the previous literature

I choose a research problem that can be a wonderful way to bring attention to prevalent issues, business, or else. However, the research provides actionable advice for SME decision-makers because every organization has a different procedure. The point here is that some researchers explore that SMEs' challenges and barriers to internationalization are complex issues; others provide only a snapshot to maintain interest and encourage further investigation. The "value" of this research is determined by its recipients and what information the study chose to include.

Choosing different firms and interviewee members may have other objectives and perceptions of the research. This phase is essential for receiving feedback and pushing the research forward.

By getting feedback from the research supervisor to make sure the research aligns with the previous studies and the study has the same understanding of the earlier research, last questions, and the actions taken based on the results. To summarize, it can be helpful to conduct more comprehensive research about the SME problems in developing countries for internationalization. Still, it may not cover everything or provide features to the audience's needs. Equally, a more systematic study of SME problems or topics will be more valuable for SME decision-makers in developing countries.

The below table presents the current research relative to previous studies.

TABLE 1. Aligning the current research relative to previous studies

Research perspective Aspect	Challenges faced by SMEs	Barriers faced by SMEs
Key studies relevant to this study	(Al Amri, 2014) (Kapurubandara & Lawson, 2007) (Anderson, 2011)	(Irjayanti, M., & Azis et al., 2012) (Hesham, A., and Mark, 2014)
Focus	Challenges and barriers encountered by the SMEs	Barrier Factors and Potential Solutions for SMEs
Key findings	The research found that most SMEs face challenges in the form of policy and administrative challenges	The research showed significant barriers faced by SMEs like economic factors, management skills;

	followed by the marketing and financial issues.	process; limitation of sales competition barriers; financial access; price of production cost, energy; technology; inefficient and raw material.
Relation to this Study.	The current research finds the same challenges SMEs face in developing countries, which this research acknowledges.	The current scholars mentioned the same barriers within SMEs in developing countries, and this research indicated the same and new barriers faced by SMEs.
Identified gaps	The study does not mention what programs can help SMEs with their individual investment needs and how they cooperate with their governments?	How the governments and SMEs can cooperate in developing and managing their staff.

## 1.6 Research Questions

Based to Eisenhardt & Graebner, (2007) " Typically, the research question is tightly scoped within the context of an existing theory "(Eisenhardt & Graebner, 2007, p. 26). Therefore, the research question is made as follows:

**What SMEs face challenges and barriers in developing countries before going international?**

By recognizing the challenges and the barriers, this research will reach the goal. This research will encourage a better knowledge of challenges linked to earlier studies and other challenges to one side of the literature that differs from country to country.

## 1.7 Classifying Developing and Developed Countries

In the presence of a customarily recognized development concept and the absence of a global country classification system based on development, levels prevent worldwide consensus on which countries to call developing or developed. (Nielsen, 2011) indicated that "Existing taxonomies suffer from lack of clarity regarding how they distinguish among country groupings". (Nielsen, 2011, p. 41). Usually, countries manage to be classified based on their social, living, and economic standards (Nielsen, 2011). For example, Todaro and Smith (2012) explained developed countries as "the now economically advanced capitalist countries of western Europe, North America, Australia, New Zealand, and Japan". (Todaro and Smith 2012, p. 8). The remaining countries from Africa, Asia, the former Soviet Union, Latin America, Eastern Europe, and the Middle East were declared developing countries due to their low living standards and low economic development compared to the first group (Todaro and Smith 2012, p. 7). Different cooperative organizations have attempted to classify countries for their own operational and analytical convenience (Nielsen, 2011).

The United Nations Development Program (UNDP) employs the Human Development Index (HDI) for country classification by mixing income, education, and life probability statistics on the other task. Countries with a remarkably high social development degree are developed countries, and countries that do not reach this level are recognized as developing countries (Nielsen, 2011).

Nielsen (2011) mentioned that "the HDI is a composite index of three indices measuring countries' achievements in longevity, education, and income. Other aspects of development such as political freedom and personal security were also recognized as important, but the lack of data prevented their inclusion into the HDI." (Nielsen 2011, p. 8)

## 1.8 Inspecting the concepts of SMEs

The phrase "SME" combines a broad range of meanings. Different organizations and countries set their guidelines for defining SMEs. Berisha and Pula (2015) stated that "there is a tendency to accept quantitative criteria, first and foremost the headcount or employee number criterion as the main determinant in categorizing SMEs". (Berisha & Pula, 2015, p. 23). Egypt describes SMEs as having more than five or fewer than fifty employees; Vietnam thinks SMEs have between 10 and 300 employees. The World Bank classifies SMEs as those firms with a maximum of three hundred employees, \$15 million in yearly income, and \$15 million in resources. In the meantime, the Inter-American Development Bank describes SMEs as having a maximum of one hundred employees and less than \$3 million in revenue (Dalberg, 2011).

For that reason, discussions on how to correctly define them remain. For instance, recent authors like Anderson (2011) agree that universal consent on a single definition could not exist due to plentiful connotations. Differing definitions emerge because they are linked to individual levels of country development (Anderson, 2011). European Commission, (2015) proved that "the classification (SMEs) comprises enterprises, which employ fewer than 250 persons. also, have an annual revenue not exceeding EUR 50 million and an annual balance sheet total not exceeding EUR 43 million".(European Commission, 2015, p. 3)

Nevertheless, despite different definitions, typical factors like the number of employees, turnover, balance sheet, production capacity, and total assets are usually shared in most definitions (Anderson, 2011).

Indifferently from the concept used for SMEs in developing or developed countries, cannot exclude the meaning for the different countries. In most countries, they provide substantial amounts of employment for the population, and they help improve innovation and productivity among financial sectors. Great understanding has been targeted at exploring their internationalization process and their motives for such purposes. In this research, I will use the European Union definition: "The category of micro, small and medium-sized companies comprise enterprises that employ fewer than 250 persons and have an annual turnover not exceeding 50 million euro, and an annual balance sheet total not exceeding 43 million euro."

Therefore, small and medium enterprises are specified as firms with 10 to 250 employees and more than 10-million-euro turnover or annual balance sheet total” (European Commission, 2015, p. 11). This definition is more comprehensive and broader, especially concerning turnover and t precise definition (Dalberg, 2011). nevertheless, this definition does not impact this research's overall prospects and conclusions.

TABLE 2. The SMEs definition

Enterprise category	Headcount	Turnover	Balance sheet total
medium-sized	< 250	≤ € 50 million	≤ € 43 million
Small	< 50	≤ € 10 million	≤ € 10 million
Micro	< 10	≤ € 2 million	≤ € 2 million

Prepared by the student, depending on *Report on Support to SMEs in Developing Countries Through Financial Intermediaries*, 2011

## 1.9 Preliminary literature review

(SMEs) have remained the focus of increasing involvement by policymakers in national governments and international organizations in developed and developing countries. SMEs account for a big's share of the enterprises in most economies and employ significant people. They are also supposed to be an engine of new development and innovation. The internationalization of SMEs has become a fundamental component in the growth strategy of most countries. The enormous research volume indicates that this topic deserves more attention than merely adding a new survey to the pile. therefore researching how SMEs from developing countries internationalize, and the challenges they face benefits various methods(Chandra, A., Paul, J., & Chavan, 2020). Thus, scholars and researchers identified many challenges that affect the internationalization process of SMEs. A preliminary literature analysis reveals that previous findings primarily

concentrate on understanding and developing a particular type of challenge and barriers.

Chandra, Paul, and Chavan (2020) stated that "Developing economies take centre stage in the current global economy and understanding the challenges they encounter while internationalizing is necessary for all firms conducting business in developing economies.(Chandra, A., Paul, J., & Chavan, 2020, p. 1281).

SMEs in developed countries take less time to internationalize, while SMEs in developing countries are resource-forced, lack international orientation, experience decision-making inactivity, and lack local and foreign political ties; therefore, they are weaker and take more time to internationalize.(Chandra, A., Paul, J., & Chavan, 2020)

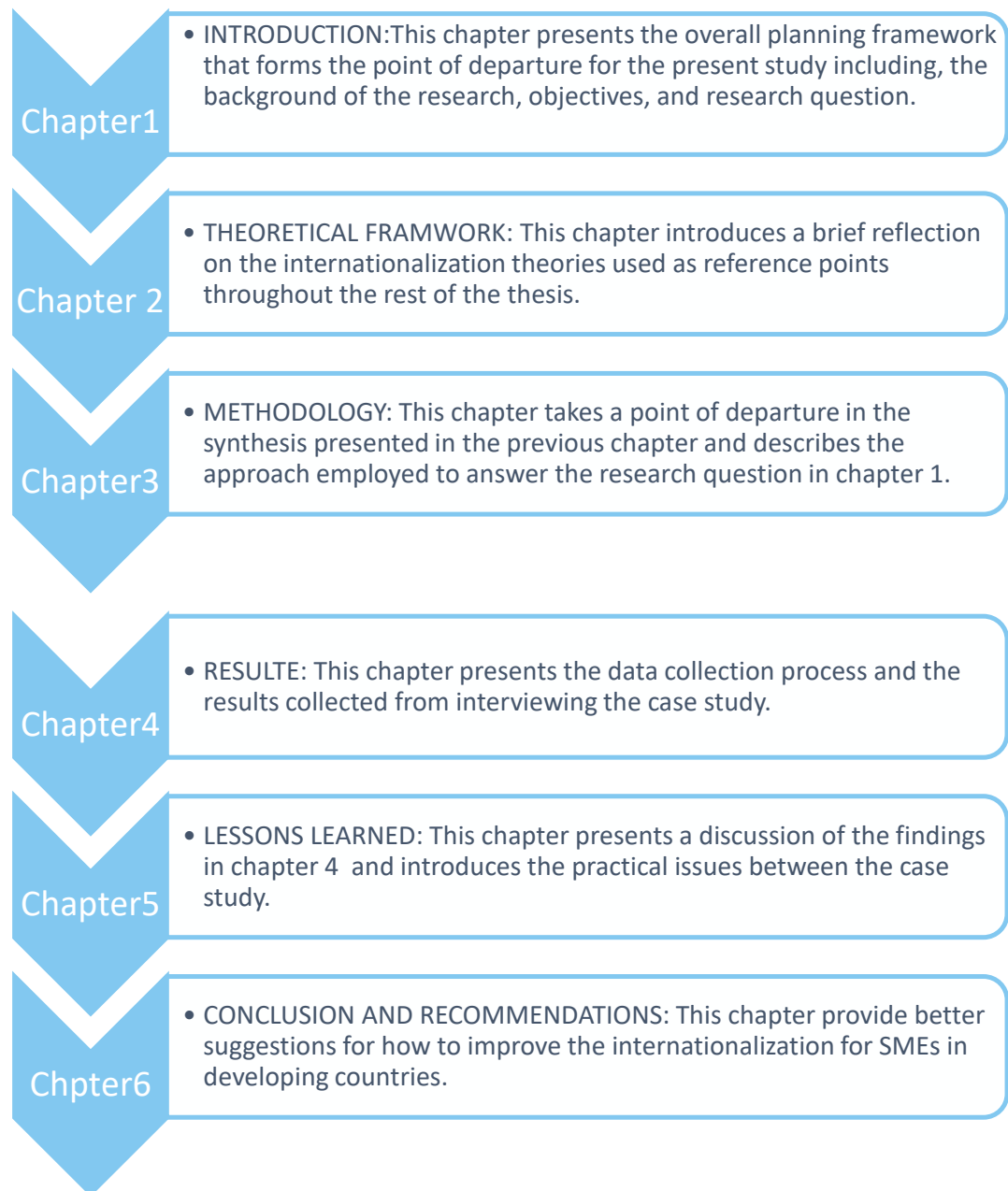
Nonetheless, some other challenges and barriers affect SMEs' internationalization in developing countries when going international, including infrastructure, governmental atmosphere, lack of investment, absence of understanding of the local market, managerial skills and qualities, and other barriers. The World Bank Group does research in the year 2017 showed that in any case of size, country, or region, the main barriers to doing business are funds, regulation and taxes, policy instability, inflation, exchange rate, corruption, street crime, and organized crime (Ayyagari et al., 2017).

Resultant of Dalberg's report (2011), "SMEs in developing countries face a financing gap weakening financial wealth. They are an important part of the economic basis in developing countries, and they play a critical part in promoting growth, innovation, and achievement. Unfortunately, they are significantly limited in gain access to the capital that they need to grow and develop, with nearly half of SMEs in developing countries rating access to finance as a major constraint" (Dalberg Report, 2011). Therefore, to recognize the barriers to internationalization, it is essential to understand internationalization itself. Understanding the choices and factors involved in the internationalization process is required as the barriers can progress while going through these stages.

### 1.10 The organization of the research

The rest of the study is planned into six individual chapters:

The following diagram gives a brief understanding of the thesis structure.



## 2 THEORETICAL FRAMEWORK

This chapter introduces a brief reflection on the internationalization theories used as reference points throughout the thesis. The theoretical structure of this thesis is divided into two parts; the first part discusses the general concept of the internationalization theories in the Uppsala model, Network approach, and Network theory. The second part will discuss the managerial characteristics and Perceptions of internationalization to determine our research questions.

### 2.1 Definition of Internationalization

Internationalization is not a new term, and the word has been applied for periods in political learning and governmental affairs. According to Calof and Beamish (1995), "Internationalization" has been widely used to describe the outward movement in a firm's international operations" (Calof and Beamish 1995, p. 16). Over many decades, the definition of internationalization has been the subject of much discourse, and below, table No.3 shows different types of definitions from other authors.

TABLE 3. Definitions of internationalization

Author/s	Year	Definition
Welch & Luostarinen	1988, P.36	"The process of increasing involvement in international operations."
Calof & Beamish	1995, p. 116	"The process of adapting a firm's operations (strategy, structure, and resource, etc.) to environments."
Lu & Beamish	2006, p.28	"Internationalization is a multidimensional construct. Two of the most prominent avenues of internationalization are exporting and foreign direct investment."
Zain & Ng	2006, p.184	The internationalization process of SMEs from the social exchange perspective on social networks seems to be a more useful concept since it is possible to overcome the problems of limited resources, experiences, and credibility.
Saarenketo, Puumalainen, Kyläheiko & Kuivalainen	2008, p.365	"Internationalization is interpreted as an orderly process progressing incrementally from domestic operations, via



		exports and foreign direct investments, to full-fledged multinational business.”
Lindstrand, Melén & Nordman	2011, p. 195	“Internationalization is an incremental process because existing foreign market knowledge influences decision making.
Hessels & Parker	2013	“Internationalization is measured in terms of both exporting and foreign purchasing.”

Adopted by the student from(Todorov & Smallbone, 2014)

From the above table, I can summarize the internationalization of SMEs as

- Internationalization specifies making a product easily consumed within numerous countries.
- This method is utilized by firms looking to grow their international path outside their local market and knowing consumers abroad may have different choices or habits.
- Internationalization frequently involves changing products to conform to a given country's practical or cultural needs, such as making plugs appropriate for different electrical channels.

## 2.2 Internationalization

Researchers like Adam Smith, David Ricardo, and other authors presented the international business world with different approaches. Adam Smith explained his theory of absolute advantage: The wealth of nations (Mtigwe 2006). Adams Smith noticed in the nation as being the unit of the rationale for trade was to take the maximum advantage of absolute advantage (Mtigwe 2006). David Ricardo came up with his view and suggested the theory of competitive advantage (Mtigwe 2006). Though the international business has been the subject of extensive research inquiry for many decades, there appears to be no universally accepted global business model (Mtigwe, 2006). Hence not all theories apply to every internationalization situation in the business world. But they, in a way, complement

each other and function as different tools to explain and understand the internationalization process of firms. Etemad (2004) stated “that Game Theory dictates that the emulated strategy should be attacked at its weak and exposed point(s), which might not have been apparent or uncovered by the emulator due to inexperience or constrained resources. By a logical extension, theories of internationalization, from which most MNEs’ strategies emanate.”(Etemad 2004, p. 2).

Due to the difficulty of the processes engaged in internationalization, different scholars have designed many theories to let the comfort of achievement of the international developing markets for SMEs.

Internationalization is a fairly new concept, even though its first definition appeared in the 50s or 60s (Białostocka & Zarządzania, 2020). Along with the growth of globalization and the enhanced frequency of participating in agreements by international organizations, internationalization has been accelerating and gradually becoming important. Referring to Calof and Beamish (1995), the justification for international as "Internationalization" has been widely used to describe the outward movement in a firm's international operations.”(Calof and Beamish 1995, p. 115)

Based to Calof and Beamish (1995), internationalization is “the method of modifying organizations’ operations (resources, strategy, structure) to foreign environments” (Calof & Beamish, 1995, p. 116). For instance, this approach includes the geographical space of the foreign market stated, the different interests in other countries, and the strength. Firms go internationalization due to their clients migrating and competing with local firms who move abroad, while some firms go with the need for achievement and development.

Following research has shown that, to some extent, internationalization can be thought of as an evolutionary activity (Calof & Beamish, 1995). Though research happens, it recognizes firms at various phases of international evolution.

“little empirical research has examined the dynamics of internationalization, that's why internationalization occurs”(Calof and Beamish 1995, p. 115).

The following section will discuss the most cited internationalization theories, the Uppsala model, the Network approach, and the network theory. It also will find out the challenges and advantages/disadvantages of each theory.

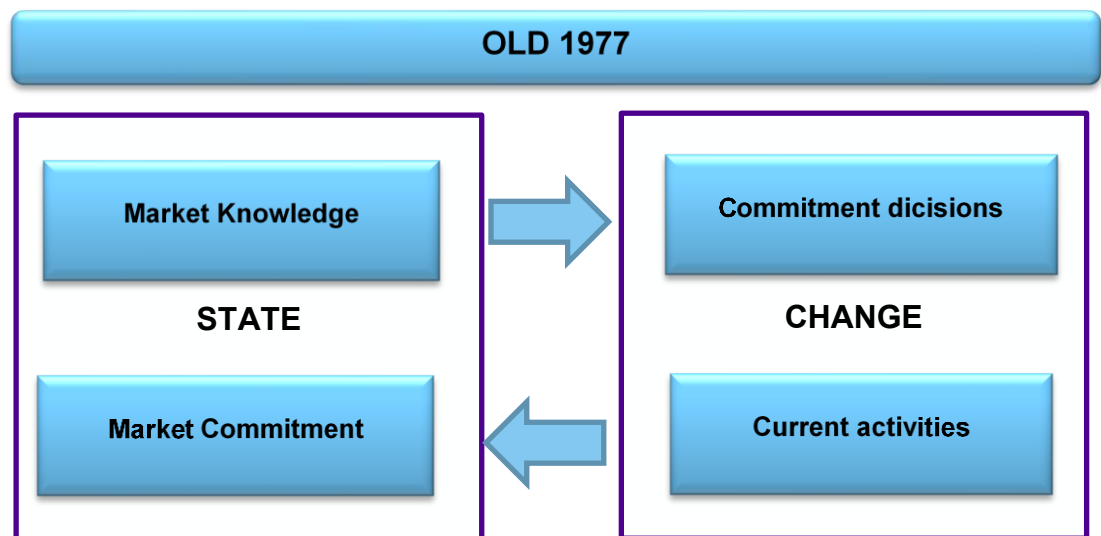
### 2.3 Uppsala model

Based on Mitgwe (2006), “the research on the firm internationalization process centers on the “establishment chain” school of thought, also referred to as the Uppsala-model (U-model), the Nordic school, the incremental school, or the stages model” (Mitgwe 2006, p. 13). The Uppsala Model was issued in an international academic review in 1977 by Johanson & Vahlne; then, the authors have undertaken changes over time. The model comprises four approaches, which explain how the learning- and opportunity perception affects and is affected by the current environment of the firm (Johanson & Vahlne, 1977). These four methods in the Uppsala model are market knowledge, market commitment, commitment decisions, and current activities, all interlinked. As the years gone, changes in the above four approaches were streamlined and revised by researchers. The below figure explains the difference between the old and innovative approaches.

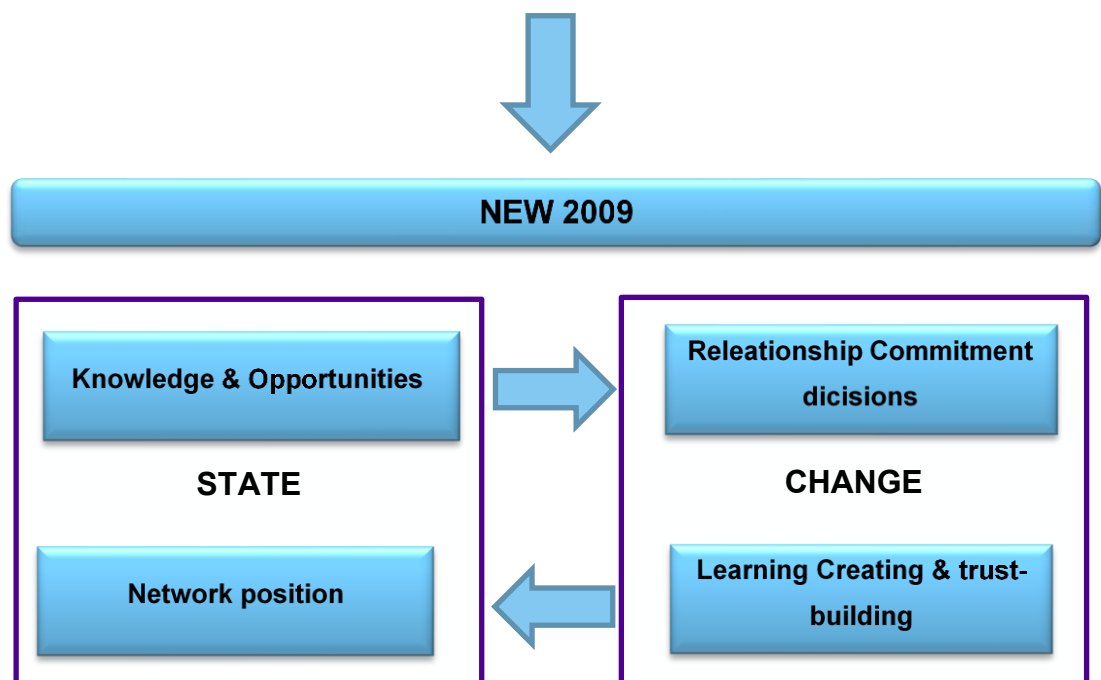
The basic assumption of the Uppsala Model is that market knowledge, and market commitment affects both the commitment decisions, and the way current findings are accomplished, which, in turn, changes market knowledge and commitment. The quantity of knowledge of foreign markets and processes is influenced by the number of commitments of resources in foreign markets and vice versa (Johanson, J., & Vahlne, 1977).

Developing countries predict firms entering a new market with successively greater psychic distance. Psychic distance is the distance between the home and foreign markets caused by learning and understanding business differences. Johanson and Wiedersheim-Paul (1975) defined the concept of psychic distance “as factors preventing or disturbing the flows of information between firm and market. Examples of such factors are differences in language, culture, political systems, level of education, level of industrial development, etc. For obvious reasons, psychic distance is correlated with geographic distance. But exceptions are easy to find”. (Johanson and Wiedersheim-Paul 1975, p. 308). When a firm has chosen where to go, the psychic distance is assumed to reduce to the increased market-specific knowledge. Suppose knowledge can shift from one country to

another. In that case, firms with considerable international experience are likely to understand the emotional distance to a new country as shorter than firms with little international experience.



The primary mechanism of internationalization: state and change aspects (Johanson & Vahlne, 1977)



The business network internationalization process model (the 2009 version).

FIGURE 3. Uppsala Model old and New

Source adapted from (Johanson and Vahlne, 1977); ( Johanson & Vahlne, 2009)

### 2.3.1 State-Aspects

Johanson and Vahlne (1977) described that "The two-state aspects are resources committed to foreign markets-market commitment and State Aspects knowledge about foreign markets possessed by the firm at a given point of time. The reason for considering the market commitments is that we assume that the commitment to the market affects the firm's perceived opportunities and risk." (Johanson & Vahlne, 1977, p. 27). Market commitment positions for those types of resources are committed to a degree of involvement that makes decisions for the managerial team. Two kinds of knowledge are to be considered in this aspect: objective knowledge transferred from one market to another, experiential learning, which is gained by experience, learning by doing or acting.

### 2.3.2 Change aspects

When the firm understands the market, it can decide how to commit to that market and therefore plan and implement the current activities needed to complete the cycle by dedicating to the market. According to Johanson and Vahlne (1977), "The change aspects we have considered are current activities and decisions to commit resources to foreign operations" (Johanson & Vahlne, 1977, p. 28).

According to Johanson and Vahlne (1977), commitment decisions and current decisions are considered in the change aspects in the original model, later reviewed as they are related to each other in 2009 (Johanson & Vahlne, 1977) and (Johanson & Vahlne, 2009)

The simple belief of the Uppsala Model is that market understanding, and market responsibility affect both the dedication decisions and how recent outcomes are presented, which, in turn, changes market experience and commitment. Johanson & Vahlne (1977) decided that the quantity of understanding of foreign markets and operations is affected by the number of responsibilities of resources in foreign markets and vice versa (Johanson & Vahlne, 1977). Therefore Johanson & Vahlne (1977) stated that the current activities are also the prime source of

experience. Also, they decided that “experience could be gained alternatively through hiring personnel with experience or through advice from a person with experience.” (Johanson & Vahlne, 1977, p. 28).

In these models, internationalization is realized as a gradual process in which a firm increases its commitment to foreign markets as it gains experiential knowledge (Johanson & Vahlne, 1977).

Hence, it identified four stages of internationalization theory that included four continuous steps in the firm's international growth process. Following this stage model, the path followed by firms states that the firms with no exporting activity will start by exporting via an agent. Sales subsidiaries can follow exporting. Firms can also use the entry modes such as joint ventures, licensing, and franchising, depending on the nature of the firm. The last step into the chain is owned subsidiaries; these stages are:

- No regular export activities.
- Export via individual representatives (agents).
- Sales subsidiary.
- Overseas production/manufacturing.



FIGURE4. Uppsala model process

Source adapted from (Johanson & Wiedersheim-Paul, 1975)

### 2.3.3 Challenges and barriers from U- model prospective

Uppsala model made an extraordinary impact on understanding how firms go international, but scholars have complained about Uppsala model whether this model can be universal to all industries. This model does not apply to service industries. According to Forsgren, these considerations are unnecessary when a company is already involved in several countries. Forsgren (2002) argues that “the Uppsala model is limited to certain aspects, leaving out the other aspects. This has certain implications for the model’s ability to explain and predict the internationalization behavior accurately”(Forsgren 2002, p. 261).

Axin & Matthyssens (2002) stated,” Today, firms are internationalizing greater numbers than ever before, and they are internationalizing faster than ever before. Therefore internationalization theories that can provide practical guidance to firms are more critical than before”(Axinn and Matthyssens 2002, p. 436). They also point out that the model does not describe how to determine stretched assets and market characteristics concerning choices and changes in export structure. Furthermore, the advice is that “the world has changed even more quickly. As a result, we must critically evaluate whether these traditional theories can still comprehend the practical internationalization methods of firms today” (Axinn and Matthyssens 2002, p. 437).

The significance of the manager's role, mental and physical distance, business environment, and cultural differences in internationalization decision-making have also changed. Forsgren (2002) explores how learning is theorized in the model. U-model was built up because lack of knowledge of foreign markets is the first barrier to internationalization (Forsgren, 2002).

In addition, he argues that “the model fails to explain or predict certain types of internationalization behavior. Suppose “we accept that organizational learning, and consequently organizational behavior, also includes attempts to discover and enlarge the number of useful alternatives. In that case, this behavior will remain more or less undetected or unpredicted by the model.”(Forsgren 2002, p. 265).

#### **2.3.4 Advantages and disadvantages of the Uppsala model**

**Advantages** The Uppsala model is a risk-disinclined process since it promotes the development of business in a typical environment. Additionally, the theory combines a wider variety of variables, therefore, is not very deterministic. The advantage of practical knowledge ensures organizations' better success in future efforts. The idea of business distance is important operationally significant and has been demonstrated to be a cause influencing SME internationalization. Therefore, it is a trustworthy method that can be used. Table No.4 is shown the advantage and disadvantages of the Uppsala model.

TABLE 4. Advantages and disadvantages of the Uppsala model

DISADVANTAGES	ADVANTAGES
insufficient knowledge of foreign markets	complete autonomy of operations conducted abroad
the necessity of possessing resources required for expansion	sole control over resources utilized in foreign markets
the risk posed by entering the foreign market	the gradual process of entering foreign markets
high cost of transportation	minimal risk
tariff and non-tariff barriers	internationalization progresses gradually with the advance in knowledge

Adopted by the student from (Białostocka & Zarządzania, 2020)

## 2.4 Network Theory

In current years, the U- Model or the Uppsala model was challenged by network theorists, whose important argument is that modern high-technology firms do not display the incremental process. Instead, they achieve faster internationalization through the experience and resources of network partners (Mtigwe, 2006). All firms in a market are believed to be fixed in one or more networks via relationships to their dealers, subcontractors, clients, and other market players. other.”(Mattsson and Johanson 2015, p. 4).

Network scholars see a firm's internationalization as a natural development from network relationships with foreign individuals and firms; coordination occurs through interaction between firms in the network (Mattsson & Johanson, 2015).



the aim of this model is upon the firm's experience within the international market, and the firm's current activities are its primary resource of expertise. Even though the firm may be talented to employ people who have knowledge and experience in the target markets, until these individuals/or external actors can make empirical knowledge of the firm, they will not significantly impact its internationalization attempts. Market and firm understanding are needed (Hadley Heather and Wilson 2003). Consequently, networks are a connecting system that allows rapid internationalization (Mtigwe, 2006). The significance of the network is in giving the concerned partners more substantial by using the information that the firm develops by creating close relations with customers, suppliers, industry, distributors, regulatory and public agencies, and other market players. Interactions are centered on joint trust, understanding, and commitment concerning each other. Johanson & Mattsson indicated that "The network structure, that is the ways in which the firms are linked to each other, develops as a consequence of the firms making business with each other. At the same time, the network structure constitutes the framework within which business is made." (Johanson and Mattson 1989, p. 314)

in the perception that relationships are continuously being established, maintained, developed, and broken to give adequate, short-term economic earnings and to create positions in the network that will assure the long-term existence and growth of the firm. (Johanson and Mattsson 1987, p. 36) While going in a foreign country, firms engage in a local network with the primary objective to develop business relations in a foreign country. A firm's location in the local network establishes its internationalization process since that position determines its capability to organize its resources within the network. Johanson & Mattsson, (1989) stated that "Through the exchange relationships the actors learn about each other and develop some trust in each other. On that basis they adapt and develop their resource use to increase the productivity which also leads to increased resource interdependence between them." (Johanson and Mattson 1989, p. 329)

All firms in the market are related to other performers, whether local or international. As activities take place on the firms cooperating in the network, their actions need to be coordinated to profit from those relations. In such a way, a firm can understand a supplier well or with other companies. Johanson and Mattson (1989) stated that "Network oriented strategic action aims at influencing actors,

relationships and network structures. It can be directed at the relationships of the actor, but it can also be directed at relationships between other actors in the network or at relationships with other networks.”(Johanson and Mattson 1989, p. 327 ).Todorov and Smallbone (2014) They were agreed. "In some firms, the strategic resources and competencies reside in the heart of the organization or/and in the person of the entrepreneur himself and can be nested within or outside the firm (network)" (Todorov and Smallbone, 2014, p. 205). Hence, If the entrepreneur finds new opportunities beyond the firm's boundaries and outside the country where the firm is situated, this enables international development processes (Todorov and Smallbone, 2014). Therefore, for internationalization through the networking model, the starting point for an entrepreneur is to evaluate the relationships that can provide access to resources that reveal to be necessary to increase organizational learning in international activities. (Todorov and Smallbone, 2014).

The ties resulting from the firm's network are tough to emulate. These relations have consequences in three dimensions: a) the information is available to the parties involved in the relationship; b) timing; and c) referrals (Ronald S. Burt, 1997, p. 340).

Firms understand from the ties made in the network that knowledge about what is happening in the market is wide open to the network itself. Therefore, there is information that is not available to everyone. Ties also influence timing when some information reaches a particular firm. And appointments firms get interested in other firms, at the right time and place hence the connections may be strong or weak.

Granovetter (1973) defines the strength of ties as it is” a (probably linear) combination of the amount of time, the emotional intensity, the intimacy (mutual confiding), and the reciprocal services which characterize the tie” (Granovetter 1973, p.1361). the ties are weak when they are low; the relationships are distant. When there is a close interaction, the ties are substantial, and the parties involved enjoy autonomy and quickly adapt to each other. No tie is static. Firms can make the ties stronger or weaker depending on their relationship as time passes.

At the same time, Granovetter (1973) said that the weak ties could be strong ones as he mentioned, “I would add that one's weak ties which are not local bridges

might as well be counted with the strong ties, to maximize the separation of the dense from the less dense network sectors.” (Granovetter 1973, p.1363)

## **2.5 Network Approach**

Johanson and Mattsson (1987) stated that “A basic assumption in the network model is that the individual firm is dependent on resources controlled by other firms. The firm gets access to these external resources through its network positions”. (Johanson and Mattsson 1987, p. 36). As well Johanson and Mattsson (1989) suggest that international interdependence between firms and within industries is of great and increasing importance (Johanson, J., & Mattsson, 1989). Therefore, they launched ‘The Network Approach to internationalization,’ highlighting the importance of interactions with dealers, clients, and markets to encourage or help a corporation project out of the country (Johanson and Mattsson 1987). Networking is a market information resource and understanding that may connect the difference between the joining parties, clienteles, dealers, suppliers, government, public organizations, and other market activities.” Each firm in the network has relationships with customers, distributors, suppliers, etc. (and sometimes also directly with competitors), plus indirect relations, via those firms, with the suppliers' suppliers, the customers' customers, competitors, and others..”(Johanson and Mattsson 1987, p. 35).

Frequently these firms regulate their sales and marketing activities through a particular network in which they pursue partners who set their capabilities; this is essential because of their limited resources. Madsen and Servais (1997) stated that” Hence it is not necessarily so that the firm initially has to be engaged in a network which is primarily domestic. From the first stated argument it may very well follow, that previous experience and knowledge of the founder extends the network across national borders opening possibilities for new business ventures.”(Madsen and Servais 1997, p. 567)

A fundamental belief in the network model is that the private firm is dependent on sources operated by other firms. Hence, the primary step a firm must understand

to internationalize is recognizing the market, environmental conditions, and relationships (Madsen & Servais, 1997).

The firm expands open by using a trust, and growing commitment is founded outside networks. After penetration, firms can achieve international incorporation by using the network and including other firms in many countries. Johanson and Mattsson (1987) agreed to the "need for adjustments between the interdependent firms as to quantity and quality of goods and services exchanged, and the timing of such exchange, call for more or less explicit coordination through joint planning." (Johanson and Mattsson 1987, p. 35).

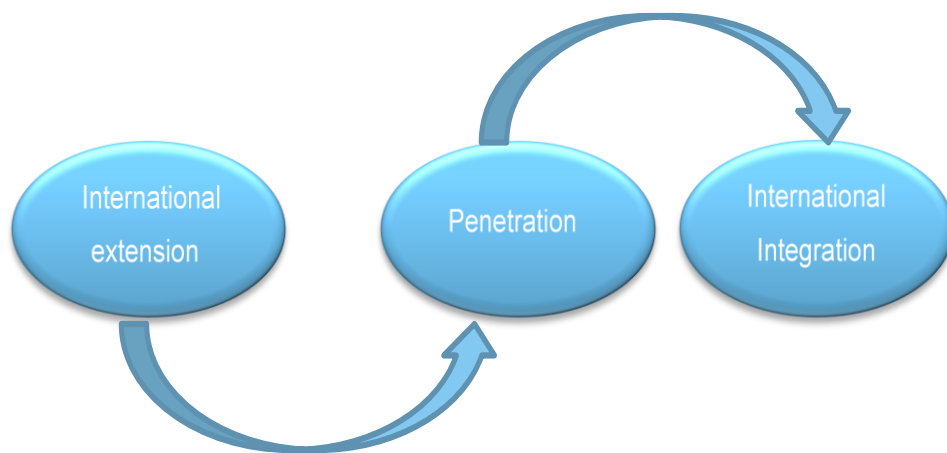


FIGURE 5. A network approach to internationalization,  
Adopted by the student from Johanson and Mattsson (1988).

When the company examines these actions (figure 5), interactions are created to increase access to the market and its properties. Sources in the network are under the control of themselves and other firms concerned, and a firm wants resources controlled by other firms, which could be reached depending on their position in the network. Through the activities in the network, the firm builds relationships that ensure access to essential resources and the selling of its products and services. (Johanson and Mattsson 1987).

### 2.5.1 Advantages and disadvantages of the network approach

Björkman and Mats Forsgren (2000) mentioned that the network approach had recognized responsibility for having some degree of strength for understanding

the internationalization design, not offering correct conclusions, because of including too many variables. Hence they argue that “The network perspective reveals the difficulties in formulating and implementing a strategy for foreign market entry.” (Björkman and Mats Forsgren 2000, p. 13). Therefore, the network approach does not provide satisfactory models for predictions (Björkman and Mats Forsgren, 2000). Nummela (2002) addressed that focusing on more extensive manufacturing firms rarely describes how small and medium-sized firms use networks in internationalization (Nummela, 2002) also mentioned that “very few empirical studies describing SME usage of networks in internationalisation exist, and these are mostly exploratory with quite scattered findings.” (Nummela 2002,p. 10)

TABLE 5. Advantages and disadvantages of the network approach

DISADVANTAGES	ADVANTAGES
limited means of international cooperation	extended means of international cooperation
the conflicting interest of enterprises which hamper cooperation	mutual support of members operating within one network
dependency on other enterprises, lack of individual activity	membership of a particular group that motivates active participation
the imminence of individual's domination determining the status of different participants in the network circulation	presence of reference units from which enterprises can learn and gain experience
interrupted communication as a result of the multilateral nature of relations	increased labor efficiency

adopted by the student from (Białostocka & Zarządzania, 2020)

### 2.5.2 The Uppsala model Vs. network approach

The Uppsala model has widely complained of theoretical and operational levels (Mtigwe, 2006). Some researchers have found it invalid in some cases, while others accepted it with modifications. Researchers have evaluated the model's applicability, strengths, and weaknesses through different studies. The model has been criticized from different perspectives, and its basic assumptions have been challenged by many empirical studies (Andersen, 1993).

Additionally, Mitgwe (2006) mentioned that “Network theory takes a different, if not a somewhat extreme, view of the internationalization process. While the network approach is not new to a business application to firm internationalization”. (Mitgwe 2006, p. 15). Therefore, it is required to draw attention to the differences between the Uppsala model and the network approach. Even though the network approach looks like the Uppsala model on its primary basis, it has several source work and fair terms. The internationalization process shows several opportunities that can use in various techniques. Internationalization contrasts a company's peculiarities, reachable sources, and arrangements with other business companies. Hence, instructed to carefully analyse the models' qualities corresponding to which internationalization models will be used before international collaboration. Table 6 below, a contrast between the major features of the Uppsala model and the network approach.

TABLE 6. Comparison of Uppsala model and network approach characteristics

<b>Characteristics</b>	<b>Uppsala model</b>	<b>Network approach</b>
Model's type	behavioral model	behavioral model
Model's character	dynamic	dynamic
Group of theories	theory of gradual internationalization of the company	network theory
Source of foreign markets know-how	own experiences	exchange of information within the business network
Cycle of Model	cause and effect	continuous interaction, long-term cooperation
Kinds of knowledge	objective knowledge, experience-based knowledge	experience of cooperation within the network of relations
Barriers	psychological distance	legal obligations, interdependence
Direction of expansion	foreign markets	foreign markets
Activity	completely autonomous	having regard to the environment
Type of learning process	cumulative nature, progressive, advancement is based on the company's individual experience	membership of a created network of interaction
Proceedings of internationalization	linear course	the phenomenon of evading, change of expansion pace

Adopted by the student from (Białostocka & Zarządzania, 2020)

## **2.6 Essential factors for SMEs internationalization**

Three elements are commonly stated as essential for SME internationalization. These are:

1. The owner-manager
2. An international strategy
3. and networking.

Due to their significance for the topic, these three motivations are introduced below:

### **2.6.1 The role of the owner-manager**

Owner-managers frequently take the lead of SMEs. It is essential to emphasize that, gradually, SME managers should not forget intangible assets and active resources, as they are driving firms for the existence of this typology of companies in progressively changing, unstable, and uncertain environments. This means that it is important that these executives believe in a position based on the resource-based view if they expect to be successful in their businesses since their individuality and inimitability are the best cards for competitive advantage in the long term. (Rodrigues et al., 2021). Based on the OECD (1996) mentioned that "There is a general consensus that the competitiveness of an individual SME is strongly related to the "quality" of its owner/manager. "Quality" is, in this context, strongly related to the human capital of the individual, in turn influenced by a combination of formal education, training and experiential learning. (OECD 1996, p. 50).

Small/medium-sized enterprises owners or managers show the preference for international growth had been attributed to different managerial characteristics. Wiedersheim Paul, Olson & Welch (1978) Stated that "In this respect the value system and the past history and experience of the decision-maker himself are important." (Finn, Olson, and Welch 1978, p. 48). as the level to which the SME organization has been engaged in foreign expeditions, the number of languages

spoken, and whether management team members were born abroad and lived or worked out of the country (Finn, Olson, and Welch, 1978).

Svante Andersson (2000) acknowledged how technically positioned entrepreneurs developed their firms with slow international development, while marketing-oriented entrepreneur's firms showed faster international growth (S. Andersson, 2000).

In SMEs, international business activities are often created by a team of people; they can also form a personalized method of internationalization. The international experience of the organizer and the management team impacts the internationalization behaviors of the SME. The entrepreneurs' objectives and determination in bringing out various strategi are crucial for the firms' early internationalization (S. Andersson, 2000).

### **2.6.2 International strategy**

Katarzyna & Magdalena Kakol, (2013). Stated that “An international strategy means that internationally scattered subsidiaries act independently and operate as if they were local companies, with minimum coordination from the parent company”.(Katarzyna and Magdalena 2013, p. 1006). An advanced internationalization strategy is needed before moving to the international markets. International strategy advances a wide range of business strategies and an important level of change to the local business environment. The challenge here is to build one single strategy that can be utilized throughout the world while at the same time providing the give to change that strategy to the local business environment when required. “An international strategy does not require strong coordination from the centre. A global strategy, on the other hand, requires significant coordination between the activities of the centre and those of subsidiaries”.(Katarzyna and Magdalena 2013, p. 1006).

SMEs can provide a carefully defined market segment by focusing on a market position with segregated and exceptional products or services. Svend, H. (2011) stated that "The success of SMEs under globalization depends in large part on



the decision and implementation of the right international marketing strategy."(Svend, H. 2011, p. 17).

Andersson (2000) acknowledged that many new ideas are developed connected to the international market by the entrepreneur: "the marketing entrepreneur who implements an international push strategy; the technical entrepreneur who implements a strategy focusing on technical development, creating an international pull strategy; and the structure entrepreneur who implements an international restructuring of an industry." (S. Andersson, 2000, p. 63).

### **2.6.3 Networking**

Significant development of the Uppsala model announced above indicates that. The value of networks for SME internationalization shows that could improve internationalization operations through alliances with other companies, which helps overcome resource and market knowledge limitations (Johanson, 2003). Networks can assist SME managers in identifying international opportunities, establishing reliability with their partners, and gaining access to strategic resources like market knowledge (Amal & Filho, 2010).

Johanson and Vahlne (1990) stated that "Evidently, business relationships and consequently industrial networks are subtle phenomena, which cannot easily be observed by an outside observer, i.e. a potential entrant. The actors are tied to each other through a number of different bonds: technical, social, cognitive, administrative, legal, economic, etc". (Johanson, J., and Vahlne, 1990, p. 18). Hence, two kinds of network connections seem particularly important for internationalization: establishing and building new relationships in new markets and connecting to existing networks in other countries (Fillis, 2001). Respected networking connections require informal communications, such as relationships and family links abroad, and formal contacts, such as business and governmental organizations, in key and target markets (Coviello et al., 1998).

Holmlund and Kock (1998) stated that "The social network is a sub-network within the business network, thus effecting and being effected by the gained resources and the chosen operational mode. In the same way the chosen operational mode

can affect and be affected by the present business network as well as the social network.”(Holmlund and Kock 1998, p. 47). International Private and social networks established through family or friendship networks drive SME internationalization forces (Holmlund, M., & Kock, 1998). The social networks of SME directors contain both strong and weak ties, and the strength of relations differs on the combination of time, emotional intensity, intimacy, and reciprocal services (Granovetter, 1973).

Formal networking contacts that play an essential role in developing SMEs' international activities are involved in global market fairs and exhibitions and connections to other companies sharing the same suppliers or clients (Koch, 2001). Koch (2001) stated that “Through measures such as participation in international trade fairs, exhibitions, sharing the same suppliers, buyers, through strategic alliances, joint ventures, and ad hoc consortia (tendering process), companies develop their networks and increase their internationalisation.” (Koch 2001, p. 355) The network relationships affect SMEs' internationalization by facilitating new competencies and changing the SME manager's entrepreneurial vision. The new skills and capability can form a chance to develop market-specific knowledge, which in the development of further internationalization can be crucial for market choice and the commitment of resources for developing new activities. Networking can also help SMEs overcome inadequate know-how and official training in international operations (Vida, Reardon, and Fairhurst 2000). Also stated that “Therefore, domestic retailers with international ambitions should consider hiring new managerial talent experienced in international business or obtaining assistance from consulting companies that can offer such expertise.”(Vida, Reardon, and Fairhurst 2000,p. 54). The value of communication is essential between an SME and its foreign intermediaries. As collaboration is a two-way development, SMEs should ask their representatives the correct inquiries to determine the agent's objectives.

## 2.7 The implication of Internationalization Theory

SMEs from different countries and industries have different approaches and strategies for local and global business. Still, internationalization theories perform an essential role in defining when SMEs plan to go international. It can be acknowledged that there is no exact theory to use in the internationalization method, but the combination of various types of theories makes up the process simpler. Many variables affect the internationalization process from the theories discussed in this thesis.

In the Uppsala model, the four fundamental models: are market commitment, market knowledge, current activities, and commitment decisions. These four ideas are divided into state aspects and change aspects. The above four concepts are interconnected and determined by each other's existence, as stated below.

The Uppsala Model contracts with knowledge asset, that is, with learning. Exactly how organizations understand and how their education impacts their investment behavior are dominant issues for the model. (Johanson and Vahlne 1977, 1990). Compared to the Uppsala model, the network theory and network approach models are considered the re-relevance of networks for SMEs internationalization, representing that international performance can be enhanced through alliances with other companies, which help overcome resource market knowledge limitations (Johanson, J., & Vahlne, 2003).

Therefore, It is sensible to accept that Networks can help SME managers to identify international opportunities, establish credibility with their partners, and gain access to strategic resources such as market knowledge (Amal & Filho, 2010). as well as reduce risk perception of internationalization due to improved networking influences by establishing and building new relationships in new markets and connecting to existing networks in other countries. Fillis (2001) stated that "The authors link existing knowledge and commitment of the firm to other actors in the overseas market, through business activities carried out by all participating firms. Internationalisation through networking can be achieved by establishing and building new relationships in new markets and also by connecting to existing networks in other countries." (Fillis 2001, p. 775). As a result, the SME must deal

with external risk and control over the foreign markets and need to be engaged in the firms' business model that internationalizes. Incremental decision-making needs to be designed to handle the threats, finding information through foreign investment. The firm that chooses to internationalize should manage the risk by testing and error method with slow and mild details on the foreign markets. Hence, the firm can retain control over the foreign enterprise through aggregate behavior and moderately grow its knowledge to perform business in different foreign entry markets (Johanson, J., & Vahlne, 1977). Thus, Johanson and Vahlne (1977) stated that commitment decisions are based on several kinds of market knowledge. First, knowledge of opportunities or problems is assumed to initiate decisions. Knowledge Second, the evaluation of alternatives is based on some knowledge about relevant parts of the market environment and about the performance of various activities." (Johanson and Vahlne 1977, p. 27).

This research tries to apply more than one theory of the internationalization process of SMEs: examine the challenges and barriers from each theory's perspective to build necessary knowledge because it is not possible to clarify the process with one single model. Uppsala, Network theory, and network approach are different opinions, and the Uppsala theory is developing a home market first to gather experience to go abroad while in-network. Due to the increased business level, we do not need to establish a home market initially. According to their criteria, the theories are crucial depending on the type of SME approach.

## **2.8 Motives behind internationalization**

International presence automatically expands a firm's procedures, giving it a larger production capacity and a more extensive asset base. Usually, by internationalization, a firm is looking for financial gains. Nevertheless, making wealth is rarely a single reason to expand internationally (Svend, 2011). Especially, SMEs often experience either high competition or a lack of opportunities in their home markets, which drives them in the direction of internationalization. Before a firm moves into a new foreign market, a mix of motives and causes usually leads them to internationalize (Svend, 2011).

The firm's management decides to go international for the reason that first, maybe understandable, cause in going international is the same as it is for any business decision: purpose and commitment to achieve. Management must choose to go international and make a significant, established commitment to recognizing (Czinkota, M., 2004).

Czinkota (2004) stated that "there are two types of motives for internationalization: proactive (firm-based) and reactive (environment) (Czinkota 2004, p. 4) and he described: "proactive stimuli denote the firm's interest in exploiting internal strengths or opportunities in the overseas market, while reactive motives exemplify a response to organizational or environmental pressures." (Czinkota 2004, p. 4). The motives and causes are also a part of the firm's decision to internationalize. Svend (2011) described international motives as "For internationalization to take place someone or something within or outside the firm (so-called change agents) must initiate the process and carry it through to implementation." (Svend, 2011, p. 57)

**Proactive factors:** SMEs possibly view internationalization positively as an opportunity primarily because of some internal advantage that may allow the firm to successfully exploit a new international market. Internal advantage enables the firm to operate from a position of strength and may result from complete market knowledge, skills, know-how, expertise, or an effectively distinguished and exceptional product. Similarly, investigators have shown the value of external prospects that SMEs powerfully pursued (Pett, Francis, and Wolff 2004, p. 2).

**Reactive factors:** SMEs possibly view internationalization as a required response to adverse conditions in their current markets. Such situations may manifest as increased competitive pressures, additional capability given domestic market conditions, or a persistent weakening domestic market (Pett, Francis, and Wolff 2004, p. 2).

TABLE 7. Proactive- and reactive motives to internationalize

Proactive motives	Reactive motives
Profit and growth	Competitive pressures
Managerial urge	Domestic market: small and saturated

Technology competence/unique product	Overproduction/excess capacity
Foreign market opportunities/market information	Unsolicited foreign orders
Economies of scale	Extend sales of seasonal products
Tax benefits	Proximity to international customers/psychological distance

Adopted by the student from (Hollensen, 2011).

## 2.9 SMEs Internationalization Challenges

Scholars and researchers recognized many challenges that affect the internationalization process of SMEs." the challenges are competition among the large firms, financial constraints, lack of imports, non-security, lack of training and development.(Christina, B., Neelufer, A. and Al Amri, 2014, p. 7). Hutchinson, Quinn, and Alexander (2006) also include that the major effects for managers of small international firms relate to attitudes, perceptions, and knowledge of international business strategy. managers want to be aware of the emotional styles they have that could be their main barriers to internationalization. (Hutchinson, K., Quinn, B., & Alexander, 2006). therefore Hutchnison (2006) stated that "managers of retail SMEs need to invest enthusiasm and sustenance into their relationships with customers, suppliers and distributors: it is through these networks that they can overcome any lack of knowledge of foreign markets."(Karise, H., Barry, Q. & Nicholas, 2006, p. 46).

This research will analyze and examine the challenges familiar from the Uppsala model, Network theory, and Network approach.

These models help us better understand the basics of internationalization and solve the first research question. The below table shows these challenges:

TABLE 8. SMEs Internationalization Challenges

Independent variables	Factors that create issues and challenges for SME growth strategies
Financial management	<ul style="list-style-type: none"> <li>• Lack of availability of credit</li> <li>• Lack of availability of long term credits</li> <li>• Working capital management</li> <li>• Cost of finance</li> </ul>
Marketing management	<ul style="list-style-type: none"> <li>• Lack of marketing budget</li> <li>• Lack of marketing knowledge</li> <li>• Lack of R&amp;D to identify new markets</li> </ul>
Operations management	<ul style="list-style-type: none"> <li>• Lack of proper knowledge of outsourcing and supplier management.</li> <li>• Environmental issues</li> <li>• Lack of access to the latest technology</li> </ul>
Human resource management	<ul style="list-style-type: none"> <li>• Lack of managerial skills</li> <li>• Lack of formal relationship between workers and owner.</li> <li>• Lack of knowledge to hire related employees</li> </ul>

Adopted and modified by the student from (Badriya, H. & Sammena, 2017)

### 2.9.1 Finance availability

In most developing countries, banks are the major finance providers (UNCTAD 2005). Access to finance is a subject for SMEs international, but the problems are combined in developing countries. According to a study conducted by Dun and Bradstreet, in 2016 alone, banks in Oman rejected as many as 50-70% of loan applications from SMEs due to the higher risks associated with the small scale sector and due to the failure of applicants to provide collaterals and meet other loan conditions (Sanyal, S., Hisam, M., & Baawain, 2020, p. 283). As many as 55% of SMEs could not have the credit they needed to grow up, develop and export. Banks are cautious of start-ups, particularly firms that have been for less than two to three years just had any loans.(Sanyal, S., Hisam, M., & Baawain, 2020). Loaning SMEs in developing countries is challenging for several reasons. Problems concerning administration, rescue, and insurance are essential: Company assets are often not valuable enough to be collateral for larger loans (Carbó-Valverde, S., Rodríguez-Fernández, F. and Gregory F., 2009).

Carbó-Valverde, S., Rodríguez-Fernández, F. and Gregory F. (2009) stated that “The issue of bank competition and credit availability may matter most for small and mid-sized enterprises (SMEs) for two reasons. First, SMEs are more vulnerable to information problems. Second, SMEs are much more bank-dependent than large enterprises.” (Carbó-Valverde, S., Rodríguez-Fernández, F. and Gregory F., 2009, p. 310).

### **2.9.2 Human resources**

Human resources are one more issue challenging SMEs that want to internationalize their operations (Hesham, A., and Mark, 2014). skilled management and accounting specialists with international experience and knowledge are challenging for small companies, and they cannot often pay them better wages than large private companies offer. Badriya, H. & Sammena, (2017) found that skilled and internationally experienced managers are one of the main challenges facing SMEs due to the current labor laws and lower salaries suggested. The absence of a proper relationship between the employees and the owner is a challenge to development and efficiency; hence, human resource management is essential in today's SMEs. If a company manages it appropriately, it will be a competitive advantage. (Badriya, H. & Sammena, 2017)

### **2.9.3 Innovations and acquisition**

Innovations and achievement of abilities by company owners are very limited among SMEs. If firms achieve typical income flow-through limited, normal business concerns, owners will have a small incentive to innovate new products and innovative processes. The behavior is often seen in big centers, where many very similar businesses and retail stores are set up next to each other, which might lead to efficient markets but activities as a deterrent for innovation. Easy trading



actions and standard services manage to be the main focus of most SMEs in developing countries. (Sanyal, S., Hisam, M., & Baawain, 2020)

#### **2.9.4 Operation management**

SMEs deal with operations management constraints in many types, challenging growing, and internationalization approaches. For example, SMEs do not have enough skills to hire the best suppliers and sustain long-term connections. SME owners do not have enough skills and knowledge to choose their suppliers, and it is a simple truth that supplier choice is essential to running the business successfully. Therefore, as one of the important activities of the small business, operations must become more valuable to SMEs, particularly new and growing businesses facing the further limitations of the hypercompetitive and rapidly changing environment (McFarlane, 2014). Furthermore, Mcfarlane (2014) Stated that “Unfortunately, many new businesses and especially small businesses underestimate the value and importance of effective operations management in creating a quality product and brand power, and furthermore, their owners, leaders, and managers often lack operations management knowledge and strategies to effectively and efficiently coordinate resources for competitive advantage and success.”(Mcfarlane 2014, p. 17). If a company has appropriate suppliers, it can provide high-quality products and services. Moreover, if a company gains a good relationship with suppliers, payment procedures can succeed and grow. del Brío & Junquera, (2003) stated that “SMEs have difficulties in obtaining financial and human resources, among others, with the purpose of tackling their business activity (del Brío & Junquera, 2003, p. 944). Besides finance, executing the latest technology and design in a company always requires highly skilled and talented management. Furthermore, the external business environment also moves immediately by the continuous change in political situations of a country, economic crises, and much more. Hence, the difficulty with external relationships would be another disadvantage for SMEs subject to the environmental challenge. SMEs

are not able to handle any of these external environment changes. All these limitations of business processes need to be provided in an excellent approach to run the entire business profitably (del Brío & Junquera, 2003, p. 946)

### **2.9.5 Internal capabilities**

The company's internal resources also play a significant part in internationalization. Management knowledge, mindset, and adequacy of non-financial resources are essential in pursuing overseas development and growth. The non-financial topics cover the availability of head office, business space, knowledgeable management, ability to process partnerships, collaborations, availability of contract manufacturers, service providers, and an international mindset of the entrepreneurs are key internal capabilities; therefore, an SME must possess before going international (Miocevic & Morgan, 2018).

The business world has developed to be very strong and hard-working, thus" implementation of latest technology and system in a company always need highly skilled and talented management".(Badriya, H. & Sammena, 2017, p. 25).

Therefore, the company's owner must retain managerial skills to cope with the business operations effectively

### **2.9.6 Access to international markets**

Johanson and Vahlne (2009).stated that "Companies start to internationalize in neighboring markets and subsequently move further away in terms of psychic distance. In each market, companies begin by using low-commitment modes, such as a middleman, and subsequently switch to modes that suggest a stronger commitment, such as wholly-owned subsidiaries".(Johanson and Vahlne 2009, p. 10). Improving access to international markets is one more challenge facing SMEs in developing countries. There is a lack of networking options and entry to

country-specific market data for SME entrepreneurs. In the face of intense competition, connecting with clients in global markets is a critical factor that discourages entrepreneurs in developing countries from going international. Trades and cross-border business activities are delayed due to an absence of understanding about business practices and consumer behavior of foreign markets and strategies of competitors, and lack of suitable techniques for sales management.

Marketing is vital in today's competitive business environment since it helps target the right market towards its offered products and services ). Ripollés, Blesa, and Monferrer (2012) suggest "that the pursuit of a marketing orientation receives support when management adopts an entrepreneurial orientation. Consequently, entrepreneurial orientation is hypothesized to be an antecedent to international market orientation". (Ripollés, Blesa, and Monferrer 2012, p. 652) Additionally, it plays a significant role in positioning its product in customers' minds to make the right purchase decision.

### **2.9.7 Lack of Knowledge**

Knowing new tools like social media for marketing SME products and services is difficult for owners who lack marketing management experience. Carson & Gilmore, 2000) agreed that due to a lack of marketing knowledge, these companies could not be aware of target markets since the business world has become extremely aggressive, and successful marketing attempts are the key to their success (Carson & Gilmore, 2000).

In the case of SMEs, (Knight, 2001) mentioned that "The innovative dimension refers to the pursuit of creative or novel solutions to challenges confronting the firm, including the development or enhancement of products and services, as well as new administrative techniques and technologies for performing organizational functions (e.g., production, marketing, sales, and distribution)". (Knight, 2001, p. 160) thus, these kinds of factors create many challenges in developing the proper growth and expansion strategies for SMEs. Greenwald and Kahn (2005) indicate

that SMEs' competitiveness has been constrained by many well-known and studied factors, including size, limited managerial capacity, and inability to obtain information about the market (Greenwald & Kahn, 2005).

## **2.10 Barriers and the Uppsala model**

Uppsala model considers internationalization an incremental acquisition, integration, and knowledge about foreign markets. The fundamental belief of the Uppsala Model is that market knowledge and market commitment affect both the commitment decisions and the way existing findings are achieved, which, in point, changes market knowledge and commitment. The amount of knowledge of foreign markets and operations is influenced by the number of commitments of resources in foreign markets and vice versa (Johanson, J., & Vahlne, 1977).

However, this matter can be affected via information about foreign market environments. The more data and awareness the firm has about a foreign market situation, the decrease the apparent market risk will be and, therefore, the higher the actual investment by the firm in that market presumes to be. The main ideas of the model are market commitment and knowledge, commitment decisions, and recent business activities. A firm accumulates all physical and intangible assets in a particular geographic market structure its market commitment.

Incremental growth indicates that companies start internationalization in markets with less psychic distance. Differences in language characterize psychic distance, culture, political systems, etc., which disturb the flow of information between the firm and the market (Johanson and Wiedersheim-Paul 1975,p. 308).

Most small-medium-sized enterprises (SMEs) have no international experience, and lack managerial skills and knowledge, as they are usually regional businesses with limited international skills (Badriya, H. & Sammena, 2017). Therefore, the decision to go internationally is extremely uncertain Thus, Johanson and Vahlne (1977) stated that commitment decisions are based on several kinds of market of knowledge” First, knowledge of opportunities or problems is assumed to initiate decisions.” (Johanson and Vahlne 1977, p. 27). The Uppsala model provides this necessary experience for such firms, increases knowledge about

the international markets, and evaluates potential opportunities and threats. Thus, the Uppsala model decreases most of the disadvantages that SMEs face internationally. Hence Johanson and Vahlne(1977) mention how the Uppsala model could help SMEs “Our model indicates how such experience can be expected to affect the export behavior. It also makes it possible to understand foreign investment behavior better. We also think that the model can be useful in planning and decision making in the firm concerning international operation.”(Johanson and Vahlne 1977, p. 31)

## **2.11 Barriers and Network theory**

Internationalization contained additional risks for SMEs as of their lack of resources. SMEs suffer from limited resources, limited access to information, and constrained business budgets to hire professionals. Skarpova, Ludmila Grosova (2015) stated that In connection with lack of availability of information there can be a limited perspective on market orientation, competition and trends in the wider market environment. (Skarpova, Ludmila Grosova 2015, p. 64).

Hadley Heather and Wilson (2003) raised the question, "how can a firm that has no international operations acquire relevant knowledge?" (Hadley Heather and Wilson, 2003, p. 697).

Internationalization has become a crucial factor on the individual level, mainly because experience and learning are vital features. However, it remains unclear how the critical business operations change during internationalization and the means for organizational and individual skills to manage it successfully. (Nummela, 2002). the international experiences and contacts of network members can be invaluable if the inexperienced firm can learn from the lessons of others (Hadley Heather and Wilson 2003). From the environment outside the company, can be found various resources. “A company's potential will depend on its ability to combine these resources with its internal resources”. (Skarpova, Ludmila Grosova 2015, p. 64).

Scholars point out, the functions and the benefits of the network model from the perspective of internationalization, especially in the internationalization of SMEs.

The Scholars also indicated that the network in which a company operates also affects its internationalization. Their effort was based on the basic concept behind the network approach. When entering new markets, a company also enters a new network, creating new relationships. Recent research has also connected networks more closely to the firm's internationalization process. (Nummela 2002, p. 8).

Despite this fact that networking and network relationships in the internationalization context need precise strategies because they have some negative impacts besides their benefits. According to the Network model, practical knowledge reduces the firm's awareness of market uncertainty or risk, which, in turn, affects commitment to international markets. Practical experience is more beneficial than empirical knowledge in such situations (Johanson, J., & Vahlne, 1977).

### 3 METHODOLOGY

This chapter describes the research method used in this thesis and how the research will progress. Furthermore, it will accumulate, manage, and analyse the data to achieve this study's purpose and clarify its reliability and validity. Also, in this chapter, I present the methodological framework agreed upon in this study. Discuss the different research philosophies and approaches, review the choices involved in the research design and explain which are relevant to this study. Furthermore, I will elaborate on the reliability and validity of the study conclusions.

#### 3.1 Research Design

The research design is explained by Yin (2009) as "Colloquially, a research design is a logical plan for getting from here to there, where here may be defined as the initial set of questions to be answered, and there is some set of conclusions (answers) about these questions. Between "here" and "there" may be found a number of major steps, including the collection and analysis of relevant data." (Yin 2009, p. 26). The journey may include essential steps, including collecting and analysing the relevant data. In other terms, Saunders, Lewis, and Thornhill (2009) stated that "Your research design will be the general plan of how you will go about answering your research question(s) (the importance of clearly defining the research question cannot be over-emphasised)". (Saunders, Lewis, and Thornhill 2009, p. 136). This research explains the view of the "research onion" developed by Saunders, Lewis, and Thornhill (2009) to describe the stages that must be covered when going onboard a research process. Each onion layer is a stage in the research process (shown in Figure 6). Thus, peeling the onion informs the development of the research technique, starting with the research philosophy and then followed by the research method, strategy, choices, and time horizon. It finally moves to the center of the onion, which includes the data collection techniques and methods (Saunders, Lewis, and Thornhill 2009, p. 107).

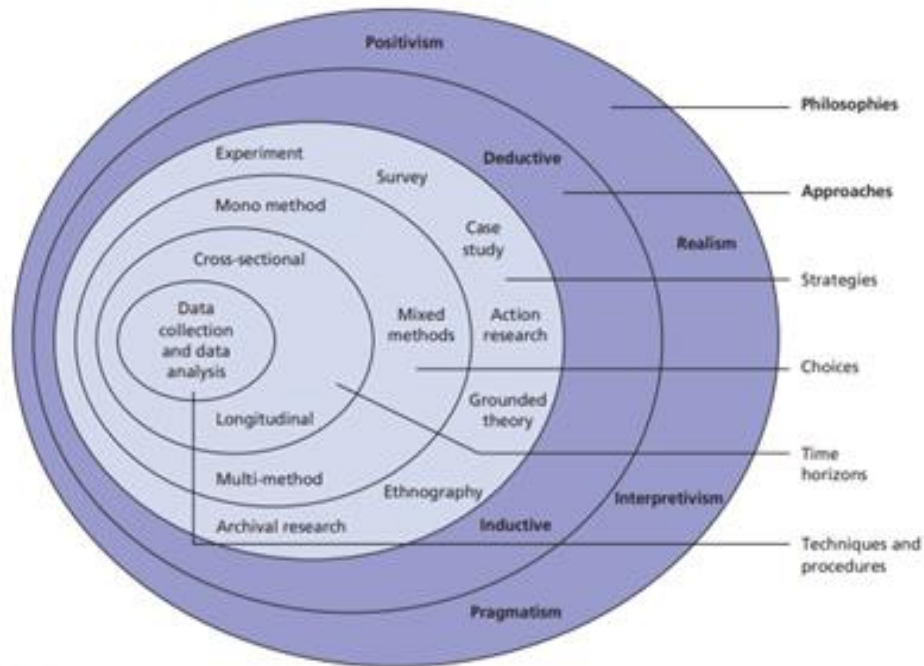


FIGURE 6. The research "onion" source @ Mark-Saunders, Philip Lewis and Adrian Thornhill 2008 (Saunders et al., 2009, p. 108)

The researcher's clarifications and related conclusions about the outer layers of the research onion offer the view and restrictions within which data collecting techniques and analysis processes are to be selected.

Burke (2007) stated that "The research paradigm, once chosen, acts as a "set of lenses" for the researcher it allows the researcher to view the fieldwork within a particular set of established assumptions, thus merging the abstract use of the paradigm with the practical application of conducting rigorous research." (Burke 2007, p. 477)

### 3.2 Research philosophy and approach

Research philosophy generates the furthest layer of the research onion. Burke (2007) defined philosophy as "the questioning of basic fundamental concepts and the need to embrace a meaningful understanding of a particular field." (Burke 2007, p. 476). The research philosophy involves fundamental principles about how people view the world and relative to the development and environment of knowledge. The research that contracts with people and information in a world of



variation, contest, and fluid networks technology should consider and permit knowledge of human behaviours. This understanding improves to highlight different perspectives, experiences, and cultures and therefore offers support in making correct selections concerning research paradigms and information management, which in point will guarantee helpful methodology and justifiable research findings (Burke 2007).

It would not be obvious to assume one research philosophy is better than the other, and they are better at doing different things. Hence, embracing the right research philosophy varies on the research question that a researcher makes to answer. Saunders, M., Lewis, P., & Thornhill, (2009) stated that "However, we doubt whether the same level of precision could be achieved through the writing of research questions alone. Research objectives require more rigorous thinking, which derives from the use of more formal language".(Saunders, M., Lewis, P., & Thornhill, 2009, p. 35)

The research philosophy suggests by Burke (2007) that the researcher's understanding of the differences among people in our role as social actors in the physical environment is essential (Burke 2007). This type of research is valuable and aims to know what has been discovered in a specific set of situations and characters at a specific time. Hence, expected to involve data collecting and analysis of qualitative data from in-depth investigations with small samples to gather rich insights into subjective meanings. Saunders, M., Lewis, P., & Thornhill, (2009) stated that "Research philosophy that sees social phenomena as socially constructed and is particularly concerned with generating meanings and gaining insights into those phenomena.". (Saunders, M., Lewis, P., & Thornhill, 2009, p. 597).

The research philosophy I have preferred for this research is pragmatism which places "the research problem" as crucial and uses all approaches to understanding the problem. Creswell (2009) stated that "Pragmatism is not committed to any one system of philosophy and reality. This applies to mixed methods research in that inquirers draw liberally from both quantitative and qualitative assumptions when they engage in their research." (Creswell 2009, p. 28)

The pragmatic approach utilizes the method that seems best suited to answer the research problem, preventing going taken up in philosophical discussions across the best practice. Therefore, the researchers can use the qualitative data as the

focus is to offer the best understanding of the research problem (Saunders, et al., 2009). Even though Saunders, M., Lewis, P., & Thornhill, (2009) argue that "However, where qualitative data are being reported it may be less straightforward. New points of significance will emerge as the research progresses which you will wish to explore with other participants." (Saunders, M., Lewis, P., & Thornhill, 2009, p. 194)

This research is focused on a qualitative adductive approach and develops on the regular interaction of theory and proof, the back-and-forth environment of the research process.

The following layer of the research onion is the research methodology. That has two main approaches: deduction and induction. The sensible approach is explained as the development from ordinary to specific. It contains the end of an idea, or hypothesis, from the current theory, which can then be analysed through data collection. The inductive approach is vice versa, and the first step is to collect data from research participants and analyse that data. The next step is to make a theory due on the analysis. The structure of this approach is more adaptable and less concerned with the need to generalize, more commonly used in qualitative research (Saunders, M., Lewis, P., & Thornhill, 2009). There is also a third research method called abduction, a cross between deduction and induction. The abductive approach concentrates on redirections in the research process. Dubois and Gadde (2002) stated that "An abductive approach is fruitful if the researcher's objective is to discover new things, other variables, and other relationships." (Dubois & Gadde, 2002, p. 559). As an alternative to depending on deduction or induction, the abductive logic stresses going back and forth between the theoretical framework, data sources, and analysis, i.e., matching these three elements. (Dubois & Gadde, 2002).

Spens & Kovács (2006) stated that "The research approaches of deduction, induction and abduction differ along many factors." (Spens and Kovács 2006, p. 375), therefore Spens & Kovács (2006) produce an overview of the deductive, inductive, and abductive research processes. They mentioned that new data could be created by developing an assessment theory or induction or deduction. Another type of inference is abduction. (Spens, K. M., & Kovács, 2006)

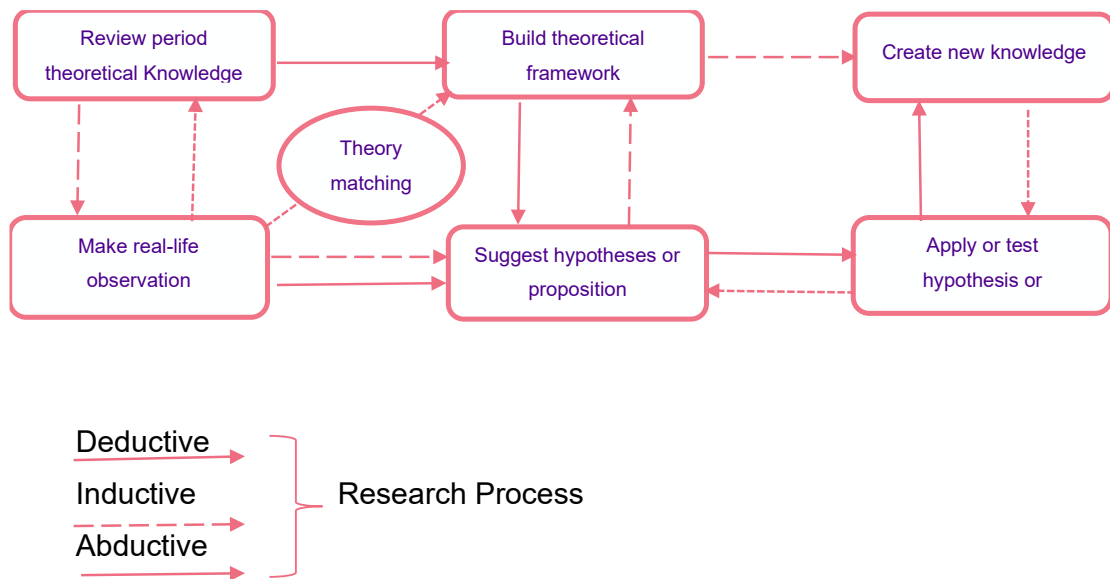


FIGURE 7. the deductive, inductive, and abductive research processes  
Adopted by the student from Spens & Kovács (2006)

### 3.3. Research strategy

The methodological choice reveals the next layer of the onion strategies. As figure 6 already suggests, the investigators can use one method within the research design to answer the research questions. The criteria for selecting the strategy for this research are based on getting together a worldview or theories about this research, the specific strategies of investigation, and research approaches. the decisions about the choices of a design are more inspired by the research problem or issue being examined, the personal experiences of the researcher, and the audience for whom the researcher creates (John, 2009). However, Wedawatta, Ingirige, and Amaratunga (2011) explained that “strategy offers the overall direction of the research, including the process by which the research is conducted.”(Wedawatta, Ingirige, and Amaratunga 2011, p. 4).

Saunders, M., Lewis, P., & Thornhill, (2009) stated that “Your choice of research strategy will be guided by your research question(s) and objectives, the extent of existing knowledge, the amount of time and other resources you have available, as well as your own philosophical underpinnings”.(Saunders, M., Lewis, P., & Thornhill, 2009, p. 141). The research strategy can have a variety of approaches,

such as experimentation, survey, case study, action research, established theory, or a systematic literature review.

Some of these strategies belong to the deductive approach, others to the inductive approach. Though, frequently assigning strategies to one approach or the other is overly basic. (Saunders, M., Lewis, P., & Thornhill, 2009)

Saunders, M., Lewis, P., & Thornhill, (2009) stated that “we must emphasise that no research strategy is inherently superior or inferior to any other”.(Saunders, M., Lewis, P., & Thornhill, 2009, p. 141).

to adopt these strategies as the practical research strategy for the case study. It is an approach to research that enables finding a phenomenon within its framework using various data sources. Creswell (2009) declares that "Case studies are a strategy of inquiry in which the researcher explores in depth a program, event, activity, process, or one or more individuals."(Creswell 2009, p. 30)

Defined by (Yin 2009) as an

- “A case study is an empirical inquiry that o investigates a contemporary phenomenon in depth and within its real-life context, especially when
  - the boundaries between phenomenon and context are not clearly evident.”
- (Yin 2009, p. 18)

Dul & Hak (2008) set by describing the case study further down:

"A case study is a study in which (a) one case (single case study) or a small number of cases (comparative case study) in their real-life context are selected, and (b) scores obtained from these cases are analyzed. Qualitatively."(Dul & Hak, 2008, p. 4)

Specifically, the case study was used to achieve a rich knowledge of the research perspective. Saunders, M., Lewis, P., & Thornhill, (2009) stated that “The case study strategy also has considerable ability to generate answers to the question ‘why?’ as well as the ‘what?’ and ‘how?’ questions, although ‘what?’ and ‘how?’ questions tend to be more the concern of the survey strategy”. (Saunders, M., Lewis, P., & Thornhill, 2009, p. 146).

Even though case study research is a typical strategy that presents many benefits to a research study, it lets in-strength study. It is not short of blame as some of the collective criticisms of the case study Yin (2009) stated that “Perhaps the greatest concern has been over the lack of rigor of case study research. Too

many times, the case study investigator has been sloppy, has not followed systematic procedures, or has allowed equivocal evidence or biased views to influence the direction of the findings and conclusions". (Yin, 2009, p. 14).

Dul & Hak (2008) draw a summary of the case study as mentioned" The case study draws conclusions on the basis of a "qualitative" analysis ("visual inspection") of scores from one single instance (single case study) or from a small number of instances (comparative case study), whereas the survey draws conclusions on the basis of a quantitative (statistical) analysis of data from a population with a large number of instances."(Dul and Hak 2008, p. 5)

This research technique begins with the elementary review of the estimation, which provides an early sign of the types of indicators explored within the case study. It shapes on the matching of theory, then reality complete by going back and forth between the framework, databases, and analysis to discover new possibilities for the research questions.

### **3.4 Data technic and procedure**

The techniques and processes utilized to analyze and compare the theories used in the study incorporate both secondary and primary sources of data. Galvan, J. L. (2017) states secondary data sources as already documented literary works, whereas preliminary data is referred to as first-hand collected data (Galvan, J. L., & Galvan, 2017).

Secondary data sources include previous studies, articles, relevant printed writings (i.e., books), and interweb links. Even though Galvan, J. L. (2017) argues that" secondary sources are often incomplete, sometimes inaccurate, and their purpose tends to be more to garner casual readers' interest than to engage scholars' consideration and scrutiny." (Galvan and Galvan 2017, p. 24).

Using multiple cases helps to improve the validity of the study research; this research study collected data from the theoretical part and semi-structured interviews with three cases. There are no correct procedures for the number of cases to be chosen in multiple case study research. Eisenhardt (1989) indicates that four to ten cases work well (K. M. Eisenhardt, 1989). This research will follow the

approach developed by Eisenhardt (1989) as he summarized the Building Theories from Case Study Research in 8 stages (K. M. Eisenhardt, 1989), as shown below Table No.9 :

TABLE 9. Process of Building Theory from Case Study Research

Step No.	Task	Description
1.	Getting Started	<ul style="list-style-type: none"> <li>Chapter one views a concise review of relevant theory and evidence from general literature and the selected countries. The aim is to identify the concepts of SMEs and the activities underlying successful internationalization and the key features, characteristics, and results of best practice; thus, highlighting issues for detailed investigation in the case studies.</li> <li>To investigate, focus on the research problem, and define the research question.</li> </ul>
2.	Selecting cases	<p>The selection of appropriate cases is critical; only three cases are chosen in this research (see Table 10). Using various cases in this study provides more evidence. Each case is considered a single case. Chapter four also analyzes each case; to remain separate in the treatment. Mintzberg (1979, p.585) noted: "No matter how small our sample or what our interest, we have always tried to go into organizations with a well-defined focus-to collect specific kinds of data systematically."</p> <p>(Eisenhardt 1989, p. 536) The chosen cases are selected based on:</p> <ul style="list-style-type: none"> <li>Represent a variety of geographic regions</li> <li>Describe a variety of SMEs in developing countries.</li> <li>Represent training and consulting market segments.</li> <li>Currently active in the market and established in a developing country.</li> <li>Employ from one to 50 staff.</li> </ul>
3.	Crafting Instruments and protocols	<ul style="list-style-type: none"> <li>In this research, case studies used qualitative approaches.</li> <li>Semi-structured interviews with entrepreneurs, founders, or managers deeply involved in the internationalization decision-making processes in their respective firms. Along with company websites, company documents, brochures, and other secondary data.</li> <li>To avoid the problem of observer bias, thus collecting the data by providing different views of the case.</li> </ul>

4.	Entering the Field	<p>Chapter four executes overlapped data collection and analysis, including interviews notes, and reveals helpful adjustments to data collection that allow investigators to take advantage of the needed coding, categorizing, and sorting of the data. During the data collection following are considered:</p> <ul style="list-style-type: none"> <li>• Formats for story reporting</li> <li>• Procedures for video recordings</li> <li>• This study is working with real-life situations and emergency plans for things that may go wrong.</li> <li>• Expect critical events and problems.</li> <li>• A method for unexpected changes in interview time is delayed appointments in an online meeting.</li> <li>• Open to conflicting findings and unexpected interview responses.</li> <li>• Attitude to the people is invited to online discussion. Self (2021) stated that “the identity (and differences in identity) of the researcher and participant are of paramount importance when choosing which interview mode to adopt. (Self 2021, p. 8)</li> <li>• I prepared to modify the research design.</li> <li>• The data collected is systematic.</li> <li>• The data from various sources contributed to the overall objectives of the study.</li> <li>• Refine the research questions see appendix1.</li> <li>• Data is contained in the formats to reference so that the patterns of information are clear.</li> <li>• Investigators will be able to see fundamental factors associated with the information collected in the upcoming time.</li> <li>• Interviews were recorded as vital pieces of qualitative data. (See table No.10)</li> </ul> <p>Notes and thoughts from the interviews about the evolving case study are recorded. Self (2021) stated that “note taking is recommended in some qualitative research texts as a supplement to audio recording in face-to-face interviews.”(Self 2021, p. 8)</p>
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5.	Analyzing Data	<ul style="list-style-type: none"> <li>• I fit an approach developed by Eisenhardt's within-cases and across the case (1989) comparison to analyze the result of three cases and compare them with previous research and findings.</li> <li>• This research study uses the data to find the relationships between the research object and the research questions presented.</li> <li>• The data analysis seeks data that answers the research questions from three different sources.</li> <li>• Case A includes two company branches from different countries (Indonesia and Malaysia) that help get more data related to Neighbor countries.</li> <li>• Organize information to help to check quickly.</li> <li>• The result section involves the Zoom Interview with the case representative and their perspective on the research topic.</li> <li>• The lesson learned section contains different tables; These tables help the reader understand some essential properties of the data and approach. Eisenhardt (1989) stated that "tabular displays and graphs to manage and present qualitative data, without destroying the meaning of the data through an intensive coding"(Eisenhardt 1989, p. 534).</li> <li>• The study used tables to display for recording and analyzing information. (see chapter 5)</li> </ul> <p>Across case analyses (from one company to another). (See chapter 5)</p>
6.	Shaping Hypotheses	<ul style="list-style-type: none"> <li>• Creating a formal database is required because of the range of sources of evidence, the requirement for data integration, and the convergence of evidence to enhance reliability.</li> <li>• Will collect many documents relevant to the research studies during the research. Eisenhardt (1989) stated, "Case studies typically combine data collection methods such as archives, interviews, questionnaires, and observations. The evidence may be qualitative (e.g., words), quantitative (e.g.)" (Eisenhardt 1989, p. 534).</li> </ul> <p>The database plans to ensure that these are adequately recorded and incorporated into the analysis process.</p>

7.	Enfolding Literature	<ul style="list-style-type: none"> <li>• Data analysis in three case study research is challenging and time-consuming, given the range and volume of information collected. (See table No 11).</li> <li>• The interview data is central and comprises many case comments and texts.</li> <li>• Will be performed Cross-case analysis.</li> </ul> <p>Involves summarizing and promoting the data, creating text, coding, and categories, combining the data, identifying themes and patterns in the overall data, and developing and testing the relationships to develop an explanatory framework.</p>
8.	Reaching Closure	<ul style="list-style-type: none"> <li>• It draws specific and practical experiences valuable in other developing countries worldwide.</li> <li>• Consult the research questions with references or other qualitative data collected.</li> <li>• Data from the available literature validates and disconfirms the gathered data, generally placed in the discussion section and analyzed thoroughly.</li> </ul>

### 3.4.1 Planning semi-structured interviews

The data collection process and the results collected from the three case studies through zoom application interviews answered the research questions. The interviewees remained asked questions concerning the firm experience in the local and international market, how the entry mode, characteristics of the internationalization process, motives, challenges, and barriers, starting with a brief introduction to the company's background, followed by the findings concerning the semi-structured interviews. The interview questions were based on the literature review and observations to allow groups of questions to provide results about the research questions to meet the study objectives. The questions follow a logical progression with simple themes to group the (See Appendix 1) questions to sustain the respondents' interest and stimulate question answering. These themes were as follows: company background, Motives for Internationalization, Entry modes & Barriers to entering the market, and Challenges to internationalization. Below are the phases of the interviews process:

### **Phase 1: determining the purpose and scope of the study**

In the introduction chapter, I declared the study's purpose as it is the primary objective of my thesis based on a review of the literature and previous research finding. Therefore, I designed the research purpose for the main research questions and sub-questions. The research questions drive a study because they are associated with every design aspect, are brief, and indicate that they apply a qualitative approach. Jane Agee (2009) argues that “qualitative research questions can give shape and direction to a study in ways that are often underestimated. Good research questions do not necessarily produce good research, but poorly conceived or constructed questions will likely create problems that affect all subsequent stages of a study”.(Agee 2009, p. 431)

### **Phase 2: identifying participants**

After choosing the purpose of the research question(s), the next step is to determine who will give the best information to answer the research question. Saunders, M., Lewis, P., & Thornhill, (2009) mentioned that “Your request to undertake research may involve you seeking access to a range of participants based on an organisational sample of, for example, customers, clients or employees. In order to select such a sample, you will require access to organisational data, either directly or indirectly through a request that outlines precisely how you require the sample to be selected”.(Saunders, M., Lewis, P., & Thornhill, 2009, p. 171). Contacting several companies to get access to potential participants who be extremely helpful as they are reliable informants that control access to the target case.

The question about ‘How many contributors are required? It depends on the study's objective, the kind of study, and what questions it is trying to answer. Since all these factors are clarified, I decided to choose only three cases from different developing countries and specialized in training and consulting.

### **Phase 3: planning logistical characteristics**

During the research preparation phase, I considered that the interviews need to plan how to contact potential interviewees, get informed consent, arrange interview times, and assess recording equipment. Therefore, I contacted each person to ensure that all the required to finish the planning phase of the interview finally. Research participants were notified on what to assume in terms of length of time, study's objective, and who will be in the discussion. In addition, they announced that they could refuse to answer questions, including during the interview itself. Research participants were notified that audio-video recording is applied for data collection, and they can reject audio-recorded if they wish. Self (2021) stated that "the researcher can explain to the participants that they have the right to withdraw and can take a break at any point. The researcher can also debrief participants after the interview and answer any questions they may have to provide further information or clarify any misunderstandings". (Self 2021, p. 6)

#### **Phase 4: developing the interview questions**

The interview includes a shortlist of 'guiding' questions supplemented by follow-up and probing questions dependent on the interviewee's responses. (Kallio, H., Pietilä, A. M., Johnson, M., & Kangasniemi, 2016). The questions were designed as open-ended, neutral, and transparent. In addition, the questions were in the English language.

The interview started with an easy, context-setting question before turning to more demanding questions. Appendix No.1 gives details of the types of the questions, including 'sub-questions.

TABLE 10. Companies' information

Company Name	INTRAS	Edge	Knowledge Resources L. L. C.
Country	Indonesian	Egypt	Sultanate of Oman
Number of Employees	18	15	13
Type of the company	Specializing in business and people development	Training and consulting	Training and consulting
Year of established	2008	1996	2000

Internationalization experience	8	10	12
Position in the domestic market	Strong domestic focus through people development and business enhancement company.	Strong domestic founded to help organizations achieve their strategic goals and be a part of their success.	Focus on the domestic market

### 3.4.2 Interview technic during Covid/19

The Covid-19 crisis is changing our working life, and we're all discovering how to work more remotely. It has also influenced the way to go about conducting research. Many researchers have to postpone data collection, taking into account social-distancing procedures. (Self, 2021)

The first thing to consider is that participants are in good health and well-being, focusing on research timelines and thesis/dissertation deadlines. So, while it may be potential to change the interviews from face-to-face to online discussions, researchers should consider whether expecting people to participate in research at this time will place them under any additional needless stress. (Self, 2021).

For data making, possibly the most evident is video-calling like (Skype/Zoom) or the use of text-created instant messaging like(WhatsApp) to reproduce the face-to-face interview or focus group virtually. Despite problems, such as participants not using the technology or having a poor WIFI connection, video-calling is a close alternative to in-person interviewing. The extent to which this takes place depends on their access to technology, the internet, and occupation. This could announce a new commitment for members to participate in research using remote modes and increase internal validity when employing such techniques. (Self, 2021).

Interviewing people online during a global pandemic may have implications for the validity of the research. Newman, Guta, and Black (2021) indicated that "To our knowledge, there is no unilateral definition of "essential research" in a pandemic; and this is even less well-defined in the domain of social and behavioral

health. In our experience, some non-COVID-19 research was permitted to continue due to funder requirements, and if the data could be collected safely". (Peter A., Newman, Adrian, G. and Tara, 2021)

Zoom, Skype, and Microsoft Teams all approach the accessibility of recording through the platform; hence, these records can be stored in the cloud on the devices used to hold the interview. (Self 2021)

Thus, I chose to utilize the Zoom application in this research. Hence it might be the data collection is different from country to country. However, some interviewees may not have this comfort zone. I prefer to consider how I can conduct qualitative research at a physical distance. Various things about how the work may change due to this crisis and conducting qualitative research may well be one of them. Table No.11 clarifies the interviewee information, method, and time duration. Unfortunately, due to Covid -19, the interviews have been canceled many times; (Self, 2021).

Becky Self (2021) mentioned that" In the present day, the legal restrictions and safety measures have been put in place during the COVID-19 pandemic mean that researchers have to conduct interviews using remote modes. Thus, a decision must be made over which remote mode to employ, or whether to postpone data collection". (Self 2021, p. 2) therefore, three of my commissioners stopped contacting me during COVID-19, and I had to search for other project commissioners, even though the schedule has been changed many times with the new one.

Table No.11 Interviewee information

Company	INTRAS	Edge	Knowledge Resources L. L. C
Name of the Interviewee	Ari H Handojo And Francis Chin	Salwa Mansour	Mohammed Al dhawi
Position of the interviewee	Master Trainer Executive & Business Coach. And Francis Chin the CEO of Malaysia brunch	Managing Partner	Business Development Manager
Country	Indonesia and Malaysia	Egypt	Sultanate of Oman
Type of the contact	Email <a href="mailto:ari@intras.co.id">ari@intras.co.id</a>  <a href="https://www.intras.co.id/">https://www.intras.co.id/</a> <a href="https://www.intras.co.id/about">https://www.intras.co.id/about</a>	Email <a href="mailto:salwamansour@edgeegypt.com">salwamansour@edgeegypt.com</a> Telephone +01223150888 <a href="http://www.edgeegypt.com">http://www.edgeegypt.com</a>	Email <a href="mailto:al_dhawi@hotmail.com">al_dhawi@hotmail.com</a> LinkedIn <a href="https://www.linkedin.com/in/mohammed-al-dhawi-a18a21b4/">https://www.linkedin.com/in/mohammed-al-dhawi-a18a21b4/</a>
Means of interview	Zoom	Zoom	Zoom
Date of interview	24/07/2021	11/08//2021	08/10/2021
Duration of Interview	110 minutes	124 Minutes	117 Minutes

### 3.5 Research reliability and validity

Evaluating the quality of research is important if results are to be used in practice and integrated into the care method. Noble and Smith (2015) mention that “Assessing the reliability of study findings requires researchers and health professionals to make judgments about the ‘soundness’ of the research in relation

to the application and appropriateness of the methods undertaken and the integrity of the final conclusions.” (Noble and Smith 2015, p. 34).

Validity and reliability are essential qualities of all research because assessing the standard of research is vital if study conclusions are used in the procedure. Contained by the traditional sense, rooted in analysis, validity involves the reliability and purpose of the methods accepted and how the findings correctly reflect the study purpose. Golafshani (2003) stated that “If we are dealing with a stable measure, then the results should be similar. A high degree of stability indicates a high degree of reliability, which means the results are repeatable”. (Golafshani 2003, p. 599).

Reliability and validity are theorized as honesty, rigor, and quality in the qualitative paradigm. Consequently, we should evaluate these ideas within the qualitative research paradigm (Golafshani 2003). Even though Noble and Smith (2015) argue that “Qualitative research is frequently criticized for lacking scientific rigor with the poor justification of the methods adopted, lack of transparency in the analytical procedures, and the findings being merely a collection of personal opinions subject to researcher bias.” (Noble and Smith 2015, p. 34).

Table 12 summarizes the differences between quantitative and qualitative terminology and standards used to evaluate the accuracy of research findings.



Table No.12 Terminology and criteria used to evaluate the accuracy of research findings  
Adopted by the student from (Noble and Smith 2015)

Quantitative research	Alternative terminology associated with qualitative research
<p><b>Validity:</b> The precision in which the findings accurately reflect the data. (Noble and Smith 2015, p. 34)</p> <p><b>Reliability:</b> The consistency of the analytical procedures, including accounting for personal and research method biases that may have influenced the findings. (Noble and Smith 2015, p. 34)</p> <p><b>Generalisability:</b> The transferability of the findings to other settings and applicability in different contexts (Noble and Smith 2015, p. 34)</p>	<p><b>Truth value (or credibility):</b> Recognizes that multiple experiences exist; the researchers' summary personal experiences and opinions that may have resulted in methodological bias; obviously and correctly present participants' perspectives. (Noble and Smith 2015)</p> <p><b>Consistency (or dependability):</b> Concerns to the 'trustworthiness' by which the procedures have been undertaken depend on the researcher providing a 'decision-trail'; that is, the researcher's decisions are transparent and clear. Ultimately an independent researcher should arrive at similar or comparable findings. (Noble and Smith 2015, p. 34)</p> <p><b>Neutrality (or confirmability):</b> They are achieved when truth value, consistency, and applicability have been addressed. Centers acknowledge the complexity of prolonged engagement with participants and that the methods undertaken and findings are intrinsically linked to the researchers' philosophical position, experiences, and perspectives. These should be accounted for and differentiated from participants' accounts. (Noble and Smith 2015, p. 34)</p> <p><b>Applicability (or transferability):</b> Consideration is given to whether findings can be applied to other contexts, settings, or groups. (Noble and Smith 2015, p. 34)</p>

## **4 RESULTS**

### **4.1 Indonesia's SMEs**

Indonesia's SMEs will be a vital driver of the country's future growth. Presently, the majority are micro-enterprises, and there is a critical need to understand how they could level up and become established companies. That Indonesian SMEs have a great strength related to continuing in crisis times do not lead to product capability. Furthermore, several factors became reasons why the image of Indonesian SMEs does not emerge significantly; the lack of ability to compete in the international market and will achieve the result in measurement form comprising of several barriers factors faced by SMEs. (Irfayanti, M., & Azis et al., 2012). Indonesia is going through unprecedented times. A new middle class is rising, and digital technology has increased opportunities to start a business. Irfayanti and Azis (2012) stated that "SMEs can be considered the backbone of the Indonesian economy; out of 100% of businesses in Indonesia, 99% of them are SMEs, which contribute significantly to the revenues. This is more than 50% off, and in SMEs (2011), there are 55.530.000 SMEs in Indonesia." (Irfayanti and Azis 2012, p. 4). Improving these small companies into larger ones will be an essential driver of the country's coming future growth. Several early-stage SMEs in Indonesia need a strategic development plan, and there is a crucial need to develop a plan to help more SMEs amount up profitably.

### **4.2 Egypt's SMEs**

Small- Medium enterprises are the strength of any country, especially emerging market economies, and they have proven to be highly flexible to the recent international budgetary crisis. SMEs make substantial contributions to job creation and are behind the development and design of value-added in various segments that create economic growth and expansion. The SME sector becomes more crit-

ical as economies develop; the share of proper SMEs improves with development. The impact of SMEs on the gross domestic product (GDP) increases from an average of 15.6% in low-income countries to an average of 51.5% in high-income countries (El Saady, 2011). SMEs dictate the Egyptian economy as they do most others; their small size places them at a disadvantage compared to larger enterprises. They have few internal resources and less capacity to compete in international markets.

Furthermore, their ability to operate efficiently is limited by external reasons, such as the policies, laws, and regulations affecting SMEs.(El Saady, 2011). the SMEs in Egypt suffer from numerous limitations that obstruct their growth and development; Saady (2011) stated many challenges that Egyptian SMEs face. “The skills and systems required to compete effectively in global markets, Access to finance, Access to information, Business development services (BDS) and Vocational training for labor”. (El Saady, 2011, p. 225)

### **4.3 Oman's SMEs**

SMEs are not limited to any specific kind of industry or service, and they are engaged in manufacturing, processing, trading, import-export, supply, selling, rent, local services, etc. It is essential to say that SMEs play a crucial role in speeding up the income of a country's they provide potent engines. “In Oman, about 60 percent of SMEs are the source of employment.”(Christina, Neelufer, and Al Amri 2014, p. 1) Every country has begun considering the growth of SMEs to achieve national development and economic growth by speeding up this sector. The prime reason most countries began analysing the challenges and barriers of SMEs delaying their growth The Sultanate of Oman is not an exclusion to it, and these firms are coming up with innovative business ideas adding value to the national economy of Oman (Al Buraiki, A., and Firdouse, 2018).

Al Buraiki and Rahman Khan (2018) mentioned that “programs like ASME aims at SMEs development, strengthening SMEs' role towards creating more employment and providing financial, technical, and administrative assistance. As they

mentioned also, “the SMEs in Oman do not possess enough resources to manage the customers' increasing demand, although they have the skills and workforce. The lack of financial sufficiency limits the production of these enterprises, thereby expanding their businesses.” (Al Buraiki and Rahman Khan 2018, p. 2). Nevertheless, as in other countries, SMEs in Oman face several difficulties and obstacles that impede and complicate their operations and growth. Christina and Said (2014) stated that “The most critical challenges facing SME owners are the policy and administrative challenges followed by the marketing and financial issues. The government has drawn attention to SMEs at the national and global level that needs strategic planning and recognition of their importance in Oman's overall development process. The SMEs turned out to encourage”.(Al Amri, 2014)

#### **4.4 Data**

##### **4.4.1 Case A INTRAS**

###### **Company Background**

INTRAS is a growing firm specializing in business and people development by helping companies grow through coaching, consulting, and assisting individuals and companies with the best options and guidance to suit both.

INTRAS is in Indonesia Jakarta. The total number of employees working with INTRAS is eighteen employees. INTRAS is an owner-managed company with an experienced CEO controlling all the operations with 100% ownership. The company's CEO has good knowledge of the banking sector and the gaps in the business unit with experience. He worked successfully on different projects within different companies in Indonesia, which enabled him to succeed in the domestic market and collaborate with international projects. The CEO of the company, Mr. Ari H. Handojo says

*“Indonesian companies, of course, want to grow. First, they need to have the right people, competent people, and people with specific skills, especially the soft skills, not the hard skills, and then the company needs to make a proper process.*

*Because 80% of the company that is successful is because they have direct people, the people, who are with the substance, use the person with a certain set of attitudes. That needs to have a proper business model, so the company's background is to help people fix all these areas. And then personally there is a certain set of knowledge, so that is why the company can grow and then INTRAS had a 20%, in their estimation, all the process."*

The main idea to establish Intras, The CEO of the company, Mr. Ari H. Handojo says.

*Many people in Indonesia, especially business owners, start with small businesses; it is not because they know what company to do but because they have nothing to do. It means that they cannot apply for work, then what they can do is establish a business, so they mostly do business with only investing. There is no problem when the business is small; only one or two employees do the job; hence, they would start doing everything themselves, but when the company becomes more extensive. The company has like ten people 20 people 30 people starting to 40 or 50 people, then the problem started.*

*Because they are still using their old mindset as they have one or two staff to run the company or operate the company. Which is now the scale, the company is different right like a few years ago when they start.*

*For the first time, I have the idea of establishing INTRAS because of this kind of problem in the Indonesian market. That's why the reason I built this company is that I want to help this kind of people and companies."*

The company's vision is a home of learning to grow and succeed with value. Therefore, INTRAS helps business owners thrive in their thinking and competencies while reorganizing their business model and process. Nowadays, INTRAS has more clients, with a bigger size, which means the corporate size banking, so right now, a lot of INTRAS clients are coming from digital banking.

INTRAS, when they learned many things from another marker and other competitors, INTRAS service became more corporate.

Nowadays, INTRAS is doing more training that is mainly inside the corporate company and is primarily a sales training. INTRAS collaborates with other agents in Malaysia with a strong base with required training. The organization is united

internationally, especially in Malaysia, stepping forward and deciding to go international in 2015.

INTRAS Indonesia and Malaysia branch give excellent quality services like training and coaching the companies correctly. The strategy used to achieve the concept is to increase trust, and loyalty and focus on the key customers. A trustworthy relationship is supplied with the customers and the collaboration with the Malaysian branch.

### **Motives for Internationalization**

The CEO of the company, Mr. Ari H. Handojo says

*“One of the main reasons to go international is to help our customers for a service-oriented company like INTRAS; the primary motive for internationalization is to do something new and challenging.”*

The company's director inputs his opinion that the motive to go international is his personal choice to be enthusiastic about doing something innovative and more demanding. Other reasons to go internationalization are competitors.

INTRAS is attempting to expand the business by targeting international geographical regions in Malaysia and China. The organization first tried knowledge acquisition by visiting various parts of the world to recognize the standards of the domestic markets and the targeting groups. Thus, internationalizing is a significant step to overcome competitive pressure and sustain in the market to provide excellent quality services.

In the above activities, the company will have profits in the domestic and international markets; alternatively, the company can withstand the growth and development in both markets. The company also has services that are unique when compared with other companies.

Mr. Francis Chin the CEO of the Malaysian branch mentioned other reasons for motivation for the international market

*“The main reason is to acquire more overseas experience. In the end, we can benefit from our local time we can share the experience. At the same time, it is also important to know that every country has different market behaviours and a*

*different culture. therefore, we have to be more dynamic to do business internationally.”*

INTRAS service is different in every industry. For example, the insurance industry in Malaysia may be slightly different from the insurance industry in Indonesia. However, there are some similar principles, but when the market is different, the substantial consumer behaviours differ; that's how INTRAS can learn from each other.

Apart from the above reasons, the company undergoes other benefits like economic sales when entering foreign markets. Though many challenges are to be faced by the company when entering new markets first, there are also advantages of gaining trust with the customer thus gaining trustworthy customers who rely on the services of the company.

The CEO of the company Mr. Ari H. Handojo, also says,

*“Having extensive knowledge about geographical location will become an opportunity to enter foreign markets. Our company has extensive knowledge about Asia countries, especially Malaysia. It is our personal and professional motive to enter new foreign markets and share the experience so that even those companies in Malaysia want to expand overseas to Jakarta; they also can be able to manage that.”*

In addition to the above, INTRAS, as the company's business unit, is unique in introducing a new concept of internationalization in different markets and countries. Therefore, the company must take a step forward to implement it in the new foreign market initially.

Mr. Francis Chin, the CEO of the Malaysian branch, said that.

*“a lot of training providers are localized, but still, the market is demanding for international providers and because INTRAS has that kind of experience by providing the training. therefore, it will be good motives to be in both countries Malaysia /Indonesia, the customer has many offices around the world, and still, they are looking for a training provider who understands international dynamics.”*

Innovating a new strategy with different ideas that benefit the company, customers, agents, and internationally collaborated organizations will always be an added advantage personally and professionally.

When an idea is created with a business strategy that benefits everyone in the business sector linked internally, it should not wait to implement. When there is a need for services or a lack of services for any reason in the foreign market, the company has an opportunity to enter the foreign market as a first effort that should not be overlooked. Any company should grab such an opportunity irrespective of the consequences to be challenged in the future. Going international will become the first step for knowledge acquisition with a tremendous enthusiastic organizational culture that sometimes leads to unbelievable and unexpected profits.

### **Entry modes & Barriers to entering the market**

While interviewing about barriers and entry modes throughout the discussion, the author adopted a few introductory statements and comments from the CEO, Mr. Ari H. Handojo, and Mr. Francis Chin. Primarily is the capital that matters a lot while entering new foreign markets. Capital investment differs from domestic to foreign markets, especially when entering for the first time. It is well to expect the proper time to go into foreign markets but not too late that the company loses the opportunity. Furthermore, collaborations play a vital role as entry modes because collaborating with the local markets makes the company perform its task efficiently and save time. Or the other way is to the franchise, which is the uncomplicated way of avoiding risk-taking and cost-effectiveness. But trustworthy natives are hard to find. So, we chose to use the partnership with the Malaysian company.

The management should partner with existing staff knowledgeable about the company's current strategies with experienced foreign markets.

While the interview continued with a series of questions about barriers to entering a foreign market, the opinion that revealed is, The CEO of the company Mr. Ari H. Handojo, also says,



*"The first barrier is not about the knowledge about the skills over the customers various is just between us first as partners. Cultural aspects could be a barrier when entering new markets. Culture always matters a lot; there is a culture change from one country to another; a service-oriented company like INTRAS should always consider this aspect to build the business pleasantly with no obstacles; the management should be responsible for gentle concerns."*

What Mr. Ari means is that there is a barrier that INTRAS, which is customers culture has, so that's why INTRAS must know the customer well by respecting customer requests as this will affect INTRAS values, in the business wants to deliver value to people. Therefore, for INTRAS the cultural aspect could be a body order to move forward to another country.

At times decision-making plays a significant role in the new foreign markets. Particularly when the organization must be chosen in the new external markets. Regarding decision-making, Mr. Ari H. Handojo, also says,

*"I will get to the decision, but for Malaysia, of course, I will let Francisco make a decision. For example, Francis knows it better than I in Malaysia, and I know better than Francis in Indonesia. We still must meet to discuss and decide on foreign markets outside Malaysia and Indonesia, so I mean that. Before we choose, of course, there will be some discussion with the open-minded and open-hearted."*

One of the barriers in the international market is finding the right customers, The CEO of the company Mr. Ari H. Handojo, also says,

*"Around Malaysia, Singapore, Indonesia is not such a problem but maybe if outside of these countries, because we are not so familiar with, and then our connection perhaps not too strong like there will challenge to find customers., and its challenges for both of us because our networks are strong mostly only in Malaysia, Indonesia, Singapore."*

When entering foreign markets, lacking entrepreneurial, managerial, and marketing skills are essential barriers. Mr. Francis Chin, the CEO of the Malaysian branch, said

*"There are two types of skill: soft skill and job-related skill, these two skills are fundamental. If we talk about skills, we also need to note that another aspect of it is about knowing what to do, but whether the people are willing to do it right."*

*So, these are the two big expectations in a major organization to grow domestically or internationally if the workforce is not armed and power right to have those skills all right and motivated to work hard and all this thing. It is incredibly challenging to sustain in this competitive environment. Those are some of the building blocks of the foundation; that is why I started thinking that these are the critical areas to help the local entrepreneur equip them to grow from small, medium-sized organizations to large organizations. These are the barrier. Skill is one barrier mindset isn't an attitudinal barrier.”*

### **Challenges to internationalization faced by INTRAS**

The entry strategy for international markets is a complete plan. It sets forth the objectives, goals, resources, and policies that will guide a company's international business processes over a future period long enough to achieve sustainable growth in world markets. International expansion requires employees to process more complex information and utilize new knowledge than domestic operations.

An interview question about understanding and its importance resulted in this answer.

*“The international business must be founded with good knowledge and expertise. If not have a good understanding while entering external markets, the results of difficult losses like (income, increase, doubtful market entry modes, etc.). if INTRAS does not have enough knowledge during this aggressive world, we cannot resist competitors within the revising world.”*

Furthermore, Mr. Ari H. Handojo mentioned that if the organization's owner does not have sufficient information in his business unit, he should not go international. If the organization still goes into global markets, it will suffer significant losses. The company's head should at least have informative management in the international market, leading to positive or manageable results. It is better to have knowledge acquisition as a challenge to avoid such losses before entering new markets.

In this fast-revising world, competition is measured as a fundamental challenge, and it is a diplomatic task to overcome, especially in this type of business. During the conversation

“Challenge is not the competitors, but the challenge is fulfilling customer requirements. If targeting customer group are satisfied gaining trust with the updating Different cultural and social sensitivities should be well established. It is just part of what our marketers need to piece together. But targeting customers on a global scale also requires a deep understanding of how industries, geography, and demographics will affect them.

Start-up teams will have a more substantial impact on networks related to their firms. As ‘owners and managers, the start-up team members of a new project have greater authority in the decision-making process. Thus, their social networks may influence their new venture's strategic outcomes. Performance in international operations is reflected by how effectively networks are overcome in an organization. Firms may have to develop their global processes gradually because they lack sufficient knowledge about foreign market conditions.

“In my view, networks are good connections and unbelievably valuable for growing business in other countries. It is an excellent opportunity to gain experience in their local market that helps us reach heights. Also, good relationships with someone already in the foreign need will help how to invest, where to invest, the results of the investments, governmental policies; tax information; benefits of doing business in that geographical location.

Mr. Francis Chin, the CEO of the Malaysian branch, said

*Our strategy is that when we go to a new market, we will do it by going in as a baby step, let us say as a pilot example if let us say we have the plan to go into the foreign market, we need to identify any potential. Training partners also can potentially collaborate with us, so that is the strategy of going into a new market. We need to place a working partner because they know the marketplace better. We also need to introduce ourselves, our products, and our solution to the market so that they can get the opportunity to collaborate with us. So, this is the thing opening a new market takes a long time, I think a lot of resources, effort, and*

*investment. It is a similar challenge; it is not so simple, just not okay tomorrow; let's go to balance it.*

The business friends in foreign countries helped both CEOs collaborate with other organizations while gaining information about procedures and policies. Though it also depends on existing networks.

Economic performance is one of the significant challenges. Many aspects effect due to the lack of traditional financial performance measures. Financial challenges include management, capital, licensing, and trading, etc. any firm should plan internationalization have economic growth, profit, losses with alternative ideas and options for the future.

*“The economic picture of different countries has to be factored into campaigns. Finance is a risk-taking topic when it comes to SMEs. This issue is always an uncertain topic because of the political environment, and sometimes there can be sudden changes in the governmental policies that affect many businesses.”*

“Finally, global marketing directors must consider the relative growth positions and potentials for multiple markets. Right time, right step, and the right decision will gain good profits and revenue for the company while going international.”

#### **4.4.2 Case B Edge Training and Consultancy**

##### **Company Background**

Edge Training and Consultancy was founded in 1996 in Egypt. The company holds more than 25 years of experience in Egypt. The Edge Training and Consultancy major disciplines are training programs, workshops, courses in different fields, Human and Business Development, Consultancy Services, and assessment centres to help build strategic alignment and execution competence among their employees. Edge strategy aims to accelerate business influence, offering customers and partners with necessary skills and guidance while making a return on investing and gaining a good edge.

The company is well recognized and has an extensive list of clients covering both the private and public sectors. The clients are from different segments like I.T.,

banking, manufacturing, financial services, oil & energy, automotive, construction, consultancy, pharmaceuticals, computing, engineering, research, and retail. Furthermore, Edge provides a whole body of training methods to develop behavioural skills and abilities associated with The Arredondo Advisory Group (A.A.G.). People 1st International U.K. Edge presents adaptable and energetic research and consultancy assistance, which offers the information sources, and knowledge to make intelligent business choices.

Edge has the exclusive right for training courses and exams and Simulation Workshop, Challenging Management for Project Managers & Project Team Members.

The company started training and consulting services in Egypt. Still, the plan for Edge is to focus on North Africa and the middle east for training and consultancy service management.

The creator and the controlling partner of Edge, Ms. Salwa Mansour, earned her M.B.A. from the American University in Cairo; she held two diplomas in Business Administration and Management, both with high honors. Ms. Salwa Mansour has a related in capability and managerial sites at the School of Continuing Education in the American University in Egypt from 1982 till 2008, throughout which she folded the division's customer base to more than 100 agreements per year, increased the number of customized courses offered and expanded the division's instructional team both in members and areas of specialization.

Edge management training and Consultancy approach is to achieve business development through human development. Edge is a business leader focusing on human and business development, which is based on sharing information and offering contributions in scheming customers and business growth.

Also, Edge provides management training that can be highly cost-effective and always assures competencies, develops templates and guidelines specific to customers' organization's needs, and makes the learning usable.

### **Motives for Internationalization**

At this part of the interview, the author asked the respondent why the company decided to internationalize. Ms. Salwa emphasized that

*"The main reason is to help our clients make distinctive, lasting, and considerable improvements in their performance and hence help them become firms that attract, develop, stimulate, and retain outstanding professionals. We have consciously chosen to provide different services since our clients require a coordinated and multidisciplinary approach to their unique needs. Also, Ms. Salwa said that to get additional profits like many other S.M.E.s that decide to go abroad. She also talked about the positive features, such as getting more potential customers and receiving additional profits from international activities. Besides that, the firm receives international experience."*

Ms.Salwa continued that the desire could also be one of the motives. When learning at the American University in Cairo, she earned valuable experience in business management, marketing planning, business strategy, and other management fields. There are good opportunities in developing countries to expand in that field. In 1994 she established the first-ever Blue-Ribbon Committee. It aims at exchanging information about issues facing Human Resources professionals working for private and multinational organizations. Since its formation, this committee has encompassed more than forty-five clients in Egypt and the region.

*"I always liked to be a businessperson more than a technical person. Today's companies seek for innovative solutions to gather certain and one-off demands. Sometimes, current solutions do not know their needs and adapt to development. Therefore, it is important to use this opportunity to expand and take market shares in new and existing markets."*

Moreover, Ms.Salwa illustrated when Edge decided to move to the international market, especially Dubai, Kuwait, and Saudi market, to find different opportunities and expand their business, which motivated Edge to go abroad to grow and gain more profit.

In addition to that, she also stated that after thinking of expanding in the middle east market, she considers the appropriate countries to develop more; the second destination was thinking of moving to the Canadian market as the government encourages foreign and domestic private investment.

She considers that Ms. Salwa has networks in the middle east and Canada and good knowledge about the domestic market, one of the motives that made her attempt to start her own business and expand.

*"I developed large networks while working out Blue Ribbon Committee in Egypt that assisted me in creating the business to expand."*

### **Entry Mode & Barriers to entering the market**

Edge has different strategies for each area and multichoice, and all these ideas are under studying phase. Ms. Salwa expressed that Edge company is willing to establish entirely new branches in various locations like U.A.E., K.S.A., Kuwait, and Canada. Also, she highlighted that such countries are selected because these types of governments are suitable for Edge since the team of Edge has a good relationship and good connection with different people and organizations. But entering new markets for Edge is a challenge like insufficient knowledge about the market. Furthermore, this kind of business depends on networks and marketing. Therefore, the Edge strategy is between finding a company and co-operating or establishing a new branch in another country with limited knowledge about the host country. There are certain risks in terms of full ownership. So, Edge likes to do partnerships because the partner knows the country's culture and minimizes the risk and cost.

In terms of the barriers faced by the company Edge, Ms. Salwa explains that governmental barriers are one of the barriers in new markets. The government's attitudes toward SMEs are complicated requirements, taxes, and many other restrictions. Furthermore, the bureaucracy and the methods, for example, in the north of Africa and the middle east, are complicated and the growth in some countries.

*"Because Edge listed in Egypt, more papers are required; thus, the governments should help S.M.E.s instead of barriers."*

In addition, she also stated that S.M.E.s are facing problems with the banks as there is no support enough from banks in Egypt.

She continued, the inappropriate behaviours of multinational companies and big agents against small companies is one of the main barriers in developing countries. They should be supportive, especially for businesses related to education and training, instead of barriers.

According to the cultural difference, Edge plans to expand outside the Egyptian market. Language is one of the barriers because some countries prefer to communicate in their mother language. There is a difference in culture and the general attitude. The essential factor is Edge must have a close relationship with the partner, which has sufficient knowledge about the market and the culture.

Ms.Salwa concluded this part of the interview by explaining in this type of business; you do not expect many barriers in the Egyptian market; this kind of business doesn't require huge capital. Unfortunately, compared to the gulf region, there are many barriers in the developing countries that S.M.E.s faced.

### **Challenges to Internationalization faced by the Edge Company**

When entering a new market, Ms. Salwa states that she always hires people who have knowledge and expertise in the field or have worked before; Ms. Salaw explained the challenges that Edge faced during this part of the interview. The main challenge is the shortage of human capital or people with the right skills and knowledge. It may become a plain challenge to the international expansion capabilities of the firm; also, she mentioned that before you step into the global market must have good connections with different businesses and different people that will help the company to have a pleasant view in the new market area.

*"Edge needs expertise; therefore, we work with fresh and young people. thus, training the staff about the company's vision will get the business works for internationalization purposes."*

Ms.Salwa explains another challenge; The owner and director own Edge; if only the partner controls the activities in the international market, it may lead to losing the market opportunities, therefore; in Edge, we work as a team that has one vision to develop our business in Egypt or whatever opportunities in international markets



*"I was busy in the Egyptian market; I left everything under my team to control and find the opportunity in the international market. my team wanted to add many activities, but still, Edge is designed for training and consulting."*

Furthermore, Ms.Salwa explains that the political instability situation in many countries, like Syria and Tunisia, may stop Edge from moving forward in these countries.

According to Ms.Salwa, another challenge regarding the license registration in the new market, it took a long time to obtain license registration with many procedures for business start-ups and the uncertainty in the general guidelines.

#### **4.4.3 Case C Knowledge Resources L.L.C**

##### **Company background**

Knowledge Resources L.L.C is a multi-activity well-established company Founded in 2000, Located in the Sultanate of Oman, which provides training, consulting, and management services around all Oman and GCC countries.

Knowledge Resources L. L. C has training programs to contribute to education and business growth in the Sultanate of Oman.

The company has signed an agreement with different companies in Jordan, UAE, Tunis, and Egypt with experience in training and consulting to develop training programs for various bodies in the country.

The Knowledge Resources L. L. C saw the need for this cooperation as many organizations concerned with training and management consulting face enormous challenges that reflect on the performance of such organizations. Both technically and professionally, which directly impacts the quality of local companies' activities. With the involvement of the highly skilled team, who is enthusiastic about serving the training segment in the sultanate of Oman by delivering the top training service industries with his learned knowledge or by obtaining the best specialists from local and international organizations.

Knowledge Resources L. L. C hopes to design and provide the best training programs in management and associated sciences and become one of the significant training companies in the GCC countries. The Knowledge Resources L. L.

C hopes their programs will benefit various ministries, associations, committees, and institutional bodies.

The company's C.E.O., Mr. Mohammed Al dhawi has experienced business development with a demonstrated history of working in the training field. He is skilled in training operation, Business/strategic planning, Operation Management, Analytical Skills, and exceptional knowledge in the training field and training processes. Achievements in building teams by demonstrating leadership abilities. He has completed his MBA from Muasct university. His experience as a consultant in Oman is an added advantage for his business concept. Mr. Mohammed says that

*The Knowledge Resources L. L. C plans a vast range of training programs, including management skills, procurement management, resources management in organizations, event management, general principles of development of elite employees, and other marketing management activities.*

### **Motives for Internationalization**

At this part of the interview, the author asked the respondent why the company decided to internationalize. Mr. Mouhammed emphasized the main reason is to get additional profits like many other SMEs. In addition, he also stated after the financial crisis in 2008, the global recession, which affected the gulf region that led to stopping projects that resulted in deciding to go abroad.

He also talked about the positive features, such as getting more potential customers and receiving additional profits from international activities. Also, the company gets international experience.

Mr. Mouhammed continued that the desire could also be one of the motives. When he studied at the university, he got valuable experience in business management, marketing planning, business strategy, and other management fields. There are great opportunities in developing countries to expand in that field.

*Moreover, Mr. Mouhammed explained when Knowledge Resources L. L. C decided to move to other countries like Africa. The inflows of foreign direct investment and many projects motivate Knowledge Resources L. L. C to go abroad for more expansion to gain more profit.*

In addition to that, he also stated that after Africa, Knowledge Resources L. L.C. Considers the appropriate countries to expand more. The other destination is Egypt and Jordan, and GCC countries in the GCC Community; the administration encourages foreign and domestic private investment and is constitutionally stable and internally peaceful compared to other countries.

Considering that Mr. Mouhammed has networks in many countries and good knowledge of the domestic market, it is one of the motives that made him attempt to start his own business and expand.

*"I built extensive networks while I was studying and working that helped me in establishing the business to expand."*

### **Entry Mode & Barriers to entering the market**

Throughout the discussion, while interviewing about barriers and entry modes, the author adopted a few introductory statements and comments from the CEO, Mr. Muhammed, as he mentioned:

*The trouble in going into a new market rest anywhere between a control (where entry is almost tricky) and a zero-fee market (where everyone can participate without any barriers). While trusts are not unheard of there is no such thing as a zero-cost market. Entering a market usually demands investing (even if only in time). The funding is essential due to the kind: the product or the market it attempts to go through, high-level R&D expenses, owning or managing a source, the amount of the network of current customers; these are considered the barriers to going into a market.*

However, those who make such investments have a genuine interest in preventing others from obtaining a foothold in a market to limit competition and maximize profit. As such, they may build counterfeit barriers through unfriendly pricing strategies, marketing, and image-creating, avaricious assets, legal ac-

tion, loyalty programs, high client-shifting costs, or pushing for government assistance. Concerning government assistance, exclusive tax advantages for current businesses can be another barrier for amateur individuals.

Barriers to entry (both physical and unnatural) can lead to anti-aggressive or oligopolistic situations in each market. A free culture such as a liberal democracy requires state intervention to maintain competition successful in that region. While such severe conditions are unusual, creators must nonetheless be aware of the scope of the variety of barriers to access.

The CEO of Knowledge Resources, L. L. C Mr. Muhammed, mentioned two different barriers to entering a new market Inside and outside risks for entering the market. Also, he gives an example for both:

A: Management and organization in the domestic market are sometimes likely to function successfully with a weak managerial structure. However, those disadvantages can become apparent when moving into a new market.

Some general management mistakes involve Unclear vision from leadership. To Make sure the objectives are founded and transmitted to everyone on the team. A lack of clear ideas from the people in charge can lead to pervasive misunderstanding and inadequacy.

B: Quick staff changes. When a new member enters the team to change someone else, they must have all the necessary information and control. Fault these outcomes in interaction failures and key barriers when going to a new market.

C: Lack of knowledge: Working in a new market positioned far from the home market. The team representatives must agree, be up to date with current processes, and in regular, clear communication with each other and leadership.

D: Personal fault: faults happen in small businesses and their lifetime. While Knowledge Resources, L. L. C. cannot expect them accurately, Knowledge Resources, L. L. C can be sure that people will make errors.

One or two minor mistakes will not be the end of the world. Still, a series of minor errors can add up. F: Money flow problems: Moving into a new market typically requires a lot of financial assets. If that money supply is disrupted or discontinued, it can cause significant problems for the operation. Internal issues can instantly stop a market entry effort if not time dealt with.

Mr. Muhammed mentioned outside risks for market entry: The risks that come from within the company also must contend with many external risk factors. These can be much more difficult to control and are often unstable.

A: Regulations: It is essential to be aware of and adapt to the selected market's local laws.

B: Local regulations and requirements are often forgotten. It can be challenging in developing markets, where rules can be more brutal to understand if Knowledge Resources, L. L. C unfamiliar with the environment.

C: Politics: Politics can be challenging to predict anywhere globally, though, in fixed areas, businesses can be quite sure that radical changes will not disrupt the market entry attempts.

D: Cultural differences: Moving into a new market often involves introducing the business to an entirely new culture, which appears with many unknown risks to think about. Though, all wagers are off in less safe parts of the world.

Though interviewing about entry modes, the author agreed to a few basic statements and comments from the CEO, Mr. Muhammed, as he mentioned:

*Knowledge Resources L. L. C has several licenses from different certification bodies that allow business based on the licensing model. It is a contract where the licensor allows intangible intellectual property to a Knowledge Resources L. L. C in a foreign country.*

### **Challenges to Internationalization faced by Knowledge Resources L.L.C**

CEO of Knowledge Resources L. L. C Mr. Muhammad says *that Every country has its policies, laws, culture, regulations, currency, languages, and more and presents issues and challenges in international business. Following are the issues and challenges for Knowledge Resources L. L. C in doing international business:*

A: Language Barrier: The language barrier does not cause communication problems, and it is the most significant thing to consider when taking business internationally. But one must also consider if the product's name fits well in the foreign language or not. B: Cultural Differences: Each country has its customs and cultures. And, to achieve success, and overseas company needs to respect those cultures. Culture contains vacations, foodstuff, fairs, social morals, and more.

B: Managing International Teams

*When Knowledge Resources L. L. C is doing an international business and has operations in many countries, it involves dealing with employees of various backgrounds. Managing those people is a task due to the variations in language, culture, and time zones.*

C: External Politics: The politics and policies play a crucial part in the performance of Knowledge Resources L. L. C. Any new political policy concerning taxes, labour laws, and more can directly impact the company's cost. Thus, it is essential for Knowledge Resources L. L. C. to closely follow the politics and policies of the country in which it is operating.

D: Customer loyalty to existing companies: Several customers in the new market will have current beliefs and solid ties to them. Enticing customers away from a brand they have used and loved for years is much more complicated than simply inviting a new customer to Knowledge Resources L. L. C brand. this needs to stand out, offer something extra, and communicate this. It is worth paying attention to the competitors and what people like about them.

The CEO of Knowledge Resources, L. L. C Mr. Muhammed, mention that *Though international business presents several challenges to Knowledge Resources L. L. C company, it can easily overcome them and attention to and resolve them. A straightforward approach to conquering these challenges is to respect the culture and beliefs of the countries within which they are working. And, once Knowledge Resources L. L. C overcomes those challenges, it gives it unlimited opportunity on various business faces, size, profits, profits, kindness, brand image, stability, and so on.*

#### **4.5 The differences and similarities in the internationalization process**

Growing internationalization levels have led to lower trade barriers and higher international integration, creating institutional and economic conditions for firms' growth strategies in developed and developing countries.(Mohamed, A., Gabriel, B., Henrique, R. and Svante, 2013).

High profiling in overseas markets is essential for companies, particularly in the limited local market. It can appear due to a lack of local demand when the market is too small, or the industry is too tight. Going to a foreign country signifies an opportunity for companies to reach new clients to a much larger extent. Still, they

also must face challenges like different governmental and economic situations, new competitors, new laws and regulations, and different quality requirements. Local markets give the company an advantage to compete in a foreign country; other influences may impact the firm's competitiveness, such as the Knowledge of the managers and access to capital. These factors make it difficult for a company from a least developed country to compete in a more global economy. (Mohamed, A., Gabriel, B., Henrique, R. and Svante, 2013).

To fill this gap, comparing the internationalization processes with the international theories is chosen for this study. I will highlight the differences and similarities of the internationalization processes of the firms. Thus, to set up the differences and similarities between the case companies, it is important to present the impacts of networks and knowledge/experiences as crucial issues impacting a firm's internationalization. (Mohamed, A., Gabriel, B., Henrique, R. and Svante, 2013)

The results of the analysis show that the internationalization backgrounds of SMEs in the situation of this study can be divided into four groups, namely,

1. **Entry modes:** There are differences between the three companies questioned regarding the entry mode, and it could be recognized to their different strategies when entering the market.
2. **Motives for internationalization:** The three companies' owners have been influenced to go abroad since they are the only ones who decide to enter the foreign markets. Also agreed that the three-company owners saw an opportunity to expand and take the risk. For cases, A and B, the political situation and uncertainty in the local market role are reasons for going international. On the other hand, in Case C company, the competition in the domestic market could be a motive to internationalize.
3. **Barriers to internationalization:** The barriers could be the same for case A and B companies. Still, barriers are different for the case C company when entering a developed country.
4. **Challenges to internationalization:** There are several challenges since the companies entered foreign markets as bureaucracy added to that corruption, high taxes, inconsistency in the market, political situation, cultural aspects, and networks. Considered the main challenges since the company's internationalization strategy from developing to developed countries.

Firms may desire to expand internationally because market opportunities exist abroad. The data analyses found that these opportunities, including demand for a firm's services in foreign markets, trends changing to favour the product in foreign markets, or the absence of competition abroad, would give the firm the first-mover advantage.

These market opportunities can be (A firm's desire to grow by expanding from small or saturated domestic markets to international markets, Higher profitability in the global market, and Obtaining prestige in the domestic market).

The analytical data indicate that the firm's knowledge and international experiences impact a firm's internationalization process (Johanson and Vahlne, 1977, 1990). However, the lack of market knowledge is no longer a factor limiting the speed and form of the internationalization of firms; considering other factors will be helpful (Forsgren, 2002). Moreover, other researchers consider a firm's network of relationships as a platform to encourage a firm's decision to enter and make a strategic commitment to a particular foreign market (Axelsson and Easton, 1992; Johanson and Vahlne, 1990). Johanson and Vahlne (2009) stated that "A firm's success requires that it be well established in one or more networks. Anything that happens, happens within the context of a relationship, and a firm that is well established in a relevant network or networks is an "insider." As shown above, it is to a large extent via relationships that firms learn, and build trust and commitment – the essential elements of the internationalization process." (Johanson and Vahlne 2009, p. 5).

Follow by table 12 to help the readers easily understand the differences and similarities between the three cases.

TABLE 13. Overview of all the three cases as empirical findings.



Elements	Case A INTRAS Indonesia	Case B Edge Egypt	Case C Knowledge Re- sources, L. L. C Sultanate of Oman
Background information	Founded in 2008, internationalization started in 2015 in other Asian countries with more than eight years of operating in foreign markets, country of origin is Indonesia.	Founded in 1996, internationalization started in 2010 in other middle east and African countries with more than ten years of operating in foreign markets, country of origin is Egypt.	Founded in 2000, internationalization started in 2008 in other middle east countries with more than 12 years of operating in foreign markets, country of origin Sultanate of Oman.
Ownership advantages	Brand, services, people development, and business enhancement. (Help executives to grow in their thinking and competencies while reorganizing the company business model and business process)	Brand and services help organizations achieve their strategic goals and be a part of their success. (To help companies face complex challenges such as setting and implementing strategies, leadership, and operational matters.)	Brand and services, training programs to contribute to education and business growth (design and provide the best training programs in management and associated sciences.)
The new destination for the inter- national mar- ket	The company plans to go international to countries in Asia like China, Singapore, the Middle East countries, etc.	The company plans to go international to North Africa, middle east countries, and Canada.	The company plans to do business in Africa, GCC countries, Jordan, and the UK.
Entry Mode Type	Alliance	Foreign Direct Investment (FDI)	Licensing
Motives for international- ization	To help customers with a service-oriented. To overcome competitive pressure. Have profits in the domestic and international markets. The company can withstand the growth and development in both markets. The company also has services that are unique when compared with other companies.	To help clients to make improvements in their performance To get additional profits. The positive features, such as getting more potential customers. We are receiving additional profits from international activities. The firm receives international experience. Value-adding capital, technological or informational intensive activities are usually placed in developed countries.	Investments in foreign markets to promote or exploit new markets. Expected growth. To generate more profit. Pursue a physical presence in leading markets follows the competitors. Minimize costs and maximize profits. Lower the total amount of tax paid to governments.

Main Barriers to internationalization	Capital investment Skills Culture Finding the right customers. Connections and Networks	Insufficient knowledge about the market. The government attitudes towards SMEs. Taxes. More documents are required. No support enough from banks. Inappropriate behaviour of multinational companies. Language. Culture and attitude. Capital investment.	Management and organization. Human error. Logistical issues. Cash flow problems. Regulations. Politics. Cultural differences.
Main Challenges for internationalization	Not Have sufficient information in the business unit. Fulfilled customer requirements. Start-up teams. Identify a working partner. Economic picture of different countries. Changes in the governmental policies. Instability in the market.	Lack of people with the right skills and knowledge. To find good connections with different businesses. Decision-making to internationalization. License registration in the new market. Bureaucracy.	Language Barrier Cultural Differences Managing Global Teams Deciding Company Structure Foreign Politics and Policies Customer loyalty to existing companies
Learning	Using the incremental approach of internationalization.	Using different strategies in different foreign markets.	Using mostly networks approach of the markets.
Experience	The international experience added a new asset to the firm's competitive advantage.	Limited experience in foreign markets developed using acquisition mode of entry.	Internationalization is still primarily supported by Network connections.
Network	In the host market, the company uses different channels and networks to develop its activities	In the host market, the company uses other channels, including formal and informal networks, to expand its activities.	In the host market, it used network channels to enter foreign markets.

## 5 LESSONS LEARNED

This chapter introduces and examines the results achieved from the empirical analysis. First, a within-case study is displayed, containing general information about the three companies included in the sample, also summarised in Table 13. Afterward, a cross-case analysis is provided, comparing the empirical data obtained from the three cases to answer the specific research questions presented above.

### 5.1 Case Analyses Case A

#### 5.1.1 Firm size

It is common to realize SMEs move to internationalize their process by starting with an entry mode of a lower commitment or smaller size and rolling to entry modes of a higher commitment or greater size. It is recognized as an incremental approach to internationalization (Johanson, J., & Vahlne, 1977). The theory of firm size suggests that more significant firms are better off than their smaller counterparts because of their greater resource availability in management, finance, research and development, and marketing (Calof & Beamish, 1995). It is argued that smaller firms cannot compete effectively with larger and more resourceful firms. The internationalization theories propose that direct international involvement requires a firm to fulfill the primary consideration: resource availability (Johanson, J., & Vahlne, 1977). The Uppsala model (Johanson and Vahlne, 1977) assumes that firms build a solid local base before internationalizing, in other words suggesting that the firm should be of substantial size. Therefore, it is argued that larger firms can internationalize easier. This concludes that internationalization is positively influenced by larger firm size (Anderson, 2011).

Much has been written in the literature, indicating that firm size is essential for entering foreign markets. On the contrary, this study's findings suggest that firm size does not significantly impact firms' international attitudes. However, INTRAS managers in this study reported a cheerful outlook towards internationalization

activities -i.e., international was perceived as an important activity in entering the global marketplace.

The firm's size is not necessarily a hindrance for firms wishing to engage in international business activities. Another interesting finding from this study was that while the difference in international attitude among the interview firms was insignificant, firms demonstrated a more cheerful outlook toward global activity.

### **5.1.2 Entry modes and barriers to entering the market**

INTRAS Company enters the foreign market by partnership business in the Malaysian market. Couturier & Sola 2010 argued that finding the right market and selecting the suitable mode of entry are critical and strategic decisions for the company management(Couturier & Sola, 2010).

INTRAS established an entirely new branch when entering the Malaysian market because of the owner's decent knowledge and valuable networks about the host country and complete control and ownership of the INTRAS agency. It is one of the best ways of entering a foreign market; the importance of Alliance is increasing. Firms are always searching for a profitable area for investment and can analyse the foreign market situation, systems, etc.

For Malaysian market is competing wildly with other countries in the region to offer a good business atmosphere. The government has relaxed foreign ownership laws in the manufacturing sector. It has also applied numerous reasons to draw investors in essential fields such as operational headquarters, local distribution centres, and international purchasing centres. The government also spends deeply on public services to enable effective business and an important level of livelihood, especially in the most important centres. It has also recently implemented liberalization actions within the financial services sector to attract more international players to operate within the market. Therefore, it was different when INTRAS entered through a partnership or Alliance due to the lack of knowledge about the foreign market. Moreover, to avoid the risk of total ownership, entering a new market is through an alliance with a local partner. A strategic alliance contains a pledged contract between two or more enterprises specifying that the involved parties will collaborate in a certain way for a convinced time to

achieve a shared determination. According to Johanson and Tellis (2008) “it is a agreement and collaboration between a firm in the home market and a firm located in a host country to share activities in the host country” (Johnson and Tellis 2008, p. 2).

The inadequate behaviours of multinational companies against domestic SMEs are barriers to INTRAS, as it faced a lot of harassment from multinational companies in the Asian market. Unfortunately, in developing countries, international companies and prominent agents are always owned by people who have the power; this is one of the main barriers common in developing countries. They should be supportive instead of criticizing the SMEs or working as sub-contractor for multinational companies.

In addition, according to the company owner, the culture difference when INTRAS expanded to the Asian market shows a difference in culture and general attitudes. It is one of the reasons for INTRAS to enter a foreign market (Malaysia). Rundh's (2001) study shows that the main barriers are raised because of the cultural aspect (Rundh, 2001). That means the physical distance between two countries concerning language and cultural differences represents the most significant barrier to internationalization. When a company wishes to expand into a new foreign market related to cultural differences and settings, it is crucial to use various tools to overcome the problems.

When INTRAS has established a new business in Malaysia with limited knowledge about the foreign market, there is a particular risk of total ownership. Even INTRAS entering its second destination through alliance became a barrier to the company. Foreign risk and control over the foreign markets need to be included in the firms' business model that internationalizes. The firm can retain control over the foreign venture through incremental behaviours and moderately grow its knowledge to perform business in different foreign entry markets (Andersson, U., Johanson, J., & Vahlne, 1997).

Rundh (2001) explains that the main problems are raised because of the cultural aspect. The physical distance between two countries concerning language and cultural differences is the most significant barrier to internationalization. When a company wants to expand into a new foreign market related to cultural differences and settings, it is essential to use various tools to overcome the problems (Rundh, 2001). Thus Rundh (2001) stated that “The most important obstacles in the in

international market development process have been factors connected with the economic distance, for example, in the form of language and cultural differences (psychological distance).”(Rundh 2001, p. 323).

Chandra (2020) agreed that many barriers and challenges occur, like social-cultural differences (Chandra, A., Paul, J., & Chavan, 2020). When INTRAS extended to Malaysia, English was not a barrier because English was the second language. Still, there is a difference in culture and general attitude, and that is why they entered the Malaysian market through partnership to prevent this barrier as the foreign partner has sufficient knowledge of the market. The INTRAS partner can better negotiate with the customers due to the understanding of the language and culture of the local market, which can help decrease the risks and uncertainty of that foreign market.

### **5.1.3 Challenges to internationalization**

The company CEO explained that one of the main challenges for INTRAS company is the lack of human capital or people with the right skills and knowledge. It may become a significant challenge for the international expansion capabilities of the firm. The director's vision is to hire fresh employees at less cost to train and school them about INTRAS's vision and mission; however, it does not work for internationalization purposes.

Based on the OECD report (2009), factors like limited managerial skills and lack of international knowledge can lead to SMEs' internationalization's critical limitations (OECD, 2009). Thus, hiring experienced people is better for international SMEs, especially in the first internationalization stage. After the firm fills in the market, then can employ fresh people.

Another challenge for INTRAS regarding the alliance according to Hughes and Weissis (2007) “Companies ally to take advantage of partners’ different know-how, markets, customers, and suppliers”. (Hughes and Weiss 2007, p. 1). In most alliances, a considerable amount of time and interest is spent minimizing conflict and reaching an agreement on what should be done and how to do it. This exercise suggests more than commendable stress on performance: It occurs from a deep-seated discomfort with changes, struggle, and a mistaken acceptance that

the same management strategies that (sometimes) work within a company will work similarly well in collaboration with external partners. (Weiss, 2007).

Other challenges that INTRAS faces regarding the licensing procedures are considered critical challenges in developing countries. The administrative practices are also a problematic requirement, taxes, and many other limitations. The authors argued that all these aspects are due to the uncertainty in the political situation of the host and the foreign country, which in turn causes inflation, financial decline, and more limitations.

## **5.2 Case Analyses Case B**

### **5.2.1 Company age**

The age of a firm affects the internationalization process (Anderson, 2011). Firms are most fragile in their earliest days. The Uppsala model Johanson and Vahlne (1977) focuses on first building a solid domestic base, often taking several years to establish. Only then successful, yet gradual, internationalization can occur. (Johanson, J., & Vahlne, 1977)

Furthermore, Richters (2019) stated that "the network model assumes networks are created over time, stating that an older firm has a more developed network. As the firm ages, it enforces its position on the market and in the network. A more developed network is beneficial to internationalization". (Richters 2019, p. 29) According to standard internationalization theory, the older the firm ages, the more successful its internationalization. Johanson and Mattsson (1987) Stated that "Such relationships take time and effort to establish and develop, which constrains the firms' possibilities to change counterparts." (Johanson and Mattsson 1987, p. 35).

According to (OECD 2017) High-growth, Most new enterprises either fail in the first years of activity or remain very small (OECD, 2017).

This study's findings are that Edge company, after a long business time in the local market, becomes more exposed to the international marketplace and becomes more knowledgeable regarding increased global benefits that could be reaped through different entry modes of foreign markets. Since Edge began con-

templating these modes of access, their cheerful outlook toward internationalization increased. This may explain why firms like Edge operating internationally for more than ten years can report faster attitudes toward international.

As well as the earning processes and knowledge for Edge company created a good structure that enhanced international opportunity recognition and exploitation. The importance of international opportunity recognition placed a premium ability to identify, assimilate and use available knowledge for Edge company.

### **5.2.2 Entry modes and barriers to entering the market**

Ekeledo & Sivakumar (2004) and Couturier & Sola (2010) agreed that finding the right market and selecting the suitable mode of entry are critical and strategic decisions for the company management (Ekeledo & Sivakumar, 2004),(Couturier & Sola, 2010).

Ekeledo & Sivakumar (2004) stated that “managers make entry mode choices based on considerations of firm-specific resources that afford their firm competitive advantage in the target foreign market as well as for enhancing their resources. Because”. (Ekeledo and Sivakumar 2004, p. 93).

Edge company chooses Foreign Direct Investment (FDI) entry mode. It is one of the best ways of entering a foreign market; the importance of FDI is increasing. Firms are always searching for profits and contain long-term relationships and management of future activities that have risks with the management of resources. The company plans to establish its subsidiary in GCC countries that builds good networks in GCC countries and neighboring countries.

"Edge" followed FDI to enter new markets and outsourcing, resembling Greer, Youngblood & Gray (1999), “The expectation that outsourcing will cut costs is consistent with the strategic management view of competitive resource allocation. This perspective holds that all activities unrelated to strategic core competencies should be outsourced since economies of scale allow specialized vendors to provide services at lower costs.” (Greer, Youngblood, and Gray 1999, p. 88). Edge followed this concept and outsourced in various parts of the world, especially in the Middle East, North African countries, and Canada. The company built



good relationships in these countries to understand the domestic culture in unusual parts of the world.

According to the internationalization barriers, the main barriers are the culture different from the domestic to the international market; the company "Edge" should always consider this aspect.

Since Edge is a small size company, the size of a firm is frequently a sign of its competitive advantage in commercial, physical, social, technical, or organizational assets. These sources are known as the drivers of a firm's competitive advantage (Wernerfelt, 1984). A big firm size indicates a firm's capability to realize the high charges and risks linked with international actions through unique ownership of foreign partners (Ekeledo & Sivakumar, 2004) It implies that the size of a firm is linked with its propensity to go into foreign markets in general and select highly committed investment techniques, such as individual and joint venture modes. Firm size can affect many aspects, such as company-specific advantages or assets. Ekeledo & Sivakumar (2004) stated that "The size of a firm is often an indicator of its competitive advantage in financial, physical, human, technological, or organizational resources".(Ekeledo and Sivakumar 2004, p. 78).

According to the empirical findings of the company also overviewed finding customers as a barrier. Schiffer & Weder (2001) stated that In particular, smaller firms face significantly more problems than larger firms with financing, taxes and regulations, inflation, corruption and street crime."(Schiffer and Weder 2001, p. 5). For a company like "Edge," taxes and governmental regulations are barriers to international markets, especially in GCC countries and Canada, where the taxes are high. For a company like "Edge," there are chances of losing customers in the home market when going international.

The examiner's opinion concerning empirical conclusions is that international collaboration- joint ventures and direct investment are risks because it is sometimes hard for the company to provide a good relationship with the networks to targeting for long-term goals and revenues.

Additionally, first to market, specifically in the training and consulting sector, achieve a competitive advantage by controlling the company's market and resources. Also, "Edge" will have an outstanding reputation to become a leader in the market by building customer relationships and customer loyalty.

### 5.2.3 Challenges to internationalization

The literature states that many challenges affect the internationalization process for SMEs. Anderson (2011) confirmed that there are several challenges: (size, age, experience, sources, inefficient government policies, and financial resources), managerial characteristics (age, knowledge, cultural differences, and attitude), and environmental characteristics (market, technology, competitors, networks, regulation)(Anderson, 2011).

According to the empirical findings, the main challenges for the company "Edge" are managerial skills, knowledge acquisition, customer requirements, capital investment, and networks. The OECD (2009) report stated "Governments should take the opportunity offered by SME owners' realization that they did not have all the skills needed to help their firms survive the crisis to encourage participation in general managerial skills development, including mentoring and business advice".(OECD, 2009, p. 12). The company's CEO has good organizational skills, comprehensive market knowledge about domestic markets, and awareness of the international market. Still, the practical internationalization process for the company is the main challenge.

The network may have encouraged or unfavorable effects on the internationalization process. (Saunders, M., Lewis, P., & Thornhill, 2009) stated that "These networks distribute newsletters to their members and organise investment events, where entrepreneurs attempt to obtain funding from potentially interested Business Angel investors by pitching their ideas". (Saunders, M., Lewis, P., & Thornhill, 2009, p. 205).

As mentioned by the CEO, the company has good networks through collaborations in the GCC countries and North African market, and the Canada Market that help the company establish its subsidiary in these countries, directing the challenge to build networks in the neighboring countries.

In the GCC countries, as part of developing countries, SMEs face a distinctive set of challenges while looking to enter foreign markets. This is in part since the ecosystem for SMEs is still immature in these countries and the number of SMEs and their contribution to nations' GDP is relatively small. Also Lack of foreign market knowledge and insufficient managerial ability also further the challenge of internationalization.(Sanyal, S., Hisam, M., & Baawain, 2020)

Shortage of business resources is one of the significant challenges for international firms. "Edge" is a small-sized company with limited financial resources, which is a considerable challenge for the company like many SMEs in developing and even developed countries. UNCTAD (2005) acknowledged that "Despite the importance of SMEs to the economies of both developing and developed countries, they have traditionally had difficulty in obtaining formal credit or equity."(UNCTAD 2005, p. 16). Edge needs capital to establish its subsidiary in the other market. Government regulations in developed countries related to the financial capabilities and employees; other expenses are also considered the main challenges for the company in the future.

### **5.3 Case Analyses Case C**

#### **5.3.1 Network**

The firm's network is believed one of the most important elements of the internationalization process. Particularly the network model (Johanson and Mattsson, 1988), rationally, turns only around the network of the internationalizing firm. A firm can acquire experience in international markets, possibly making the internationalization process more profitable, and strategic alliances can make international market entry easier (Johanson and Mattsson 1987).

According to Johanson and Mattsson (1987) that "a firm in the network has relationships sometimes also directly with competitors as well as indirect relations via those firms with the suppliers' suppliers, the customers' customers, competitors, etc."(Johanson and Mattsson 1987, p. 35).

In this study's findings, the networks connections provide the successful internationalization process of Case C. and aid in choosing the markets by supplying information and bridging the firm with potential customers.

On the other hand, social networks were observed to be sources of information and opportunity recognition and have been shown to bridge actors within a network. So, Knowledge Resources L. L. C. emphasized the Network relevance relationships had on their international expansion as these bodies supported their foreign market penetration. They advised on how to get established and continued to help them with their ongoing expansion strategies. This is in line with Johanson and Mattsson (1987) as they explain, "To get established in a new

market, that is in a network that is new to the firm, it has to build relationships that are new to itself and its counterparts.” (Johanson and Mattsson 1987, p. 36).

Network and relationships have a different influence on a firm internationalization than business and social relationships, as they can help directly help a firm with their foreign direct investment. These relationships also bridge the firm to relevant actors. Also, Social contacts of Knowledge Resources L. L. C. can provide valuable information when developing opportunities and grant the firm access to information in terms of market selection.

### **5.3.2 Entry modes & barriers to entering the market**

Entry modes offering higher amounts of control are more effective the higher the value of a brand name. Internationalizing firms can go into foreign markets through different entry modes, such as direct exports, licensing, greenfield joint ventures, and complete acquisitions. Firms must find an appropriate organizational structure to manage their foreign activities effectively (Erin Anderson and Hubert Gatignon, 1985).

Though (SMEs) have specific characteristics that are likely to affect their foreign market entry mode choices regarding the level of promise to the foreign market, how they deal with risks in the host country, and the level of control on foreign market activities.

Knowledge Resources L. L. C chooses Licensing entry mode. Licensing is a good option in situations where there are barriers to trading in and investing; legal security is possible in the target setting, and low sales are potential in the target country.

Knowledge Resources L. L. C uses Licensing to gain access to new markets that are otherwise inaccessible. By granting the licensee to Knowledge Resources L. L. C the right to market and distribute the product, Knowledge Resources L. L. C can penetrate markets it could not otherwise hope to serve. Also, A license agreement can provide a means for Knowledge Resources L. L. C to obtain rights in developments and associated services that the occupier will improve during the agreement period.

Schiffer and Weder (2001) specified that “small and medium-sized firms find it more difficult to receive financing than larger firms. One notch below financing

are clustered inflation, policy instability and taxes and regulation". (Schiffer and Weder 2001, p. 15). For a company like Knowledge Resources L. L. C, taxes and governmental regulations are also barriers to moving from developing to developed countries, especially in the UK, where the taxes are high. Empirical findings of the company also overviewed finding customers as a barrier. For a service-oriented company like Knowledge Resources L. L. C, there are chances of losing customers in the domestic market when going international.

Koch (2001) declares that the factors suggested impacting "the market/ market entry mode selection process fall into three broad categories: external, internal, and the mixed, internal/external category." (Koch 2001, p. 351).

A proper company form is necessary for companies to control foreign actions efficiently. Companies can decide from foreign market entry modes, exporting, promised contracts, joint venturing, acquiring an existing company, and establishing an owned greenfield investment from scratch. Still, most literature on foreign market entry choices has concentrated on significant international enterprises. Small and medium enterprises (SMEs) with inadequate economic and personnel assets are projected to maintain their foreign market entry mode on the current assets.

Concerning empirical findings, Knowledge Resources L. L. C may make an economic responsibility for a product not prepared to be commercially used or modified to meet the licensee's business requirements.

Licensing may create product dependency on the supplier, which could choose not to renew a license agreement or negotiate license agreements with competitors, limiting the markets in which Knowledge Resources L. L. C may use the licensed product or change the licensed management allowed under the licensing agreement.

### **5.3.3 Challenges to internationalization**

Boettke, (2010) stated that "There are fundamentally two meanings behind the concept of competition in economics. The first meaning refers to competition as a state of affairs as developed by Frank Knight in the 1920s. The second meaning refers to competition as a process of entrepreneurial discovery as developed by Mises, Hayek, and Kirzner."(Boettke, 2010, p. 91). Therefore, it is essential for

SMEs in developing countries to internationalize due to the growing competitive stress and decrease in the direct subsidies and protection they receive from their governments (Etemad, 2004). Due to the facilities provided by the GCC governments to the investors, many international investors can work in the country. So that Knowledge Resources L. L. C has some competition.

Another factor the network may have positive or negative effects concerning with internationalization process. Boettke, (2010) suggested that firms relying on social networks depended greatly on the relationship and lacked new network information. Boettke, (2010) stated, "the market process creates human social cooperation under the division of labor".(Boettke, 2010, p. 102)

As mentioned by the CEO, the company has good networks through collaborations in the GCC countries and African market and institutions that help the company establish the business in those counties, directing the challenge to build networks in the neighboring countries.

Lack of financial resources is one of the main challenges for firms that go international. Knowledge Resources L. L. C is a small-sized company with limited financial resources, which is a significant challenge for the company like many SMEs in developing countries. SMEs remain an underserved market segment in developing countries, with most commercial lending going to the government or too large established enterprises. At the same time, internationally driven finance programs tend to focus on micro-lending (UNCTAD, 2005). Therefore the Lack of financial resources might avoid the capability of SMEs to identify international opportunities and also may slow down the SMEs' process of going abroad to exploit the global markets that they have identified (UNCTAD, 2005). Knowledge Resources L. L. C needs capital to establish its own business in the Egypt or UK market. Government regulations in developed countries related to the financial capabilities and employees; other expenses are also considered the main challenges for the company in the future. Knowledge Resources L. L. C needs capital to establish its own business in the Egypt or UK market. Government regulations in developed countries related to the financial capabilities and employees; other expenses are also considered the main challenges for the company in the future. Kogut and Porter(1985) agreed that internationalization could extend market opportunities, increase a firm's customer base, and reduce trade and transaction

costs while increasing profits (Kogut, 1985). Furthermore, it can enhance a firm's competitive advantage and improve its performance (Kogut, 1985).

For Knowledge Resources L. L. C, the international development of opportunities and the resource limitations of their domestic market often drives them toward investing in global markets.

The entry mode choices are an important strategic decision for Knowledge Resources L. L. C. It means implementing resources in several target markets with additional risk, control, and profit return levels.

Resource limits can degrade SMEs from choosing entry modes with comparatively low source commitment to overcome source limitations and reduce foreign hazards (Ripollés, M., Blesa, A., & Monferrer, 2012). Knowledge Resources L. L. C is flexible and tends to implement its business activities within low-cost structures, thus minimizing the perceived risk linked with the SME's host country.

## **5.4 Cross cases analyses**

In this section, a cross-case analysis is structured to compare three case studies regarding entry modes, motives, barriers, and challenges for SME internationalization and illustrated in tables to give a brief discussion to offer the person who reads this research a better understanding of the case studies.

### **5.4.1 Entry modes to internationalization**

Johnson and Tellis (2008) mentioned that "The mode of entry is a fundamental decision a firm makes when it enters a new market because the choice of entry automatically constrains the firm's marketing and production strategy".(Johnson and Tellis 2008, p. 2). Ekeledo & Sivakumar (2004) and Couturier & Sola (2010) approved that finding the right market and selecting the suitable mode of entry are critical and strategic decisions for the company management (Ekeledo & Sivakumar, 2004),(Couturier & Sola, 2010).The evaluation of the present research on SMEs' foreign market challenges, barriers, entry mode choices, and the motivations behind going to international markets in developing countries by reviewing other groups of the theoretical framework to recognize the factors of an SME's

influence to promise to foreign markets. I examine the information of SME enterprises from Indonesia, Egypt, and the Sultanate of Oman SMEs discovered to have good contributors to the country's economic growth. SMEs in developing countries had to focus on development, enhancing their performance, and ensuring survival. Inadequate market size principals' firms to extend their market base overseas. In increasing global competition, overseas expansion and investment are critical for developing countries' SMEs to grow and sustain their competitive advantage. Therefore, companies place excellent value on internationalization. Choosing a geographical location to internationalize is not a simple decision because it affects its growth. Considering the case, A, as there the various geographical destination, there is a high risk-taking process compared to cases B and C that chose neighboring countries to internationalize. Whereas, in the case of C, the company plans to internationalize with the same culture and geographical location: discovering the right market is not a barrier. But case A has adequate knowledge about Asian markets, but in practice, the company could not find the right employees at the first stage of internationalization.

TABLE 14. Entry mode for internationalization

Literature	Case A	Case B	Case C
Exporting			
Turnkey Project			
Licensing			Yes
Franchising			
Joint Ventures			
Wholly Owned Subsidiaries			
Alliance	Yes		
Foreign Direct Investment (FDI)		Yes	

As expected, network relationships impact the choice of foreign market access modes. Findings suggest that the size of SMEs clearly and certainly affects the amount to which companies participate in entry mode selections. International experience also strongly influences firms' decisions to engage in specific entry modes.

The empirical results reveal that innovation significantly affects a firm's foreign market entry mode choices and is dependable on the expected path. A statement



that the specific result aspect has a highly favorable impact. Furthermore, companies at higher commercial levels are further expected to choose high-level resource responsibilities, such as joint ventures or direct investment. An important level of trade strength also helps firms determine high-level supply responsibilities. The business also clearly relates to the likelihood of choosing high-level resource obligations in the selected foreign market entry mode.

The thus next question is to reveal the good and bad things. Entry modes have their advantages and disadvantages from a practical point of view. According to Mr. Ari H. Handojo, the main advantage of is strategic alliance is an understanding between two companies to accept an equally worthwhile project while each holds its independence. The deal is less complicated and less necessary than a joint venture, in which two businesses share resources to create a single business unit.

A company could enter a strategic alliance to grow into a new market, enhance its service, or create an advantage over the competition. The contract lets two businesses work on a common goal to achieve both. The joining may be short-term or long-term, and the agreement may be stringent or comfortable.

Advantages and Disadvantages of Alliance. Strategic alliances can be adaptable and some of the responsibilities that a joint venture could involve. The two companies do not have to combine investments and stay separate. A strategic alliance can, however, take its risks. While the contract is usually straightforward for both companies, there may be variations in how the firms conduct business, and differences can create conflict.

Furthermore, if the alliance wants the groups to share confidential information, privacy must be between the two allies. In a long-period strategic partnership, one party may differ from the other, and interruption of the alliance can threaten the company's strength.

In the case of B, Ms. Salwa mentioned that foreign direct investment (FDI) is purchasing activity in a business by a firm, or a shareholder located outside its country.

Edge tried to acquire a substantial stake in a foreign business or buy it outright to grow its businesses in a new area. As she mentioned, that is a valuable model for a company like Edge to have large or full roles in the new country.

Edges company considers a foreign direct investment looks only at companies in open economies that offer a skilled workforce and above-average growth prospects for the investor. Light government regulation also tends to be prized.

Concerning case, C, Knowledge Resources L. L. C, Mr. Muhammed mentioned that. Since the company has many authority licenses to use from the certification bodies like their brand and trademark. Conclusion This method improved Knowledge Resources L. L. C's thinking about the internationalization process and moved to other countries. Also, licensing contracts helped Knowledge Resources L. L. C produce revenues, called fees, received by a company for allowing its copyrighted material to be used by another company.

#### **5.4.2 Motivations to internationalization**

Hutchinson, Quinn, and Alexander (2006) stated that "International stimuli are those motivating factors which over-ride these obstacles and, in the literature, several key themes have emerged as important stimuli, drivers and facilitators of foreign expansion: international strategy, entrepreneurial vision/experience, firm networks and external assistance." (Hutchinson, K., Quinn, B., & Alexander, 2006, p. 28). Agreeing to Hutchinson, Quinn, and Alexander (2006), one cannot apply all the motives in the best way without the assistance of some factors which can be seen as facilitators. Such facilitators help the firm to overcome the obstacles to internationalization. (Hutchinson, K., Quinn, B., & Alexander, 2006)

The three company owners influence SMEs ' internationalization regarding motives and reasons for internationalization. Subsequently, they are the ones who decided to enter foreign markets. I agree that the three-company owners realized an opportunity to expand and take the risk.

The findings suggested that increased profit is the most significant motive for expansion; other internal/external factors and parent-firm advantage facilitate the international decision-making process.

For cases, A and B, the increased profit, political condition, and uncertainty in the domestic market role are reasons for going to international markets. On the other view, in the case of C, the Unsubstantiated government and insecurity are not the reasons to go to global markets.

TABLE 15. Motivation for internationalization

Reasons	Case A	Case B	Case C
Profit	Yes	Yes	
Unsupported Governments	Yes	Yes	Somehow
political situation	Yes	Yes	No
Competition in the domestic market.	Yes	Yes	Yes
instability in the domestic market	Yes	Yes	Somehow

### 5.4.3 Barriers for internationalization

Schiffer & Weder, 2001 approved that “The small firm dummy is positively significant for infrastructure. The dummy for large firms is negatively significant for five obstacles: finance, taxes and regulations, inflation, street crime and anti competitive practices. Overall, this shows that bigger firms have fewer problems with obstacles to doing business”. (Schiffer and Weder 2001, p. 35). Table No.16 shows the main barriers created by the empirical findings. The barriers mentioned should be carefully considered in their internationalization process to overcome them.

Business success depends on the right customers regarding finding the customers: for case A company; it is not a barrier as the company CEO already works in the field and has customers already. Additionally, the company received direct inquiries from his second destination Malaysia, which helped him expand.

For case A and C companies, we agreed that there is a barrier to finding customers. Although Case A Company already collaborated with Indonesian institutions and other agents in Asia to take a step and go international, according to the respondent, the barrier is finding the customer in different markets besides Asian markets. On the other hand, Case C Company agreed that they took the inappropriate step by hiring inexperienced people with less marketing and selling skills, which affected finding the right customers.

Lack of entrepreneurial and marketing skills is not a barrier for all three case companies. The CEOs of the companies have good knowledge and are experienced business people with good entrepreneurial and managerial skills.

Regarding the taxes and bureaucracy, case B and C companies agreed that it's a significant barrier, especially in developing countries with no direct taxation and regulation policies. As well as bureaucracy in procedures regarding importation, exportation and other processes, case A also agreed that the tax is the main barrier for the company, especially when the company is going to developing countries where taxes are high but with fair governmental regulations.

Substandard performance from international companies: In both cases, A&B mentions that persecution from large companies is a barrier for them. The defendants of all three companies agreed that the risk of selling abroad is a barrier when going international, and it is essential for SMEs, especially in developing countries. At the same time, the firm size is small with limited financial capabilities, so spreading the risk between the host and the foreign markets is an advantage. Still, on the other hand, it has a disadvantage for the companies can lose control and suffer losses. In the case of B, the risk is higher as the company is internationalizing from a developing to a developed country (Canada) with a diverse environment compared to cases A and C, where there is a manageable risk.

On the other hand, case C plans to go to the developed countries with less or zero prospects for this barrier. Cultural differences and language are considered significant barriers to Case A Company since the company is going to a different geographical location from other market parts. Though culture difference is not a barrier for Case B because the company internationalized to neighboring countries, and Case C has a slight culture difference, a diverse geographical destination is insignificant.

TABLE 16. Barriers for internationalization

Literature	Case A	Case B	Case C
Finding the right market	Yes somehow	No	Yes

Finding customers	Yes	Yes	Yes somehow
Lack of entrepreneurial and marketing skills	Yes	Yes somehow	Yes
Taxes& Government regulations	Yes	Yes	Yes
Risk of selling abroad	No	Yes somehow	No
Bureaucracy	Yes	Yes	Yes somehow
Product Differentiation	Yes somehow	Yes	No
Inadequate behaviour from multinational companies	No	Yes	No
Cultural differences and language barrier	Yes	Yes	Yes

#### 5.4.4 Challenges for internationalization

Going international with an SME is a challenging ordeal but necessary in many industries. Some Businesses in developing countries have a better chance in developed countries, especially with a developed start-up culture overseas.

Though, as with many issues, it is a more straightforward thought than made, and capitalists have many problems to think about when increasing their business to other areas.

The official sideways certainly changes the business model and operations. There are the costs and find out how ready the business is financially for such a step. SMEs should also be concerned about language barriers, communication strategies, customer experience, and, naturally, how well the product or service will apply over there. SMEs should also research the competition and compatible products and services.

To some point, I can observe similar challenges between the three companies when it comes to challenges. Agreed that firm size is one of the significant challenges and significantly impacts SMEs, especially in developing countries.

The managerial characteristics include the organizational skills of the owners of the three companies and their knowledge assets about the foreign markets deemed a critical aspect affecting the internationalization process for SMEs.

The three companies have good managerial skills and sufficient knowledge about the international markets, especially in cases A and B.

TABLE 17. Challenges for internationalization

Literature	Case A	Case B	Case C
Size of the SME	Yes	Yes	Yes
Managerial Characteristics	Yes	Yes	Yes
Lack of the financial resources	Yes	Yes	Yes
Competition	Yes	Yes	Yes
Technology	No	Yes somehow	No
Networks	Yes	Yes	Yes
Government Regulations	Yes	Yes	Yes
communication strategies	No	Yes	Yes
customer experience	Yes	Yes	Yes

The lack of financial resources for Case A and Case C is a challenge like many other firms in developing countries. Still, Ms. Salwa stated that a company like Edge, the type of company business as consulting service, does not require huge capital to expand in foreign markets.

Competition as a challenge, the author agreed that Case A Company has high competition in the domestic market, which could be one of the motives for the company to go international; Case B Company has big competition due to their market requirements. Case C Company has competition in the global market due to the encouragement of the GCC government for the investors.

Networks are an essential aspect of the internationalization process for SMEs; since Case A Company already collaborated and has good networks and relations in the foreign market, it could be an important challenge for them to expand in other Asian markets regardless of Malaysia. In Case B Company, because the company's director is proficient in the market, Edge Company built good networks to expand. Case C Company networks aspect is uncertain. The director of company C has a good network, as mentioned in the GCC market. Still, from the empirical findings, it could be an assumption that the relationship in the networks is more personal than the business network.

One of the significant challenges is the government regulations; Case A, Case B, and Case C study government regulations are substantial challenges; can change the law within no time in developing countries affecting business. Unfortunately, there are no clear rules, for importation, exportation, logistics, etc.

## 6 CONCLUSION AND RECOMMENDATION

This chapter provides better suggestions for improving the internationalization of SMEs in developing countries. Furthermore, followed consequences suggestions and further research based on the significance of the results and conclusion. In this closing chapter, I emphasize the primary results taken from this study and offer overall findings according to the literature and findings of the previous chapters to solve the research questions.

### 6.1 Conclusion of the study

The research objective of this study made to explain the challenges, and barriers of SMEs in developing countries when going international and analyse the motives to enter new markets. This research is one of the few experimentations done to examine SMEs in developing countries to get access to and move into new markets. The study results are in line with the studies done in other parts of the world. SMEs require access to lines of confidence that traditional groups view as unsafe. Their entry to external markets is limited because of coordination and international certification challenges. Most SMEs do not have the knowledge to manage skills; hence, they must develop their global business networks and marketing abilities to grow internationally. (OECD, 2017)

Many theories are determined to supply tremendous knowledge about the internationalization process to SME companies. I performed these studies to analyse whether these theories could be experiential within SME's international circle. (Johanson et al., 2009).

Chapter two presented an overview of internationalization theories, concentrating on the Uppsala Internationalization theory, Net-work theory, and Network approach. Most of the owners and CEOs of SMEs do not study these models, particularly when going international. However, scholars and researchers update these models over time. But the owners accidentally follow these theories; sometimes, they use one or multiple ideas to succeed in international markets.



An accurate observation must focus on in chapter 4: empirical findings to further understand and experiment with SMEs internationalization. My point is that there's a relationship between the three companies concerning motives, challenges, and barriers that are interconnected.

The study shows that must deliver strategy funding to the SME's decision-maker. The policy developments should strengthen the choice maker's international outlook to successfully prepare and implement internationalization strategies. Therefore, to the progress of foreign languages, international corporate education, and training plans, followed in both universities and workshops, should receive better and continuous strategy delivery to inspire longer-term decision-makers in companies more familiar with different languages and cultures by adding their international learning. Furthermore, governmental organizations must think to enhance decision-makers awareness that a successful global movement is not reached through a more standardized or modified international marketing strategy. An optimal co-arrangement is achieved between the company's characteristics, the training and consulting sector, and the environmental conjuncture.

The absence of organizational talent with experience in international markets is another significant barrier these small companies face. One of the essential steps they can do in this objective is to create network relationships with firms in other countries and explore alliances and joint ventures by leveraging their abilities. SMEs can also build a complete website, and fairs at key international trade fairs are vital ways to develop their global networks and brand recognition. Small business organizations can also play a role in helping managers to obtain managerial experience outside the business, especially in the international field. Johanson and Vahlne (2009) stated that "Learning by experience results in a gradually more differentiated view of foreign markets and of the firm's own capabilities." (Johanson and Vahlne 2009, p. 6)

Creating needed organizational skills is much needed for effective internationalization. While nearly all SMEs don't have the resources to hire specialists people, therefore, "Governments should take the opportunity offered by SME owners' realization that they did not have all the skills needed to help their firms survive the crisis to encourage participation in general managerial skills development, including mentoring and business advice". (OECD, 2009, p. 12). The study found

that in the three case studies the utilization of new graduation people is not employed in proper ways; hence the analysis is recommended having good training programs between universities and SMEs in developing countries.

The effect of SMEs on the GDP; the government has to achieve this by launching simple lines of credit to SMEs international and letting them relax in customs and other responsibilities (UNCTAD, 2005). Regardless of the significance of SMEs to the economies of both developing and developed countries, they have customarily had difficulty acquiring formal credit or equity (UNCTAD, 2005). Acts also must be made to facilitate the logistical characteristics of the small enterprises regarding coordination and documentation. Such involvements have proven successful in UAE, India, and Malaysia. They have resulted in significant improvement in international by SMEs and inflow of much-needed foreign exchange to these countries.

## **6.2 Conclusion regarding the research questions**

This research aimed to explore the challenges and barriers SMEs face in developing countries and spot how the management controlled it so that the organization's performance would benefit the businesses and efficient decision-making. More clearly, the study sought to assist the new SMEs in developing countries in handling and managing perceived challenges by extracting the value of SMEs through supporting SMEs' decisions and development directions. The aim was to reply to one primary research question and sub-questions. The answers to those questions that helped the study results are presented below, starting with the sub-questions to explore the central question further.

What SMEs face challenges and barriers in developing countries before going international?

below is the list of the facts associated with the research questions:

1. The research found that modern international strategies and solutions facilitate access to new markets in real-time, helping optimize and rationalize the distribution of the products or services; these methods may increase the power to character with challenges and international barriers by the decision-maker or company owner.
2. Company owners must understand the international theories and select innovative solutions to support global processes, which will help uniform company and consistency globally.
3. Employing skilled people will also aid in streamlining international operations and finding the proper way and time to maneuver to global markets, increasing efficiency and creating income opportunities.
4. The SMEs carry all the business cards to define their destiny by making the proper choices to be in a powerful position, taking advantage of entry methods, choosing the correct international marketing strategy as a strategic asset, and hiring skilled people.
5. The present study clarifies that one of the motives for SMEs' internationalization is managerial desire. I observed that each of the three directors from the case studies has an organizational desire to go international. Their desire to gain profits and grow their companies managed them to require a step further.
6. Utilizing modern methods and solutions to face international challenges and barriers, handling and managing information efficiently gives longer analyses and creates opportunities to feature value to the global process.
7. The role of the management function in SMEs has widened and deepened to satisfy the evolving international market needs. Hence, employees' fear/resistance to change can create challenges and tensions at work.
8. The fast pace of technological development and a quantum increase in the quantity of accessible information creates many opportunities for SMEs in developing countries to go for international markets; these are also perceived as threats bringing new challenges to global processes.
9. Bad behavior of international bodies, culture, and language differences are high barriers in developed countries but negligible in developing countries ongoing international with a considerable geographical distance.

10. Considering the financially challenging situation for SMEs, it affects the companies' capability to require a foothold. It should also pose a challenge to remain up with the international markets.

### 6.3 New findings

1. The research concludes that government encouragement and tax benefits significantly impact the SMEs' international process and function motives in developing countries. The SMEs in developing countries experience an absence of government encouragement.
2. The study results were slightly unfortunate because everyone did not tell how pleased they were with the government's support for SMEs in developing countries, leaving overall satisfaction. Consequently, in the future, it is essential to investigate how the governments are supporting SMEs to emphasize highlighting valuable information, clarity, accuracy, and consistency to stay the decision-making in the very best way.
3. Case A and C companies internationalize to developing countries. Still, case B company decided to internationalize to a developed country. As a result, I learned that barriers might differ according to the company's business and activity, and barriers differ from the product company. Therefore, the effect of barriers is diverse at times: barriers considered at the primary stage of the internationalization process need not be a barrier forever.
4. The study finds that institutes and universities have a variety of research capabilities, abilities, and network connections. Therefore, institutes and universities can help SMEs in several ways, from assisting entrepreneurs in introducing their company, emerging knowledge, new products, and services to providing students with fixed-term projects aimed at business challenges, such as new product markets and international growth.
5. The present study analysed those motives impact several barriers; for example, in some crises in developing countries tend the managers to go internationally.

6. The despair and wrong policies from the governments are the most challenges that result as a motive for the managers to take a position in other countries.
7. In some cases, like A, organizational needs could be a desire to travel globally; it is also thought to be a barrier once they lack organizational skills. Furthermore, when the competition is high within the domestic market could even be an idea to search out another market.

#### **6.4 Limitations and Future Research Directions**

From an academic perspective, given the further need for research on internationalization at the SME level in developing countries, this study provides insight into challenges and barriers related to perceptions in the training and consulting sectors. The research addressed the research question based on the literature review, thus confirming various findings from previous research on similar subjects. Additionally, the study distinguishes between the determinants that have a more prevalent influence on a firm's initial internationalization involvement and those that strongly impact both domestic and international initiation and expansion. The analysis shows that suitable policy organizations and international marketing plans need to be utilized at the local and national levels to get other firms interested in moving into foreign markets by making decision-makers aware of the growth and income. Also, policy programs should focus on growing decision-makers international attitudes to successfully formulate and practice internationalization strategies. Thereby, the promotion of foreign languages, international exchange programs, and international business training should receive permanent policy delivery to get the future decision-makers in SMEs more familiar with different languages and cultures, thus supplementing their global propensity.

Regarding the study's limitations, given its qualitative nature, the findings cannot be statistically generalized; thus, the practical results and conclusion cannot be concluded to a more considerable number of samples than the one included in this study. Further studies should be conducted in various industrial and national

contexts by utilizing qualitative and quantitative methodologies to identify international firms' challenges and barriers, and perceptions and their influence on companies' internationalization behavior. Furthermore, given that this study analysed the challenges and barriers of the SMEs in developing countries on international involvement and expansion, future research should focus on investigating the direct incidence of organizational and environmental factors, together with the factors examined in this study, have on firm's internationalization performance. Other managerial factors such as personality traits should also be researched. It might also be interesting to examine further the influence of decision makers' characteristics and perceptions on other aspects of a firm's behavior, such as technological innovation or economic performance. However, the readers should be cautious in generalizing this study's findings to different economic settings. The below research limitations need to be considered:

Firstly, although the empirical data focused on a sample of SMEs training and consulting sector in developing countries, the findings could be of interest to firms in other developing countries.

Secondly, the study concentrated on a research design.

Thirdly, the restricted number of cases sample is a further restriction.

Fourthly, other global elements need to be considered: (technological, government, investment, and global marketing strategy).

Future research directions would be interesting to replicate similar studies in distinct geographical contexts to generalize the results to more significant samples.

## **6.5 Policy Implications**

Small and Medium Enterprises (SMEs) in developing countries have struggled to find skilled people. Though, they also deal with attractive human capital and keep managers who can improve the company.

In successful employment, the employer needs to engage skilled employees, convey their requirements, and prospects and explain how employees can go further if they do well.

Further than achieving precise human assets demands, governments and SMEs have no cooperation method to develop and manage their staff. New employees find fitting experience retaining and transferring forms challenging by capturing and sharing applications for creative purposes before joining the company. Such a system is essential in training new employees and fast-moving them up to speed.

For developing countries' SMEs to expand and grow, they must project out of the country. Employees equipped with the right managerial skills and business experience can help this occur. What programs can help SMEs with their individual investment needs as development continues with economic restructuring?

There are three programs that SMEs can now utilize for staff growth.

- A. By Providing a training system for workers, professionals, managers, and executives to upgrade their skills and enhance their expertise. The training program can cooperate with the institutes and the universities
- B. The training system will be beneficial because it will encourage companies and employees to adopt life-long knowledge, which is necessary for a fast-changing economic environment. The intention is to give companies time to improve employee productivity, then pay for the income growth.
- C. The government needs to co-finance salary increases for employees. To help SMEs in developing countries attract and engage university students through study training programs.

The SME training program will help to match SMEs with future young students and employees, but on its own, it cannot focus on the image dilemma that plagues the SME sector in developing countries.

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## APPENDICES

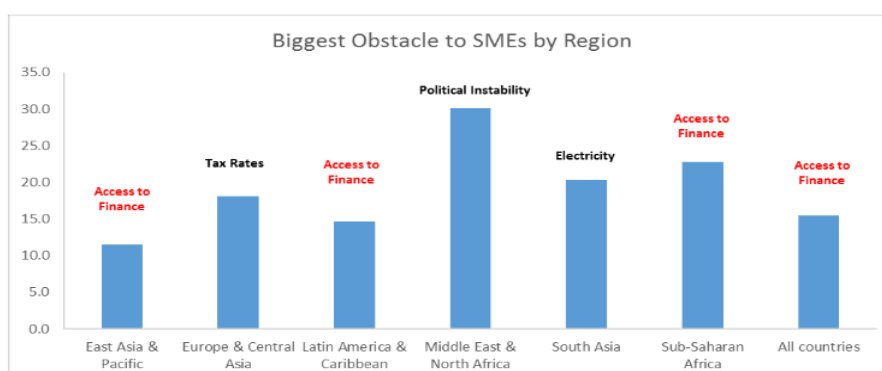
### Appendix 1. Online interviews questions

Topic	Questions
Company Back-ground	<p>When is it founded, and where?</p> <p>Who is the owner of the company?</p> <p>What is the function of the company?</p> <p>What is the owner's experience?</p> <p>Is the company considered some other international countries?</p> <p>How does the company work, and do you have any partnership with other companies in the same business?</p> <p>What is the vision of the company?</p>
Motives for Internationalization	<p>is there is demand in your country to compete in the market?</p> <p>How do you solve this problem?</p> <p>Do you innovate a new strategy or different ideas to be added advantage to go international?</p> <p>Is the company having an opportunity to enter the foreign market?</p> <p>Do you think collaborating with other institutions and organizations (exclusively) will be one of the motives to go international?</p>
Entry modes & Barriers to entering the market	<p>Is the capital matter to enter new foreign markets?</p> <p>What is the best time to enter new markets?</p> <p>What about Culture aspects?</p> <p>Are decision-makers playing a role in the new foreign markets?</p> <p>What about Finding customers in the internationalization process.</p>



	Do you think that lack of entrepreneurial, managerial, and marketing skills is a significant barrier when entering foreign markets?
Challenges to internationalization faced by the company	<p>the challenge is fulfilling customer requirements; how do you meet these requirements</p> <p>Do you think networks and good relationships are essential for expanding business in other countries?</p> <p>Financial performance is the biggest challenge. Economic challenges include management, capital, licensing, and trading, etc. How that effect the company?</p> <p>Economic picture of different countries must be factored into campaigns How you deal with it?</p> <p>good relationships with someone already in the foreign market will help to how to invest, where to invest, the results of the investments; governmental policies, tax information; benefits of doing business in that geographical location. How do you build this network?</p> <p>How is it useful for the company?</p>

## Appendix 2 Biggest Obstacle for SMEs By Region

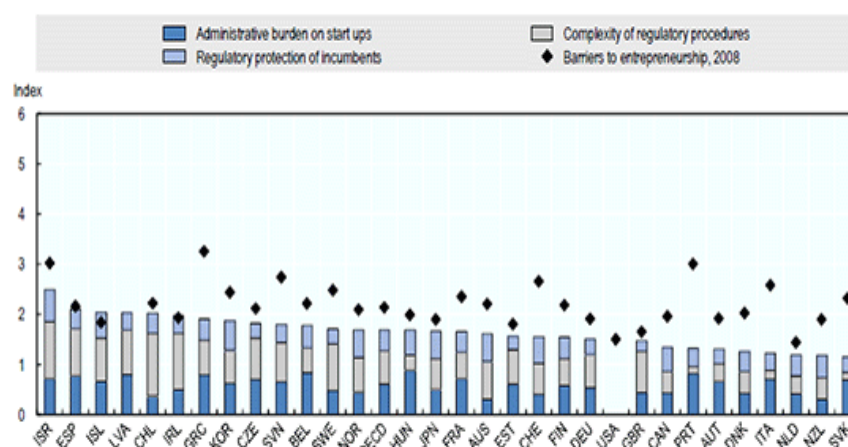


Source: World Bank Enterprise Surveys (2010-2016), Enterprise Surveys (<http://www.enterprisesurveys.org>), The World Bank

## Appendix 3 Title Barriers to entrepreneurship 2008 and 2013

Figure 2.1. Barriers to entrepreneurship, 2008 and 2013

Scores from 0 (least restrictive) to 6 (most restrictive)



*Note:* The year 2008 refers to the situation in 2007 for all countries with the exception of Chile, Estonia, Israel and Slovenia (2008). For Latvia, the 2008 observation is not available. For the United States, the 2013 observation is not available.