



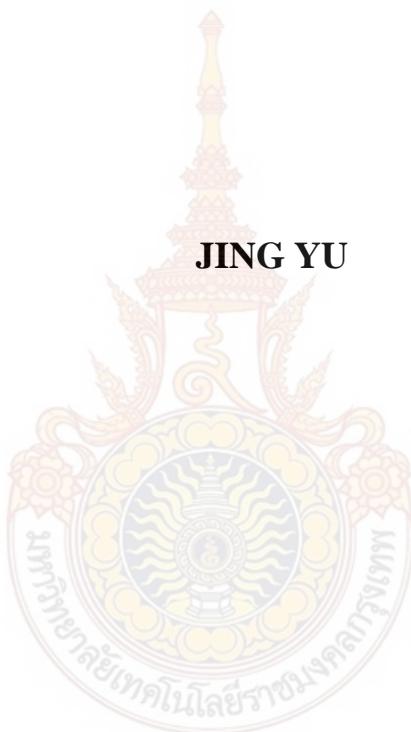
**THE INTERNATIONALIZATION OF GUIZHOU-BASED SMALL  
AND MEDIUM ENTERPRISES: AN ENTREPRENEURSHIP  
STUDY**



**A THESIS SUBMITTED IN PARTIAL FULFILLMENT  
OF THE REQUIREMENTS FOR THE DEGREE OF  
MASTER OF MANAGEMENT IN MANAGEMENT SCIENCE  
INSTITUTE OF SCIENCE INNOVATION AND CULTURE  
RAJAMANGALA UNIVERSITY OF TECHNOLOGY KRUNGTHEP  
ACADEMIC YEAR 2024  
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**Author** Jing YU  
**Major** Master of Management (Management Science)  
**Advisor** Associate Professor Dr. Daranee Pimchangthong

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<b>Year</b>	2024

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## ABSTRACT

The objectives of this study were to 1) identify the international entrepreneurship (IE) dimensions and examine the influence of IE dimensions on the internationalization process of SMEs in Guizhou, China, and 2) investigate the strategies and identify the barriers and challenges encountered during the internationalization of SMEs in Guizhou, China. A mixed-methods approach was employed, combining quantitative and qualitative methods. Surveys were administered to general managers and executive directors of SMEs to collect quantitative data, which were analyzed using multiple linear regression. Qualitative data were gathered through in-depth interviews with senior executives to identify strategies, challenges, and barriers Chinese SMEs encounter during internationalization. The analysis revealed that IE dimensions, both scope and degree of internationalization, significantly influenced the internationalization process of SMEs in Guizhou, China. The scope of internalization became the most significant influence on SMEs' internationalization process. The qualitative findings indicated that expenses for overseas expansion, finding trustworthy partners, and technology or innovation were the top three challenges. At the same time, the shortage of working capital for financing exports was the major barrier to the internationalization of SMEs

**Keywords:** SMEs' internationalization, international entrepreneurship, degree of internationalization, exporting funding

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# CHAPTER I

## INTRODUCTION

This chapter explains the research background, questions, objectives, framework, scope and limitations, definitions of key terms, and research significance.

### 1.1 Research Background

China's small and medium enterprises (SMEs) have played an important role in the recent globalization trend by actively seeking opportunities to expand internationally (Jia et al., 2020; Hänle et al., 2022<sub>a</sub>; Hänle et al., 2022<sub>b</sub>). Due to the rapid growth of SMEs, China's foreign direct investment (FDI) has had a compound average growth rate of 80% between 2012 and 2023. As a result, China's total foreign direct investment (OFDI) stock is projected to reach \$17,000.0 billion by 2023. SMEs in China differ from other sectors in terms of magnitude and quantity. In Guizhou, China, SMEs dominate economic activity by documenting their production processes. They respond rapidly to customer requests. According to the National Bureau of Statistics, 99.7% of Chinese firms are small or medium-sized. SMEs play an important role in foreign markets, accounting for 68.85% of China's total export and import value. Therefore, SMEs in China are essential in domestic and foreign economies (You & Solomon, 2015; Yao et al., 2016). SMEs dominate economic activity in Guizhou, producing high output and accounting for a sizable share of the country's total number of firms. Furthermore, the participation in foreign markets is enormous, accounting for 68.85% of China's total export and import value, demonstrating a significant contribution to world trade.

SMEs possess distinct attributes that can impact their choice to engage in global markets, setting them apart from giant businesses (Hutchinson et al., 2005; Svetličić et al., 2007). Several attributes relate to structure, administration, property limitations, and financial and human resource restrictions. Others acknowledge the influence of their actions. SMEs generally exhibit greater entrepreneurship, flexibility, and motivation, while major organizations possess larger economies of scale and coverage and greater financial and technological resources (Wright et al., 2007; Niazi,

2017). Large organizations have a greater advantage in overcoming trade obstacles throughout internationalization due to their more advanced resources and capabilities than small companies. Several studies have indicated that small and medium-sized enterprises (SMEs) exhibit lower commitment levels to internationalization than large businesses (Sommer, 2010; Osei-Bonsu, 2014; Kunday & Şengüler, 2015). Various factors contribute to this, such as fewer resources, less robust organizational structures, and limited understanding of target markets. The aforementioned structural constraints may cause these difficulties.

Given the significance of SMEs in the current market, numerous evaluations have been conducted on SMEs expanding their operations internationally. Some of these approaches concentrate on particular stages in the internationalization process of SMEs. In contrast, others address international entrepreneurship (IE) as a whole, with SMEs being a subset (Zhang et al., 2017). The first category of reviews includes studies on the participation of well-established international SMEs, the difficulties faced by SMEs in exporting, the motivations for SMEs to engage in international trade, the impact of information and knowledge on SMEs' internationalization process, and several ways in which SMEs enter foreign markets (Martineau & Pastoriza, 2016; Haddoud et al., 2021). While these studies pertain to the internationalization process of SMEs, there is still a lack of comprehensive research that examines all stages of this process. Ruzzier et al. (2006) conducted a study illustrating the differences in internationalization strategies between multinational corporations and small and medium-sized enterprises (SMEs). Additionally, Jones et al. (2011) conducted a comprehensive analysis of the literature on international entrepreneurship (IE), encompassing SMEs as a specific subdomain. As far as we know, there is still a need for investigations that specifically focus on the main characteristics of international entrepreneurship that drive the internationalization of small and medium-sized enterprises.

Furthermore, prior studies have highlighted the significance of globalization in assessing the competitiveness of small and medium-sized enterprises (SMEs) (Ahmedova, 2016; Foghani et al., 2017), resulting in a greater emphasis on effectively overseeing SMEs' internationalization procedures. Small and medium-sized enterprises (SMEs) utilize their expertise in handling internationalization-related

information and knowledge to extend their business operations worldwide effectively. Prior studies indicate that small and medium-sized enterprises (SMEs) encounter more intricate challenges when growing their commercial operations globally, unlike larger corporations (Muhammad et al., 2010; Petković et al., 2016). Therefore, this study also focuses on the obstacles that hinder SMEs from entering unfamiliar international markets. Prior studies have conducted empirical investigations on particular factors that impede the internationalization process for SMEs, such as environmental, financial, operational, and organizational limitations (Wright et al., 2007; Kunday & Şengüler, 2015). Previous studies indicate that SMEs experience higher levels of success in extending their operations globally when they utilize robust internal resources or receive incentives and/or support from external sources (Moore & Manring, 2009; Paul, 2020).

Furthermore, a recent study has examined the crucial factors contributing to SMEs' effective internationalization. Prior studies have investigated how SMEs can obtain support to grow their operations on a global scale (Moore & Manring, 2009; Herr & Nettekoven, 2018). External collaborators, local collaborators in the destination country, collaborators in the home country, and institutions that offer consulting services or facilitate international trade can provide this support. The specific process of internationalization that SMEs experience, such as start-up, early entry, and international growth, has received limited attention in this dynamic context. Furthermore, there has not been a comprehensive study that examines the different processes of SMEs' internationalization process.

This research focuses on the internationalization process of SMEs in Guizhou, China. The study's main objectives are to (1) identify the dimensions of international entrepreneurship (IE) that drive the internationalization of SMEs in Guizhou; (2) evaluate the impact of these IE dimensions on the internationalization of SMEs; (3) examine the strategies used in the internationalization process of SMEs in Guizhou; and (4) investigate the obstacles and challenges faced by SMEs in Guizhou during the internationalization process.

## 1.2 Research Questions

The background research concerns have led to the identification of four research questions in this study. These questions are:

- 1) What aspects of International Entrepreneurship (IE) do Guizhou-based SMEs exhibit while pursuing internationalization?
- 2) How do the IE dimensions inherent in SMEs affect their internationalization?
- 3) What is the strategy for the phases of the internationalization process for small and medium enterprises (SMEs) in Guizhou, China?
- 4) What are the barriers and challenges in the stages of the SME internationalization process in Guizhou, China?

## 1.3 Research Objectives

The research objectives are derived from the defined research questions.

- 1) Determine the dimension of international entrepreneurship (IE) that promotes the process of internationalization for small and medium enterprises (SMEs) in Guizhou, China.
- 2) Examine the impact of international entrepreneurship (IE) dimensions on internationalization of small and medium enterprises (SMEs).
- 3) Investigate the strategies small and medium-sized enterprises (SMEs) in Guizhou have taken to broaden their operations globally.
- 4) Identify the barriers and challenges encountered during internationalization for small and medium-sized enterprises (SMEs) in Guizhou, China.

## 1.4 Research Hypothesis

Hypothesis 1: The International Entrepreneurship (IE) dimensions, including degree, scope, and internationalization speed, influence SMEs' internationalization.

## 1.5. Scope and Limitation of the Research

### 1.5.1. Scope of the Research

1) Identify the dimensions of International Entrepreneurship (IE). This identification involves in-depth analysis to identify IE dimensions, which include aspects of international entrepreneurship such as the ability to adapt to the global environment, the ability to innovate for global markets, cross-cultural managerial skills, and global networking capabilities that can influence the internationalization process of SMEs in Guizhou, China.

2) An assessment of the impact of IE dimensions on the internationalization of SMEs encompasses three crucial dimensions of IE: the degree of internationalization, the scope of internationalization, and the speed of internationalization.

3) This study investigates the internationalization strategies used by SMEs in Guizhou. This entails an internationalization procedure that relies on indications of SMEs' internationalization.

4) The study delves into the barriers and challenges Guizhou's SMEs face as they broaden their global operations. This study identifies elements such as international trade restrictions, cultural influence, financial considerations, and market entry.

### 1.5.2. Limitation of the Research

Geographical constraints and the size of the research samples limit the research. The scope of the study is confined to Guizhou, China; hence, the ability to apply the findings to other places may be restricted. However, it is important to note that the research sample comprised only 20 SMEs. Therefore, it is possible that this sample may not accurately represent the whole range of SMEs in the Guizhou region of China or other locations.

## 1.6. Research Framework

Small and Medium Enterprises (SMEs) primarily facilitate international entrepreneurship (IE). The three dimensions of IE, namely degree of internationalization, scope of internationalization, and speed of internationalization,

encourage SMEs to enter international markets and compete globally. Therefore, by identifying the dimensions of IE that encourage the internationalization of SMEs in Guizhou, China, we can clearly define the strategic study steps for the various stages of the SMEs internationalization process. The stages of the internationalization process studied include preparation, expansion, and decision-making. This study of decision-making is important in order to examine how decision-making influences the internationalization process. The study of the SME internationalization strategy also led to identifying obstacles and challenges in decision-making. In summary, Figure 1.1 below illustrates the research framework.

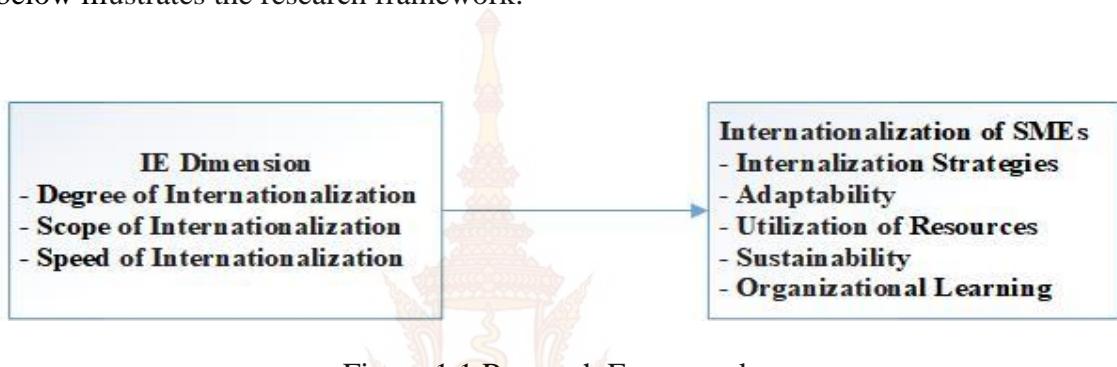


Figure 1.1 Research Framework

## 1.7 Definition of Key Terms

This section aims to establish a clear and accurate understanding of the concepts utilized in this investigation by offering explicit definitions of essential words.

### 1.7.1. International Entrepreneurship (IE)

International entrepreneurship (IE) is defined as identifying and exploiting business opportunities in global markets, integrating resources and capabilities across borders (between countries), and facing challenges and risks in an international context.

### 1.7.2. Dimension of Internationalization Entrepreneurship (IE)

The three primary aspects of entrepreneurial internationalization are degree, scope, and speed.

- The degree of internationalization measures the proportion of a company's foreign sales compared to its total sales. It indicates the level of exposure to global markets.

- The scope of internationalization refers to the extent to which an entrepreneurial firm is involved in several countries or areas, reflecting the diversity of its international activities.
- The speed of internationalization refers to the duration from when a company is established to when it makes its initial sales in foreign markets. Therefore, this dimension gauges the time until the company's initial entry into the international market, highlighting the early exposure to foreign market conditions.

#### **1.7.3. Small and Medium Enterprises (SMEs) in China**

Small and medium enterprises (SMEs) in China refer to a specific set of businesses that meet certain criteria. These criteria include having fewer than 3000 employees and an annual turnover of less than ¥4000. We further categorize SMEs into micro (less than 500 employees), small (500–1000 employees), and medium (1000–3000 employees).

#### **1.7.4. Internationalization (Global Expansion)**

Internationalization (global expansion) is the process in which enterprises, step by step, expand their involvement in an international context through trading activities or direct investment beyond their domestic markets. These phases involve strategic planning and practical ways the companies decide to enter the global competitive markets, operate, and expand their influences, reputation, and quality to increase companies' profits and sustainability in global markets.

#### **1.7.5. Internationalization of SMEs Indicator**

The indicators for internationalization SMEs encompass the value of SMEs' direct exports and imports, the sales of SMEs that foreign enterprises subcontract, the value of purchasing SMEs from foreign subcontractors, and the revenue from collaboration with foreign enterprises through joint ventures, non-equity alliances, licensing, and franchising.

### **1.8 Significance of Research**

The significance of this research is multifaceted and can be outlined as follows.

## **1) Enhancing Understanding of SME Internationalization in Emerging Economies**

This study offers valuable insights into the internationalization processes of SMEs within an emerging economy, explicitly focusing on Guizhou, a less explored region in China. By shedding light on this area, the research contributes to a more nuanced understanding of how SMEs in diverse economic and geographical contexts engage with global markets.

## **2) Highlighting the Role of International Entrepreneurship (IE)**

The research emphasizes the critical role of International Entrepreneurship in driving the internationalization of SMEs. By identifying and analyzing the specific dimensions of IE in these enterprises, the study advances the conceptual understanding of IE's impact on global business expansion.

## **3) Informing Policy and Business Strategy**

The findings of this research can inform policymakers and business leaders about the key factors that facilitate or hinder the internationalization of small businesses in regions such as Guizhou. It can lead to more effective policies and strategies that support SME growth and international competitiveness.

## **4) Bridging Research Gaps**

The study addresses a significant gap in the existing literature by focusing on SMEs from a less-studied inland region of China. It contributes to a more comprehensive global perspective on the internationalization of SMEs, moving beyond the coastal or economically dominant regions.

## CHAPTER II

### LITERATURE REVIEW

This chapter presents a comprehensive analysis of the theoretical framework and empirical studies related to research. Research encompasses theories regarding small and medium-sized enterprises (SMEs) in China and the internationalization of SMEs and international entrepreneurship (IE). Additionally, the study includes a comprehensive analysis of previous research conducted over the past two decades.

#### **2.1. Related Theories**

##### **2.1.1. Small and Medium Enterprises (SMEs) in China**

In China, the definition and understanding of small and medium-sized enterprises (SMEs) differ from those in other countries and regions (Cunningham & Rowley, 2007; Perera & Chand, 2015). The National Bureau of Statistics of China (2009) defines SMEs, considering factors such as industry, number of employees, sales, and total assets, as outlined in Table 2.1. In contrast, the European Union defines SMEs as businesses with fewer than 250 employees, annual revenues of no more than €50 million, and/or an annual balance sheet total not exceeding €43 million (European Commission, 2011). Meanwhile, the United States classifies SMEs as companies with up to 500 employees, according to the OECD (2011). These definition variations stem from differences in the criteria used to classify SMEs. These discrepancies at both the national and international levels influence the support and regulation of the SME sector.

The National Bureau of Statistics of China's definition reflects the complexity and scale of businesses in the country, considering factors like employee numbers, sales, and total assets (Xiangfeng, 2007; Cardoza & Fornes, 2011). It captures SMEs' unique characteristics and challenges in China's rapidly expanding market. SMEs are instrumental in driving innovation, creating jobs, and contributing to economic growth as the economy continues to evolve (Müller & Voigt, 2018; Del Giudice et al., 2019). A comprehensive understanding of how SMEs function in China

is crucial for formulating policies that promote the growth and competitiveness of this sector in an increasingly interconnected global economy.

Table 2.1. Definition of Small and Medium Enterprises (SMEs) in China

	<b>Employees</b>	<b>Sales</b>	<b>Total Assets</b>
Industry	2000	3000	4000
Construction	3000	3000	4000
Wholesale	200	3000	
Retail	500	1000	
Transportation	3000	3000	
Postal service	1000	3000	
Accommodation and restaurant	800	3000	

Source: National Bureau of Statistics of China (2009)

Variations in SME definitions across China, the European Union, and the United States also demonstrate the intricacy of the attributes and requirements of small and medium enterprises in each nation (Henschel & Heinze, 2018). Although several parameter definitions can offer a comprehensive perspective on the diverse sizes and scopes of small and medium enterprises (SMEs), they also emphasize the importance of the local context in comprehending and facilitating the expansion of the SME sector. By understanding the scale and characteristics of the various small and medium enterprises (SMEs), governments, institutions, and commercial entities can formulate more efficient and encouraging policies to promote the growth of the SME sector, both nationally and internationally.

### **2.1.2. Internationalization of Small and Medium Enterprises (SMEs)**

Various disciplines have examined the importance of business size as a crucial control variable in studying a range of phenomena. An often-employed categorization of companies is the division between large enterprises (LEs) and small and medium enterprises (SMEs). Legal classifications are typically determined by

either the size or the total income. In terms of size, SMEs are defined as having a maximum of 250 people according to the EU standard (Eurostat 2019), 500 employees according to the US definition (Office of the United States Trade Representative 2019), and up to 3000 employees for Chinese enterprises (Ecovis Beijing 2019; Steinhäuser et al., 2021). Regarding revenues, the EU defines typical enterprises as those with a maximum of €43 million. While the literature on exportation acknowledges the importance of company size, recent research in international entrepreneurship questions the role of firm size in determining its export potential.

Numerous factors contribute to the differences in strategies, performance, and patterns between large enterprises (LEs) and small and medium enterprises (SMEs). Small and medium enterprises (SMEs) often face financial, physical, and human resources limitations, hindering their ability to fully implement all available strategies that larger enterprises (LEs) might pursue. According to Paul et al. (2017), small firms face more difficulties than large firms when exporting. Their limited resources and competencies make them less appealing to potential partners who could provide additional resources that complement their own (Hollender et al., 2017). Small and medium enterprises (SMEs) possess limited political influence when shaping public policies that impact their interests. However, they are typically more adaptable, rapidly embracing emerging methods best suited for significant environmental changes (Wu & Deng, 2020).

Experts have shown growing interest in the internationalization of small and medium-sized enterprises (SMEs) in recent years. Although influenced by many theoretical models (Paul et al. 2017), research on this issue remains fragmented. Blackburn and Kuivalainen (2015) disapproved of small enterprises and entrepreneurship research. They highlighted its deficiencies as varying objectives and conflicting stakeholder expectations, inadequate development of research methods, and insufficient integration with established academic literature. Kuivalainen et al. (2015) proposed a conceptual framework to improve understanding of the internationalization of SMEs. The framework consists of antecedents, internationalization patterns, and outcomes, and it aims to identify research gaps. Specifically, the authors emphasize the importance of studying the time dimension of internationalization patterns. Since 1999, significant examinations have been conducted on the internationalization of SMEs and

IE, starting with the research conducted by Oviatt and McDougall in 1999. Most studies have concentrated on particular stages of the SMEs' internationalization process, such as entry modes, international participation, and exporting stimulus. However, there are also more comprehensive examinations of IE, which encompass the internationalization of SMEs as a subset of the field (Jones et al., 2011).

Integrating techniques prioritizing resource efficiency, organizational learning, adaptability, and sustainability can significantly improve the success of SMEs seeking internationalization. Teece, Pisano, and Shuen (1997) noted that for SMEs to prosper in various frequently unpredictable worldwide markets, they must be flexible and agile. For example, to better understand local consumer behavior, tastes, and operational flexibility—such as shifting the supply chain from upstream to downstream to accommodate local markets – conduct marketing research, for instance. Barney (1991) highlighted the need for SMEs to use both internal and external resources efficiently. The term "internal resources" describes applying fundamental skills such as invention and expertise in technology. Creating alliances and partnerships to reach new markets is called using external resources. According to Elkington (1997), SMEs can improve their brand reputation and compliance with international regulations by incorporating sustainability into their international strategies. Examples include implementing environmentally friendly products or participating in corporate social responsibility (CSR) that benefits local communities in foreign markets. SMEs prioritizing organizational learning are better able to innovate and adapt, which entails continuously gaining and using new knowledge to improve procedures and strategies, as Argyris & Schön (1978) noted.

In summary, the following components can be included in an integrated internationalization strategy to improve significantly SME performance:

1. **Adaptability:** SMEs should continue to be adaptable and sensitive to the demands of the local market, making necessary adjustments to their operations and product lines.
2. **Resource utilization:** Make the most of internal and external networks to enhance competitive advantage and operational efficiency.

3. Sustainability: To comply with legal obligations, improve company reputation, win over environmentally conscious customers, and integrate environmentally friendly procedures into business models.

4. Organizational learning: enhances creativity, strategic flexibility, and decision-making, as well as cultivates an ongoing learning environment.

### **2.1.3. Internationalization of SMEs in China**

Currently, Chinese SMEs account for more than 50% of the country's exports, making them significant participants in global trade (Cardoza & Fornes, 2013). Their success story offers compelling proof that Chinese SMEs have quickly and effectively adjusted their organizational structures, practices, and capacities to compete effectively in global markets (Suárez-Ortega & Álamo-Vera, 2005; García-Cabrera, 2017). This necessitates an understanding of their global expansion in the scholarly literature. Nevertheless, attributes identical to the Chinese situation have impeded comprehension of this matter. Firstly, the amalgamation of the aforementioned variables presents difficulties in analyzing and comprehending the global expansion of Chinese SMEs within existing theoretical frameworks.

Furthermore, the various phases of their growth and the fact that private SMEs in China were only officially acknowledged by the government after 2002 pose challenges in applying the concepts and frameworks designed for Western companies with a lengthy history of operating in a free market setting and established institutional structures. Furthermore, different types of SMEs and the varying development strategies adopted by different areas of China indicate the country's unique economic landscape. Furthermore, variations in the definition of SMEs and the unit of analysis provide challenges in comparing research results between nations and hinder the feasibility of conducting cross-regional studies. The absence of any scholarly research on Chinese companies, particularly SMEs, published in the most renowned management journals is compelling proof of the challenges in analyzing and comprehending this phenomenon.

### **2.1.4. SMEs' Internationalization Phase**

Numerous analyses have examined individual phases of SME internationalization rather than providing a comprehensive and unified perspective of the entire process. Bruneel and Eggers et al. (2013) and Hollender et al. (2017)

conducted a comprehensive analysis of the current state of the decision-making process of small and medium-sized enterprises when entering overseas markets. Terjesen et al. (2016) proposed the international entrepreneurship (IE) paradigm as a foundation to categorize research on SME entry routes into antecedents, processes, and outcomes.

Previous research has described multiple evaluations of antecedents, including the decision to internationalize. Francioni et al. (2016) introduced a categorization system for SME size using the well-known 52 export stimuli developed by Leonidou (1995). This study incorporated new factors that influence SMEs, which were classified as internal or external drivers. Among the categories were human resources, research and development (R&D), innovation, productivity, marketing/sales, and internal purchasing. Furthermore, factors related to both the home and host countries, as well as external networks, were considered.

Costa et al. (2016) conducted a systematic literature review that examined the impact of information, knowledge, and collaboration on the decision-making process of SMEs regarding internationalization. Martineau and Pastoriza (2016) comprehensively analyzed existing research on the international participation of SMEs. Their work developed a framework of factors influencing pre-internationalization stages and outcomes. The antecedents were divided into three levels: environmental, firm, and individual. International involvement was categorized into two factors: propensity and intensity. The outcomes were divided into general outcomes and performance outcomes. Although this work offers a comprehensive approach to the subject, it focuses exclusively on SMEs' global engagement and does not address the various stages of internationalization.

Laufs and Schwens (2014) established a connection between the theoretical models discussed in the reviewed articles (transaction costs theory, eclectic paradigm, institutional theory, and social capital theory/network theory) and the specific characteristics of SMEs identified by the authors (financial and resource constraints, susceptibility to external influences, and family-based management structures).

### **2.1.5. International Entrepreneurship (IE)**

The internationalization of enterprises refers to the strategic expansion of business activities across international borders, involving various dimensions such as market entry, global expansion, and the management of international operations

(Susman, 2007; Adel et al., 2018). It is a process through which firms expand their business operations and activities beyond their domestic borders to engage in international markets, including establishing a presence in foreign countries, conducting cross-border trade, and engaging in international business activities. Internationalization allows enterprises to access new markets, resources, and opportunities, thus contributing to their growth and sustainability. Sommer (2013). This process is particularly crucial for small and medium-sized enterprises (SMEs), as it enables them to overcome resource restrictions and access global markets, contributing to their competitiveness and long-term success (Onkelinx et al., 2016; Li et al., 2004).

The internationalization of enterprises is influenced by various factors, including entrepreneurial orientation, management commitment, human capital, and institutional investors (Javalgi & Todd, 2011; Panicker et al., 2019). Furthermore, the degree of internationalization is associated with the company's foreign income, innovation, and organizational learning, contributing to its internationalization strategy and performance (Cui, 2022; Li et al., 2017). Furthermore, the internationalization of companies is closely linked to their financial performance, technological diversification, and R&D internationalization, which play an important role in promoting innovation and market globalization (Jing & Wang, 2021). The internationalization process also involves the development of international strategies, standards, and early warning systems to manage the risks associated with internationalized supply chains and global operations (Pan et al., 2020; Zhang & Yang, 2008).

In summary, the internationalization of companies encompasses the strategic expansion of business activities across international borders, involving various dimensions such as market entry, global expansion, and the management of international operations. Many factors influence it and are critical in enhancing enterprises' competitiveness, growth, and sustainability, particularly SMEs.

### **2.1.6. Dimension of International Entrepreneurship (IE)**

McDougall (1989) initiated the focus of International Entrepreneurship (IE) on new companies that rapidly and aggressively expand internationally soon after they are established (Oviatt & McDougall, 1996). The literature on international entrepreneurship has recently expanded to include cross-border expansion of enterprises, regardless of their size and age (Jones et al., 2011; Zahra, 2017). The

current article centers on companies' entrepreneurial internationalization, which aligns with the subject's progress (Jones et al.). Therefore, a significant portion of the existing research focuses on the international expansion of young and small companies, such as born globals (Cannone et al., 2014), early internationalizers (Gallego & Casillas, 2014), or international new ventures (Gabrielsson et al., 2014).

Entrepreneurial companies are typically distinguished by their actions and operations (Zahra, 2017). International expansion (IE) refers to companies' inventive and risky actions as they grow or shrink their operations in foreign markets (Zahra, 2017). Entrepreneurial internationalization is a strategic approach that requires companies to carefully select the optimal degree of foreign involvement (Autio, 2017) to succeed. The early study suggests a direct and positive relationship between a company's internationalization and success. However, a more comprehensive perspective considers an internationalization plan's advantages and disadvantages (Luo & Tung, 2007). The latter argument is especially relevant in IE due to its inventive, proactive, and hazardous nature (McDougall & Oviatt, 1996). Therefore, although entrepreneurial internationalization provides organizations with opportunities for expansion and the generation of value, adopting this strategy also exposes them to risks and probable failure, which could adversely affect their performance (McDougall & Oviatt, 1996).

In their study, Zahra (2017) delineates three fundamental aspects of an entrepreneurial internationalization plan. The degree of internationalization measures the proportion of a company's total sales from foreign markets. It indicates the level of exposure of the company to international markets. The scope of internationalization refers to the range of nations or regions in which an internationalizing entrepreneurial firm operates, reflecting the extent of the firm's international activity. The pace of internationalization refers to the duration from when a company is established to when it makes its initial sales in foreign markets. Therefore, this dimension measures the duration until the company initially expands its operations internationally, demonstrating how early it is exposed to foreign market conditions. Internationalization at a younger age means that internationalization happens more quickly. Multiple previous studies concur that the degree, scope, and speed of internationalization are

significant factors for distinguishing various characteristics of a firm's entrepreneurial internationalization (Perks & Hughes, 2008).

### **2.1.7. Relationship between Small and Medium Enterprises (SMEs) and International Entrepreneurship (IE)**

SMEs and International Entrepreneurship (IE) are closely associated (Oparaocha, 2015), and SMEs play a crucial role in the practical implementation of the principles of IE. International entrepreneurship empowers small and medium-sized enterprises (SMEs) to identify and take advantage of business prospects in global markets (Niazi, 2017), adapt to changes in the international business landscape through innovation, and effectively handle the difficulties and uncertainties that come with expanding across borders. Small and medium-sized enterprises (SMEs), which have limited resources and operational scale, frequently depend on international entrepreneurship (IE) principles to negotiate the intricacies of global marketplaces (Wright et al., 2007), establish worldwide business networks, and attain success in expanding into foreign markets. Therefore, small and medium enterprises (SMEs) and international entrepreneurship (IE) work together to support and enhance business expansion and achievement on a global scale.

Furthermore, the participation of small and medium-sized enterprises (SMEs) in industrial ecology (IE) activities can provide several advantages for the whole economy (Dey et al., 2022). These include creating more job opportunities, fostering local and national economic expansion, and improving the country's competitiveness in the global marketplace. SMEs can increase a country's economic opportunities by enhancing cross-border links and participating in import and export activities.

Therefore, collaboration between small and medium enterprises (SMEs) and industrial engineering (IE) affects the individual companies involved and can contribute significantly to overall economic growth. By implementing International Entrepreneurship (IE) concepts, small and medium-sized enterprises (SMEs) can improve their competitiveness in the global market. Increasing market share can foster product and service innovation (O'Cass & Weerawardena, 2009; Oparaocha, 2015) and expand geographic reach to achieve these goals. International Entrepreneurship (IE) provides small and medium-sized enterprises (SMEs) with a framework to adapt to

various business environments, expand international business connections, and develop strategies that enable them to compete effectively in the highly competitive global market. Therefore, integrating SMEs with industrial engineering (IE) supports the growth of individual organizations and contributes significantly to overall economic advancement.

Several evaluations have examined the topic of international business as a domain that includes the subdomain of internationalization of small and medium-sized enterprises (SMEs). Ruzzier et al. (2006), Chandra et al. (2020), and Steinhäuser et al. (2021) have devised an international entrepreneurship conceptual model to comprehend the distinctions and resemblances in the internationalization of small and medium-sized firms (SMEs) and multinational enterprises. The framework outlined a process with four crucial dimensions: method, market, product, and time. The importance of human and social capital is highlighted, with the internationalization process influenced by the features of the firm and the environment. Subsequently, the performance of the firm is analyzed. An issue with this proposed framework is that it does not consider the interplay between its components. Therefore, more research is needed to address this concern.

## **2.2. Related Studies on Small and Medium Enterprises (SMEs) and International Entrepreneurship (IE)**

Research on studies of small and medium enterprises (SMEs) and international entrepreneurship (IE) has experienced significant growth over the past twenty years, as evidenced by the works of Wright et al. (2007); O'Cass & Weerawardena (2009); Weerawardena & O'Cass (2009); Kuivalainen et al., (2012); Gil-Pechuan et al., (2013); Oparaocha (2015); Dimitratos et al, (2016); Nuseir (2016); Thanos et al, (2017) & Zahoor et al, (2023).

- Investigation Wrght & Ucbasaran (2007) conducted a study that offers a valuable understanding of how small and medium-sized enterprises (SMEs) internationalize and their connection with international entrepreneurship (IE). However, this research does not provide specific strategies SMEs can employ to succeed in their

international expansion. Furthermore, the study does not explore the role of each dimension of international entrepreneurship in SMEs' internationalization processes.

- Investigation O'Cass and Weerawardena (2009) conducted a study that explains how international entrepreneurship, innovation, and foreign market performance contribute to expanding small and medium-sized enterprises (SMEs) into international markets. However, this research has not examined the elements related to the International Entrepreneurship (IE) component that contribute to the international growth of small and medium enterprises (SMEs).

- Investigation Weerawardena & O'Cass (2009): This study investigates the significant correlation between international entrepreneurship, innovation, and international market performance within small and medium-sized enterprises expanding into global markets. However, this research has not thoroughly examined the variables and aspects of international entrepreneurship (IE) that promote the internationalization of small and medium enterprises (SMEs)

- Investigation Kuivalainen et al. (2012): This study investigates the various strategies and trends that small and medium enterprises (SMEs) use to expand their activities into global markets. However, it has not yet examined the specific stages of internationalization in SMEs.

- Research Gil-Pechuan et al. (2013): This research provides in-depth insights into international entrepreneurship in SMEs that focus on the textile industry. This research identifies the factors that influence international entrepreneurial practices in this sector.

- Research Oparaocha (2015): This study examines the impact of institutional networks on the ability of small and medium-sized enterprises (SMEs) to develop and implement internationalization strategies. This approach offers significant insights into the pivotal role of environmental conditions and institutional frameworks in the successful worldwide expansion of small and medium-sized enterprises (SMEs). However, this research does not thoroughly examine the practical implementation of institutional network-based strategies in international business situations, mainly because the strategies applied at each stage of the SMEs' internationalization process remain unreported.

- Research Dimitratos et al. (2016) This study highlights the significance of an entrepreneurial culture in the global expansion of small and medium-sized enterprises. Offers valuable information on the role of cultural variables and entrepreneurial attitudes in achieving success in the global market. However, this research has not disclosed any way to achieve successful internationalization.

- An investigation by Nuseir (2016) conducted a study that contributes to our understanding of how international entrepreneurship affects the export performance of small and medium companies (SMEs) in Jordan. The study used structural equation modeling (SEM) to analyze the data and offer complete results. However, this research has failed to consider three crucial aspects of IE.

- The study by Thanos et al. (2017) offers valuable insights into the impact of international entrepreneurial orientation, politicization, and unfriendliness on the international performance of small and medium enterprises (SMEs). This study provides a comprehensive understanding of the complexity of these variables within the framework of small and medium enterprises operating in international markets. However, this research has not disclosed the strategies employed in internationalization.

- Research The research was conducted by Zahoor et al. (2023). This study offers significant information on the internationalization patterns of small and medium enterprises (SMEs). This study examines numerous strategies and trends small and medium enterprises employ to expand their presence in international markets. Researchers can use the findings of this investigation as a benchmark to compare the stages of internationalization in small and medium enterprises.

Researchers in this field have received additional support for their findings from analyzing relevant research on small and medium-sized enterprises (SMEs) and international entrepreneurship (IE) conducted over the past two decades. By systematically analyzing the various dimensions of international entrepreneurship (IE) that influence the internationalization process for SMEs and investigating the strategies, barriers, and challenges faced by SMEs' international expansion, this study provides a significant and beneficial scientific contribution.

## CHAPTER III

### RESEARCH METHODOLOGY

*The Research on the Internationalization of Guizhou-based Small and Medium Enterprises: An Entrepreneurship Study.* This chapter begins with the research design, population, samples, data collection methods, research instrument, content validity and reliability, and data analysis used in this study, which is described in terms of statistical techniques and their interpretation.

#### **3.1. Research Design**

The study of SMEs in Guizhou, China, adopted a sequential explanatory mixed-methods design. The design comprises two stages: collecting quantitative data through questionnaires and then collecting qualitative data using in-depth interviews. The quantitative analysis aimed to identify the dimension of IE that facilitates the internationalization process of SMEs in Guizhou and explore how these IE dimensions influence SMEs in the region. The conceptual framework was developed from theories and related studies. The independent variable was the dimension of the IE, including *degree, scope, and speed of internationalization*. The dependent variable was the internationalization of SMEs, including *internationalization strategies, adaptability, resource utilization, sustainability, and operational learning*. The qualitative analysis aimed to find strategies for the process phase and barriers and challenges in the stages of SME internationalization in Guizhou, China. Data was collected by conducting in-depth interviews with senior executives of the six chosen SMEs. The interviews focused on strategies, barriers, and challenges of the SME's process stages.

#### **3.2. Population and Samples**

##### **3.2.1. Population**

The study covers all SMEs located in Guizhou, China. In December 2023, the number of SMEs in Guizhou, China, was recorded at 1,000, according to the source, [www.equivzhou.gov.cn](http://www.equivzhou.gov.cn). With the specific study criteria on the international expansion

of SMEs and the limited study time, 20 SMEs were selected across Guiyang, Zunyi, Bijie, and Liupanshui. The study was based on a strategic rationale to ensure a comprehensive and representative understanding of SMEs internationalization and entrepreneurialism in Guizhou. These four cities are pivotal economic hubs within the province, each presenting a unique business environment and contributing significantly to the region's GDP. By incorporating SMEs from these diverse urban centers, the study aimed to encapsulate a broad spectrum of international business practices, entrepreneurial orientations, and market engagement strategies prevalent among Guizhou SMEs. With the variety of SMEs and the objectives of this study, data were collected from top executives and managers of 20 SMEs; therefore, the population of this study was 220.

### **3.2.2. Samples**

The sample was collected from top executives and managers from 20 SMEs engaged in international expansion in Guizhou, China. The sample size 142 was calculated using the Yamane formula at  $\pm 5\%$  precision levels, where the confidence level is 95% and  $p = .5$  (Yamane, 1967). However, only 102 respondents completed the questionnaires, representing 71.83% of the target respondents.

### **3.2.3. Sampling Methods**

The research uses purposive sampling approaches to gather data. The selection of samples depends on specific criteria, such as expertise, background, or attributes relevant to the research objectives. The process of recruiting executives and managers involves a systematic approach. The initial identification of potential SME participants was based on criteria such as their participation in international markets, the diversity of their industries, and their operational scale. This ensures that the study encompasses various business models and internationalization experiences. Subsequently, critical decision-makers within these SMEs are approached, emphasizing recruiting individuals who hold significant roles in international business operations or strategic planning, thus guaranteeing that the data collected is relevant and informed by hands-on experience in international entrepreneurship.

This methodological strategy was designed to provide a rich, multidimensional perspective on the dynamics of SME internationalization in an emerging economic context. By engaging with various high-ranking executives and

managers across a spectrum of SMEs, the study aimed to provide insights that were not only statistically significant but also contextually rich and grounded in real-world business scenarios.

### **3.3. Data Collection**

Since this study employed the mix method, data collection comprised 2 sections. The first section was the quantitative research method that used questionnaires to collect data. The structured questionnaire survey was designed and distributed online through WeChat and the online platform [www.wjx.cn](http://www.wjx.cn). The second section used semi-structured questions to conduct interviews with top executives of three selected SMEs to gather data on the challenges and obstacles faced in the internationalization process. The interviews focused on three dimensions of internationalization: degree, scope, and speed. Different SMEs represented each dimension, and two top management individuals were interviewed from each SME.

### **3.4. Research Instrument**

A questionnaire was designed and used as a tool to collect data. The tool has been developed with the following steps:

1. Study methods to develop questionnaires from related documents and textbooks.
2. Concepts, theories, and research documents. Consider various details to cover the stated research objectives.
3. Draft the questionnaire according to the conceptual framework and objectives of the research to be used as a tool for collecting data from sample groups.
4. The developed questionnaire was evaluated by 3 experts in the field for content validity, e.g., to check the language understanding and appropriateness of the content.
5. The adjusted questionnaire from the expert comment was used for a pretest by collecting data from 30 samples. Data were used to calculate reliability tests.
6. Take the wholly edited questionnaire and pass the reliability test to collect data from the next designated sample group.

The online questionnaire survey was setup and used to collect relevant data for this study. The questionnaire was divided into five parts.

### 3.4.1. Questionnaire

The questionnaire was structured to obtain quantitative data pertinent to the research questions. This questionnaire consists of five parts, including:

Part I: The business profile, including year of operation, year of international presence, and the number of employees. The questions were multiple choices.

Part II: International SME indicators as shown in Table 3.1. The questions were fill-in-the-blanks.

Table 3.1: International of SMEs Indicators and Meaning

Indicators	Meaning
1	Value of SMEs' direct exports
2	Value of SMEs' direct imports
3	Value of SMEs' investment abroad
4	Value of SMEs' sales being subcontracted by foreign enterprises
5	Value of SMEs' purchase from foreign subcontractors
6	Value of SMEs' revenue from cooperation with foreign enterprises under joint ventures, non-equity alliances, licensing, franchising

Part III: Dimensions of International Entrepreneurship, consisting of *degree, scope, and speed of internationalization*. The questions are 5-point Likert scales.

Part IV: Internationalization of SMEs, which consists of *adaptability and competitive strategies, utilization of resources and collaboration, sustainability, government support, market performance, adaptation, and organizational learning*. The questions are 5-point Likert scales.

Part V: Internationalization Challenge and Barriers: The questions are multiple-choice and open-ended.

Questionnaire Parts III-IV used a 5-point Likert scale. Participants were asked to rate their opinion about the questions regarding the degree of agreement or disagreement indicated by the following numbers: 1: Strongly disagree; 2: Disagree; 3: Neutral; 4: Agree; and 5: Strongly agree. Silpajaru (2010) interpreted the average values as shown in Table 3.2. See Appendix A for completed questionnaires.

Table 3.2: Score Level, Average Value and Meaning

Score Level	Average Value	Meaning
5	4.50 – 5.00	Strongly agree
4	3.50 – 4.49	Agree
3	2.50 – 3.49	Neutral
2	1.50 – 2.49	Disagree
1	1.00 – 1.49	Strongly disagree

### 3.4.2. Semi-structure Interview

Semi-structured interviews were implemented to collect qualitative data from the top management of three selected SMEs to collect data on the challenges and obstacles faced in the internationalization process. The interview guide includes questions about the SMEs' internationalization journey, strategies employed, challenges faced, barriers faced, and the role of entrepreneurial behaviors based on practices in their international expansion. The interviews focused on three dimensions of internationalization: degree, scope, and speed. A different SME represented each dimension, and two top management of each SME were individually interviewed. The interviewed participants were selected according to SME categories: micro, small, and medium-SMEs, which were selected using the China criteria the Ministry of Finance provided. The summary of the profile is shown in Table 3.3.

Table 3.3 Interviewed Subject Profiles

<b>The Initial Name of the Respondent</b>	<b>Position</b>	<b>Years of Job Experience</b>
LJ (medium-SMEs)	Executive director	10
YN (medium-SMEs)	Senior manager	11
NJ (small SMEs)	Executive director	8
LM (small SMEs)	Senior manager	10
YM (micro-SMEs)	Executive director	11
JS (micro-SMEs)	Senior manager	9

### 3.5. Instrument Validity and Reliability

To ensure the quality and confidence of the questionnaires, the content validity test using Item Object Consistency (IOC) and the reliability test using Cronbach's Alpha were performed, as follows.

#### 3.5.1 Reliability

A reliability test was performed with 30 participants before the official questionnaire distribution to evaluate the consistency and stability of the questionnaires used in this study. The internal consistency was assessed using the Cronbach alpha coefficient. A Cronbach's alpha score above 0.70 denotes satisfactory dependability, according to Hair et al. (2010). The reliability findings of the computation are shown in Table 3.4. All variables have Cronbach's alpha values greater than 0.70, indicating satisfactory reliability for the questionnaire, as detailed in Appendix I.

Table 3.4 Cronbach's Alpha of all Variables

Variables	Cronbach's Alpha Values	Number of Items
1. Internationalization Strategy	0.920	4
2. Adaptability and Competitive Strategies	0.807	2
3. Utilization of Resource and Collaboration	0.894	2
4. Sustainability, Government Support, and Market Performance	0.841	3
5. Strategy Adaptation and Organizational Learning	0.894	2
6. Degree of Internationalization		3
7. Scope of Internationalization	0.841	4
8. Speed of Internationalization	0.880	4

### 3.5.2 Content Validity

The validity of the questionnaires was tested by IOC (Item-Objective Congruence), which is a method to quantitatively measure the content experts' judgments of items to evaluate the fit between the specification test items and the table (Berk, 1984; Turner, Mulvenon, Thomas & Bakin, 2002; Turner & Carlson, 2003). The questionnaire was evaluated and validated by specialists from the Internationalization Firms Development Board (IFDB) and senior executives from similar firms who were not participants in this study. Chapter IV outlines the findings of the expert evaluation and validation, along with the results of validity and reliability tests conducted throughout the trials. The content and measurement of the questions were evaluated to cover and complete the research questions. Experts are required to rate the questionnaires according to the following meaning.

+1 The question is consistent with the content of the measurement objective.

0 Not sure the question is consistent with the measurement objective's content.

-1 The question is not consistent with the content of the measurement objective.

The results of all expert evaluations will be used to calculate the IOC index according to the formulas of Rovinelli and Hambleton (1977) as follows:

$$\text{IOC} = \Sigma R/n$$

$\Sigma R$  = total rating score from all experts for each question

$n$  = number of experts

The criteria for evaluating the IOC index are as follows:

If the calculated IOC index for any question is greater than or equal to 0.5, it is considered that the question is measured in accordance with the research objectives; therefore, the questions are chosen.

If any question has a value of the IOC index that does not reach the 0.5 criterion and it is necessary to use that question, then that question is revised according to the advice of experts.

All questions used to collect data for this research met the IOC criteria from the experts, as details provided in Appendix II.

### 3.6 Data Analysis

Data were analyzed using a statistical software package to perform descriptive and inferential statistics.

#### 3.6.1. Quantitative Data Analysis

##### *Descriptive Statistics*

Descriptive statistics were used to analyze the business profiles of SMEs, including factors such as *years of operation*, *the year of expansion into global markets*, and *number of employees*. Data analysis utilized frequency, mean, and standard deviation.

##### *Inferential Statistics*

Inferential statistics were used to analyze the data and test the hypotheses at the statistical significance level of 0.05. An analysis to test the relationship or interplay between one dependent variable and several independent variables, which is tested.

**Hypothesis:** The dimensions, including degree, scope, and speed of internationalization, influence the internationalization of SMEs.

The multiple linear regression analysis was conducted to test the hypothesis that IE dimensions, including degree, scope, and speed of internationalization, influence the internationalization of SMEs, including inter-strategies, adaptability, utilization of resources, sustainability, and organization learning.



## **CHAPTER IV**

### **ANALYSIS RESULT**

The chapter also includes a quantitative analysis of the data, which uses descriptive statistics to provide a profile of SMEs, indicators of SMEs internationalization, dimensions of international entrepreneurship (IE), internationalization strategies, internationalization challenges, and internationalization barriers. Inferential analysis was conducted to test the classic assumption of normal distribution of the data and the multicollinearity of each independent variable. Multiple linear regression tests follow this approach. Finally, the chapter presents the results of interviews conducted as part of the research.

#### **4.1 Descriptive Statistics**

Data were collected from 102 executives and managers from 20 Guiyang, Zunyi, Bijie, and Liupanshui SMEs. These individuals were surveyed to obtain quantitative data on the dimensions of International Entrepreneurship (IE) and the extent of internationalization of their respective SMEs. Furthermore, qualitative data were gathered through semi-structured interviews with executives of three strategically selected SMEs in Guiyang, providing deeper insights into the contextual factors influencing their internationalization processes.

The descriptive statistics were used to calculate, describe, and summarize collected research data logically, meaningfully, and efficiently in two parts: Part I analyzes data based on 20 SMEs, and Part II analyzes data based on the 102 samples.

Part I: reported numerically of SMEs' profile, internationalization of SME indicators, IE Dimensions, and Internationalization strategies, as presented in Table 4.1- 4.6.

Part II: organize and describe the characteristics of the 102 collected samples, internationalization challenge, and internationalization barrier.

## Part I

### 4.1.1. SMEs' Profile

The profile of small and medium-sized enterprises (SMEs) outlined in this section includes the company's operational tenure, its initiation of worldwide expansion, and its scale as determined by the number of employees.

Table 4.1 SMEs' Profile

<b>Year in Operation</b>	<b>Frequency</b>	<b>Percent</b>
Less than 10 years	7	35.0%
10 – 15 years	5	25.0%
16 – 20 years	3	15.0%
More than 20 years	5	25.0%
Total	20	100

<b>Year of Expanding to the Global Market</b>	<b>Frequency</b>	<b>Percent</b>
2 - 3 years	6	30%
4 – 5 years	10	50%
More than 5 years	4	20%
Total	20	100

<b>Number of Employees</b>	<b>Frequency</b>	<b>Percent</b>
Micro scale	2	10%
Small scale	12	60%
Medium scale	6	30%
Total	20	100

Table 4.1 determines the distribution of the SMEs under study according to their duration of operation. Of the total, 13 firms, or 65%, have been operating for 10 years or longer, while 7 companies, or 35%, have been functioning for less than 10 years. When launching an expansion into global markets, we discovered that four companies, representing 20% of the total, initiated international expansion in the sixth year. Similarly, two companies, representing 10% of the total, began expanding internationally in the fifth year. Furthermore, eight companies, representing 40% of the total, embarked on international expansion in the fourth year. In the third year, three

companies expanded internationally, while in the second year, three companies, or 15% of the total, pursued international expansion. According to the data, none of the companies involved with this issue engaged in worldwide expansion during the initial year.

Considering the firm's size or the number of employees, two companies were classified as microscale, accounting for 10% of the total. Furthermore, 12 companies, representing 60% of the total, were classified as small-scale. Lastly, there were 6 companies comprising 30% of the total, classified as medium-scale.

#### **4.1.2. Internationalization of SMEs Indicator**

Participants completed a questionnaire to obtain data for measuring the internationalization of SMEs. This data set includes the following variables: SMEs' direct exports, SMEs' direct imports, SMEs' investment abroad, sales of SMEs subcontracted by foreign enterprises, purchases of SMEs from foreign subcontractors, and SMEs' revenue from cooperation with foreign enterprises through joint ventures, non-equity alliances, licensing, and franchising. Table 4.2 and Figure 4.1 provide the specific information.

Table 4.2 demonstrates that the degree of internationalization of SMEs differs significantly between different groups, such as micro, small, and medium-sized SMEs. Two micro-companies have an average direct export value when categorized according to the scale of SMEs. Indicator 1 has an average of 104, indicator 2 has an average of 59, indicator 3 is 4.35, indicator 4 is 10, and indicator 5 is 83.25. The value of indicator 6 is 6.35.

For small SMEs, the average values for the indicators are as follows: indicator 1 has an average of 113, indicator 2 has an average of 72.7, indicator 3 has an average of 2.5, indicator 4 has an average of 7.15, indicator 5 has an average of 121, and indicator 6 has an average of 7.06.

Furthermore, the average value for indicator 1 is 474.6 when considering the medium-SMEs group. For indicator 2, it is 136.8. For indicator 3, it is 3.6. Indicator 4 is 16.1; for indicator 5, it is 217. Moreover, indicator 6 is 7.67.

Table 4.2 Internationalization of SME Indicator

No	SMEs Scale	Average Value of Internationalization of SMEs Indicator					
		Indicator	Indicator	Indicator	Indicator	Indicator	Indicator
		1	2	3	4	5	6
1	Medium	1250	365	4	11	588	9.8
2	Medium	321	70	3.2	16	77	8
3	Medium	1100	230	4.7	21	424	9.4
4	Medium	57	65	3.4	14	77	7.3
5	Medium	58	36	3.1	20	68.5	5.2
6	Medium	62	55	3.2	14	67.5	6.3
Average		474.67	136.84	3.6	16	217	7.67
7	Micro	150	82	5.6	15	98.7	7.4
8	Micro	58	36	3.1	5	67.8	5.3
Average		104	59	4.35	10	83.25	6.35
9	Small	95	68	2.4	7	90.1	7
10	Small	44	37	1	8	61.7	5
11	Small	800	400	3.2	20	734	20
12	Small	48	37	6.2	4.5	70	5
13	Small	58	36	3.1	6.7	71.1	5.3
14	Small	12	10	0.6	2	7.3	4.3
15	Small	33	82	2.7	5	99.8	9
16	Small	47	38	1.5	4	70	4
17	Small	48	37	4.3	3.5	66	9
18	Small	58	36	2.1	5.7	75	5.2
19	Small	12	10	1.2	2	8	4.4
20	Small	101	82	1.7	18	99	6.4
Average		113	72.75	2.5	7.2	121	7.05

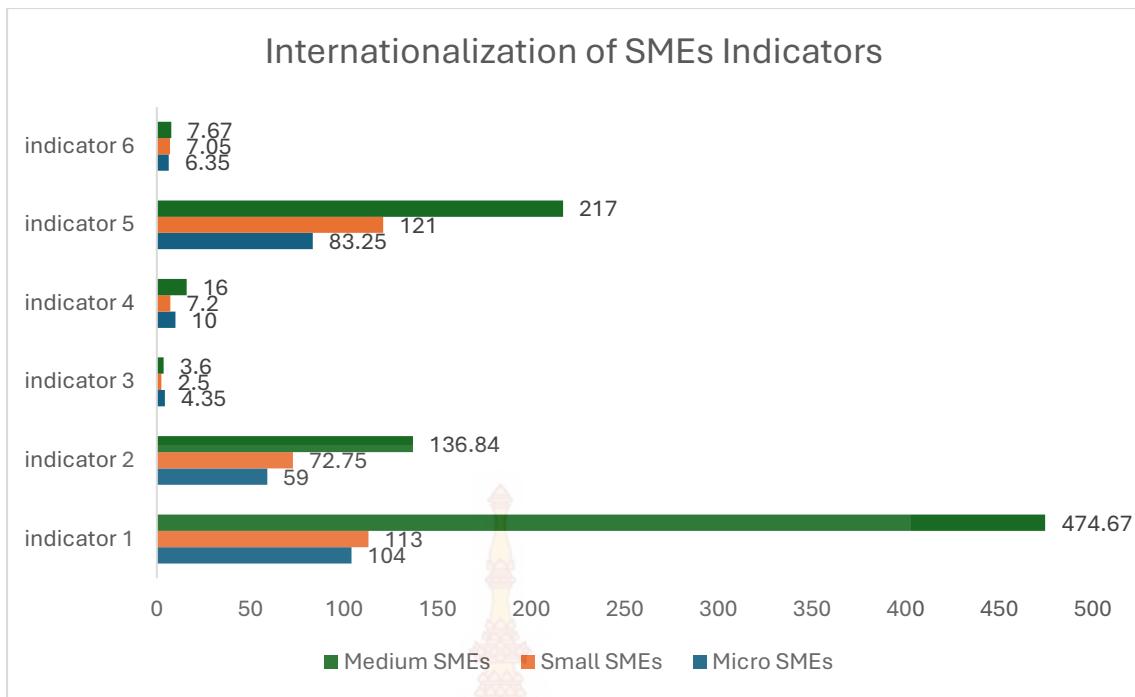


Figure 4.1 Internationalization of SMEs Classified by SMEs Scale

#### 4.1.3. Dimension of International Entrepreneurship (IE)

Participants completed a questionnaire to determine the dimension of international entrepreneurship (IE). This data set has three variables: degree of internationalization, breadth of internationalization, and speed.

There were three stages for the degree of internationalization: after the first year, after the third year, and after the fifth year. The average export intensity of SMEs varies according to their size, as shown in Table 4.3 and the graphic demonstration in Figure 4.2. The average export percentage for the small-SMEs group is 39.30% after the first year of internationalization, 44.10% after the third year, and 46.70% after the fifth year. On the other hand, the micro-SMEs group had an average export intensity of 48.9% in the first year of internationalization, 52.30% in the third year, and 57.70% in the fifth year. For the medium-SMEs group, the average proportion of exports was 47.80% in the first year of internationalization, 49.50% in the third year, and 54.10% in the fifth year. The results indicate that the percentage of export turnover increased for all SMEs over time, with the micro-SMEs group having the highest percentage increase, likely due to the percentage sensitivity of any increase for a micro-SME.

Table 4.3 Degree of Internationalization

No	SMEs scale	Export Turnover (%) After Years of Internationalization		
		After 1 <sup>st</sup> Year	After 3 <sup>rd</sup> Year	After 5 <sup>th</sup> Year
1	Medium	48.80%	43.50%	53.20%
2	Medium	49.80%	44.60%	52.40%
3	Medium	44.90%	52.70%	53.50%
4	Medium	45.70%	51.70%	51.40%
5	Medium	48.50%	52.70%	52.70%
6	Medium	49.10%	51.80%	61.40%
Average		47.80%	49.50%	54.10%
7	Micro	45.90%	54.20%	57.10%
8	Micro	51.90%	50.40%	58.30%
Average		48.90%	52.30%	57.70%
9	Small	37.90%	44.60%	54.20%
10	Small	30.90%	40.70%	47.20%
11	Small	43.00%	47.70%	53.40%
12	Small	32.70%	49.70%	54.80%
13	Small	47.80%	49.10%	40.70%
14	Small	39.90%	38.70%	40.70%
15	Small	35.90%	39.00%	46.40%
16	Small	47.80%	32.80%	44.90%
17	Small	42.90%	45.70%	52.20%
18	Small	35.90%	46.50%	40.20%
19	Small	40.10%	45.80%	40.50%
20	Small	36.80%	48.90%	45.20%
Average		39.30%	44.10%	46.70%

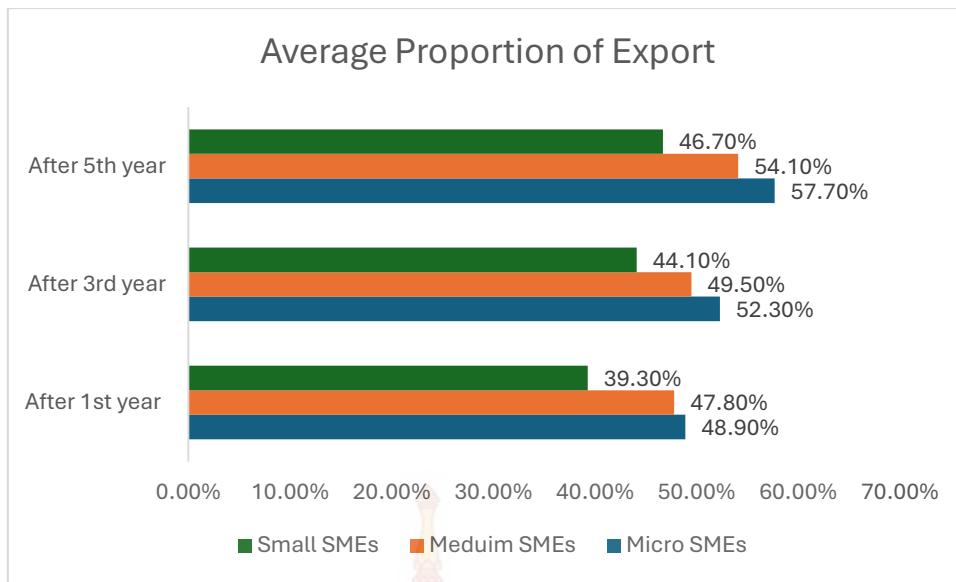


Figure 4.2 Degree of Internationalization: Average Proportion of Exports

The scope of internalization was the next aspect of IE, which is determined by four operational stages, as shown in Table 4.4 and Figure 4.3. The operational stages of SMEs are based on great stress on international markets, a desire to expand, a priority for geographically similar markets, and a need to compensate for the lack of resources.

Table 4.4 Scope of Internationalization (Operational Stages)

No	SMEs Scale	Great Stress on International	Tires to Expand	Give Priority to Geographically Similar Market	Make up for Lack of Resource
1	Micro	5	5	5	5
2	Small	5	3	5	
3	Medium		3	4	5

Figure 4.3 demonstrates the perspectives of the scope of SMEs on the extent of internationalization, specifically in terms of operational stages. There is a consistent pattern among small, micro, and medium SMEs in prioritizing and

maximizing limited resources by expanding into strategically advantageous operational stages. Meanwhile, small SMEs are reluctant to develop internationally, unlike micro and medium-SMEs, as they want to maximize their overseas presence.

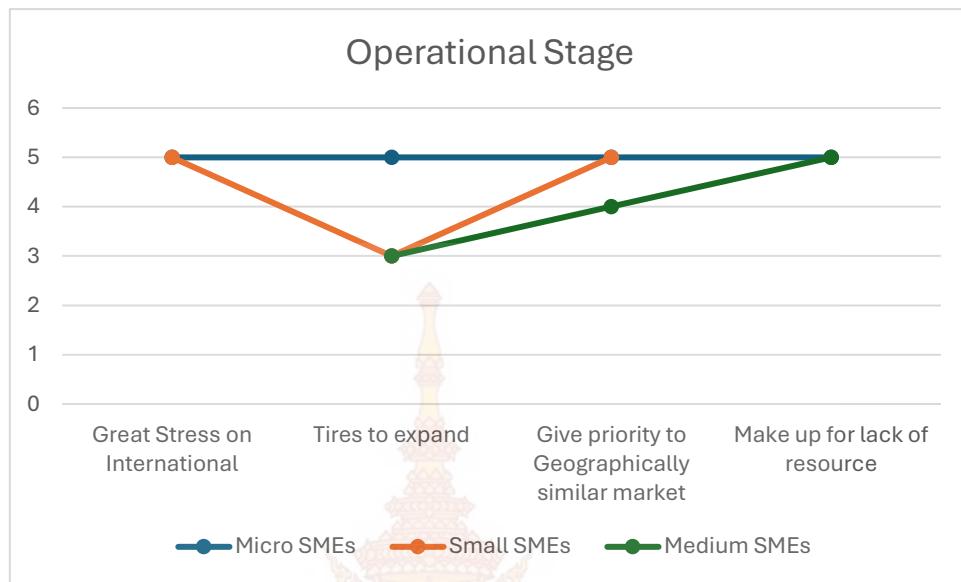


Figure 4.3 The Scope of Internationalization

The speed of internationalization is the third dimension of international entrepreneurship. This study assesses this dimension using five specific indicators: 1) country speed, which measures the number of foreign markets entered each year during international operations; 2) commitment speed, which measures the percentage of foreign revenue generated each year during international operations; 3) scope speed, which measures the number of cultural regions entered each year during international operations, and 4) equity speed, which measures the level of foreign investment through entry modes each year during international operations. Table 4.5 displays the internationalization speed data for each SME size.

Table 4.5 The Internationalization Speed for Each SME

No	SMEs Scale	Country Speed	Commitment Speed	Scope Speed	Equity Speed	Number of Countries
1	Medium	3	8.89	1.2	0.1	10
2	Medium	3.5	8.8	0.72	0.09	4
3	Medium	3.8	8.7	0.78	0.08	5
4	Medium	3.9	8.9	0.78	0.13	5
5	Medium	3.8	7.3	0.72	0.13	7
6	Medium	2.9	7.8	0.76	0.09	8
Average		3.48	8.40	0.83	0.10	
7	Micro	0.59	3	0.4	0.06	3
8	Micro	1	3.3	0.32	0.03	2
Average		0.795	3.15	0.36	0.045	
9	Small	1.5	7.32	0.7	0.08	4
10	Small	1.59	6.5	0.7	0.06	4
11	Small	2	5.4	0.6	0.07	5
12	Small	2	4	0.6	0.02	3
13	Small	2	5	0.45	0.05	4
14	Small	1.8	4	0.43	0.06	5
15	Small	1.9	4	0.34	0.05	5
16	Small	2	4.9	0.43	0.06	4
17	Small	2	8.3	0.61	0.07	4
18	Small	1.3	5	0.45	0.05	4
19	Small	1.6	4	0.56	0.06	3
20	Small	2	6	0.53	0.05	5
Average		1.81	5.37	0.53	0.06	

#### 4.1.4. Internationalization Strategies

Using questionnaires, the researchers investigated the viewpoints of top executives in SMEs regarding their strategies, including direct investment, franchising, joint ventures, and exporting to expand into overseas markets. Figure 4.4 illustrates their perceptions of the four strategies, assigning a rating from 1 to 5.

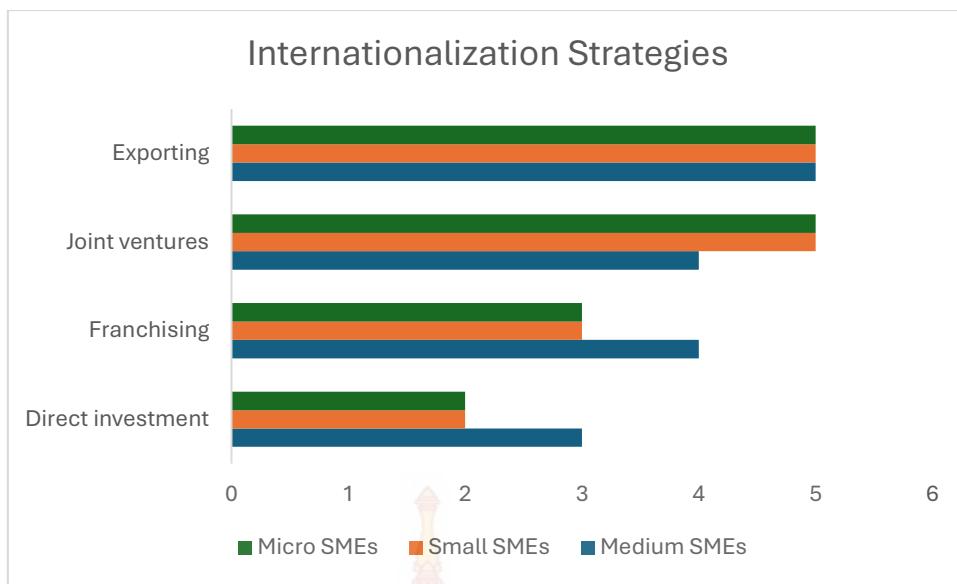


Figure 4.4 Internationalization Strategies: SMEs Perceptions

Figure 4.4 shows that exporting is the primary approach for SMEs to expand internationally, as perceived by the leaders of SMEs. This holds for small, micro, and medium-SMEs. Unlike "joint ventures," small and micro-SMEs have similar perspectives, whereas medium-sized enterprises have distinct viewpoints. However, while there is some agreement among medium-SMEs, it is not as strong as among small and micro-SMEs. Regarding the preference for franchising, both small and micro-sized SMEs expressed reluctance to adopt this strategy for internationalization.

In contrast, medium-sized SMEs endorsed this approach. Similarly, when it comes to "direct investment," small and micro-sized SMEs hold a similar perspective since they are not inclined to adopt this strategy as a means of internationalization. In contrast, medium-sized SMEs have a different point of view.

## Part II

### 4.1.5. Internationalization Challenge

A total of 102 respondents provided information on the challenge of internationalization through a questionnaire. There are seven predefined questions, including overseas experience, technology or innovation, costs associated with expanding overseas, identifying reliable partners, adhering to rules and regulations, and understanding the culture, language, and business customs, which are all important considerations. Additionally, respondents were able to provide their responses to open-ended questions, allowing them to express their personal views in a single open-ended option, with the ability to select multiple options.

Of 102 respondents, 359 challenges to internationalization were identified through the questionnaires. Table 4.7 highlights the main challenges faced by SMEs during internationalization. The most common challenge was ‘expenses related to expanding overseas’, reported 83 respondents. ‘Finding reliable partners’ was challenging for 65 respondents, while 64 cited ‘technology or innovation’ as a significant problem. The ‘loss of overseas experience’ affected 56 respondents, and 47 reported challenges related to ‘rules and regulations’. Additional challenges mentioned by the respondents included ‘language and business customs’ (23 respondents) and ‘cultural differences’ (19 respondents). Figure 4.5 provides a concise summary of the challenges reported in internationalization.

Table 4.6 Summary of the International Challenge

<b>International Challenge</b>	<b>Number of Responses</b>
1. expenses related to expanding overseas	83
2. finding reliable partners	65
3. Technology or innovation	64
4. lack of overseas experience	56
5. rules and regulations	47
6. language and business customs	23
7. cultural differences	19
9. others	2



Figure 4.5 Internationalization Challenge

#### 4.1.6. Internationalization Barrier

One hundred two (102) participants provided data on the obstacles to internationalization using a questionnaire. The nine closed options are as follows: the shortage of working capital for financing exports, difficulty in obtaining reliable foreign representation, limited information for locating and analyzing markets, inability to contact potential overseas customers, difficulty in identifying foreign business opportunities, lack of managerial time to deal with internationalization, inadequate quantity of and/or untrained personnel, lack of home government assistance or incentives, and excessive transportation or insurance costs. Respondents can express their personal views in a single open-ended option and choose more than one option.

Out of 102 respondents, 351 internationalization barriers were chosen in the questionnaires. The most frequently reported barrier was a "shortage of working capital to finance exports," which affected 75 respondents. 'Identifying foreign business opportunities' was a barrier for 67 respondents, while 46 cited 'limited information for locating and analyzing markets' as a hindrance. 'Reaching out to potential overseas customers' proved difficult for 41 respondents, and 'obtaining reliable foreign representation' was a barrier for 37. 'Lack of domestic government

support or incentives' affected 32 respondents, while 27 struggled with 'inadequate amount and/or untrained personnel'. For 19 respondents, 'excessive transportation and insurance costs' were a significant issue, and 'lack of managerial time to deal with internationalization' was a barrier for 7 respondents. Figure 4.6 provides a concise overview of the internationalization barriers reported.

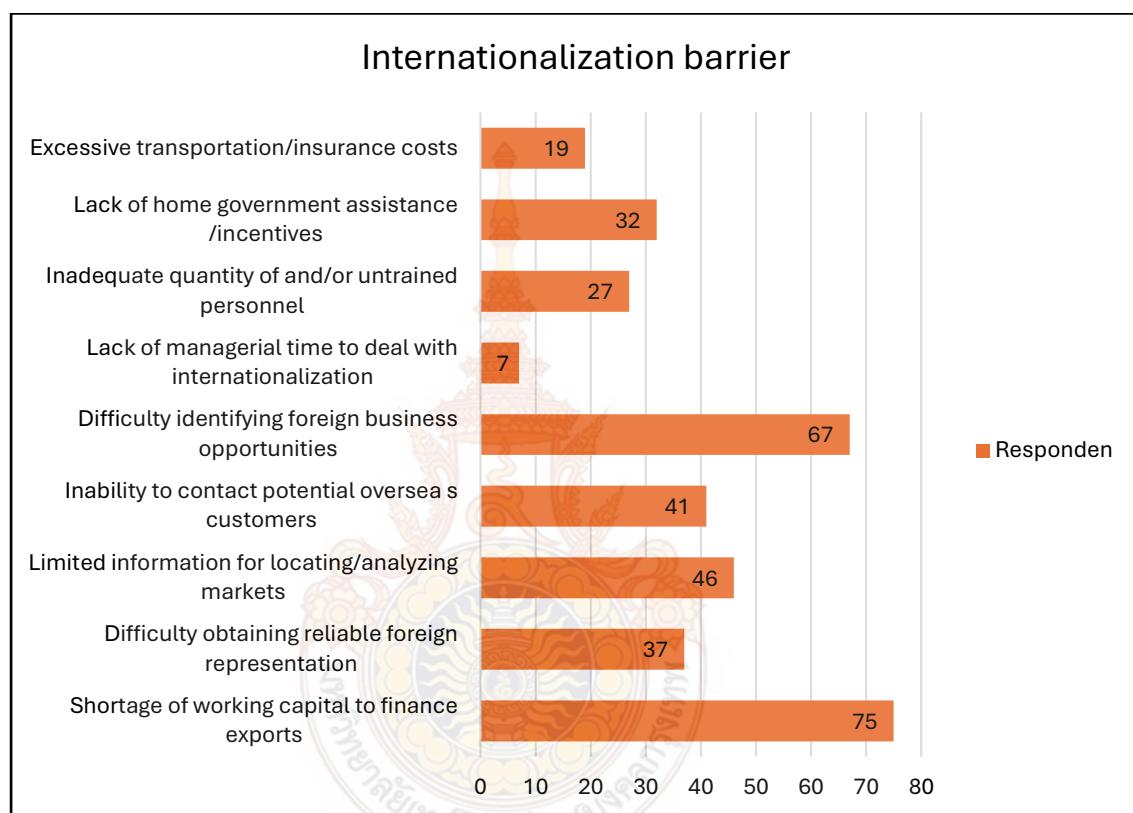


Figure 4.6 Internationalization Barrier: SMEs' Perception

#### 4.1.7. Descriptive Data for Quantitative Analysis

Table 4.7 demonstrates the frequencies and percentages of the IE dimension variables based on a five-point Likert scale. The mean value of the overview of the IE dimension is 1.87, indicating that respondents' opinions on the IE dimension were at the lowest level. Among these lower opinion levels of the IE dimension, the speed of internationalization is in the top ranking, while the scope of internationalization is in the lowest ranking. Due to the low level of IE dimension, there must be space to improve and accelerate the business to the international level.

Table 4.7 Frequency, Mean, and Rank of IE Dimension

IE Dimension	Level of Opinion					Mean	SD	Meaning	Rank
	1	2	3	4	5				
Degree of Internationalization	36	44	20	2	-	1.88	0.787	Less	2
Scope of Internationalization	39	42	17	3	1	1.87	0.864	Less	3
Speed of Internationalization	37	42	20	3	-	1.89	0.819	Less	1
Overview of IE Dimension	34	48	19	1	-	1.87	0.740	Less	

Table 4.8 shows the frequencies and percentages of each variable of inter-nationalization of SMEs factor based on a five-point scale. The mean value of the overview of the internationalization of SMEs is 1.88, indicating less opinion on the internationalization of SMEs. Among these lower opinion levels regarding the internationalization of SMEs, the adaptability and organizational learning strategies are equally at the top ranking, while the sustainability strategy is at the lowest ranking.

Table 4.8 Frequency and Percentage of Internationalization of SMEs

Inter-SMEs	Level of Opinion					Mean	SD	Meaning	Rank
	1	2	3	4	5				
Inter-Strategies	44	42	14	2	-	1.75	0.767	Less	4
Adaptability	36	43	20	1	2	1.92	0.875	Less	1
Utilization of Resources	38	41	18	4	1	1.91	0.891	Less	2
Sustainability	41	43	15	3	-	1.81	0.797	Less	3
Organizational Learning	37	42	19	2	2	1.92	0.898	Less	1
Overview of Inter-SMEs	33	49	19	1	-	1.88	0.735	Less	

## 4.2 Inferential Analysis

This section's analysis was carried out to test hypothesis 1, which comprises five sub-hypotheses.

**Hypothesis 1:** The IE dimensions influence the internationalization of SMEs towards Guizhou-based SME

**H<sub>1a</sub>:** The IE dimension influences internationalization strategies towards Guizhou-based SMEs

**H<sub>1b</sub>:** The IE dimension influences adaptability towards Guizhou-based SMEs

**H<sub>1c</sub>:** The IE dimension influences the utilization of resources toward Guizhou-based SMEs

**H<sub>1d</sub>:** The IE dimension influences sustainability towards Guizhou-based SMEs

**H<sub>1e</sub>:** The IE dimension influences organization learning towards Guizhou-based SMEs.

Multiple linear regression was used to evaluate the influence of five independent variables: *degree, scope, and speed of internationalization*. The dependent variables were the internationalization of SMEs, which was measured by *internationalization strategies, adaptability, utilization of resources, sustainability, and organization learning*.

The forms of the estimating equations were as follows:

$$\begin{aligned}\hat{Y}_T &= b_0 + b_1 X_1 + b_2 X_2 + b_3 X_3 \\ \hat{Y}_1 &= b_0 + b_1 X_1 + b_2 X_2 + b_3 X_3 \\ \hat{Y}_2 &= b_0 + b_1 X_1 + b_2 X_2 + b_3 X_3 \\ \hat{Y}_3 &= b_0 + b_1 X_1 + b_2 X_2 + b_3 X_3 \\ \hat{Y}_4 &= b_0 + b_1 X_1 + b_2 X_2 + b_3 X_3\end{aligned}$$

Where dependent variables were:

$$\begin{aligned}\hat{Y}_T &= \text{Internationalization of SMEs} \\ \hat{Y}_1 &= \text{Internationalization strategies} \\ \hat{Y}_2 &= \text{Adaptability} \\ \hat{Y}_3 &= \text{Resource utilization} \\ \hat{Y}_4 &= \text{Sustainability} \\ \hat{Y}_5 &= \text{Adaptation}\end{aligned}$$

Independent variables were:

$$\begin{aligned}X_1 &= \text{Scope of internationalization} \\ X_2 &= \text{Degree of internationalization}\end{aligned}$$

$X_3$  = Speed of internationalization

**Hypothesis 1: The IE dimensions influence the internationalization of SMEs towards Guizhou-based SME**

Multiple linear regression is used to analyze the data and develop the forecasting equation at a confidence level of 95%. The analysis results are shown in Tables 4.9 -4.10.

Table 4.9 Model for Factor Influence Internationalization of SMEs

Model	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Std. Error of the Est.	Durbin-Watson
2	0.874	0.764	0.760	0.361	1.569

*Predictors: (Constant), scope, degree*

*Dependent Variable: internationalization of SMEs*

From tables 4.9 – 4.10, the analysis results show that scope and degree of internationalization have a positive relationship with the internationalization of SMEs, with a multiple correlation (R) of 0.874 and able to predict the value of the analysis equation equal to 76.0 percent with statistical significance at the 0.05 level. All tolerance values are not less than 0.2, indicating no correlation among the independent variables.

Table 4.10 The Multiple Linear Regression Coefficients for the IE Dimension Factor Influences Internationalization of SMEs

	Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
(Constant)	.283	.099		2.852	.005		
Scope	.552	.051	.649	10.885	.000	.670	1.493
Degree	.300	.056	.321	5.389	.000	.670	1.493

*Dependent Variable: internationalization of SMEs*

The analysis results presented in Table 4.11 show that two predictor variables, scope and degree of internationalization, significantly influence the internationalization of SMEs. The prediction equation developed is as follows:

$$\hat{Y}_T = 0.255 + 0.552X_1 + 0.300X_2$$

$$(.005^*) \quad (.000^*) \quad (.000^*)$$

This equation can be interpreted as follows: the coefficient of determination ( $R^2$ ) for the internationalization of SMEs is 0.764, indicating a strong relationship between the predictor variables and the internationalization. Additionally, the independent variables are not correlated with each other. The results suggest that an increase in both scope and degree of internationalization will lead to greater internationalization of SMEs. However, the scope has a more significant influence on the internationalization of SMEs than the degree of internationalization, with both variables having significant p-values of 0.000.

**H<sub>1a</sub>: The IE dimension influences internationalization strategies towards Guizhou-based SMEs.**

Multiple linear regression is used to analyze the data and develop the forecasting equation at a confidence level of 95%. The analysis results are shown in Tables 4.11 -4.12.

Table 4.11 Model for Factors Influence Internationalization Strategies

Model	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Std. Error of the Est.	Durbin-Watson
2	0.713	0.508	0.503	0.540	1.609

*Predictors: (Constant), scope*

*Dependent Variable: internationalization strategies*

From tables 4.12 – 4.13, the analysis results show that the scope of internationalization has a positive relationship with internationalization strategies, with a multiple correlation (R) of 0.713 and able to predict the value of the analysis equation equal to 50.3 percent with statistical significance at the 0.05 level.

Table 4.12 The Multiple Linear Regression Coefficients for the IE Dimension Factor Influences Internationalization Strategies

	Unstandardized Coefficients		Standardized Coefficients		Collinearity Statistics		
	B	Std. Error	Beta	t	Sig.	Tolerance	
(Constant)	.560	.128		4.366	.000		
Scope	.633	.062	.713	10.168	.000	1.000	1.000

*Dependent Variable: internationalization strategies*

The analysis results presented in Table 4.13 show that the predictor variable, the scope of internationalization, significantly influences the internationalization strategies. The prediction equation developed is as follows:

$$\hat{Y}_1 = 0.560 + 0.633X_1$$

(.000\*) (.000\*)

This equation can be interpreted as follows: the coefficient of determination ( $R^2$ ) for the internationalization strategies is 0.508, indicating a strong relationship between the predictor variables and the internationalization strategies. The results suggest that an increase in the scope of internationalization will lead to greater internationalization strategies with significant p-values of 0.000.

### **H<sub>1b</sub>: The IE dimension influences adaptability towards Guizhou-based SMEs**

Multiple linear regression is used to analyze the data and develop the forecasting equation at a confidence level of 95%. The analysis results are shown in Tables 4.13 -4.14.

Table 4.13 Model for Factor Influence Adaptability

Model	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Std. Error of the Est.	Durbin-Watson
3	0.750 <sup>a</sup>	0.563	0.550	0.3587	1.657

*Predictors: (Constant), degree, scope., speed*

*Dependent Variable: adaptability*

From tables 4.13 – 4.14, the analysis results show that degree, scope, and speed of internationalization have a positive relationship with adaptability, with a multiple correlation (R) of 0.750 and able to predict the value of the analysis equation equal to 55.0 percent with statistical significance at the 0.05 level. All tolerance values are not less than 0.2, indicating no correlation among the independent variables.

Table 4.14 The Multiple Linear Regression Coefficients for the IE Dimension Factor Influence Adaptability

	Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
(Constant)	.214	0.165		1.293	.009		
Scope	.388	0.095	.383	4.092	.000	.509	1.966
Degree	.278	0.101	.250	2.752	.007	.539	1.854
Speed	.242	0.108	.226	2.229	.028	.433	2.309

*Dependent Variable: adaptability*

The analysis results presented in Table 4.15 show that three predictor variables, scope, degree, and speed of internationalization, significantly influence adaptability. The prediction equation developed is as follows:

$$\hat{Y}_2 = 0.214 + 0.388X_1 + 0.278X_2 + 0.242X_3$$

$$(0.009) \quad (0.000*) \quad (0.007*) \quad (0.028*)$$

This equation can be interpreted as follows: the coefficient of determination ( $R^2$ ) for adaptability is 0.563, indicating a moderate to strong relationship between predictor variables and adaptability. Additionally, the independent variables are not correlated with each other. The results suggest that increasing internationalization's scope, degree, and speed will lead to greater adaptability. However, scope has a more significant influence on adaptability than both degree and speed of internationalization, with the variables showing significant p-values of 0.000, 0.007, and 0.028, respectively.

**H<sub>1c</sub>: The IE dimension influences the utilization of resources towards Guizhou-based SMEs**

Multiple linear regression is used to analyze the data and develop the forecasting equation at a confidence level of 95%. The analysis results are shown in Tables 4.16 - 4.17.

Table 4.15 Model for Factor Influence Utilization of Resources

Model	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Std. Error of the Est.	Durbin-Watson
2	0.734 <sup>a</sup>	0.539	0.530	0.611	2.035

*Predictors: (Constant), speed, scope*

*Dependent Variable: utilization of resources*

From tables 4.16 – 4.17, the analysis results show that degree, scope, and speed of internationalization have a positive relationship with internationalization, with a multiple correlation (R) of 0.734 and able to predict the value of the analysis equation equal to 53.0 percent with statistical significance at the 0.05 level. All tolerance values are not less than 0.2, indicating no correlation among the independent variables.

Table 4.16 The Multiple Linear Regression Coefficients for the IE Dimension Factor Influences Utilization of Resources

	Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
(Constant)	.312	0.161		1.940	.005		
Speed	.455	0.101	.418	4.493	.000	.538	1.860
Scope	.395	0.096	.383	4.113	.000	.538	1.860

*Dependent Variable: utilization of resources*

The analysis results presented in Table 4.17 show that two predictor variables, speed and scope of internationalization, significantly influence the utilization of resources. The prediction equation developed is as follows:

$$\hat{Y}_3 = 0.312 + 0.455X_3 + 0.395X_1$$

$$(.005^*) \quad (.000^*) \quad (.000^*)$$

This equation can be interpreted as follows: the coefficient of determination ( $R^2$ ) for the internationalization of SMEs is 0.539, indicating a moderate to strong relationship between the predictor variables and the utilization of resources. Additionally, the independent variables are not correlated with each other. The results suggest that an increase in both speed and scope of internationalization will lead to greater utilization of resources. However, speed has a more significant influence on resource utilization than the scope of internationalization, with both variables having significant p-values of 0.000.

**H<sub>1d</sub>: The IE dimension influences sustainability towards Guizhou-based SMEs**

Multiple linear regression is used to analyze the data and develop the forecasting equation at a confidence level of 95%. The analysis results are shown in Tables 4.18 - 4.19.

Table 4.17 Model for Factors Influence Sustainability

Model	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Std. Error of the Est.	Durbin-Watson
3	0.644 <sup>a</sup>	0.415	0.403	0.553	1.619

*Predictors: (Constant), degree, scope., speed*

*Dependent Variable: sustainability*

From tables 4.18 – 4.19, the analysis results show that degree, scope, and speed of internationalization have a positive relationship with sustainability, with a multiple correlation (R) of 0.644 and able to predict the value of the analysis equation equal to 40.3 percent with statistical significance at the 0.05 level. All tolerance values are not less than 0.2, indicating no correlation among the independent variables.

Table 4.18 The Multiple Linear Regression Coefficients for the IE Dimension Factor Influence Sustainability

	Unstandardized Coefficients		Standardized Coefficients		Collinearity Statistics		
	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
(Constant)	.995	0.146		6.841	.000		
Scope	.361	0.087	.435	4.152	.000	.538	1.860
Speed	.231	0.092	.264	2.519	.013	.538	1.860

*Dependent Variable: sustainability*

Table 4.19 consists of three predictor variables, which are scope, degree, and speed of internationalization; therefore, the prediction equation was developed as follows:

$$\hat{Y}_4 = 0.995 + 0.361X_1 + 0.231X_3$$

$$(0.000^*) \quad (0.000^*) \quad (0.013^*)$$

This equation can be interpreted as follows: the coefficient of determination ( $R^2$ ) for sustainability is 0.415, indicating a moderate relationship between the predictor variables and sustainability. Additionally, the independent variables are not correlated with each other. The results suggest that increasing the scope and speed of internationalization will lead to greater sustainability. However, the scope has a more significant influence on sustainability than the speed of internationalization, with the variables showing significant p-values of 0.000 and 0.013, respectively.

**H<sub>1e</sub>: The IE dimension influences organization learning towards Guizhou-based SMEs.**

Multiple linear regression is used to analyze the data and develop the forecasting equation at a confidence level of 95%. The analysis results are shown in Tables 4.19 - 4.20.

Table 4.19 Summarize Models for Factor Influence Organization Learning

Model	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Std. Error of the Est.	Durbin-Watson
3	0.783 <sup>a</sup>	0.613	0.601	0.567	1.680

*Predictors: (Constant), degree, scope., speed*

*Dependent Variable: organization learning*

From tables 4.19 – 4.20, the analysis results show that degree, scope, and speed of internationalization have a positive relationship with organization learning, with a multiple correlation (R) of 0.783 and able to predict the value of the analysis equation equal to 60.1 percent with statistical significance at the 0.05 level. All tolerance values are not less than 0.2, indicating no correlation among the independent variables.

Table 4.20 The Multiple Linear Regression Coefficients for the IE Dimension Factor Influences Organization Learning

	Unstandardized Coefficients		Standardized Coefficients		Collinearity Statistics		
	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
(Constant)	.244	0.159		1.528	.003		
Scope	.634	0.092	.610	6.923	.000	.509	1.966
Degree	.495	0.098	.434	5.076	.000	.539	1.854
Speed	-.233	0.105	-.213	-2.232	.028	.433	2.309

*Dependent Variable: organization learning*

Table 4.20 presents three predictor variables, scope, degree, and speed of internationalization, used to develop the following prediction equation:

$$\hat{Y}_5 = 0.244 + 0.634X_1 + 0.495X_2 - 0.233X_3$$

$$(.003) \quad (.000*) \quad (.000*) \quad (.028*)$$

The interpretation of this equation is as follows. The coefficient of determination (R<sup>2</sup>) for organizational learning is 0.613, indicating a moderate to strong relationship between predictor variables and organizational learning. Additionally, the

independent variables are not correlated with each other. The results show that increasing the scope and degree of internationalization is associated with higher levels of organizational learning. On the contrary, a faster internationalization pace correlates with lower organizational learning levels. Furthermore, the scope has a more significant impact on organizational learning than the degree, with p-values of 0.000, 0.000, and 0.028, respectively, indicating that all three variables are statistically significant.

### Summary of the Hypotheses

Table 4.21 shows that both the scope and the degree of internationalization are positively related to the internationalization of SMEs. The findings suggest that increasing the scope or degree of internationalization contributes to a greater overall internationalization of SMEs. However, the scope of internationalization has a more substantial impact than the degree.

Upon closer analysis, the results highlight the importance of the "scope of internationalization," which significantly influences all aspects of SME internationalization, including strategies, adaptability, resource utilization, sustainability, and organizational learning. In contrast, the "degree of internationalization" does not influence internationalization strategies or resource utilization, while the "speed of internationalization" does not influence either internationalization strategies or sustainability.

Table 4.21 Regression Analysis to Predict the Influences of IE Dimensions on the Internationalization of SMEs

Model	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Std. Error of the Estimate	Durbin-Watson
Inter-SMEs <sup>a</sup>	0.874	0.764	0.760	0.361	1.569
Inter-strategies <sup>b</sup>	0.713	0.508	0.503	0.540	1.690
Adaptability <sup>c</sup>	0.750	0.563	0.550	0.358	1.657
Utilization of resources <sup>d</sup>	0.734	0.539	0.530	0.611	2.035
Sustainability <sup>e</sup>	0.644	0.415	0.403	0.553	1.619
Organization learning <sup>f</sup>	0.783	0.613	0.601	0.567	1.680

<sup>a</sup>Predictors: (Constant), scope, degree

<sup>b</sup>Predictors: (Constant), scope

<sup>c</sup>Predictors: (Constant), scope, degree, speed

<sup>d</sup>Predictors: (Constant), scope, speed

<sup>e</sup>Predictors: (Constant), scope, speed

<sup>f</sup>Predictors: (Constant), scope, degree, speed

The predictor equations for each hypothesis are summarized in Table 4.22. The analysis results indicate that the combination of the two predictors—the scope and degree of internationalization—explained 76.0% of the variance in the internationalization of SMEs. The scope of internationalization was a more significant predictor than the degree. As the scope and degree increase, the internationalization of SMEs also increases. However, the scope of internationalization had the most substantial influence.

The "scope of internationalization" is the only dimension that affects internationalization strategies. Although "scope" and "speed of internationalization" influence resource utilization and sustainability, scope has a stronger effect than speed.

All dimensions of internationalization, including scope, speed, and degree, influence both adaptability and organizational learning, with the scope being the most influential, followed by the degree and speed of internationalization.

Table 4.22 Forecasting Equation for Internationalization SMEs and All Stages

Hypotheses	Forecasting Equations
H <sub>1</sub> : IE dimensions influence the internationalization of SMEs	$\hat{Y}_T = 0.283 + 0.552X_2 + 0.300X_1$ (.005*) (.000*) (.000*) <i>X<sub>1</sub> = Scope, X<sub>2</sub> = Degree</i>
H <sub>1a</sub> : IE dimensions influence internationalization strategies	$\hat{Y}_1 = 0.560 + 0.633X_1$ (.000*) (.000*) <i>X<sub>1</sub> = Scope</i>
H <sub>1b</sub> : IE dimensions influences adaptability	$\hat{Y}_2 = 0.214 + 0.388X_1 + 0.278X_2 + 0.242X_3$ (.009) (.000*) (.007*) (.028*) <i>X<sub>1</sub> = Scope, X<sub>2</sub> = Degree, X<sub>3</sub> = Speed</i>
H <sub>1c</sub> : IE dimensions influences utilization of resources	$\hat{Y}_3 = 0.312 + 0.455X_3 + 0.395X_1$ (.005) (.000*) (.000*) <i>X<sub>1</sub> = Scope, X<sub>3</sub> = nd Speed</i>
H <sub>1d</sub> : IE dimensions influences sustainability	$\hat{Y}_4 = 0.995 + 0.361X_1 + 0.231X_3$ (.000*) (.000*) (.013*) <i>X<sub>1</sub> = Scope, X<sub>3</sub> = Speed</i>
H <sub>1e</sub> : IE dimensions influences organization learning	$\hat{Y}_5 = 0.244 + 0.634X_1 + 0.495X_2 - 0.233X_3$ (.003) (.000*) (.000*) (.028*) <i>X<sub>1</sub> = Scope, X<sub>2</sub> = Degree, X<sub>3</sub> = Speed</i>

## 4.3 Qualitative Data Analysis

### 4.3.1 The Interviewed Subject Profile

The interview was conducted with the top management of three selected SMEs to understand better the strategies, challenges, and obstacles involved in the internationalization process. The assessment is based on the internationalization of SMEs in three dimensions: degree, scope, and speed. The interviewees were considered high positions and work experience as presented in the interviewee profile in Table 3.3

### 4.3.2. Interview Scripts

The interview starts by introducing the researcher to the respondent and clearly stating the interview's objective, which includes asking permission to record the interview. Researchers also inform respondents about the confidentiality of interview data, emphasizing that interview records are only accessible to the researcher and not anyone else. The researcher specifically created a semi-structured instrument for the interview. This interview examines the strategies, challenges, and obstacles SMEs face during the international expansion process. Specifically, it focuses on the dimension of IE, which includes the degree, scope, and speed of internationalization. The interview transcript is presented as follows:

*R: Could you describe your company's internationalization process?*

*LJ: Certainly. Our internationalization journey began with a thorough market research phase in which we identified potential overseas markets with growth opportunities aligned with our business goals. We then tailored our products/services to meet the specific needs of those markets. The next step involved the establishment of strategic partnerships and distribution channels in these regions to ensure smooth entry. Over time, we focused on building brand awareness, adapting to local regulations, and understanding cultural nuances to engage with customers effectively. Despite language barriers and regulatory complexities, our persistent efforts have led to successful market penetration and sustainable growth in various countries.*

*NJ: Certainly. Our company's internationalization journey began with a strategic assessment of our readiness for global expansion. We*

*conducted market research to identify promising markets and assess competition, demand, and regulatory environments. Once we selected target markets, we developed entry strategies tailored to each region, considering distribution channels, pricing, and cultural nuances. Establishing partnerships with local distributors and using digital platforms for market entry were key steps in our internationalization process. Continuous evaluation and adaptation of our strategies based on market feedback have been essential in our growth trajectory.*

*YM: Certainly. Our company's internationalization process began with a strategic analysis of our core competencies and competitive advantage in the global market. We identified key markets based on demand, growth potential, and alignment with our product/service offerings. Market research helped us understand consumer preferences, regulatory requirements, and the competitive landscape in each target market. Using digital marketing strategies and e-commerce platforms, we initiated market entry by establishing an online presence and engaging with customers worldwide. Collaborating with local industry experts and trade associations further facilitated our expansion efforts.*

***R: What resources are needed for internationalization, and how does your company acquire them?***

*YN: The resources required for internationalization cover various aspects, from financial investments to human capital and technological infrastructure. Our company recognizes the importance of having adequate resources to support our global expansion. Financially, we have secured funding through internal reserves and external sources, such as bank loans, to cover market research, product adaptation, and marketing expenses. Regarding human resources, we have recruited multilingual staff, cultural experts, and international trade specialists to navigate diverse markets effectively. Additionally, we invest in training programs to enhance the skills of our existing workforce for global operations. Technologically, we have upgraded our digital platforms, implemented e-commerce solutions, and adopted data analytics tools to optimize our international strategies.*

*LM: Securing the right resources has been paramount in our journey toward internationalization. Financially, we have allocated funds for market research, product localization, and market entry strategies. Our approach involves internal investments and strategic partnerships to improve our financial capabilities. Human resources play a crucial role, and we have recruited multicultural talent with language skills and global business acumen. Training programs and cross-cultural workshops have enhanced our team's readiness for international markets. We have also invested in technology, upgrading our digital infrastructure for online sales platforms and data analytics tools to support decision-making in cross-border operations.*

*JS: Internationalizing our operations requires a thoughtful allocation of resources in key areas. Financially, we designated budgets for market research, product modifications, and market entry strategies. To fund our global expansion, we leveraged a combination of internal reserves and strategic partnerships to improve our financial capabilities. Human resources played a critical role, and we recruited people with diverse cultural backgrounds and language proficiency to navigate international markets effectively. Training programs and mentoring initiatives have been instrumental in the upskilling of our team for global ventures. Regarding technology, we invested in digital tools, e-commerce platforms, and data analytics to optimize our international operations.*

***R: How do you get partners in the target markets?***

*LJ: Acquiring partners in our target markets has been a strategic process. Initially, we conduct thorough market research to identify potential partners who align with our business goals and values. Networking at industry events, trade shows, and business conferences has been instrumental in establishing relationships with key players in target markets. In addition, we leverage online platforms and industry-specific forums to reach out to potential partners and initiate discussions. Building relationships based on mutual trust and shared objectives is essential for securing partnerships. Once we identify prospective partners, we dialogue*

*to understand their capabilities, market insights, and alignment with our strategic objectives before formalizing the partnership agreement. Continuous communication, collaboration, and transparency are key elements in nurturing strong partnerships that drive our business growth in the target markets.*

*NJ: Securing partners in our target markets involves a strategic approach tailored to each region. We begin by performing a market analysis to identify potential partners who complement our business objectives and possess a strong market presence. Networking plays a crucial role, and we actively engage with industry associations, trade chambers, and local business networks to connect with potential partners.*

*YM: Building partnerships in our target markets is a strategic process that relies on a mix of research, networking, and relationship building. Initially, we conducted market research to understand the local business landscape and identify potential partners that align with our expansion goals. We connect with key stakeholders and industry players in target markets using industry events, trade fairs, and business forums. Online platforms and social networks also serve as valuable tools for reaching out to potential partners and initiating collaborations. By fostering open communication, demonstrating our commitment to shared success, and showcasing the value we bring to the partnership, we aim to cultivate long-term relationships that drive mutual growth and success in the target markets.*

***R: Could you describe the strategy to enhance the speed of internationalization, especially the number of foreign markets entered each year during your international operations?***

*YN: Our strategy to accelerate internationalization involves a proactive approach to market entry while focusing on sustainable growth. We set ambitious yet achievable goals to enter new foreign markets each year based on thorough market research and opportunity assessment. We prioritize markets with high growth potential, favorable regulatory environments, and strategic fit with our products/services. Using insights*

*from previous market entries, we streamline our entry processes, establish strategic partnerships, and leverage digital tools to accelerate market penetration.*

*LN: Our approach to accelerating internationalization focuses on market expansion and operational efficiency. We have implemented a phased market entry strategy to increase the number of foreign markets entered annually. This involves prioritizing markets based on strategic fit and growth potential, conducting rapid market assessments, and deploying agile market entry teams.*

*JS: Our strategy to accelerate internationalization and increase the number of foreign markets entered annually is centered on agility, market prioritization, and strategic partnerships. We have streamlined our market entry processes to quickly capitalize on new opportunities while focusing on market potential and feasibility. We ensure efficient resource allocation and targeted market entry efforts by prioritizing markets with high growth potential and demand for our offerings.*

The summarization of these scripts focuses on the internationalization process, resources, target market, and

The internationalization process concluded that the interviewees have similarities in market research, tailor-made approach, strategic partnerships, and challenges and adaptation. The main differences among the three interviewees were the focus on competencies versus market readiness, digital strategy, and cultural and regulatory emphasis.

Resources and acquiring resources: There is a need for financial, human, and technological resources to support internationalization. The differences are in how they prioritize and detail these resources, especially regarding human expertise and specific training and development programs involved.

Partners in the target market: The interviewees share the common goal of securing partnerships but approach it from slightly different angles,

starting from being the most detailed in its evaluation process, focusing on market presence, and emphasizing relationship-building and mutual growth.

The interviewee shares the goal of accelerating internationalization strategy to enhance the speed of internationalization but approaches it with different emphases, e.g., sustainability and proactive planning, operational efficiency with agile teams, and agility and resource management for swift market entry.



## CHAPTER V

### CONCLUSION AND DISCUSSION

This chapter analyzes the research results and the corresponding research conclusions. In the discussion section, five research findings are demonstrated. Firstly, the significant impact of the international entrepreneurship (IE) dimension on the internationalization of small and medium-sized enterprises (SMEs) is highlighted. Second, the 'scope of internationalization' dimension is emphasized, which plays the most critical role in internationalization compared to other dimensions. Third, identify differences in prioritized strategies in the internationalization process of SMEs between micro, small, and medium SMEs. Fourth, we acknowledge that overseas expansion expenses challenge SMEs' internationalization. Lastly, recognize that a 'shortage of working capital to finance exports' is a difficulty that hampers the internationalization of SMEs.

#### **5.1. Conclusion**

##### **5.1.1. Significant Impact of the IE Dimension on the Internationalization of SMEs**

The dimension IE comprises three components: degree of internationalization, scope, and speed. Highlights the importance of innovation, adaptability, and creativity in interacting with global markets. Additionally, it enhances the company's ability to handle risks, explore new market prospects, and compete internationally. The emphasis on international entrepreneurial (IE) elements can catalyze growth, motivating organizations to expand their business scope on a global scale rapidly. Furthermore, the IE dimension fosters robust networks and alliances in global markets, facilitating the acquisition of resources, information, and business prospects that bolster the international expansion of small and medium-sized enterprises, ultimately leading to sustainable success in the global market.

It is important to note that, within the scope of this study, the notable International Entrepreneurship (IE) aspect also influences a company's export revenue. Implementing a strong international entrepreneurship plan can enhance the export

volume and value, create opportunities for market diversification, and improve competitiveness in the global market. The increase in export quantity and value is evidence of the globalization of SMEs. By prioritizing the dimensions of IE, SMEs can broaden their export market, overcome financial constraints associated with international expansion, and stimulate business growth by achieving a consistent and sustained rise in export operations. Therefore, integrating IE elements into export strategies is crucial for SMEs to maximize their potential for internationalization and improve their total export performance.

### **5.1.2. The Scope of Internationalization Dimension Plays the Most Critical Role in the Internationalization of SMEs**

There are three parts to international entrepreneurship (IE): degree of internationalization, scope of internationalization, and speed of internationalization. This study also showed that the scope and degree of IE dimensions had a substantial influence on the internationalization process of SMEs. Although both the scope and degree have influenced the internationalization of SMEs, the scope had a greater influence than the degree of internationalization. The scope of the IE dimensions refers to the extent to which the firm was involved in several nations, reflecting the diversity of its international activities. The degree of internationalization indicated the company's exposure to the global market.

The analysis results demonstrate that the 'scope of internationalization' has the most significant influence on SMEs' internationalization at all stages, including internationalization strategies, adaptability, utilization of resources, sustainability, and organization learning. The scope of internationalization refers to the extent to which the firm was involved in several nations, reflecting the diversity of its international activities. At the same time, the scope of internationalization indicated the level of exposure to the global market.

In addition, several other findings emphasize the dimension of 'scope of internationalization', which is determined by the number of countries in which the company operates. The company measures the speed of internationalization through the annual number of foreign markets it enters, the percentage of foreign income it generates annually, the number of cultural regions it enters each year, and the mode of foreign investment entry each year. The level of internationalization is a significant

factor to consider, along with the company's geographical involvement and the speed at which it expands internationally. It is also important to consider differences in development related to foreign markets, foreign income levels, diversification into cultural areas, and the methods used to enter foreign investment. This evaluates that, within the framework of internationalization of SMEs, factors beyond the extent of their export activities, such as their overall goals and the rate at which they expand internationally, are pivotal in achieving success in the global market.

The "scope of internationalization" dimension encompasses the countries in which the company operates. Various developmental factors evaluate the dimension of "internationalization", such as the annual number of foreign markets entered, the annual percentage of foreign income generated, the annual number of cultural regions reached, and the mode of foreign investment entry. These factors significantly contribute to the success of internationalization for SMEs. The extent of a company's export activities, market penetration, and ability to quickly adapt to the international business climate all influence the success of its global expansion. Thus, when developing an internationalization plan, it is crucial to have a thorough grasp of foreign markets, diversify sources of revenue, explore cultural aspects, and consider various models for entering foreign investments. These features are essential to effectively navigating the global market.

### **5.1.3. There are Differences in Prioritized Strategies in the Internationalization Process of SMEs between Micro, Small, and Medium-SMEs**

Research findings indicate that micro-SMEs, small SMEs, and medium-SMEs have different approaches to internationalization strategies, despite certain similar components. Regarding the concept of 'exporting', the data reveal a strong consensus among all participants, who prioritize it as a crucial stage in their internationalization strategy. The interviews further confirmed this finding. According to data collected from respondents, exports increased significantly following their fifth year of international expansion. This finding is in line with Tan et al. (2007), Samiee and Chirapanda (2019), and Casillas et al. (2020). This underscores the need to prioritize exports as the primary approach to foster international expansion among small businesses. Therefore, it is appropriate to prioritize this element in the internationalization plan for small and micro-SMEs and medium-SMEs to achieve

sustainable success in the global market. The divergence in internationalization strategy between micro, small, and medium enterprises is evident in their approach to "joint ventures." Small and micro-SMEs share a similar perspective, but medium-SMEs have a distinct viewpoint. Although both micro and small SMEs agree, the level of agreement is not as strong as that of medium-SMEs.

Regarding the "favors franchising" strategy, both small and micro-SMEs expressed reluctance to adopt it as an approach to internationalization. In contrast, medium-SMEs were supportive of this strategy. Similarly, small and micro-SMEs hold a similar perspective on the "direct investment" strategy since they are not inclined to use it for internationalization. In contrast, medium-SMEs show the opposite viewpoint.

The analysis of internationalization strategy approaches among micro, small, and medium SMEs reveals notable disparities in three crucial domains: "joint ventures," "franchising," and "direct investment." Small and micro, small and medium enterprises (SMEs) typically have similar cautious attitudes toward the "joint ventures" strategy, but medium-SMEs, although in agreement, may have differing perspectives. Small and micro-sized SMEs exhibit similar uncertainties over this strategy when evaluating the option of franchising, although medium-sized SMEs are more likely to support this decision. The greater operational capacity of medium-SMEs may explain this disparity. Furthermore, regarding "direct investment," small SMEs and micro-SMEs exhibit identical levels of reluctance. However, medium-SMEs generally support this approach as they have higher capacity and resources, allowing them to take on more risks. They are large. Variations in complexity and resource constraints between the three types of SMEs influence the formulation of suitable internationalization strategies.

Numerous factors may contribute to the differences in approaches to internationalization strategy between micro, small, and medium-SMEs. Micro and small SMEs are more susceptible to financial and operational risks, making them more cautious and hesitant when implementing internationalization initiatives that require significant commitment, such as joint ventures, franchising, or direct investment. On the other hand, medium-sized companies with more resources and capacity can usually obtain better access to the cash and infrastructure required to implement more ambitious internationalization efforts. The beliefs and opinions of these three types of SMEs about strategic stages in approaching global markets are influenced by factors such as

operational scale, risk appetite, access to markets and resources, and previous foreign experience.

Examining the elements that impact their decision-making processes is necessary to understand the variations in internationalization strategies among micro-, small, and medium-sized enterprises. Micro and small SMEs often face financial constraints restricting their capacity to undertake high-risk internationalization methods. This tendency leads people to exhibit greater caution and reluctance when considering actions such as participating in joint ventures, franchising, or direct investment, as these endeavors require substantial commitment and investment. In contrast, medium-SMEs, which operate on a larger scale, enjoy enhanced access to cash, resources, and networks, enabling them to exhibit greater confidence in undertaking risks and executing intricate internationalization initiatives. Additional aspects, such as prior experience in global expansion, management aptitude, and organizational framework, also influence their preferences and perspectives on selecting the appropriate internationalization plan for their business.

#### **5.1.4. Identified 'Expenses for Overseas Expansion' as the Main Challenge in the Internationalization of SMEs**

According to the research findings, the primary challenge to SMEs' internationalization is "Expenses for overseas expansion." This conclusion is derived from the responses of 83 participants, which represents 81.4% of the total of respondents. This finding is in line with research by Hasyim (2012), Yener et al. (2014), and Dominguez and Mayrhofer (2017). Their findings indicate that 'Expenses for overseas expansion' significantly hinder small and medium-sized enterprises from entering global markets. The financial difficulties encountered are a direct result of the intricate nature and uncertainties associated with expanding a company's operations into global markets. Expanding internationally includes initial capital investment, operational costs, currency risk, marketing expenses, and international regulatory and compliance expenses. Since many responses identify cost difficulties as the main obstacle to internationalization, small and medium-sized enterprises (SMEs) must devise astute financial strategies. This could involve exploring alternative funding sources, forging strategic partnerships, or adjusting cost strategies. These measures are

necessary to tackle the financial hurdles that arise during the expansion process to international markets.

According to these findings, it is widely believed that a thorough understanding of the financial implications of expanding abroad is essential for the effective globalization of small and medium-sized enterprises (SMEs). Small and medium companies must actively control expenses by thoroughly examining global expansion, forming strategic alliances to distribute risks and resources, implementing efficient business models, and employing foreign exchange hedging tools to mitigate the impact of currency fluctuations. By using an organized strategy to control costs and adopting sustainable financial strategies, small and medium-sized enterprises (SMEs) can effectively address the financial obstacles associated with entering foreign markets. This will enable them to fortify their financial stability while operating in a varied and ever-changing global business landscape.

### **5.1.5. Identified 'Shortage of Working Capital to Finance Exports' as the Main Problem in the Internationalization of SMEs**

The research findings indicate that among the 11 obstacles identified in the participants' responses, the main barrier to internationalization is a lack of working capital to finance exports. 75 of the 102 respondents, or approximately 74% of the participants, identified this obstacle. This finding is in line with research by Al-Hyari et al. (2012), Roy et al. (2016), and Prasanthi and Bhaskara (2019). SMEs often face a significant barrier when expanding their operations into global markets due to a lack of working capital to fund export activities. This obstacle impedes the smooth operation of export activities and limits the financial capacity to develop and implement effective internationalization strategies. By prioritizing the resolution of working capital issues, small and medium-sized enterprises (SMEs) can be equipped to overcome any international financial challenges that may arise during the expansion process. This will also improve their financial standing as they compete in the global market.

The lack of sufficient working capital to support export activities presents a significant barrier to the global expansion of small and medium-sized enterprises (SMEs), as working capital serves as the primary basis for companies to function and grow their operations. When it involves exporting, it is necessary to have enough working capital to finance the production of goods and services that will be exported,

cover distribution expenses, support international marketing campaigns, and mitigate the risks associated with currency changes. SMEs that lack sufficient working capital may face obstacles in meeting the requirements of overseas markets, maintaining a consistent export operation, and managing any financial difficulties that may develop during the internationalization process. Therefore, it is imperative for SMEs aspiring to succeed in the global market to prioritize efficient management of insufficient working capital.

## 5.2. Discussion

The analysis revealed that IE dimensions had influenced the internationalization of SMEs in Guizhou, China. These findings emphasize the role of IE in facilitating the rapid worldwide expansion of SMEs. The results are consistent with research conducted by Oparaocha (2015) and Chandra et al. (2020), which found that international entrepreneurship (IE) activities played an important role in motivating SMEs to engage in international markets, primarily through export. This study also showed that the scope and degree of IE dimensions substantially influenced SMEs' internationalization process. Although both the scope and degree have influenced the internationalization of SMEs, the scope had a greater influence than the degree of internationalization. The scope of the IE dimensions refers to the extent to which the firm was involved in several nations, reflecting the diversity of its international activities. At the same time, the degree of internationalization indicated the level of exposure to the global market.

The dimensions of IE highlight the importance of innovation, adaptability, and creativity in the engagement with global markets. It also improves the company's ability to take risks, investigate untapped markets, and compete globally. A strong emphasis on the IE dimensions helps stimulate growth by inspiring companies to quickly broaden their global commercial operations. Furthermore, the dimensions of IE foster robust networks and alliances in global markets, facilitating the acquisition of resources, information, and business prospects that boost the international expansion of SMEs, ultimately leading to sustainable success in the global market.

A strong IE plan can improve a company's export volume and value, create market diversification prospects, and improve global market competitiveness. The increase in export quantity and value is evidence of the globalization of SMEs. By prioritizing the dimensions of the IE, SMEs can broaden their export market, overcome the financial constraints associated with international expansion, and stimulate business growth by achieving a consistent and sustained increase in export operations. Therefore, integrating IE elements into export strategies is crucial for SMEs to maximize their potential for internationalization and improve their total export performance (Dey et al., 2022).

The analysis results of the challenges and barriers during the internationalization process were identified by interview. The top five challenges were expenses for overseas expansion, finding a trustworthy partner, technology or innovation, overseas experiences, and rules and regulations.

Regarding barriers to internationalization, SMEs, the shortage of working capital to finance exports, difficulty obtaining reliable foreign representation, limited information to identify overseas target markets, and the inability to contact target customers were the main barriers.

Based on respondents' perceptions, the main strategy to internationalize SMEs is 'exporting.' Meanwhile, 'funding for overseas expansion' is the challenge and barrier most SMEs face in their internationalization process. The qualitative method was an interview with six top management of selected SMEs. The interview aimed to clarify the strategies, challenges, and barriers that SMEs face while expanding internationally. The interview provides supporting reasons for 'exporting'. Exports allow SMEs to introduce their products to foreign markets without investing in large infrastructure investments in the destination country by conducting in-depth market research to identify countries with high demand for SME products. Then, the destination country's regulations must be identified to ensure that the products meet all legal requirements and comply with quality standards in the destination country.

Regarding strategies that can be employed to address the obstacle of insufficient funds to support the international SME process, low interest rates from financial institutes or government-support programs for subsidies, training, and technical assistance would be helpful for the expansion of international SMEs. In

addition, optimizing existing resources, such as increasing production efficiency and cutting unnecessary costs, would support the expansion of available funds.

In conclusion, the dimensions of the IE significantly influence the internationalization of Guizhou-based SMEs. The dimension that has the most significant influence on the internationalization of small and medium-sized enterprises (SMEs) is the "scope of internationalization," in comparison to the other two dimensions, namely the "degree" and "speed" of internationalization. There exist disparities in the strategic approaches employed for internationalization among small, micro, and medium-SMEs. The cost of expansion becomes the primary challenge to the internationalization of SMEs. The primary barrier to SMEs' internationalization is a need for working capital to fund exports. Future research should specifically explore comparative studies between countries to understand the similarities, differences, and determinants of internationalization success in diverse global contexts, which are worth exploring.

## 5.4. Recommendation

### 5.4.1. Recommendation for Policies

- 1) Promote specialized training and mentoring programs for owners of SMEs to improve their comprehension and use of efficient international entrepreneurship strategies.
- 2) Enhance financial assistance and establish robust networks to streamline export operations for SMEs while reducing expenses associated with international expansion.
- 3) Establish a tax incentive policy with subsidies to stimulate the international expansion of SMEs and address challenges related to expanding abroad.
- 4) Create a forum or collaboration platform where government, financial institutions, and relevant stakeholders can exchange information and resources to enhance the effectiveness of the SMEs' internationalization strategy.

### 5.4.2. Recommendation for the Management of SMEs

- 1) Prioritizing export strategies can be an effective way to internationalize organizations, given their substantial impact on the growth of SMEs.

2) We must exercise caution when expanding our operations abroad, primarily focusing on maximizing efficiency to overcome the obstacles associated with expanding internationally.

3) It is essential to perform a comprehensive foreign market assessment before expanding worldwide to ascertain the market's potential and requirements.

4) Establishing strategic alliances with local and international stakeholders is necessary to facilitate global expansion and broaden commercial connections.



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## APPENDICES

### APPENDIX 1 Questionnaire

Dear Respondent,

I am conducting a study to understand the factors influencing the internationalization and market performance of small and medium enterprises (SMEs), specifically focusing on the unique strategies, challenges, and barriers to the global expansion of SMEs. Your insights as a crucial player in this sector are invaluable to me.

This questionnaire is designed to gather detailed information on your SME's scope, degree, speed of internalization, your SME's strategies, challenges, and barriers in navigating the complexities of international markets. The questions cover a range of topics, including internationalization strategies, market entry modes, innovation, government support, and the economic impact of entrepreneurship, particularly in the Guizhou region.

Your participation in this survey will contribute significantly to our understanding of the current landscape of SMEs in the global market. It will aid in developing strategies and policies that support the growth and sustainability of businesses like yours. The questionnaire should take approximately 15-20 minutes to complete. Please be assured that all responses will be kept confidential and used only for research purposes.

I greatly appreciate your valuable time and insights. Thank you for participating in this Study.

Sincerely,

Ms. Jing YU

MMS Candidate

Institute of Science Innovation and Culture, Rajamangala University of Technology  
Krungthep, 10120 Bangkok, Thailand

Email:

Cell phone:

## **PART I: SME Information**

Please answer the following questions based on your opinion by tick (✓) in the most appropriate box.

- 1) Years in Operation
  1. Less than 10 years
  2. 10-15 years
  3. 16-20 years
  4. More than 20 years
- 2) Year of international presence
  1. Less than 2 years
  2. 2-3 years
  3. 4-5 years
  4. More than 5 years
- 3) Number of Employees
  1. Less than 500
  2. 500-1,000
  3. More than 1,000

## **PART II: Internalization of SME indicator**

Please answer the following questions by filling in the space provided.

- 4) Value of SMEs' direct exports: .....
- 5) Value of SMEs' direct imports: .....
- 6) Value of SMEs' investment abroad: .....
- 7) Value of sales of SMEs being subcontracted by foreign enterprises: .....
- 8) Value of purchase of SMEs from foreign subcontractors: .....
- 9) Value of SMEs' revenue from cooperation with foreign enterprises under joint ventures, non-equity alliances, licensing and franchising: .....

### PART III: Dimension of International Entrepreneurship (IE)

The dimension of IE consists of the degree, scope, and speed of internationalization.

Please provide your opinion by tick (✓) the most appropriate one among the five options.

(1) Strongly disagree, (2) Disagree, (3) Neutral, (4) Agree, (5) I agree strongly.

Degree of Internationalization	1	2	3	4	5
10. My company has been expanding internationally since the year of the company's foundation.					
11. My company begins to expand internationally in the third year after the foundation.					
12. My company begins to expand internationally in the fifth year after the foundation.					
Scope of Internationalization	1	2	3	4	5
13. My company places great stress on international clients' geographical location.					
14. My company tries to expand into as many international markets as possible.					
15. My company prioritizes geographically similar markets while expanding abroad.					
16. My company makes up for the lack of resources by choosing a strategic geographic location to expand abroad.					
Speed of internationalization					
16. My company has foreign markets in every year of international operation					
17. My company's percentage of foreign revenue increased in every year of international operations					
18. My company's number of cultural regions increases every year of international operation					
19. My company enters foreign investment mode in every year of international operations					

#### Part IV: Internationalization Strategies

Please provide your opinion by tick (✓) the most appropriate one among the five options. (1) Strongly disagree, (2) Disagree, (3) Neutral, (4) Agree, (5) Strongly agree

Internationalization Strategies	1	2	3	4	5
20. Our SME prefers exporting as the primary strategy for internationalization.					
21. Engaging in joint ventures is our SME's preferred strategy for internationalization.					
22. Our SME favors franchising as the primary approach to internationalize.					
23. Direct investment is the primary internationalization strategy of our SME.					
Adaptability and Competitive Strategies	1	2	3	4	5
24. Our SME can adapt its strategies very quickly in response to changes in international markets.					
25. Our SME competes very aggressively against international competitors.					
Utilization of Resources and Collaboration					
26. Utilizing market research extensively is crucial for our SME's international expansion.					
27. Networking and collaboration with international partners are crucial for our SME.					
Sustainability, Government Support, and Market Performance					
28. Our SME's international business operations prioritize sustainability and ethics.					
29. Government support has a significant impact on our SME's internationalization.					
30. Our SME's market performance in international markets far exceeds expectations.					
Strategy Adaptation and Organizational Learning					
31. Our SME's market entry strategies are adaptable to various international markets.					
32. Our SME has an excellent capacity for organizational learning in international markets.					

## Part V: Internationalization Challenge and Barrier

This part concerns the challenges and barriers of SMEs' internationalization. Please select the answer based on your opinion by tick (✓) in the most appropriate box. You can choose more than one, or you can fill in others.

33. Based on your experience, what are the challenges of SMEs' internationalization?

- 1. Overseas experience
- 2. technology or innovation
- 3. Expenses for overseas expansion
- 4. Finding trustworthy partner
- 5. Rules and regulation
- 6. Culture, language and business custom
- 7. Other: .....

34. Based on your experience, what are the barriers to SMEs' internationalization?

- 1. Shortage of working capital to finance exports
- 2. Difficulty identifying foreign business opportunities
- 3. Limited information for locating/analyzing markets
- 4. Inability to contact potential overseas customers
- 5. Difficulty obtaining reliable foreign representation
- 6. Lack of managerial time to deal with internationalization
- 7. Inadequate quantity of and/or untrained personnel
- 8. Lack of home government assistance /incentives
- 9. Excessive transportation/insurance costs
- 10. Other: .....

## APPENDIX 2

### Semi-structure Interview

#### Introduction

1. Could you introduce yourself and your company's Internationalization
2. Could you describe the company's internationalization process? When did you start your internationalization activities?
3. How do you select the target markets?
4. What resources are needed for internationalization, and how does your company get the resources?
5. How do you get partners in the target markets?

#### Strategy development

6. Could you describe the company's internationalization strategy development process? How is the internationalization strategy developed?
7. If you have faced new, unexpected challenges or opportunities during the internationalization process, how have you reacted, and how flexible has your strategy been? Have the strategy objectives evolved during the internationalization process?

## APPENDIX 3

### Reliability

#### **Reliability**

##### **Case Processing Summary**

	N	%
Cases	Valid	30
	Excluded <sup>a</sup>	0
	Total	30
		100.0

a. Listwise deletion based on all variables in the procedure.

#### **Reliability Statistics**

Cronbach's Alpha	N of Items
.920	4

#### **Reliability**

##### **Case Processing Summary**

	N	%
Cases	Valid	30
	Excluded <sup>a</sup>	0
	Total	30
		100.0

a. Listwise deletion based on all variables in the procedure.

#### **Reliability Statistics**

Cronbach's Alpha	N of Items
.807	2

##### **Case Processing Summary**

	N	%
Cases	Valid	30
	Excluded <sup>a</sup>	0
	Total	30
		100.0

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

Cronbach's

Alpha	N of Items
.894	2

**Case Processing Summary**

	N	%
Cases	Valid	30
	Excluded <sup>a</sup>	0
Total	30	100.0

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

Cronbach's

Alpha	N of Items
.841	3

**Case Processing Summary**

	N	%
Cases	Valid	30
	Excluded <sup>a</sup>	0
Total	30	100.0

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

Cronbach's

Alpha	N of Items
.880	2

## BIOGRAPHY

Yu Jing has a rich and diverse professional background and extensive experience in business and education. Beginning her career in 2007, she spent seven years deeply engaged in business, gaining hands-on experience in project planning, product promotion, and customer relationship management. She developed sharp market insight, strong business acumen, and a mature understanding of industry trends and market dynamics throughout this journey. In 2024, Yu Jing transitioned into the education sector, joining Guizhou Preschool Education College, where she successfully applied her management expertise to administrative operations, team coordination, and strategic planning. Her keen attention to detail and commitment to efficiency have contributed significantly to the college's development, reflecting her adaptability and continuous pursuit of professional growth across industries.

