SME INTERNATIONALISATION: AN EMERGING MARKET PERSPECTIVE

A thesis submitted in fulfilment of the requirement for the degree of Doctor of Philosophy

by
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Abstract

Small and Medium-Sized Enterprises (SMEs) are significant drivers of economic activity, accounting for 35% of the GDP in developing and 50% in developed economies (Casado-Belmonte et al., 2020, p.1). In addition, over the past two decades, it has been observed that SMEs from developing and developed markets are increasingly internationalising.

However, it cannot be denied that there are significant differences between SMEs from developed economies (DSMEs) and SMEs from emerging economies (ESMEs). Internationalising ESMEs often encounter more obstacles than their developed country counterparts due to negative country-of-origin effects, volatile home environments with unfavourable economic conditions, limited resources, lack of international orientation, managerial competency, and support from its government (Chandra et al., 2020).

With the quest to further explore internationalisation occurring from ESMEs, this study conducts a Systematic Literature Review (SLR) to identify the factors affecting an ESME's internationalisation through the pre and post-internationalisation stages. After reviewing 54 papers, the study focuses on the pre-internationalisation stage of an ESME and proposes a conceptual model to enhance our understanding of what factors lead to an ESME's intention to internationalise. "A quantitative method was adopted wherein 162 responses from Indian ESMEs were analysed to empirically test how perceived drivers to internationalisation, such as guanxi, social capital, digital infrastructure, and the ESME's inclination to adopt digital infrastructure combined with decision-making approaches such as effectuation where the ESME opts to make best use of the available resources when faced with scarcity and uncertain environments come together in the presence of the moderating effect of home country institutional factors such as institutional pressures to formulate the intention to internationalise.

The study supports the positive association of social capital and the effectuation principles of pre-commitments and flexibility with an ESME's intention to internationalise. The study also finds interesting findings for underexplored moderating effects of institutional pressure on the ESME's adoption of an effectuation-based decision-making approach and its intention to internationalise."

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List of Abbreviations

Abbreviation	Full form
1. IBR	International Business Review
2. JBR	Journal of Business Research
3. IMR	International Marketing Review
4. JSBM	Journal of Small Business Management
5. JIBS	Journal of International Business

6. MIR	Management International Review
7. IMM	Industrial Marketing Management
8. JWD	Journal Of World Business
9. EJM	European Journal Of Management
10. JIM	Journal Of International Management
11. SBE	Small Business Economics
12. APJM	Asia Pacific Journal Of Management
13. ICC	Industrial and Corporate Change
14. JIM	Journal of International Marketing
15. INP	Institutional pressure
16. GUX	Guanxi
17. SOC	Social Capital
18. GLB	Global Networks
19. EXP	Experimentation
20. PRE	Pre commitments
21. FLX	Flexibility
22. AFF	Affordable Loss
23. PRU	Perceived usefulness
24. PRC	Perceived convenience
25.DIU	Digital infrastructure
26. SCD	Socio cultural differences

27. BDD	Business Distance
28. FRI	Formal Institution
29. HTMT	heterotrait–monotrait
30. SEM	Structural equation modelling
31. CB-SEM	Covariance-Based Structural equation modelling
32. LVS	Latent Variable Scores
33. SCD*SOC	Socio cultural difference*Social capital
34. SCD*GUX	Socio cultural difference*Guanxi
35. BDD*GUX	Business distance*guanxi
36. BDD*SOC	Business Distance*Social capital
37. SCD*EXP	Socio cultural difference*Experimentation
38.SCD*AFF	Socio cultural difference*Affordable Loss
39. SCD*PRE	Socio cultural difference*Pre commitment
40. SCD*FLX	Socio cultural difference*Flexibility
41. BDD*EXP	Business Distance*Experimentation
42. BDD*AFF	Business Distance*Affordable Loss
43. BDD*PRE	Business Distance*Pre Commitment
44. BDD*FLX	Business Distance*Flexibility
45. FRI*EXP	Formal Institution*Experimentation
46. FRI*AFF	Formal Institution*Affordable Loss
47. FRI*PRE	Formal Institution*Pre commitment

48. FRI*FLEX	Formal Institution*Flexibility
49. INP*EXP	Institutional Pressure*Experimentation
50. INP*AFF	Institutional Pressure*Affordable Loss
51. INP*PRE	Institutional Pressure*Pre commitment
52. INP*FLX	Institutional Pressure*Flexibility
53. C.R.	Critical Ratio
54. X^2	Chi-square
55. CMIN/DF	Chi-square divided by degrees of freedom
56. CFI	Comparative Fit Index
57. RMSEA	Root mean square error of approximation
58. SRMR	Standardised root mean square residual
59. IFI	Incremental fit index
60. SMEs	Small and medium sized enterprises
61. ESME	SMEs from emerging markets
62. IB	International Business
63. DSMEs	Developed economies
64. SLR	Systematic Literature Review
65. WoS	Web of Science

Chapter One: Introduction to the Thesis

1.1 Background of Internationalisation of SMEs from Emerging Markets

According to The World Bank, small and medium-sized enterprises (SMEs) are significant drivers of economic activity. In emerging markets, it is said that “7 out of 10 jobs” are created due to SMEs, and as per Casado-Belmonte et al. (2020, p1), SMEs contribute to 35% of the developing economy’s GDP and 50% to developed economies’ GDP.

A 2017 OECD report stated that by encouraging SMEs' global involvement, the positive contribution of SMEs towards economic and social development can be increased. A few ways this would happen, as per the report, would be through *“creating opportunities to scale up, accelerating innovation, facilitating spill-overs of technology and managerial know-how, broadening and deepening the skill-set, and enhancing productivity“* (p10). This could explain the growing research interest in the past decades regarding SME internationalisation (Ruzzier et al., 2006; Fernandes et al., 2023; Zahoor et al., 2022).

Moreover, it is expected that SMEs, given the nature of their size, age, limited knowledge, and experience, may find entering new markets challenging (Morais and Ferreira, 2019). Nevertheless, a significant proportion of SMEs continue to internationalise. According to a 2018/19 annual report on European SMEs, only 11% of 848 respondents did not have intentions of internationalising as opposed to the *“76% who planned to expand within the EU and 37% outside of the EU (with 26% planning to expand both within as well as outside of the EU)”* (p 86). A similar trend is noticed in the developing markets as well. For example, the percentage of Indian SMEs involved in exporting as of 2018-19 was close to 50%, a significant jump from the previous financial year, which was a mere 7.5% (Soni, 2019, as cited in Singh et al. 2022).

The statistics mentioned above, as well as past literature, show that internationalisation is occurring from both developed economy SMEs (DSMEs) and emerging economy SMEs (ESMEs) (Steinhäuser et al., 2021; Morais and Ferreira, 2019; Chandra et al., 2020). Previous research has highlighted that internationalisation occurring from SMEs is an interesting area of research due to the limitations an SME faces in comparison to larger firms, for example, Multinational Corporations (MNCs). One of the most prominent differences between SMEs and

larger firms, especially in internationalisation, is the size and the resource abundance that comes with larger size (Deng and Zhang, 2018).

SMEs do not possess advantages like economies of scale, abundant financial and technological resources and capability and experience to manage against trade barriers and other unfavourable political environments that larger firms enjoy especially while making internationalisation-related decisions (Steinhäuser et al., 2021). In fact, SMEs have their unique characteristics. As such, they can be more flexible than larger firms and are primarily driven by their entrepreneurs (Steinhäuser et al., 2021). For example, research shows that often, an SME's internationalisation takes place because of its entrepreneur's ability to take advantage of opportunities as they arise rather than the internationalisation being strategic or planned. The literature says a lot of SME internationalisation can be accounted for by serendipity and the entrepreneur's ability to exploit it (Morais and Ferreira, 2019).

Moreover, regarding entry mode, SMEs tend to internationalise via low-commitment entry modes such as exports and majorly use networks to compensate for their lack of competitive advantage while competing in international markets (Morais and Ferreira, 2020).

However, the literature also highlights that internationalisation from ESMEs has its characteristics, and the challenges they incur while internationalising differ from DSMEs (Chandra et al., 2020). There has been increasing research in this area wherein researchers such as Chandra et al. (2020) and Dekel-Dachs et al. (2021) have attempted to understand the unique characteristics of ESME internationalisation. For example, ESMEs belong to institutionally weaker home environments and face greater chances of market failures compared to DSMEs, as developing and developed economies are structurally different (Ciravegna et al. 2014; Igwe et al., 2021). It has been established in the literature that a firm's country of origin significantly impacts their internationalisation strategy. For example, how firms might choose to "leverage internal and external resources" (Ciravegna et al. 2014, 917) is also dependent on "country-specific advantages" (Ciravegna et al. 2014, 917). Moreover, how ESMEs and DSMEs utilise networks differ. Past literature has found that ESMEs from countries such as Costa Rican place considerable importance on the development of business networks formed while the entrepreneur was securing education at university—however, developed countries such as Italy do not place a similar level of importance on networks developed via similar methods for their internationalisation (Ciravegna et al. 2014, 922).

Past researchers such as Chandra et al., 2020 have summarised research that theoretically agrees that ESMEs take longer to internationalise compared to their developed economy counterparts due to their vulnerability to lack of resources and their home countries' unstable environment and lack of "overseas political ties" (Chandra et al., 2020, p.1290). Overall, the internationalisation journey for ESMEs is different to that of DSMEs as ESMEs are not as competitive (Igwe et al., 2021).

Despite SME internationalisation having received increasing attention in recent years, our understanding of ESME internationalisation is "limited" (Liñán et al., 2019; Haddoud et al., 2021, as cited in Chandra et al., 2020).

1.2 Research Area and India as a Research Context

Although in recent years, in some emerging economies, governments have aimed to provide better policies and procedures for helping improve the development of ESMEs and even encourage them to internationalise, ESMEs still face challenges (Igwe et al., 2021).

From a theoretical standpoint, following the Uppsala model, the ESME will employ experimental learning and first gain confidence in the home market before choosing a host country where the perceived psychic distance is not too large. However, one of the main setbacks of ESMEs is a lack of knowledge about the international markets (Igwe et al., 2021). On the other hand, the resource-based perspective emphasises the importance of resources, which an ESME typically lacks, especially since ESMEs do not enjoy many country-specific advantages and rely on firm-specific while internationalising. It is interesting to note how, despite resource constraints, ESME leverage firm-specific resources and internationalise (Winckler et al., 2022). Past research has established that network theory can explain internationalisation from ESMEs (Winckler et al., 2022; Chandra et al., 2020). It helps them compensate for the lack of resources and knowledge due to institutional voids (Dekel-Dachs et al., 2021).

However, one setback of the network approach is that it does not address the entrepreneur's strategic position, role and influence in the ESME's internationalisation (Zhu et al., 2020). An individual plays a significant role in ESME internationalisation, and an ESME manager's international experience, MNC experience or international education can provide an ESME "competitive advantage" (Oura et al., 2016, p.924) and help them internationalise. However, on

the flip side, there have also been cases where a lack of managerial competence and expertise has created “bottlenecks” (Zhu et al., 2020, p.210) for ESME internationalisation.

It cannot be denied that internationalisation is a “bold move” (Cheng and Lin, 2009, p.62), especially for ESME and while there are several conditions under which an ESME may feel inclined to internationalise, such as institutional escapism wherein a firm is forced to exit the domestic markets due to local institutional constraints and environment that is preventing the firm from growing (Wu and Deng, 2020). However, many challenges, namely institutional voids, lack of government support, financing, resources and expertise, still lead to many ESMEs deciding against their internationalisation (Chandra et al., 2020, 1293).

This research aims to investigate further the complex yet fascinating phenomenon of internationalisation from emerging economies. Specifically from the fast-growing economy of India (Javalgi et al., 2011; Chandra et al., 2020). As Singh (2022) very accurately mentions, given India’s history of re-emerging as the fastest-growing economy after overcoming institutional barriers and institutional voids caused by a lack of information between stakeholders and inefficient policies and procedures (Pattnaik et al., 2018, p.1053) makes India a very interesting market to study for internationalisation. Moreover, as mentioned a little earlier in this study, Indian SMEs increased their export by close to 50% as of 2018-19, employ 110 million people and are responsible for about 28% of India’s GDP (Soni, 2019, as cited in Singh et al. 2022).

1.3 Research Focus

Before the thesis can further investigate ESME internationalisation, it is essential to define the term internationalisation. Although there are several definitions for internationalisation, the one this thesis adopts is by Welch and Luostarinen (1993), “the outward movement of a firm’s international operations”, as this study is not limited to internationalisation modes such as exports but also licensing, franchising, wholly-owned ventures, greenfield strategy, mergers, acquisitions and others.

1.3.1 A Pre-Internationalisation Focus

The research focuses on the pre-internationalisation stage. In the earlier sections, we have seen that low institutional environments characterised by a lack of financial systems and

professional intermediaries, regulatory uncertainty, political costs, and corruption create uncertainty and ambiguity for ESMEs (Morais and Ferreira, 2019; Chandra et al., 2020; Dekel-Dachs et al., 2021).

Although managerial experiential knowledge and network cultivation can mitigate some of these challenges, not all ESMEs possess highly skilled managers (Zhu et al., 2020). Moreover, a 2017-2018 study indicated that India is 50% more likely to experience managers' skill deficiency issues (Basole, 2018).

Yet, the literature argues several triggers that can make an ESME internationalise. According to the Uppsala Model (Johanson & Vahlne, 1977), as the ESMEs acquire more market knowledge and are less uncertain about the foreign market due to firm-specific advantages, they are able to increase their commitment and increase their international involvement in an incremental fashion. However, contradicting the Uppsala Model are the born global ESMEs who are internationalised from their inception even though they do not possess relevant market knowledge as the Uppsala Model suggests (Haddoud et al., 2021; Chandra et al., 2020).

Alternatively, from an economic-based view, Cheng and Yu (2008) highlight research suggesting that ESMEs can be opportunistic and go abroad to pursue new opportunities and leverage their core competencies across markets despite the associated risks. ESMEs can also be more strategic and “leapfrog” into internationalisation (Haddoud et al., 2021; Chandra et al., 2020). However, the ESMEs that do not possess such competitive advantages that can allow them to act opportunistically, they utilise networks to overcome their liability of smallness (Chandra et al., 2020; Cheng and Yu, 2008).

Moreover, Cheng and Yu (2008) highlight that ESMEs' intention to internationalise may be more influenced by sociological factors wherein SMEs, especially ESMEs, feel pressured to conform to institutional pressures to gain legitimacy and improve their chances of survival.

This shows that for an ESME, the intention to internationalise can be complex and affected by several factors. Hence, this study focuses on understanding the factors that drive ESMEs to make this significant move.

1.3.2 Knowledge Gap

The foundation of this thesis is laid on a number of knowledge gaps identified in the ESME internationalisation literature, and the adoption of the SLR, the pre-internationalisation focus of

the study and the development of the conceptual model, which then was utilised for the quantitative investigation has emerged for these existing knowledge gaps noticed in the literature.

1.3.2.1 Gaps in the literature motivating the adoption of the SLR

There have been a number of SLRs that have been published giving special attention to the topic of SME internationalisation. However, the research is skewed towards discussing SME internationalisation at a general level (Morais & Ferreira, 2019; Steinhäuser et al., 2021) or majorly focused towards DSMEs (Chandra et al., 2020, p.1281). Even though previous reviews, such as Laufs & Schwens (2014) and Ribau et al. (2018), have included papers from emerging and developed home markets, both papers' sample size was dominantly focused towards developed nations. However, as discussed earlier in this chapter, emerging and developed markets belong to different “institutional compositions” (Dekel-Dachs et al., 2021). Institutions have been found to impact various firms' internationalisation decisions, such as location choice, entry mode and internationalisation strategy (Denga & Zhang, 2018, p.280). Moreover, as the institution theory explains, due to “weak institutions in the form of underdeveloped capital markets, labour markets, and product markets”, firms from developing markets experience difficulties while internationalising (Ciravegna et al., 2014, p.917). For example, firms from BRIC nations (i.e., nations belonging to emerging markets) score below 50 per cent on the Edelman Trust Barometer, making it crucial for firms from emerging markets to respond to the negative country of origin effects (Eddleston et al., 2019) and “institutional weakness” (Ciravegna et al., 2014) in their internationalisation strategy. ESMEs are identified to be "highly sensitive to external challenges" (Laufs & Schwens, 2014, p.1111) and face hindrance due to external factors such as lack of government support and are less capable of addressing these limitations compared to larger firms (Singh et al., 2010). Therefore, as this thesis emphasises, understanding the factors affecting the internationalisation of ESME is essential. Despite this, extant review research has either addressed the internationalisation of Emerging Market Firms (EMFs) as a whole (Jormanainen & Koveshnikov, 2012), thereby lacking an exclusive focus on ESMEs or focussed only on the barriers influencing the growth and internationalisation of ESMEs (Chandra et al., 2020). Alternatively, there are more recent reviews on ESMEs but with a niche perspective, such as the effects of networks and institutional voids on ESME internationalisation (Dekel-Dachs et al., 2021), ESME internationalisation studied as an escape response (Wu & Deng, 2020), location choice of the host country for Indian and Chinese SMEs (Zhu et al., 2020), analysing Uppsala internationalisation approaches of firms in transition and

emerging markets (Igwe et al., 2021) and Winckler et al., (2022) aims to answer what resources are used by ESME while internationalising. Thus highlighting a need for a comprehensive study on the internationalisation of ESMEs.

By conducting an evidence-based systematic review (Li et al., 2018) of the literature for the pre-pandemic literature (i.e., 1979 to 2019), this study aims to identify the enablers and obstacles of the internationalisation of ESMEs. This research differs from previous studies as it accentuates previous studies on any factors that impact SMEs' internationalisation from an emerging market throughout its internationalisation journey. This includes barriers and drivers across the ESME's pre and post-internationalisation journey. It also focuses on SMEs from various emerging markets, not just BRIC nations. As a result, it intends to provide a comprehensible platform for researchers working in this area. The main novelty the SLR intends to offer is to understand what factors affect an ESME's pre-internationalisation stage, where they make important decisions such as the decision to internationalise and how to initiate the initial internationalisation regarding location choice and entry modes. And what factors affect the growth or expansion stage of ESMEs once initial internationalisation has occurred, i.e., the post-internationalisation stage.

1.3.2.2 Gaps in the literature motivating the development of the proposed conceptual model

The literature has a recurrent theme of ESMEs facing legitimacy concerns due to their size and country of origin (Cheng and Yu, 2008; Zhou et al., 2007; Bangara et al., 2012). Efforts have been made to identify factors that can assist ESMEs in overcoming these challenges, such as organisational learning capability (OLC) practices, including possessing internationally recognised certificates (Deng and Zhang, 2018).

Given the significance of this issue, this thesis aims to investigate the role of another mechanism through which ESMEs can achieve legitimacy: adherence to institutional pressures (Cheng and Yu, 2008). While institutional pressures have been studied as an independent variable in the context of pre-internationalisation, their moderating effect has not been extensively explored, to the best of my knowledge. Furthermore, ESMEs often apply effectuation strategies due to their resource-constrained structures in uncertain environments, a subject that has also been underrepresented in the literature (Kujala and Törnroos, 2018).

This study will examine effectuation both independently and under the moderation of institutional pressures. Considering these are two distinctive factors with a significant likelihood of co-occurrence in any emerging economy, exploring their interrelationship is beneficial. To the best of my knowledge, very limited research addresses these factors' overlap in the existing literature, making this investigation particularly valuable.

In the literature, digital technologies have been highlighted as a driver for ESME internationalisation. However, remain underexplored (Pergelova et al., 2019; Oh et al., 2009). India is undergoing a digital revolution, characterised by expanding internet access, increasing smartphone usage, and rising digital media consumption (Singh et al., 2017). Hon’ble Prime Minister Narendra Modi, at the India Ideas Summit 2020 has expressed the aim to make India into "Digital India" by increasing access to the internet across the population (Contentmii, 2020). These developments will significantly impact the Indian economy in the coming years, driving growth and innovation across various sectors. These changes are also expected to aid in the growth of Indian SMEs and help make international markets more accessible through cost-effective mediums of connection to international consumers. Therefore, in light of this context, this thesis has chosen to include the underexplored factor of digital technologies.

Lastly, while there is a plethora of research supporting the use of networks to compensate for internationalisation barriers, there is inconsistency in the literature about the types of networks used during the pre-internationalisation stage (Zhou et al., 2007; Yan et al., 2020; Musteen et al., 2017; Tiwari and Korneliussen, 2018; Richardson et al., 2012; Bai et al., 2022; Adomako et al., 2020). The two networks that have been studied in the literature to show effectiveness in the pre-internationalisation stage are guanxi networks and social capital and, therefore, are being tested in the context of Indian SMEs (Zhou et al., 2007; Musteen et al., 2017; Tiwari and Korneliussen, 2018; Richardson et al., 2012; Do et al., 2023). This aims to help bridge the inconsistencies in the literature surrounding network use, a key driver for ESME internationalisation. The above-discussed factors have been included while developing the proposed conceptual model, as seen in Figure 3.1 of this thesis.

1.4 Research Aim, Objectives and Questions

The main aim of this thesis is to identify what factors affect an ESME’s internationalisation and, more specifically, explore a combination of factors that influence an ESME’s internationalisation intention in an Indian market context.

1.4.1 Research Objectives

To achieve the research aim stated above, the objectives below were established:

- RO1: Conduct a systematic literature review on the extant literature in order to identify the various factors that have been empirically tested to influence an ESME's internationalisation.
- RO2: Conceptualise a theoretical model aiming to empirically test a combination of factors that influence an ESME's internationalisation intention.
- RO3: To examine the proposed conceptual model in an Indian market context.
- RO4: To contribute to a more comprehensive understanding of internationalisation from emerging market SMEs.

1.4.2 Research Questions

In order to practically accomplish the research aim and research objectives, the below research questions were formed so the study can ask the right "hows" and "whats" and consequently set out the empirical research in order to find the answers. However, before formulating the research questions, it is crucial that the study defines the dependent variable, i.e., an ESME's intention to internationalise. An ESME's intention to internationalise is defined by the firm's propensity to embark on international venturing or the initiatives ESMEs are ready to implement in order to do so (Chen et al., 2015; Haddoud et al., 2021; Zahra et al., 2000).

- RQ1: What are the factors that influence ESME internationalisation?
- RQ2: What are the factors that influence ESME internationalisation intention?
- RQ3: How do the identified factors affect an Indian SME's internationalisation intention?
- RQ4: How has this study contributed to a better understanding of ESME internationalisation?"

1.5 Structure of Thesis

This thesis consists of seven chapters, and the thesis flow can be seen in Figure 1.1 below.

The thesis starts with this chapter, wherein the background and purpose of the study are laid down. The research aims, objectives and questions are formulated, and the structure of the study is discussed.

Next, as the top box of Figure 1.1 shows, Chapter Two starts with a systematic literature review where 54 articles are identified. While conducting the SLR, the papers were reviewed and categorised into two clusters, as denoted by the bifurcation in Figure 1.1, wherein the two clusters were pre-internationalisation and post-internationalisation, and factors affecting each stage and their corresponding theoretical gaps were identified. After understanding the literature and, as explained in section 1.3.1, 'A Pre-Internationalisation Focus' of this chapter, the thesis chooses to conduct the empirical study focussing on the pre-internationalisation stage of the ESMEs as denoted by the arrow only from the gaps identified in the pre-internationalisation literature being considered while proposing the conceptual model and hypotheses for the empirical investigation in Chapter Three. Chapter Three also establishes the theoretical perspectives behind choosing the nine variables alongside the moderating relationship of institutional pressure on the effectuation-related variables to further investigate the complex yet fascinating phenomenon of internationalisation of emerging economy SMEs in the context of India.

This is followed by Chapter Four, as denoted by Figure 1.1, where the chapter explains the research methodology adopted and essential aspects of the thesis, such as questionnaire development, sampling strategy and data examination strategy to ensure the results are valid and reliable. After establishing the methodology, the thesis conducts primary data collection with the help of a questionnaire that secured 162 valid responses from Indian ESME. As denoted by Figure 1.1, Chapter Five analyses the collected data using structural equation modelling, reports on the findings for all the hypotheses and shows if the data supports the proposed hypotheses. This is followed by Chapters Six and Seven, as denoted by the last box in Figure 1.1, wherein the thesis discusses the findings, states the limitations experienced during this thesis's data collection and analysis and highlights the contributions made by this research. The double-sided arrows between the "Systematic Literature Review" box and the "Discussion & Limitations" box in Figure 1.1 denote that the results received from the data analysis chapter are examined against the existing literature and in case of any inconsistencies between the findings of the thesis and the literature, arguments are developed based on existing literature and relevant limitations of this research or avenues for future research are included in the thesis.

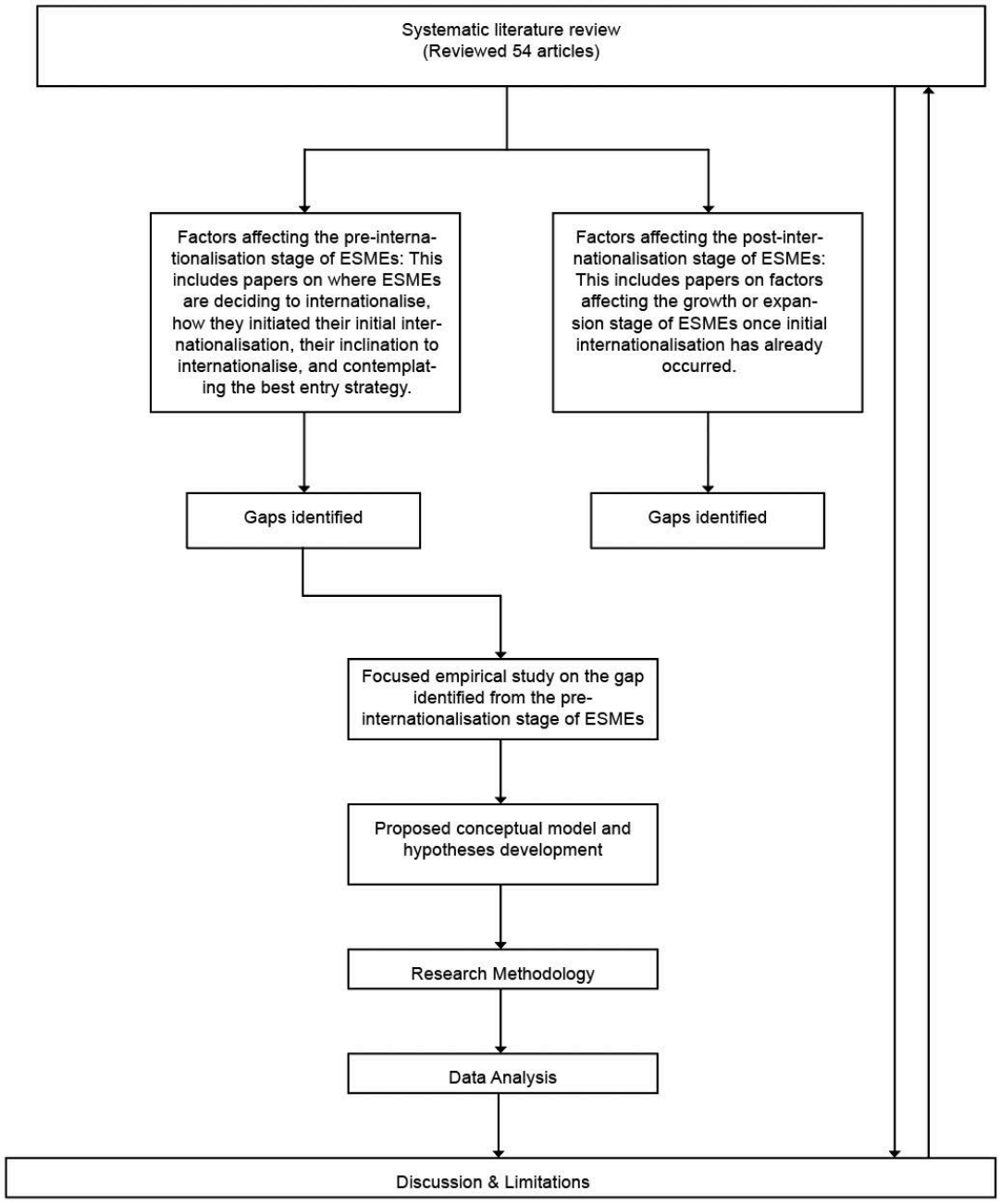


Figure 1.1: Thesis Structure

Chapter Two: Literature Review

The previous chapter establishes that there are differences between internationalisation occurring from ESMEs and DSMEs (Chandra et al., 2020; Dekel-Dachs et al. 2021; Ciravegna et al. 2014; Igwe et al., 2021). The manner in which ESMEs internationalise has to ensure that they are able to garner resources and develop a strategy that helps them offset the limitations imposed by the weaker institutional environment and negative country of origin effects (Haddoud et al., 2021).

However, to the best of my knowledge, a comprehensive review discussing factors affecting the pre and post-internationalisation stages of the ESME is missing. A vast proportion of the reviews have looked at SME internationalisation on a broader scale, wherein the sample is a combination of research about developed and developing market SMEs (Chandra et al., 2020; Ribau et al., 2018; Laufs and Schwens, 2014). On the other hand, there are reviews focusing on very specific regions (Caputo et al., 2016) entry modes (Haddoud et al., 2021; Bruneel and De Cock, 2016; Laufs and Schwens, 2014), or a niche focus such as looking at information management (Costa et al., 2016) family firms (Debellis et al., 2021) effectuation (Karami et al., 2020). Therefore, in order to close this literature gap while gaining a better understanding of the existing literature and thereby identifying a substantial research gap for the empirical research, a systematic literature review was conducted.

2.1 Methodology to shortlist the papers reviewed in the SLR

Step 1: Journal selection from Social Sciences Citation Index and UK Association of Business Schools list

The initial list was created by looking at the ‘Business’ and ‘Management’ subject areas of the 2018 Social Sciences Citation Index list. Next, to have a robust set of journals, eight subject areas were identified in the UK Association of Business Schools list (Chartered Association of Business Schools, 2018) after understanding the topics covered by each subject code. The areas included were 1) International business and area studies; 2) Strategy; 3) Organisational Studies; 4) Marketing; 5) Innovation; 6) Human Resource Management (HRM) and Employment Studies; 7) General Management, Ethics and Social Responsibility; 8) Entrepreneurship and Small Business Management as these were most appropriate for the SLR topic.

Step 2: Article selection (keyword strings and time period)

As a contingency plan, the study decided not to limit the initial article search to only the internationalisation of ESMEs in case the sample size for the topic was not sufficiently large and the topic needed to be broadened. The final keywords that were finalised were: “International* and SME”, “International* and Micro”, “International* and “small and medium”. These keyword strings were adopted from previous systematic reviews on SME internationalisation and guided by the Web of Science Core Collection Help to understand the use of wildcards or unknown characters for broadening search terms and capturing more data. For example, Morais and Ferreira (2020) used the keywords "Internationali*" AND "SME*" OR "small and medium sized" OR "small and medium enterprises". As seen in this example, the use of wildcards, such as asterisks, allows for searches that includes any word ending to “Internationali”, ensuring comprehensive data capture. Similarly, in this systematic review, "small and medium" was used to capture various endings such as enterprises, businesses, and business. Lastly, "Micro" was included in the search terms because companies with fewer than 500 employees were eligible for the systematic review. Micro companies, being smaller than small and medium-sized enterprises, might be specifically referred to as "micro" in the literature.

Next, the time period was set from 1979 to 2019. 1979 was chosen because it was the year China, the largest developing economy, opened its market to internationalisation (Huan, 1986).

To obtain the articles, each keyword string alongside the time period was manually searched on the 121 journals using the Web of Science (WoS) database. During this process, several journals yielded no results for any keyword strings during the selected time period. After excluding these journals, 63 journals remained, each yielding at least one article for at least one keyword string. At the end of this step, there were 603 articles from journals that had an ABS ranking of 3 and above and an Impact Factor of 1 and above, except for those that did not have an Impact Factor available on WoS were still considered due to their 3 and above ABS ranking[1].

Step 3: Initial screening of the articles

In the initial screening, the study only considers the article title, keyword list and abstract to classify the articles into category AA, AB, AC or B. ‘AA’ included empirical articles that studied SME internationalisation as part of the main subject or data collection process. ‘AB’ included empirical articles that are indirectly related to SME internationalisation. ‘AC’ included empirical

[1] Human Resource Management Journal, Work, Employment and Society, Gender, Work and Organization and Entrepreneurship, Theory and Practice.

articles that have no relevance to SME internationalisation. Lastly, category B contained nonempirical papers. In contrast, other review papers, like the sample by Steinhäuser et al. (2021), include both conceptual and empirical papers. Steinhäuser et al. (2021) argue that "theoretical papers' contributions may not have been tested empirically by operational means but could still contribute to the field" (p.170). While their effort to ensure that "most of the important articles on the theme" were included is commendable (p.170), this systematic literature review (SLR) follows the guidelines suggested by Snyder (2019) and Ahn & Kang (2018). These guidelines recommend that SLRs consider all empirical research that meets the inclusion criteria to answer the research question (Snyder, 2019; Ahn & Kang, 2018).

After the categorisation of the 603 articles was completed, there were 491 empirical articles and 112 non-empirical articles. The 491 empirical papers comprised 374 class AA, 64 class AB and 53 class AC articles. While some papers from categories AB and B might be used to develop meaningful arguments in this review, only category AA papers were further investigated.

Step 4: Defining the inclusion criteria

Before proceeding to the final article screening, the inclusion criteria were established (Table 2.1). The inclusion criteria were finalised to narrow the article selection to only papers concerning ESMEs' internationalisation.

Following the approach of previous systematic reviews, this review was limited to empirical papers, a predefined timeline, type of market (emerging economies), size of businesses (micro, small, and medium-sized), and the focus or dependent variable of the studies (internationalisation) (Costa et al., 2016; Li et al., 2018). The definition of internationalisation used during the article screening is adopted from Welch and Luostarinen (1993): *"the outward movement of a firm's international operations."* There are no specific measures pre-determined for internationalisation as the systematic review aims to look at all aspects of ESME internationalisation (Morais and Ferreira, 2020).

Table 2.1: SLR papers inclusion criteria

No.	Inclusion criteria	Why?

1	Empirical studies (Quantitative and Qualitative)	“The aim of a systematic review is to identify all empirical research evidence that fits the pre-specified inclusion criteria to answer a particular research question or hypothesis” (Snyder, 2019, p.334 and 335). Doing this lowers potential bias and produces reliable findings and conclusions (Snyder, 2019, p.335).
2	From 1979 to 2019	1979 was the year China announced its open door policy (Huan, 1986).
3	Internationalisation focussed	This review is designed to examine the factors involved in the internationalisation of an ESME, making it crucial that the articles studied are internationalisation-focused. The definition of internationalisation to be used during the article screening is adopted from Welch and Luostarinen (1993): *“the outward movement of a firm’s international operations.”*
4	Size of business	The review is focused on ESMEs making the size of the company a key criterion. The review uses the SME definition offered by the American Small Business Administration (SBA) as “stand-alone enterprises with fewer than 500 employees” (Lu & Beamish, 2001, p.571 & 572).

5	Emerging market[2] as home country (transition economies excluded)	The paper aims to capture the current state of knowledge on SME internationalisation from emerging markets, making the type of country/economy the internationalisation is taking place from a crucial criterion. This includes papers from transition economies that are also classified as emerging markets for example China (Siu & Liu, 2005). A country can be classified as an emerging market when it has "undergone a significant structural transformation in the recent past", has an economy that is growing increasingly, has its industries undergoing "dramatic structural changes", and holds "promise despite volatile and weak legal systems" (Jormanainen and Koveshnikov, 2012, p.693 & 694).

Step 5: Final screening

After applying the inclusion criteria, the sample size was first reduced from 374 AA class articles to 85 articles, as only the shortlisted papers had an emerging market as the home country and the excluded papers had either a developed or transition country as the home country. At the next stage, since the research aims to study the factors that affect the internationalisation of the ESME, it was crucial that the final sample only included papers where internationalisation was a dependent variable in the study. In this process, papers were removed, where internationalisation was studied as an independent, moderating or mediating variable. For example, in Ahmed et al. (2002)'s paper, the authors aim to investigate the awareness of export promotion programs amongst internationalising Malaysian firms. So, in this instance, although the article is addressing export promotion programs which are relevant to internationalisation, the focus is not on understanding the effect of export promotion programs on internationalisation

[2] In reviewing the literature, the study noticed discrepancies on how countries have been classified into developed, developing or transition economies. There are several organisations, such as the World Bank (WB), Morgan Stanley Capital International (MSCI), and International Monetary Fund (IMF), among many others, that classify and reclassify the countries annually. Each organization uses different metrics and may not classify a country that is not a member of the organization. This sometimes leads to discrepancies regarding the classification and grouping of a certain economy during certain periods. For this study, the key indicator of the country classification was the paper itself, however, when the article is not a clear indicator, we followed the guidelines by MSCI, as its main goal is to classify the markets by their "global accessibility" (MSCI, 2020).

but rather on assessing the awareness of exporting programs amongst exporting firms. Similarly, in Lin et al. (2019)'s paper, the authors aim to explain the effect of a leader's global mindset and a firm's international entrepreneurial orientation on a Chinese SME increasing their international networking and knowledge acquisition activities. So again, although internationalisation-related topics are being studied, the study aims to understand the role of leader global mindset and firm international entrepreneurial orientation on international networking and knowledge acquisition activities, not to understand how any of the above would impact their internationalisation. This resulted in a drop of 31 papers. The final sample consists of 54 articles focusing on SME internationalisation from emerging economies published across 15 journals (as seen in Table 2.2).

Table 2.2: List of journals, number of articles included per journal, and ABS ranking and Impact Factor as of 2021

Journals	**Number of articles**	**ABS Ranking**	**Impact Factor**
1. International Business Review (IBR)	10	3	8.047
2. Journal of Business Research (JBR)	8	3	10.969
3. International Marketing Review (IMR)	8	3	5.774
4. Journal of Small Business Management (JSBM)	5	3	6.881
5. Journal of International Business Studies (JIBS)	4	4	11.103
6. Management International Review (MIR)	4	3	4.492
7. Industrial Marketing Management (IMM)	3	3	8.89

8. Journal of World Business (JWB)	3	4	8.635
9. European Journal of Marketing (EJM)	2	3	5.181
10. Journal of International Management (JIM)	2	3	5.526
11. Small Business Economics (SBE)	1	3	7.096
12. Asia Pacific Journal of Management (APJM)	1	3	4.5
13. Industrial and Corporate Change (ICC)	1	3	2.878
14. Journal of International Marketing (JIM)	1	3	4.976
15. Technovation	1	3	11.373
Total count	54		

2.2 Profile of the Studies Reviewed

A total of 15 journals had articles relevant to SME internationalisation with an emerging market perspective. As seen in table 2.2 above the top three journals with the most published articles were IBR, with ten articles; JBR and IMR, with eight articles each; and JSBM, with five articles. Even though the study considered 1979 as the starting year in this review, it is noteworthy that the papers in the sample were published from 2004 onwards. As shown in figure 2.1, this area of research maintained consistent interest with at least one article published since 2006, with 2008 to 2009, 2011, 2013, 2015 and 2018 to 2019 showing an increased number of published articles. The main home countries being reviewed in the sample were China (12.5%), Taiwan (10.9%) and India (6.3%). Regarding the host countries, among the papers that disclosed the internationalisation destination, the top 3 countries were China (5.6%), India (4.6%) and the

USA (4.6%). However, it is essential to note that 28.7% of the studies did not mention the host country destination.

The identified industries from each paper were further regrouped and classified as per the International Standard Industrial Classification of All Economic Activities (ISIC), Rev.4, utilised by the United Nations and the World Bank. Accordingly, ‘manufacturing’ was the most popular industry in our sample (41.5%), followed by ‘information and communication’ (11.7%). However, it is essential to note that seven papers did not explicitly mention the industry focus. The study has identified 21 key theories in the sample. These theories were the core theoretical lens under which most articles developed their hypotheses and tested. There were six papers where no critical theoretical lens was adopted, and a general literature review was conducted. For example, Cheng & Lin (2009)'s paper conducted an exploratory study and "drew upon findings from extant literature and observations in qualitative interviews in deriving the research hypotheses" (Cheng & Lin, 2009, p.62). Network theory, resource-based view, institutional theory, international entrepreneurship theory and theory of international new ventures and born global were the five most applied theories to study ESMEs. Moreover, the review identified other theories employed to better understand the individual’s decision-making skills and perspective, namely cognitive perspectives, regulatory focus, effectuation theory and upper echelons theories, iterating the importance of the individual manager’s view in the ESME research.

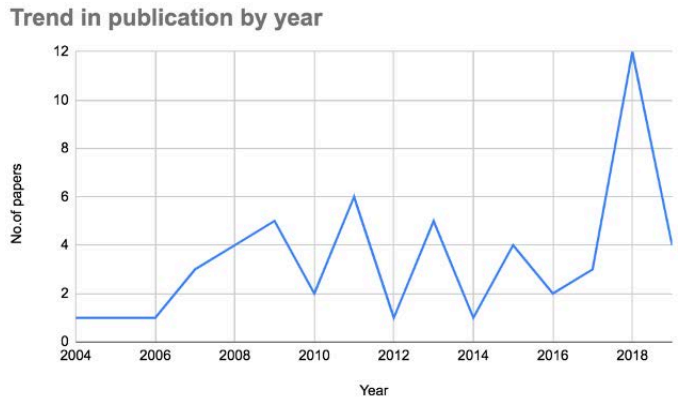


Figure 2.1: Trend in the publication from 2004 to 2019

2.3 Forming and defining the clusters from the sample

Cluster 1 is ‘pre-internationalisation’, where factors that affect an ESME's inclination to internationalise were derived. This includes papers on where ESMEs are deciding to

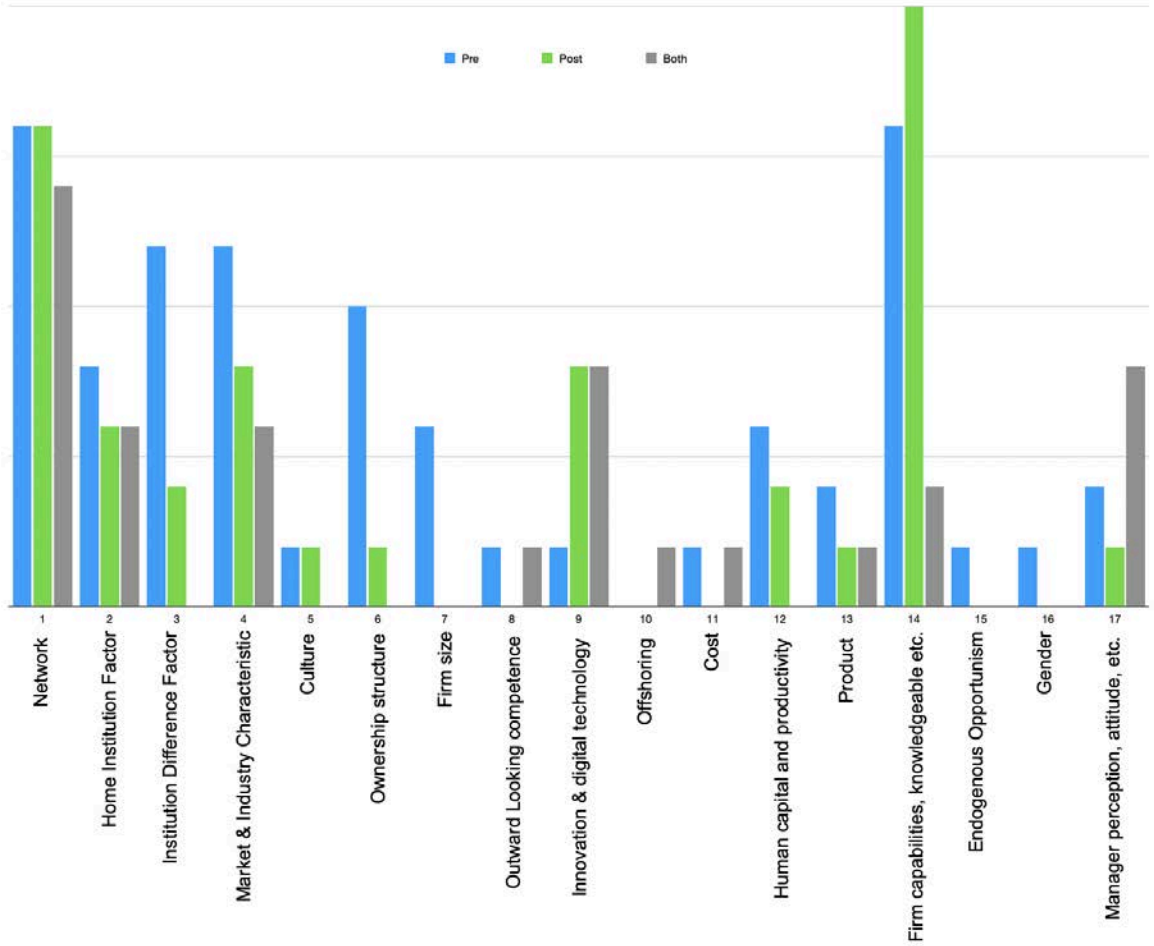
internationalise, how they initiated their initial internationalisation, their inclination to internationalise, and contemplating the best entry strategy (n = 22). Cluster 2 is 'post-internationalisation', where factors affecting the growth or expansion stage of ESMEs once initial internationalisation has occurred were derived (n = 19). Lastly, cluster 3 is 'both' as it includes papers addressing factors affecting both pre- and post-internationalisation stages of an ESME (n = 13). The derived factors and corresponding papers under each cluster can be seen in appendix 4.

2.4 Identifying and categorising factors under each cluster

180 variables in total were studied across the 54 papers. These included independent variables, mediators, moderators, internal contexts and external contexts. However, not the control variables. Next, to better understand the research done so far, all 180 variables were grouped into classifications across the relevant cluster, as shown in appendix 4 below[3].

According to Shree et al. (2021), an inductive approach involves *"moving from "particular to general," i.e., making observations about the phenomenon of interest and then building concepts and theories based on them".* This method was applied to factor identification, where all articles were read and analysed, and broader themes were formed from the initial factors identified in each article. For instance, studies examining different types of relationships were classified under the higher-order theme of networks. This approach was also used to categorise pre-internationalisation, post-internationalisation, and mixed clusters, as the dependent variable varied across articles, measuring either pre-internationalisation outcomes, post-internationalisation outcomes, or both. An inductive approach was chosen because it is recommended for areas with minimal research, such as ESME internationalisation (Melnikovas, 2018; Ribau and Moreira, 2016).

[3] Certain articles had multiple variables belonging to the same classification; thus, the frequency may be higher than the number of articles for certain classifications.



Graph 2.2: Classification and frequency of key factors across the pre, post and both clusters

2.5 External Factors

2.5.1 Networks

Network was the most studied variable in the literature with 23 out of 54 papers (42.5%) examining it at some level. Nine papers examined it at the pre-internationalisation stage, 8 examined it at the post-internationalisation stage, and 6 studied it at the pre and post-internationalisation stages.

To begin with, networks were examined at the pre-internationalisation stage. The use of networks to enter new markets and internationalise was examined by (A Ciravegna et al., 2014;

Ibeh and Kasem, 2011; Dirk Boehe, 2013; Filatotchev et al., 2009; Zhao and Hsu, 2007; Musteen et al., 2017). Research by Ibeh and Kasem (2011) suggested that networks play a key role in international market selection as well as initial internationalisation. Their sample were able to internationalise due to host country contacts. For a few ESMEs, the contact either presented an internationalisation opportunity or for the remaining, it was a contact that was used to proactively search for opportunities. Ibeh and Kasem (2011) also suggest that social ties are influential during the initial stages of internationalisation after which business ties become more influential. Global Networks as per Filatotchev et al. (2009) were important and positively associated with ESMEs having an orientation towards exporting. Zhao and Hsu (2007) show that extensive social networks in host countries prompt early internationalisation and resource commitment. The social capital provides the ESMEs with a competitive advantage in the host country. Musteen et al. (2017) indicate the significance of external social capital in offshore decisions. They suggest it can be used to find relevant opportunities in external markets.

Contrarily, networks are not always vital for recognising international opportunities or facilitating internationalisation. (A)Ciravegna et al. (2014) suggested that proactive managers with internationalisation did not heavily rely on networks.

Nevertheless, according to Lo et al. (2016), the type of networks can also influence the chosen entry mode. SMEs with strong internal network linkages and those following their customers would prefer to enter through wholly-owned subsidiaries as opposed to ESMEs who have stronger home-country supplier relationships. A possible explanation provided by the authors is that when there are available resources that help gain relevant knowledge about the host country, ESMEs prefer wholly-owned subsidiaries. However, if there is a lack of strong or reliable networks in the host country, there could be a knowledge gap that a joint venture might be able to help with.

There have also been studies that have combined or integrated networks into other influential factors and approaches, such as effectuation. Kujala and Törnroos (2018) found that networks were an important factor when it came to successfully internationalising. They identified several network actors who assisted in the entry such as the government. However, the focus of their paper was on the entrepreneur and their effectual capabilities. The entrepreneur’s initial focus on relationship building helped the ESME survive in the uncertain markets of Ghana and later on helped build collaborations that aided in internationalisation. Tiwari and Korneliussen (2018)

also looked at the importance of social networks through a knowledge-based view wherein the entrepreneur's experiential knowledge, specifically network knowledge, was examined. Their sample consisted of ESMEs with poor available resources. The researchers found the entrepreneur's prior experience helped in developing social networks that were important in initiating internationalisation. They also mentioned how tourists have aided in internationalising by becoming importers for ESMEs.

Gomes et al. (2018) found that cluster networks can help mitigate barriers stemming from high-corruption host country environments. Their study supports self-selection theory, indicating that firm productivity alone may suffice for internationalisation and competition in low-corruption markets, but not in high-corruption ones. Networks, particularly those involving government officials, expedite bureaucratic processes and hurdle navigation.

(A)Ciravegna et al. (2014) found that network building and utilisation vary based on institutional environments (Costa Rica vs. Italy). Both countries' SMEs relied on buyer-supplier relationships but differed in network types: Italians used formal networks like civil associations, while Costa Ricans relied on informal networks such as school friends. Hiring foreign experts was more common in Costa Rica due to market entry needs, whereas Italian SMEs preferred local expertise. Foreign experts would be helpful to enter new markets as they offered experience and contacts that would be otherwise missing. In contrast, larger countries like Italy have less difficulty sourcing skilled labor. Additionally, foreign experts enhance the reputation of Costa Rican firms, less relevant for Italian firms due to their favorable country-of-origin reputation. This highlights contacts' role in legitimising ESMEs.

(A)Richardson et al. (2012) studied the effectiveness of policy-driven clusters in facilitating internationalisation through social and business interactions. They found that such clusters were less effective compared to "organic" ones, emphasising the importance of spontaneous and face-to-face interactions. SMEs often obtained knowledge from external social networks rather than the studied clusters. Informal settings like cafes and face-to-face events such as business breakfasts were deemed beneficial for networking. Puthusserry et al. (2018) highlightedd the significance of social and ethnic ties in collaborative entry modes for acquiring market knowledge.

Overall, the literature establishes the importance of social networks among others for the pre-internationalisation stage for an ESME.

In post-internationalisation literature, Nyuur et al. (2018, p.24) explored how domestic networks impact ESME performance after internationalisation. They found that attributes like density and centrality did not significantly affect performance, indicating a shift in network importance post-internationalisation. Domestic networks, once vital for knowledge acquisition, become a "liability of localness" post-internationalisation. International or global networks become more important at the post-internationalisation stage as compared to local networks. On similar grounds, Suh and Kim's (2014) findings suggest that internationally leading internationalise ESMEs do not focus on networks as the prime strategy, instead they focus on international market strategies. On the other hand, internationalised ESMEs ESMEs focusing on networks tend to prolong internationalisation.

Nevertheless, networks remain vital for internationalisation. Felzensztein et al. (2015) found that more network utilisation widened ESMEs' international scope, spreading sales across broader regions. Similarly, Cheng and Lin (2009) highlighted the importance of expatriates' social networking abilities for environmental scanning and timely knowledge acquisition, especially beneficial in unstable host environments. Hence, social networking ability positively impacted overseas performance.

Acosta et al. (2018) similarly found that network capability positively affected the performance of internationalised or export-oriented SMEs. This ability to identify and maintain relationships for accessing resources and opportunities was crucial. Maintaining relationships facilitates knowledge and resource acquisition, particularly beneficial for ESMEs with limited resources. Nakos et al. (2019) suggest that international alliances partially mediate the link between international market orientation and international performance. While market orientation helps identify resource gaps and institutional barriers, alliances are essential for overcoming these challenges and succeeding in international markets. Commitment to alliances is crucial for reaping benefits like shared distribution channels. Higher commitment fosters cooperation, enhancing alliance performance (Nakos and Brouthers, 2008). Likewise, Ural (2009) examined the impact of the relationship between importer-exporter on the ESME's financial export and strategic export performance. It was found that the amount of information sharing, long-term relationship orientation and satisfaction with the relationship led to improved financial export

performance of the firm. Meanwhile, long-term relationship orientation and satisfaction with the relationship led to improved strategic export performance. Overall, satisfaction with the exporter-importer relationship led to satisfaction with the export venture. These studies, therefore, suggest that having networks may not be enough for post-internationalisation performance success, but the quality of the relationships is equally important.

Lastly, this paragraph explores literature findings examining both pre and post internationalisation. As per Kujala and Törnroos (2018), social, business and institutional networks helped in surviving the unstable economy of Ghana, internationalising into new markets and succeeding in international markets. Moreover, as mentioned before Ibeh and Kasem (2011) found that networks (social and business) are helpful in ESME internationalisation. Contacts such as relational contacts were used to identify international opportunities, and the internationalisation pace/speed was also positively impacted by the presence of networks. Filatotchev et al. (2009) highlighted the importance of global networks in export orientation and export performance. They suggest that global networks can help gain needed information which is not only beneficial for pre-internationalisation stage but also for post-internationalisation. Networks can help implement the exporting strategies (Filatotchev et al., 2009, p.1009).Richardson et al. (2012) observed that while policy-driven clusters lacked effectiveness in ESME internationalisation, interactions within organic clusters were beneficial. These interactions facilitated the acquisition of international market knowledge, aiding in opportunity recognition and enhancing project performance abroad. This contributes to the growing evidence supporting the positive influence of social networks on ESMEs' pre- and post-internationalisation phases. Zhou et al. (2007) echo Nakos et al. (2019) in suggesting that guanxi or social networks mediate ESMEs' international performance. Simply having an international orientation may not suffice for improved performance; Guanxi acts as a conduit for acquiring essential knowledge and identifying opportunities abroad, facilitating internationalisation. Guanxi networks can help with trustworthy referrals which can help ease the internationalisation process for ESMEs. Lastly, Gimede (2004) as well emphasises the role of networks and linkages in providing and facilitating information transfer which allows for export propensity and export intensity. According to Gimede (2004, p.387), ESMEs struggle with “higher costs for information” and suggest using linkages as a way to compensate for the lack of resources. Additionally, Boehe (2013) found that membership in local industry associations was positively associated with the propensity and intensity to export. However, this was moderated by distance from the association. The further away the association was, the less influential the

impact was. Gimede (2004) highlights the importance of networks in information transfer for export propensity and intensity among ESMEs. They suggest leveraging linkages to offset resource limitations. Boehe (2013) similarly found that membership in local industry associations positively influenced export propensity and intensity, although this effect is negatively moderated by increasing distance from the association.

In summary, according to existing literature, networks are widely recognised as a valuable and efficient resource and driver for emerging market small and medium-sized enterprises (ESMEs) as they expand internationally and their post-internationalisation performance. However, they may not consistently facilitate internationalisation or improve the performance. Therefore, it is important to also consider the impact and relationship with other factors. Additionally, there is inconsistency regarding the different types of networks used at different stages of internationalisation and needs further exploration.

2.5.2 Home Institution Factors

Home institutional factors are studied in 10 out of 54 papers (18.5%). 5 study it at pre-internationalisation stage, 3 study it at post-internationalisation stage and 2 study it at pre and post-internationalisation stage. Home market, depending on the way it has been studied, can be a driver or barrier for ESME internationalisation.

In several instances, the pre-cluster, home country environment was recognised as a barrier. Eddleston et al. (2019) examine whether family firms with high-quality niche products internationalise at the same rate as non-family firms. They find that in developed economies, both family and non-family firms internationalise equally. However, in developing economies, non-family firms continue to internationalise while family firms do not. This difference is attributed to the risk-averse nature of family firms and the negative consumer perception associated with the reputation of developing economies impacting high-quality niche products.

Gomes et al. (2018) demonstrate that corruption in the home market creates invisible barriers, hindering productive firms' positive impact on ESME internationalisation. Overcoming these barriers requires additional factors like cluster networks and possession of OLC, adding complexity to the internationalisation process. Similarly, Yi and Wang (2012) note that ESMEs may struggle to leverage productivity advantages, but suggest that locating within economic

zones can help overcome knowledge gaps and export barriers by providing networking opportunities and mitigating sunk costs.

However, home market has not always been presented as a barrier to internationalise. Cheng and Yu (2008) speak of the concept of institutional pressures, namely coercive, mimetic and normative. Their findings suggest that in order to cope with institutional pressure, the ESMEs might initiate earlier internationalisation. CEOs of ESMEs who are “more acutely aware of” institutional pressures are even likely to internationalise even in risky manners, such as setting up wholly-owned subsidiaries in the host country (Cheng and Yu, 2008, p.345). These pressures can be significant as they are imposed by key stakeholders that help ESMEs to survive. It is essential for ESMEs to “meet the expectations” in order to continue receiving the benefits attached with the respective stakeholder (Cheng and Yu, 2008, p.335). For example, pressure from suppliers (coercive pressure). It also helps ESMEs gain legitimacy, which as discussed above is a struggle for firms from emerging markets.

At the post-internationalisation stage, ESMEs' performance is assessed. Njinyah (2018) finds that home government policies positively impact export performance by better preparing ESMEs for exporting. Li et al. (2018) similarly show that China's Belt and Road Initiative (BRI) policy can enhance export performance, with effects moderated by cultural factors such as ethnicity. Durmusoglu et al. (2012) study the impact of government-designed export performance services (EPS), finding positive effects on financial, stakeholder relationship, strategic, and organizational learning goal achievement. These findings highlight the importance of government policies/programs in enhancing ESMEs' internationalisation performance.

Speaking of papers that have studied home market at both, pre and post internationalisation stages, Deng and Zhang (2018) propose a mixed finding. They find a mixed relationship between home institutional quality and export propensity. Poor home institutions drive ESMEs to internationalise due to growth uncertainty, but post-internationalisation, better home institutional quality correlates with improved overseas performance. For example: home country regulations can hinder ESMEs' international performance through delays and paperwork. However, Ibeh and Kasem (2011) support the notion of adverse home conditions driving internationalization. Boehe (2013) shows that while industry association membership benefits export propensity, distance moderates this effect negatively, hindering effective network interactions due to reduced face-to-face communication and information flow.

In summary, the literature indicates that drivers such as supportive home government policies and institutional pressures foster internationalisation, while corruption and the perception of emerging market origins present barriers. However, the role of home institutional quality shows inconsistency in the literature, as it can act both as a driver and a barrier, as discussed earlier.

2.5.3 Institutional Differences Factors

Institutional differences and the host country environment have been studied in 8 papers out of 54 papers (14.8%). It has been studied six times at pre-internationalisation stage and two times at post-internationalisation stage. Six studies focus on pre-internationalisation, while two examine post-internationalisation. None of the papers address both stages simultaneously. Institutional differences encompass variations between home and host environments, while the host country environment refers to factors that may impede or facilitate internationalisation.

At the pre-internationalisation stage, institutional differences and host country environment has been studied in a variety of manners. Lo et al. (2016) explored how institutional differences affect entry mode choice, focusing on macro-economic, industrial-policy, and socio-cultural factors. They find joint ventures mitigate socio-cultural risks but not for industrial-policy or macro-environmental differences. Wholly owned subsidaries are the chosen medium in those situations as the authors suggest concerns about opportunistic behavior in diverse macro-environments. As for industrial-policy differences, the host government’s rules and regulations regarding ownership and intellectual property rights influence the entry mode decision.

As for host country environmental factors, Fabian et al. (2009, p.554) found that in the Colombian market, domestic and foreign competitors are the primary drivers for ESME internationalisation due to threats to market share and sales growth opportunities. Cardoza and Fornes (2011) investigated both home and host country factors influencing ESMEs' expansion. They discovered several obstacles: firstly, ESMEs faced challenges with product pricing, labeling, and design, as they often didn't match the preferences of consumers in the host country. Secondly, operational barriers arose from difficulties in providing post-sale services. Thirdly, financial hurdles included issues with credit provision to international consumers and complications with payment and exchange rates. Lastly, ESMEs encountered skills deficits in areas such as assistance, communication, and time management. While not all these barriers

were directly tied to the host country's environment or institutional differences, they collectively posed significant challenges for ESMEs seeking to internationalise. Rahman et al. (2017) highlighted language and social differences between countries as barriers to ESME internationalisation. These differences can lead to miscommunication and divergent management approaches. Moreover, political instability in the home country also served as a barrier as it produces hurdles in the operations of the company as well as negatively impacts the reputation (as mentioned before in the home market section). Additionally, legal complexities, lack of express services or government support, and corruption in the home country pose significant obstacles to internationalization, particularly considering ESMEs' limited financial resources.

Overall, Rahman et al. (2017) cover a variety of home and institutional difference factors that can inhibit ESMEs from internationalising. On the other hand, Cheng and Yu's (2008) findings have already been discussed in the light of the home market driver. However, coercive pressure also includes pressure from potential customers and, therefore is also presented as a host country driver for internationalisation. Lastly, Khemakhem (2010) found insignificant results for environmental variables: demand uncertainty and competition uncertainty.

Moving to post-internationalisation stage, Sadeghi et al. (2019) conduct a comparative study on Italian and Iranian SMEs post-internationalisation to examine factors that led to successful internationalisation. The paper highlights Iranian SMEs' focus on active participation in international exhibitions to address socio-cultural differences. As for political factors, regardless of whether the SME is from an emerging or developed market, they are subject to export compliance. More interestingly, considerable competitive pressure was reported for Iranian firms to have cheaper prices, innovate or unique products and provide quality (Sadeghi et al., 2019, p.12). This pressure can impact their success in the international market. The authors suggest that competing with developed economy SMEs may decrease market share for Iranian SMEs. Additionally, they find that Iranian SMEs prefer selling products/services requiring minimal modifications to meet international market demands. Lastly, Johnson et al. (2013) present differential comparative advantage as being positively associated to the business performance. Taiwan SMEs who have shifted their production operations to regions with comparatively lower production expenses have increased their profit margins.

As per the literature, it would be difficult to categorise institutional differences or host country markets as either a barrier or driver to internationalise. It depends on the factor being studied that would determine the categorisation. Nevertheless, there is consistency in the literature about the detrimental effect of differences in institutional factors between home and host country on the internationalisation of ESMEs.

2.5.4 Market and Industry Characteristics

Market characteristics has been studied in 13 out of 54 papers (24%). It has been studied 6 times at the pre-internationalisation stage, 4 times at the post-internationalisation stage and 3 times at both, pre and post internationalisation stage.

In the pre-internationalisation phase, research by Chen et al. (2015) indicates that ESMEs, particularly those holding market leadership positions, are inclined to venture into international markets. This tendency may stem from their specialised expertise and strategic outlook, especially in the face of domestic competition. Likewise, Fabian et al. (2009) discovered in their study of Colombia's emerging market that both domestic and foreign competition act as drivers rather than hindrances for local ESMEs. This suggests a reactive response to competitive pressures. Adding to these insights, Yi and Wang (2012) found that ESMEs operating in highly competitive domestic markets exhibit a greater propensity to internationalise. This trend could be attributed to the perception of domestic competition as a threat, motivating ESMEs to seek growth opportunities beyond their local markets. Yi and Wang (2012) also highlight a partial positive impact of agglomeration of economic activities that allow ESMEs to gain access to spillovers which help reduce costs.

Khemakhem (2010, p.240) suggested that it is crucial to understand the market’s requirements in the sense of “needs and desires” in order to implement product adaptation and choose an integrated export mode. Moving on, Amoros et al. (2016) suggest that while industry nature may influence internationalisation timing, ESMEs' resources and capabilities are the primary determinants, regardless of industry. Lo et al. (2016) find that ESMEs following customers in internationalisation tend to opt for wholly-owned subsidiaries, possibly due to access to market information from customers.

In the post-internationalisation phase, Suh and Kim (2014) differentiate between internationalised SMEs and leading ones, with customer satisfaction and demand quality

leading to the latter. Leading internationalised ESMEs prioritise international marketing and customer relationship management to maintain customer loyalty and market position. However, Johnson et al. (2013) note the positive association between standard market demands and ESME global integration, facilitating resource optimisation. However, they find a negative relationship between global competitive actions and integration, suggesting collaborative strategies due to resource constraints. Additionally, Johnson et al. (2013) also highlight the positive impact of economies of scale on global integration, enabling cost reduction for ESMEs.

Solano Acosta et al. (2018) explore market context as a moderator for the relationship between international market orientation and performance, highlighting the importance of market knowledge for this relationship. Javalgi and Todd (2011) propose that market turbulence positively moderates the relationship between entrepreneurial orientation and degree of internationalisation, indicating the necessity for ESMEs to be entrepreneurial to innovate and thrive in turbulent conditions.

Finally, in the mixed cluster studying pre- and post-internationalisation stages, Oh et al. (2009) found that industry competition can negatively impact the use of e-trade systems, though not significantly. Ciravegna et al. (2019) noted that while reacting to competitors did not significantly affect internationalisation timing, it could help ESMEs improve products. They also identified unsolicited orders as a driver for iniating internationalisation, with ESMEs either returning to domestic markets after one-time sales or using these opportunities to grow and continue internationalising at the post-internationalisation stage. Underutilised capacity was also identified as a driver, facilitating responses to unsolicited orders. Adomako et al. (2017) examined competitive intensity as a moderator, finding that it partially weakens the link between CEOs' prevention focus and internationalisation, while positively moderating the link between CEOs' promotion focus and internationalisation.

Overall, market conditions has been studied as independent variables and moderators throughout the literature. It can serve as a barrier or driver for ESME internationalisation and it can positively and negatively moderate relationships between drivers of internationalisation such as international market orientation. The literature also highlights the importance of competition in driving internationalisation. However, there is inconsistency in the literature about the resources used in conducting resource-heavy activities of host market research and adapting the products/services accordingly due to the resource-scarcity present in ESMEs.

2.5.5 Culture

Culture has been studied in 2 out of 54 papers (3.7%), once at the pre-internationalisation stage and once post-internationalisation, but not in studies examining both stages.

In the pre-internationalisation stage, Richardson (2014) found that Islamic culture can drive ESMEs to internationalise into countries sharing the same religion, reducing cultural distance and fostering communication through a sense of "brotherhood." However, differing business conduct norms can pose barriers in non-Islamic countries.

In the post cluster, Li et al. (2018) show that cultural friction can have a negative moderating effect on the positive impact of government initiatives such as China's Belt and Road Initiative (BRI) on export performance. The authors suggest that any hastiness as a result of these initiatives can lead to cultural friction in the host country. On the other hand, there is a positive moderating effect of similar ethnicity as it allows for better "capitalisation on the BRI policy" (Li et al., 2019, p.357)

Literature therefore suggests that similar religion/culture/ethnicity can be a driving or moderating force for successful internationalisation. However, certain policies can introduce cultural friction in the host country that an ESME needs to beware of.

2.6 Internal Factors

2.6.1 Firm-based Factors

2.6.1.1 Ownership Structure

Ownership was studied in 6 out of 54 papers (11.1%). It was studied 5 times at the pre-internationalisation stage and 1 time at post-internationalisation stage. It was not studied in any paper that examined pre and post internationalisation stages together.

At the pre-internationalisation stage, Chen et al. (2015) found that family-successor CEOs in the food processing industry were more aggressive in international expansion than founder CEOs, a trend not observed in other sectors. Eddleston et al. (2019) showed that in developed countries, family firms selling high-quality niche products internationalise as much as non-family firms, but in developing countries, family firms are more risk-averse due to negative reputations

associated with developing country. Focusing on strategies to overcome the negative reputation may be crucial then to continue internationalising and expanding. On the contrary, Chen et al.'s (2014, p.783) research shows that family ownership can be beneficial when internationalising. Family ownership can provide advantages such as “information advantage and alignments of interest”, which can help compensate for the otherwise internal barriers that ESMEs might experience. They also noted that institutional investors can balance the effects of family ownership, offering additional resources and risk mitigation.

Besides family ownership, literature examines the effects of foreign and state ownership. Yi and Wang (2012) found that foreign ownership positively influences export propensity by providing valuable knowledge and competitive management in foreign markets. In contrast, state ownership negatively impacts export decisions, as state-owned ESMEs align with government goals rather than firm benefits. State ownership has also been linked to "lack of innovation, poor financial performance, and increased corruption" (Yi and Wang, 2012, p.770). Cardoza and Fornes (2011) also noted that while state ownership did not significantly impact international expansion, initial government financial support was beneficial.

As for post-internationalisation stage, it is interesting to see that this paper was classified as post-internationalisation as it collects data from born global enterprises, and even in this paper, organisational structure led to successful performance (Kocak and Abimbola, 2009).

In conclusion, ownership plays a significant role in ESME internationalisation, particularly for family firms. Although family ownership is often seen as a driver, further research is needed to explore the effects of country-of-origin and strategies that family firms use to overcome negative perceptions associated with being from emerging markets.

2.6.1.2 Firm Size

This variable is a popular control variable in this sample. Hence it was interesting to see the studies test firm size as an independent or moderating variable across 3 papers out of 54 (5.5%), all from the pre-internationalisation cluster studying the variable at the firm level.

Yi and Wang (2012) proposed that larger firms are more likely to export due to advantages like economies of scale, which reduce costs and enhance competitiveness in foreign markets. SMEs, facing the liability of smallness, often struggle with internationalisation. One way to

mitigate this is by operating in economic zones, which provide access to relevant knowledge through spillovers. Amoros et al. (2016) support these findings and suggest that the firm size, both at present and in potential future, drives for early internationalisation. They suggest this could also be because of greater resources “including human capital” which could help the internationalisation process (Amoros et al.,2016, p.2058). Musteen et al. (2017) examined the effect of firm size on the adoption of offshoring related to intellectual capital. They found that larger firms are less likely to offshore human and organisational capital because they already possess sufficient resources. In contrast, ESMEs, with fewer resources, use offshoring to enhance innovation. Larger firms offshore primarily to reduce costs.

In conclusion, the literature supports the general consensus that larger firms are more likely to engage in internationalisation due to more available resources. However, ESMEs may engage in offshoring in order to compensate for their lack of human and organisational capital.

2.6.1.3 Outward Looking Competencies (OLC)

Outward Looking Competencies was studied in 2 out of 54 papers (3.7%). It was studied in one pre-internationalisation study and one study examining pre-internationalisation and post-internationalisation.

Gomes et al. (2018) found that ESMEs with organizational learning capabilities (OLC) are more likely to export in high-corruption environments. OLC enhances reputation, improves export performance, and gains trust from stakeholders. It also helps acquire valuable external knowledge and bridge institutional differences. Gomes et al. (2018) also noted that OLC and networks mutually enhance export propensity, positioning OLC as a driver for internationalisation.

Next, Deng and Zhang (2018) examined the moderating role of internationally-recognised certification as a form of OLC. This certification can prove legitimacy and build relationships with stakeholders. Moreover, it negatively moderated the relationship between institutional quality and both export propensity and international growth.

In both papers, OLC was presented as a driver. It can help overcome the reputation that is associated with emerging market ESMEs and help build networks with other legitimate stakeholders in the host country. It can also help to learn about the host country and reduce the

knowledge distance. As per the above findings, it might be worthwhile for ESMEs to obtain internationally-recognised certifications.

2.6.1.4 Innovation & digital technology

Innovation & digital technology was studied in 9 out of 54 papers (16.67%). It was studied once at the pre-internationalisation stage, 4 times at the post-internationalisation stage and 4 times in papers examining both pre and post-internationalisation.

At the pre-internationalisation cluster, Pergelova et al. (2019) reports that there is a positive relationship between use of digital technologies and internationalisation (measured as export propensity). Using digital technologies, as per the authors, can help gain access to relevant knowledge in a cost-reduced manner. It also helps in tracking and understanding international consumers and market.

In the post-internationalisation stage, Miocevic and Morgan (2018, p.13) found that innovative capabilities positively moderate the relationship between opportunity exploitation and ESME growth in international markets. Innovation capabilities involve converting knowledge into new value propositions. Without innovation, learning about opportunities is insufficient for growth. Kocak and Abimbola (2009) also found that innovation positively mediates ESME international performance. Oura et al. (2016, p.924) supported this, identifying various capacities (R&D, marketing, manufacturing, learning, organizational, resource exploitation, and strategic) that drive better international experience. Suh and Kim (2014) highlighted the importance of R&D for technological innovation, which provides competitive advantages and helps ESMEs become market leaders.

In the mixed cluster, Hseih et al. (2019) found innovation to be a key driver of ESME internationalisation, with commitment to innovation linked to speed of deepening and types of innovation associated with early internationalisation. Oh et al. (2009) adds a new dimension to the literature by testing what influences the adoption of e-trade innovations. While it has been established in the literature that innovation and digital technologies can be helpful, ESMEs do not necessarily utilise it. Oh et al. (2009) found that perceived usefulness is more predictive of continuous adoption and practical use, compared to perceived convenience. This suggests that the perceived usefulness of digital technology may be crucial for long-term use.

Contrary to previous findings, Filatotchev et al. (2009) present mixed results. While they confirm a positive influence of R&D intensity on export performance, they found insignificant results regarding export orientation, although the relationship remained positive. The authors propose that the positive relationship for export performance can be because ESMEs may have "shifted from labour-intensity-based competitiveness to technological-innovation-based competitiveness in their export strategies" (Filatotchev et al., 2009, p.1018). Lastly, Barletta et al. (2014) also support the notion of technological capabilities being positively associated with export propensity and export performance.

In conclusion, while there is evidence suggesting the need for innovativeness and use of digital technologies at both, pre and post internationalisation stages, there is inconsistency regarding export orientation. The literature suggests a need for overall openness towards digital technology for it's positive effect to occur across both clusters.

2.6.1.5 Offshoring

Offshore and outsourcing was only studied once in 54 papers (1.85%). It was studied in the mixed cluster at the firm level. Di Gregorio et al. (2009, p.983) show that offshoring and outsourcing experience of "administrative and technical services" equip ESMEs with the skills, knowledge and networks that aids in expanding to new geographical regions and achieving greater international sales. Therefore, it is possible that engaging in offshoring and outsourcing can also be presented as a driver to internationalise.

2.6.1.6 Cost

Cost was examined in 2 out of 54 papers (3.7%), once in the pre-internationalisation stage and once in a study covering both pre and post internationalisation. Both papers focused on environmental-level cost variables.

In the pre-internationalisation stage, Yi and Wang (2012) found significant effects of sunk costs on internationalisation, suggesting they support ESMEs in persisting with exporting, albeit effectiveness varies by location. They also highlighted the spatial economy's advantage in reducing costs through knowledge spillovers.

In the mixed cluster, Gimede (2004) explored sunk costs' impact on export propensity and intensity at the firm level. They report that sunk costs have a positive impact on export

propensity. However, they also report that there is a negative significant relationship between sunk costs and export intensity, indicating ESMEs may struggle more in sustaining rather than entering foreign markets (Gimede, 2004, p.386).

Overall, the literature consistently supports the positive role of sunk costs in pre-internationalisation stages, while further exploration is needed regarding their post-internationalisation effects.

2.6.1.7 Human Capital & Productivity

This was studied in 5 out of 54 papers (9.26%). It was studied three times at the pre-internationalisation stage and two times at the post-internationalisation stage. It was not studied in any papers that evaluate both pre and post internationalisation. All studied it at the firm level.

In the pre-cluster, Yi and Wang (2012) found that productivity performance positively influenced the propensity to export, with greater significance for larger firms over ESMEs. ESMEs focused on networks to reduce internationalisation costs, while larger firms prioritised productivity. They also examine the impact of labour quality on export propensity. However, they did not find it to be significant. They suggest that it could be because their sample (Chinese firms) and the sort of products they export do not necessarily require high labour quality. Gomes et al. (2018) explored the self-selecting theory, finding that productivity only increased export propensity in low corruption environments. In high corruption contexts, networks were crucial for offsetting corruption effects. Lastly, Musteen et al.'s (2017) findings indicate that human capital was negatively associated with offshoring. The rationale provided by the authors was that ESMEs lack resources to be able to recruit talented employees and provide them with the required training. Human capital can however enhance the performance, thus ESMEs might be offshoring in order to compensate.

In the post-cluster, Javalgi and Todd (2011, p.1005) found that human capital, measured by employee education and international experience, positively impacted internationalisation. This provides ESMEs with valuable knowledge and skills to seize international opportunities. Additionally, Cheng and Lin (2009, p.71) discovered that certain expatriate personality traits like social networking ability and decision-making autonomy positively influenced ESMEs' international performance, indicating the importance of "special teams" for efficient international

operations. However, the expatriate's cultural awareness and organisational recognition had insignificant effects on overseas performance.

In conclusion, the literature suggests that productivity can be a driver for internationalisation however it is not as important for ESMEs, especially ESMEs from high corruption environments. Instead, the presence of human capital and expatriates possessing specific personality traits emerges as crucial drivers across both pre and post internationalisation phases. This highlights the importance of investing in these resources for successful internationalisation.

2.6.1.8 Product

4 out of 54 papers (7.4%) studied product related variables. 2 studied it at pre-internationalisation stage, 1 studied it at post-internationalisation stage and 1 was studied in a paper examining both pre and post stages.

Eddleston et al. (2019) found that higher product quality narrows the internationalisation gap between family and non-family firms pre-internationalisation. High-quality products mitigate family firms' risk aversion. However, contextual factors, like the reputation of developing economies, may diminish this effect.

Khemakhem (2010) found that product characteristics influence ESMEs' entry mode choice. Products requiring pre or post-sale services may favor independent entry modes due to reduced transaction costs as opposed to providing training to intermediaries, etc. Direct exporting is suggested when product adaptation to international consumer preferences is needed.

Moving onto post-internationalisation stage, Boso et al. (2016) found that radical product innovativeness generally boosts international sales performance by creating a competitive edge and enhancing reputation. However, its effectiveness is lower in developing countries due to institutional constraints on innovation. As per the authors' literature review, "institutions (e.g., laws and regulations) should act to reduce the risks and uncertainties linked to innovation effort" (Boso et al., 2016, p. 5042). Developed institutions, therefore, may be able to provide firms with the needed platform for their product innovativeness to be successful. However, in the case of high entrepreneurial orientation, the positive impact of radical product innovativeness on international sales increases. One of the characteristics of entrepreneurial orientation is

innovativeness and risk-taking. Thus, this study along with Eddleston et al (2019) highlights the importance of contextual factors when we speak of products.

Lastly, Ibeh and Kasem (2011) examine ownership of quality products and their findings suggest that it can be seen as a driver to ESME internationalisation.

In conclusion, product quality and innovative products can be seen as a driver for internationalisation at both pre and post internationalisation stages, however there are contextual factors that may need to be considered.

2.6.1.9 Firm Capabilities, Knowledge, Orientation, Processes and Strategies

Firm capabilities, knowledge, orientation, process and strategies were tested in 20 out of 54 papers (37%). It was studied 8 times at pre-internationalisation stage, 10 times at post-internationalisation stage and 2 times in papers that examined both pre and post internationalisation.

Beginning with pre-internationalisation, Amoros et al. (2016) found that firm international competitiveness readiness significantly impacts ESMEs' early internationalisation, especially in developing countries like Chile. Pergelova et al. (2019) discovered a partial mediating effect of international market intelligence between digital technologies and SME internationalisation, emphasising the importance of knowledge for internationalisation. International market intelligence consists of needed information about the host country, for instance the institutional environment. Leveraging digital technologies can aid ESMEs in gaining international market intelligence cost-effectively, facilitating internationalisation.

Puthusserry et al. (2018) stress how knowledge plays a pivotal role in the internationalisation of ESMEs. They highlight its importance in shaping networks and collaborative entry strategies, particularly beneficial in overcoming negative reputations common in developing countries. Additionally, having a strong knowledge base, especially concerning technology trends, is crucial for competing internationally. Tiwari and Korneliussen (2018, p.836) offer similar insights, emphasising the indispensable role of entrepreneurs' experiential knowledge, encompassing market understanding and international insights, in guiding resource-limited ESMEs through their international expansion endeavors.

Musteen et al. (2017) suggested that low levels of organizational capital might drive ESMEs to offshore as a compensatory strategy, although this relationship did not reach statistical significance. Cardoza and Fornes (2011) reveals 7 internal firm barriers to internationalisation that have been discussed before in the institutional difference/host country environment section. These are: price that is not appropriate for international consumers, labels and design that do not meet the expectations or taste of international consumers, inability to offer post sale service to international clients, difficulty in accessing the needed distribution channels, inability to focus on exporting given current daily management and difficulty in giving international clients credit.

Eddleston et al. (2019) demonstrate that professionalisation practices benefit family firms with high-quality niche products for internationalisation, enabling them to compete with nonfamily firms. Conversely, for family firms selling low-quality mass products, the absence of professionalisation practices encourages risk-taking and internationalisation. This highlights how factors can serve as barriers or drivers depending on the product type.

Lastly, Khemakhem (2010, p.240) shows that managerial aspirations for business goals nor managerial characteristics or management's attitude toward exporting have any impact on entry mode decision.

Moving to post-cluster, Solano Acosta et al. (2018) show that international market orientation (Customer Orientation, Competitor Orientation, and Inter-functional Coordination) has no effect on internationalised ESME performance. The authors suggest that the possible reason for the insignificance could be because the entrepreneurial orientation could be "cancelling out" the effect of international market orientation or the need of other mediating variables such as strategy (Solano Acosta et al., 2018, p. 1136). Nakos et al. (2019) state that alliances partially mediate the link between international market orientation and ESME international performance. They suggest that while international market orientation provides knowledge, alliances are crucial for effectively utilising this knowledge. Kocak and Abimbola (2009) found a positive impact of market orientation on born globals' performance. Similarly, Miocevic and Crnjak-Karanovic (2011) observed a positive association between export market orientation and ESME international performance. They stress the need for a proper conceptualisation of export market orientation and highlight the importance of international market knowledge for success. Boso et al. (2016) found that both entrepreneurial and market orientation positively moderated the relationship between radical product innovation capability and sales performance in both

developing and developed economies. This highlights the importance of strategic orientations like market and entrepreneurial orientation for ESMEs' international performance.

Nakos and Brouthers (2008) examine the mediating role of process controls for the relationship between alliance commitment and international performance. There was a positive meditating effect wherein it fostered an environment of “improved cooperation and reduced likelihood of opportunism” (Nakos and Brouthers, 2008, p.135). Previous literature above has established the importance of international alliance for pre and post internationalisation, therefore the findings presented here can be valuable for ESMEs.

Ural (2009) found no significance of communication quality between importer and exporter on financial and strategic export performance or satisfaction with the export venture. The authors propose this insignificant result could be because in regards to formal communication, the communication is most likely to be in written form and in regards to informal communication, the distance reduces the chances for informal communication. However, they did find a positive effect of long-term orientation on export performance and satisfaction, emphasising the importance of relationship quality between exporters and importers. As mentioned before, having better importer-exporter relationship can facilitate information sharing and help bridge institutional differences.

Njinyah (2018, p.23) found that government export promotion policies positively impacted firms' management capabilities, which in turn positively influenced export performance, though not significantly. This suggests that enhancing management capabilities, including perception, knowledge, and skills, could drive ESMEs' export performance. The authors suggest the lack of significance in the relationship might be due to low awareness or understanding of the policy's language.

Miocevic and Morgan (2018) examined the following variables that have been categorised under firm characteristics: International opportunity exploitation rate, market-sensing capabilities, opportunity recognition capacity and the moderating effect of strength of the adaptive capabilities. International opportunity exploitation rate led to better firm growth. Market-sensing capabilities have been positively associated to opportunity recognition capacity which in turn has been positively associated to international opportunity exploitation rate. Lastly, adaptive capabilities positively moderates the relationship between international opportunity

exploitation rate and firm growth. This finding can help ESMEs focus on improving their international opportunity exploitation rate as it has been presented as a driver for better internationalised ESME firm growth.

Suh and Kim (2014, p.125) analysed factors distinguishing internationalised ESMEs from leading ones. They found that internationalisation strategy alone does not ensure success. Instead, investing in activities like R&D is crucial for success.

Filatotchev et al. (2009) highlight the positive impact of returnee entrepreneurs' knowledge transfer on export orientation and performance, countering the challenges of being new and foreign. Additionally, advanced technology and product knowledge aid internationalisation. Hsieh et al. (2019) found that entrepreneurs' focus on differentiation positively influences deepening speed and geographic diversification, enhancing competitiveness, but does not significantly affect early internationalization.

In conclusion, this section highlighted a variety of firm related variables across the different internationalisation stages. These variables (classified as drivers or barriers) can help understand and clarify what ESMEs should be focusing on improving to enable their internationalisation process to happen early and successfully.

2.6.1.10 Endogenous Opportunism

Endogenous opportunism has been studied in 1 out of 54 papers (1.85%). Obadia and Vida (2006) studied the effect of endogenous opportunism on ESMEs foreign subsidiaries. They studied a variety of characteristics within endogenous opportunism such as, tangible assets (this involved discrepancies around large sums of money), intangible assets in terms of information (misuse of information), intangible assets in terms of legal issues and shirking (Obadia and Vida, 2006, p.68-70). The results suggested that by engaging in endogenous opportunistic ways, ESMEs are likely to have heavy losses and fail international market entry. The authors go onto describe possible reasons why opportunism might occur such as inadequate incentives. Therefore, it would be worthwhile to consider the factors that could lead this behaviour to occur and find solutions to overcome them in order to increase chances of international success.

2.6.2 Managerial-based Factors

2.6.2.1 Gender

Gender has been examined in 1 out of 54 papers (1.85%). Pergelova et al. (2019) address the gender gap in internationalised ESMEs, predominantly male-owned. They attribute this to factors like time constraints and resource disparities. Investigating the role of digital technologies, they hypothesise a stronger impact on female-owned ESMEs due to limited network access, especially in regions with gender stereotypes like Bulgaria. Supported by their findings, digital technologies emerge as potential drivers for internationalization, particularly for female-owned ESMEs.

2.6.2.2 Manager's perception, attitude, mindset, orientation and decision making

It has been studied in 7 out of 54 papers (12.9%). It has been studied 2 times at pre-internationalisation stage, 1 time at post-internationalisation stage and 4 times in papers examining both pre and post internationalisation.

Starting with the pre-cluster, (A)Ciravegna et al. (2014) studied the impact of managerial international experience on internationalisation initiation. They found a positive correlation between years of international experience and proactiveness in seeking international opportunities. While proactiveness may not affect internationalisation speed, it can enhance outcomes in terms of intensity and scope (A)Ciravegna et al., 2014, p.1088). Recognising the pivotal role of managers, Puthusserry et al. (2018) advocate for future research on managerial skills and other factors affecting international collaborations. They highlight the significance of prior experience in improving international collaborations, aligning with (A)Ciravegna et al.'s findings.

Moving onto post-internationalisation stage, Oura et al. (2016) explored the impact of international experience on ESME export performance. Their findings echo those of the pre-internationalisation studies, highlighting international experience as a crucial driver for enhanced export performance, particularly for SMEs in emerging markets. This experience was deemed even more critical than innovation capacity, providing a competitive advantage and valuable knowledge access, especially for resource-poor ESMEs (Oura et al., 2016, p.924).

Moving onto mixed cluster, Deng and Zhang (2018) examines manager’s experience as a moderator for macro-environmental variable relationship of institutional quality and decision to

venture overseas as well as international performance. In the context of their sample (Chinese with majority being family-owned), they emphasise the importance of managers in the decision-making process. Experienced managers leverage personal networks to navigate poor institutional ties, enhancing international performance. However, their familiarity with home institutions may deter them from using internationalisation to mitigate poor institutional quality. Deng and Zhang's (2018) results support their hypotheses. In the context of home institutional quality, manager's experience plays a positive moderating role for the positive association between home institutional quality and international performance and negative association between home institutional quality and likelihood of venturing abroad. These findings highlight the importance of contextual factors when examining factors. Filatotchev et al. (2009, p.1017) found that returnee-entrepreneurs positively influence export orientation and performance, while MNC experience does not. They suggest returnee-entrepreneurs bring added advantages, possibly due to their awareness of export opportunities. Kujala and Tornroos (2018) speak about the effectual capabilities of the management and how it helped them to build networks which allowed for internationalisation to take place in a smooth and successful manner. Lastly, Ibeh and Kasem (2011) also support the positive impact of managements' international background, studies and commitment on internationalisation.

Therefore in most cases, managers' international experience among the other aspects studied here can be classified as a driver for internationalisation and international performance. However, it is important to be cautious of any external or contextual factors that may change this relationship.

2.7 Discussion and Recommendations for Future Research

2.7.1 Geographic focus

As discussed earlier in this study, the top three home markets that were studied were Asian countries, namely China (12.5%), Taiwan (10.9%) and India (6.3%). This largely coincides with previous EMNE reviews where the main home countries reviewed were China, India (Luo & Zhang, 2016; Garcia-Lillo et al., 2020; Liu, 2021) and Taiwan (Li et al., 2018). This shows that no matter the company's size, the focus of attention in research concerning emerging markets continues to be on Asian countries. However, as emerging markets comprise several countries with heterogeneous economic and market conditions, their SMEs may have different motivations to internationalise and need to formulate strategies more appropriate for their home

environment or targeted host country. Thus, future studies may want to diversify into other emerging market regions showing promising international growth (Luo & Zhang, 2016).

Moreover, comparative or multiple-focus studies can also help highlight how SMEs from different markets behave while internationalising (Jormanainen and Koveshnikov, 2012; Luo & Zhang, 2016). Following this theme in the study's sample, it was noticed that 44 papers focused on a single country, while ten focused on multiple countries. Out of these ten papers, 8 were comparative studies on developed versus developing markets. Thereby showing the future avenue for more comparative or multiple-focus studies to help enhance our understanding of the differences and/or similarities between internationalisation from DSMEs and ESMEs (Luo & Zhang, 2016). However, given that most of the papers reviewed in this study have looked at singular markets, it can be considered a limitation for generalising the review findings in other emerging market contexts.

2.7.2 Data and methodology

As depicted in Table 2.3, most articles reviewed in the sample employed a quantitative approach (74.07%). However, among these quantitative studies, only 10 conducted a form of causality/endogeneity test. Their findings can be limited when papers fail to consider the causality bias. Thus, future researchers should consider performing a form of causality test to generate consistent and reliable results (Li et al., 2018).

Only 18.52% of the studies in the sample employed a qualitative approach. Highlighting another potential future avenue as "more insightful observations about firms' international processes and strategic behaviour" (Luo & Zhang, 2016, p.338) can be derived from more qualitative research.

Given that the research on ESMEs is still developing, it makes sense that in the sample, 66.67% of the papers conducted primary research to grow the knowledge in the field further (Luo & Zhang, 2016). Next, the use of cross-sectional studies in the sample is much higher (94.4%) than the use of longitudinal studies (5.56%). Longitudinal studies can help understand how things have progressed or unfolded given the said time period (Kujala and Tornroos, 2018). However, they can also be time-consuming and demand additional resources. Hence, the scarcity of data or resources could explain the lack of longitudinal research in the sample.

Lastly, 11 studies used archival data for data sources, whereas 32 studies used surveys. Among qualitative studies, five papers used case studies, and 11 papers used interviews as a research method.

Table 2.3: Data and methodology

Data and methodology								
Types of data			**Research Approach**			**Data Collection**		**Causation test (quantitative)**
Primary	**Secondary**	**Primary & Secondary**	**Quantitative**	**Qualitative**	**Mixed Methods**	**Cross Sectional**	**Longitudinal**	**Yes**
36 (66.67%)	11 (20.37%)	7 (12.96%)	40 (74.07%)	10 (18.52%)	4 (7.41%)	51 (94.4%)	3 (5.56%)	10 (22.73%)

2.7.3 Unit of analysis:

The total sample consisted of 54 articles, out of which 51 articles were analysed at the firm level, and only 3 papers were analysed at the individual level, as seen in table 2.4 below.

Table 2.4: Levels of analysis:

Individual	**Firm**	**Environmental**
20/54 papers included variables studied at the individual level	46/54 papers included variables studied at the firm level	15/54 papers included variables studied at the environmental level.

It is evident from the numbers stated above in Table 2.4 that the current literature is more focused towards firm-level analysis. While conducting the SLR, it was interesting to see that although several papers used individuals such as CEOs, managers and entrepreneurs as their units of observation, the paper's unit of analysis and, at times, even variables were studied at the firm level (Kujala and Törnroos, 2018; Cheng and Yu, 2008).

The current literature focuses on firm-level analysis. However, as we know, in SMEs, due to their small size, the manager's experience, perceptions and cognitive thinking towards internationalisation play a crucial role in an ESME's internationalisation (Fabian et al., 2009), indicating a future research potential wherein more studies can study ESME internationalisation at the individual level.

2.7.4 Addressing the Research Questions

To address the research questions that prompted this systematic literature review, the following section will provide detailed answers to research question 1.

Research Question 1: What are the factors that influence ESME internationalisation?

The literature shows that networks are crucial for the internationalisation of ESMEs. Among 54 papers, 23 (42.5%) highlight networks' roles in pre- and post-internationalisation stages. Social and business ties facilitate market entry and growth, though some managers rely less on them (Ciravegna et al., 2014). Zhou et al. (2007) and Nakos et al. (2019) highlight the crucial role of guanxi in mediating ESMEs' international performance. While an international orientation alone is insufficient for enhanced performance, guanxi helps acquire essential knowledge and identify opportunities abroad, thus facilitating internationalisation. These networks provide trustworthy referrals, easing the internationalisation process for ESMEs. Post-internationalisation, international networks become more important than domestic ones (Nyuur et al., 2018), and high-quality relationships are key to success (Nakos et al., 2019). These findings are supported by the review conducted by Dekel-Dachs et al. (2021), who emphasise the role of the network in helping overcome the obstacles created by poor formal institutions or institutional voids in general. Overall, networks are vital for ESME internationalisation and performance, but their impact varies, requiring further study.

Home institutional factors are examined in 10 out of 54 papers (18.5%) and showcase that in pre-internationalisation, barriers include corruption and negative perceptions of developing economies (Eddleston et al., 2019; Gomes et al., 2018). Conversely, institutional pressures can prompt earlier internationalisation (Cheng and Yu, 2008). In post-internationalisation, supportive home government policies enhance export performance (Njinyah, 2018; Li et al., 2018; Durmusoglu et al., 2012). Studies examining both stages show mixed results: poor home institutions can drive internationalisation due to growth uncertainty, while better institutional quality improves performance post-internationalisation (Deng and Zhang, 2018).

Institutional differences and host country environments were analysed in 8 out of 54 papers (14.8%). Pre-internationalisation studies highlighted that joint ventures mitigate socio-cultural risks, while wholly-owned subsidiaries are preferred for industrial-policy and macro-environmental differences (Lo et al., 2016). Barriers such as language, social differences, political instability, legal complexities, and corruption (Rahman et al., 2017), as well as mismatched product preferences, operational barriers, financial hurdles, and skills deficits (Cardoza and Fornes, 2011), were significant. Post-internationalisation studies noted the importance of international exhibitions (Sadeghi et al., 2019) and the benefits of relocating production to lower-cost regions (Johnson et al., 2013). Overall, while institutional differences and host country environments can act as either barriers or drivers to internationalisation, differences in institutional factors generally hinder ESMEs' internationalisation efforts.

Market characteristics were examined in 13 out of 54 papers (24%), with six studies focusing on pre-internationalisation, four on post-internationalisation, and three on both stages. In the pre-internationalisation stage, ESMEs with market leadership positions are inclined to internationalise due to competitive pressures and specialised expertise (Chen et al., 2015; Fabian et al., 2009; Yi and Wang, 2012). The domestic competition was seen as a driver for ESME internationalisation in several papers. This makes sense in the context of emerging markets, as per Li and Ding (2017). The authors speak about aspects of poor institutional quality in emerging markets, such as “weak intellectual property rights protection and poor law enforcement practices”, which leads ESMEs to struggle to find a competitive advantage against competition as imitation of innovative ideas is a common practice (Li and Ding, 2017, p.9). This can discourage ESMEs from investing in their innovation and become stuck in a saturated market. Therefore, domestic competition, especially in emerging markets, can become a push factor or driver for ESME internationalisation. Moreover, it is crucial to understand the host

market needs for product adaptation, which can often be a barrier for ESMEs due to their resource-constraint nature. This is further emphasised in the post-internationalisation stage wherein leading internationalised ESMEs focus on customer satisfaction, demand quality, and customer relationship management (Suh and Kim, 2014). Overall, market conditions can be both barriers and drivers for ESME internationalisation, influencing various aspects. However there are inconsistent findings on resource allocation for market research and product adaptation due to ESMEs' resource constraints.

Culture was studied in 2 out of 54 papers (3.7%), once pre-internationalisation and once post-internationalisation. In both stages, shared religion, culture, or ethnicity can drive internationalisation.

Ownership was studied in 6 out of 54 papers (11.1%), mostly at the pre-internationalisation stage. In terms of pre-internationalisation, family-owned ESMEs are more risk-averse due to negative country-of-origin reputations (Eddleston et al., 2019). However, family ownership does offer advantages like information benefits, while institutional investors provide additional resources (Chen et al., 2014). Foreign ownership boosts export propensity through knowledge and management benefits, whereas state ownership hinders export decisions due to emphasis on government-focused goals as opposed to firm-focused goals (Yi and Wang, 2012; Cardoza and Fornes, 2011).

ESMEs experience the liability of smallness in pre and post-internationalisation stages and therefore often struggle with internationalisation. However, this can be overcome through operating in economic zones and increasing human capital by engaging in offshoring.

Outward Looking Competencies (OLC) were studied in 2 out of 54 papers (3.7%), once pre-internationalisation and once across both stages. ESMEs with OLC are more likely to export in high-corruption environments, have better reputation, export performance, and stakeholder trust. Therefore, proving to be a driver across the different stages of internationalisation.

Innovation and digital technology were studied in 9 out of 54 papers (16.67%), in pre-internationalisation, it can be a driver as it offers cost-effective access to knowledge and market understanding. Post-internationalisation, innovative capabilities were shown to enhance ESME growth and international performance (Miocevic and Morgan, 2018; Kocak and

Abimbola, 2009; Oura et al., 2016), with R&D providing competitive advantages (Suh and Kim, 2014). However, an openness to digital technology is essential for its benefits to materialise. Nevertheless many ESMEs hesitate to use this driver to their benefit. Therefore warranting further attention.

Offshore and outsourcing were studied in 1 out of 54 papers (1.85%) at the firm level in the mixed cluster. Di Gregorio et al. (2009) found that experience in offshoring and outsourcing administrative and technical services equips ESMEs with skills, knowledge, and networks, facilitating expansion to new regions and increasing international sales. Thus, offshoring and outsourcing can be seen as drivers for internationalisation.

Cost was examined in 2 out of 54 papers (3.7%), in the pre-internationalisation stage, Yi and Wang (2012) found that sunk costs support ESMEs in persisting with exporting, and noted the cost-reducing advantage of spatial economies through knowledge spillovers. In the mixed cluster, Gimede (2004) reported that while sunk costs positively impact export propensity, they negatively affect export intensity, indicating ESMEs may struggle more with sustaining rather than entering foreign markets. Overall, the literature supports the positive role of sunk costs pre-internationalisation, with further exploration needed for post-internationalisation effects.

In terms of human capital and productivity, it was studied in 5 out of 54 papers (9.26%). At the pre-internationalisation stage, Yi and Wang (2012) found that productivity positively influenced export propensity, however, Gomes et al. (2018) noted that productivity increased export propensity only in low-corruption environments, with networks offsetting corruption effects. This warrants further clarity as it is considered as a driver for ESME internationalisation. Post-internationalisation, Javalgi and Todd (2011) highlighted that human capital, through employee education and international experience, positively impacted internationalisation by providing valuable knowledge and skills. Cheng and Lin (2009) found that expatriate traits like social networking and decision-making autonomy positively influenced international performance.

Product-related variables were studied in 4 out of 54 papers (7.4%), at the pre-internationalisation, Eddleston et al. (2019) found that higher product quality narrows the internationalisation gap between family and non-family firms by mitigating family firms' risk aversion, though this effect is reduced by negative reputations of developing economies. At the

post-internationalisation stage, Boso et al. (2016) found that radical product innovativeness boosts international sales performance by creating a competitive edge and enhancing reputation, though its effectiveness is lower in developing countries due to institutional constraints. Ibeh and Kasem (2011) also indicated that ownership of quality products drives ESME internationalisation. Therefore, clearly highlighting the need for identifying ways in which ESMEs can develop better quality products without being stopped by institutions.

Firm capabilities, knowledge, orientation, processes, and strategies were studied in 20 out of 54 papers (37%), at the pre-internationalisation stage, firm competitiveness, digital technology, and international market intelligence drive early internationalisation (Amoros et al., 2016; Pergelova et al., 2019). Knowledge and networks are crucial for overcoming reputational barriers (Puthusserry et al., 2018). As for the barriers, there are internal barriers include unsuitable pricing, inadequate post-sale service, and distribution challenges (Cardoza and Fornes, 2011). Post-internationalisation, market orientation and alliances positively impact performance, while international strategy alone is insufficient without investments like R&D (Nakos et al., 2019; Suh and Kim, 2014). Returnee entrepreneurs' knowledge transfer and advanced technology aid internationalisation (Filatotchev et al., 2009).

Endogenous opportunism, studied in 1 out of 54 papers (1.85%), leads to significant losses and failed international market entry for ESMEs. Obadia and Vida (2006) found that issues with tangible assets, misuse of information, legal matters, and shirking contribute to this behavior, often due to inadequate incentives. Addressing these factors is crucial for international success.

Gender was examined in 1 out of 54 papers (1.85%). Pergelova et al. (2019) found that internationalised ESMEs are predominantly male-owned due to resource disparities. They suggest digital technologies can drive internationalisation for female-owned ESMEs. Further research could look into how to increase access, potentially through policies, to technology for female-owned ESMEs.

Lastly, managerial international experience was studied in 7 out of 54 papers (12.9%). At the pre-internationalisation stage, Ciravegna et al. (2014) found a positive correlation between international experience and proactive international opportunity seeking, enhancing intensity and scope. Puthusserry et al. (2018) also highlighted the importance of managerial experience in international collaborations. Post-internationalisation, Oura et al. (2016) found international

experience crucial for export performance, especially in emerging markets. In mixed-stage studies, Deng and Zhang (2018) showed that experienced managers improve international performance by leveraging personal networks, though familiarity with home institutions might deter internationalisation. Overall, managerial international experience is a key driver for internationalisation and performance, though contextual factors can influence this relationship.

2.7.5 Recommendations for future avenues

This review calls for attention to factors such as networks and unsolicited orders as they present inconclusive findings at the post-internationalisation stage. While networks and unsolicited orders can help in pre-internationalisation, research in this sample has mixed findings for post-internationalisation stage. When it comes to unsolicited orders, the study suggests that it can be a one-time deal unless the firm continues building onto their resources in order to continue internationalising. Future research could explore how an ESME can maximise the opportunity for unsolicited orders and continue internationalising. As for networks, the focus seems to shift from domestic networks to general social networking capability in order to maintain foreign relationships that can help with resources or towards other types of networks, such as business networks. Handoyo et al. (2021) speak of the importance of institutional networks in internationalisation survival. Future reviews can examine what the literature says about the types of networks relevant for pre and post-internationalisation to help ESMEs allocate their time and resources accordingly.

Lastly, there is a need to consider factors in different contextual settings in order to examine their relationship to internationalisation propensity as well as international performance. Future studies could examine the established factors in different contextual settings to deepen our knowledge about ESME internationalisation.

Chapter Three: Proposed Conceptual Model

After identifying the several factors in the SLR stage of the study, a conceptual model was formulated consisting of key variables that were identified to impact an ESME's intention to internationalise. It is important to note that several factors were identified during the SLR stage of the study and were even included in the questionnaire. However, not all the constructs identified regarding an ESME's intention to internationalise were introduced into the model. The sections below start by establishing the theoretical anchoring for the conceptual model by discussing the various theories that lead to selecting the various variables in the conceptual model. Followed by discussing and developing the hypotheses that will be utilised while empirically testing the conceptual model followed by an image of the proposed conceptual model.

3.1 Theoretical Foundation

As established in the literature review chapter of this thesis, ESMEs suffer from resource poverty. This makes internationalisation, as mentioned by Cheng and Lin (2009, p.62), a "bold move". Nevertheless, internationalisation can be a medium through which ESMEs can grow and survive (Haddoud et al., 2021). Therefore, it is essential to add to the literature attempting to understand what motivates ESMEs to internationalise. The SLR highlights that no single theory or factor can fully explain an ESME's intention to internationalise. Hence, in line with the findings emerging from the SLR, the research integrates variables rooted in the theoretical perspective of multiple but complementary theories, namely (1) network theory, (2) effectuation theory, (3) resource-based view, and (4) institutional theory.

3.1.1 Network Theory

The definition of networks when speaking of internationalisation refers to resources in the manner of relationships between the company and key individuals and organisations that can assist in international business activities (Gao et al., 2019; Tang, 2011). Consistent with prior studies (Musteen et al., 2017; Ibeh and Kasem, 2011; Boehe, 2013; Lo et al., 2016; Tiwari and Korneliussen, 2018; Richardson et al., 2012; Zhao and Hsu, 2007; Filatotchev et al., 2009), this thesis maintains that network is vital in helping overcome obstacles an ESME may face while

internationalising, as ESMEs face constraints such as limited resources, brand recognition, and management expertise, hindering their entry into foreign markets (Zhao and Hsu, 2007).

In the SLR, several types of networks were discussed. These included social capital (Musteen et al., 2017; Ibeh and Kasem, 2011; Boehe, 2013; Lo et al., 2016; Ciravegna et al., 2014; Tiwari and Korneliussen, 2018; Richardson et al., 2012; Zhao and Hsu, 2007), guanxi (Zhou et al., 2007), business networks (Ibeh and Kasem, 2011; Richardson et al., 2012) and global or international networks (Filatotchev et al., 2009). However, the literature also showed that various types of networks were effective in different contexts.

Ibeh and Kasem (2011) found social ties to be more effective in the pre-internationalisation stages, while business ties to be more effective in the post-internationalisation stage. Zhao and Hsu (2007) found that ESMEs with greater social networks in the host country were more likely to internationalise early and commit more resources as the social capital provided the ESMEs with a competitive advantage in the host country. Musteen et al. (2017) suggest that social capital can be used to find relevant opportunities in external markets in the context of offshoring. Tiwari and Korneliussen (2017) also examined the importance of social networks through a knowledge-based view. They found the entrepreneur's prior experience helped develop social networks that were important in initiating internationalisation.

Similarly, for the pre-internationalisation literature context, Zhou et al.'s (2007) findings suggest that guanxi-related social networks can help with trustworthy referrals, which can help ease the internationalisation process for ESMEs and also help identify opportunities abroad and be the medium through which internationalisation can happen. The researchers highlighted that having an international orientation may not be sufficient to gain knowledge. Therefore, there is a need for guanxi-related social networks to facilitate internationalisation by compensating for the lack of institutional trust and reliable market information.

While some inconsistencies were noticed in the literature wherein networks did not always play an important role in recognising international opportunities or being the medium through which ESMEs are internationalised. For example, (A)Ciravegna et al. (2014) found that managers who were proactive with internationalisation did not necessarily use networks as the approach. Gomes et al. (2018) found institutional ties such as governments to be important in high

corruption environments. It was essential to have government connections to speed up the bureaucratic process.

For the post-internationalisation literature context, Nyuur et al.'s (2018) research suggests interesting findings that domestic networks post-internationalisation do not hold the same importance as in the pre-internationalisation stage, wherein it was seen as helpful in gaining knowledge about international opportunities. Domestic networks are considered a "liability of localness" (Nyuur et al., 2018, p.24). As Suh and Kim (2014) complemented, ESMEs do not focus on networks as the prime strategy. Instead, they focus on international market strategies, and internationalised ESMEs, which focus most on networks and relationships with networks, tend to spend a longer time internationalising. However, there were also instances where networks remained significant for post-internationalisation, as presented by Filatotchev et al. (2009), highlighting the importance of global networks in export orientation and export performance. They suggest that global networks can help gain needed information, which is beneficial for both pre-internationalisation and post-internationalisation. Networks can help implement exporting strategies (Filatotchev et al., 2009, p.1009). Researchers like Richardson et al., 2012 highlighted the importance of how business networks can help gain intelligence about markets that can impact existing overseas project performance. Ibeh and Kasem, 2011 found that internationalisation pace/speed was also positively impacted by the presence of business networks.

This snapshot of the literature shows that networks such as social capital and guanxi play a more instrumental role in explaining the pre-internationalisation stage of an ESME (Ibeh and Kasem, 2011; Zhao and Hsu, 2007; Tiwari and Korneliussen, 2017; Zhou et al., 2007).

However, networks such as business networks and global or international networks were utilised more during the post-internationalisation stage than pre-internationalisation (Ibeh and Kasem, 2011; Nyuur et al., 2018). As mentioned in Nyuur et al.'s paper (2018, p.4), this validates Andersson et al.'s (2013) finding that international networks augment firms' ex-post internationalisation performance and further expansion into the global market, while local networks contribute more positively to the initial internationalisation process of SMEs.

Hence, given that the focus of the thesis is to identify and study the factors that affect an ESME's intention to internationalise, social capital and guanxi networks will be further investigated in this thesis. Social capital can act as a unique resource to overcome significant

barriers such as liabilities of 'newness' and 'foreignness', and investments in social capital enable firms to accumulate resources and capabilities, favouring an ESME's internationalisation (Chen et al., 2014). Moreover, guanxi is a "cultural characteristic" (Zhou et al., 2007, p.67). When an ESME faces uncertainty regarding actions and control of the home government, guanxi is utilised as a strategic response to the uncertainty. It can be considered a substitute for institutional support. As in the "absence of institutional trust, combined with the prevalence of active mistrust of strangers and severe shortage of reliable market information" (Zhou et al., 2007, p.675), guanxi provides access to "trust-based personal connections" (Zhou et al., 2007, p.675) making it easier for ESMEs to utilise these guanxi-related social networks to initiate their internationalisation (Zhou et al., 2007, p.675).

3.1.2 Effectuation Theory

As an alternative to causation, a theory suggesting "that the future can be anticipated and that firms can make reliable decisions based on well-defined goals" (Bai et al., 2021, p. 97), Sarasvathy introduced the theory of effectuation. Unlike causation (also referred to as a predictive strategy), effectuation is defined as "a set of means as given and focus on selecting between possible effects that can be created with that set of means" when faced with uncertain situations or environments (Sarasvathy, 2001, p. 245; Kujala and Törnroos, 2018). The effectuation approach is often referred to as a non-predictive strategy.

Effectuation includes four key principles: (1) Experimentation which involves strategically experimenting with firms' available resources (Bai et al., 2021, p. 97); (2) Affordable Loss, where firms typically focus on the potential drawbacks of opportunities rather than their possible returns (Bai et al., 2021, p. 98); (3) Pre-commitment which encourages viewing "other individuals as potential partners instead of competitors" (Bai et al., 2021, p. 98), which can help create opportunities. (4) Flexibility says implementing a non-predictive strategy likely generates unforeseen opportunities and challenges necessitating decision-making and action. Thus, a non-predictive strategy requires the firm to maintain flexibility (Bai et al., 2021, p. 97).

Effectuation has gained increasing support within internationalisation research (e.g., Kujala & Törnroos, 2018; Bai et al., 2021). Bai et al. (2021) highlight research suggesting that effectuation helps overcome the "liability of outsidership" and facilitates rapid market entry due to its reliance on social networks. Overall, effectuation is a theory applicable to the "start of internationalisation" (Bai et al., 2021, p. 98).

Moreover, effectuation has proven particularly valuable for ESMEs as it emphasises maximising the use of available resources, even when they are scarce, and environments are uncertain (Sarasvathy, 2001; Kujala and Törnroos, 2018). Despite this, effectuation was only examined in 1 out of the 54 reviewed papers. While there has been an increase in studies replicating effectuation principles across various contexts, Dias et al. (2019, p. 50) suggest that future research needs to explore the “application of effectuation principles in the practice of entrepreneurs in different scenarios.”

3.1.3 Resource Based View

ESMEs often face significant resource limitations, distinguishing them from their more resource-abundant counterparts in developed economies or their larger counterparts in emerging or developing economies. The Resource-Based View (RBV) offers a theoretical framework to understand how these firms can leverage their available assets to succeed internationally (Filatotchev et al., 2009;). According to RBV, a firm's competitive advantage lies in effectively utilising its unique resources. For ESMEs, digital technologies represent critical resources that enable them to overcome their inherent constraints and compete globally.

Digital technologies are central to this discussion because they help ESMEs to manage risks and reduce the costs associated with entering and operating in international markets (Pergelova et al., 2019; Barletta et al., 2014). Technologies such as the internet and online communication tools allow ESMEs to acquire and utilise resources more efficiently. These mediums help enhance their market intelligence, overcome financial hurdles by limiting the investment required and facilitate more informed decision-making processes by providing access to vital data and opportunities to connect with potential key stakeholders such as international suppliers or consumers. Additionally, digital infrastructures like websites and online ordering systems are instrumental in engaging international customers and processing transactions effectively.

Despite these advantages, the adoption of digital technologies by ESMEs remains relatively low. Factors such as perceived usefulness and the perceived ease of use significantly impact their practical application and ongoing adoption (Oh et al., 2009). This slow rate of adoption highlights the need for further exploration into how digital technologies can be more effectively integrated into the strategic operations of ESMEs to support their international ambitions. By

focusing on the resource-based view and digital technologies, we can better understand and address the unique challenges and opportunities faced by ESMEs in the global marketplace.

3.1.4 Institutional Theory

Institutional theory posits that organisational behavior and practices are significantly shaped by the social, cultural, and regulatory environments in which organisations operate. A core concept within this theory is home institutional pressure, which refers to the influence exerted by domestic institutions—such as government regulations, industry standards, cultural norms, and societal expectations—on organisational practices (Cheng and Yu, 2008; DiMaggio and Powell, 1983). These pressures drive organisations to conform to established norms and rules to gain legitimacy, secure resources, and ensure survival. Given the negative country-of origin effects that ESMEs face in combination with their limited resources, institutional theory, especially home institutional pressures is of key importance (Li and Ding, 2015; Fabian et al., 2008; Rottig, 2016). Home institutional pressure manifests through coercive pressure, such as legal requirements or pressure from key stakeholders to act in a particular way; normative pressure, such as professional standards of the industry; and mimetic pressure, where organisations imitate the practices of successful peers. This theoretical framework explains why firms adopt certain strategies and structures, highlighting the pivotal role of the home country's institutional context in shaping organisational behavior and decision-making processes. Understanding home institutional pressure is essential for analysing how home-country institutions influence ESME’s strategic choices, particularly regarding intention to internationalise.

3.2 Hypothesis Development

In light of the preceding theoretical discussions, the nine variables were chosen alongside the moderating relationship of institutional pressure on the effectuation-related variables to further investigate the complex yet fascinating phenomenon of internationalisation of emerging economy SMEs in the context of Indian SMEs. This section will discuss the hypotheses development for each proposed relationship, as shown in Figure 3.1 below.

3.2.1 Social Capital and Guanxi Networks

Guanxi networks are informal social networks based on the foundation of reciprocity/mutual favours, trust and “interdependencies that create value through the effective use of social capital” (Zhou et al., 2007, p.676). These networks have originated from China and are mainly studied in the Chinese context. As for social capital, there are many different definitions in the literature. However, the most agreed upon definition has been provided by Nahapiet and Ghoshal (1998, p. 243) as “the sum of the actual and potential resources embedded within, available through, and derived from the network of relationships possessed by an individual or social unit.” Even though social capital and guanxi might sound similar, they are distinctive in the manner “that social capital embraces the attributes of individuals...guanxi applies to series of dyadic interpersonal relationships, not readily transferred into a hierarchical organization focused on a central or core competency” (Huang and Wang, 2011, p. 124).

Previous literature supports the importance of these networks when it comes to the process of internationalisation. It is widely agreed upon that guanxi networks can aid ESMEs in internationalisation through various mediums. In the cases of minimal or absent government or institutional support, as is often the scenario in emerging markets, guanxi networks can be used as they rely on trusted networks (Zhou et al., 2007; Zahoor et al., 2022). They also help exchange information and knowledge that can be considered crucial for internationalisation (Zhou et al., 2007). ESMEs, compared to developed economy SMEs, generally struggle with a lack of human capital given their smallness and country-of-origin, which can impact the company's internal knowledge (Zahoor et al., 2022; Chandra et al., 2020). Other mediums for knowledge transfer such as having international interactions and experiences, are also limited in the emerging market context due to limited resources (Chandra et al., 2020). Therefore, establishing the importance of having guanxi networks for gaining the needed knowledge for internationalisation. Moreover, guanxi networks can also help in gaining experiential knowledge and advice, which can assist in dealing with fast-changing uncertain environments which are considered characteristic of emerging economies (Zhou et al., 2007; Srivastava et al., 2021). Lastly, guanxi networks can help gain legitimacy and trust through referrals, as the closeness in social networks and shared norms and beliefs can bypass formal controls (Zhou et al., 2007, p. 678). Gaining legitimacy can help ensure the survival of ESME (Cheng and Yu, 2008). Emerging market SMEs may often struggle with proving their legitimacy due to their “lack brand names, scale, financial resources and reputation of their larger counterparts” (Bangara et al., 2012, p. 624).

A Western concept similar to Guanxi-related networks is social capital (Huang and Aaltio, 2014). Social capital can help SMEs identify international opportunities (Musteen et al., 2017; Tiwari and Korneliussen, 2018; Richardson et al., 2012), provide valuable knowledge such as international market knowledge, expertise such as ways to deal with host country regulations and resources (Ibeh and Kasem, 2011; Tiwari and Korneliussen, 2018; Richardson et al., 2012; Zhao and Hsu, 2007; Puthusserry et al., 2018), increasing reachability which can in turn help with exchanging information and resources (Boehe, 2013), overcome barriers such as socio-cultural differences, psychic distance and navigate through host country institutional barriers (Lo et al., 2016; Zhao and Hsu, 2007), gain access to information which is usually not disclosed (Ciravegna et al., 2014), gain access to technology spillovers (Richardson et al., 2012), collaboration opportunities (Richardson et al., 2012; Zhao and Hsu, 2007; Puthusserry et al., 2018), allocation of resources (Zhao and Hsu, 2007), reducing uncertainty (Zhao and Hsu, 2007) and gain financial capital (Zhao and Hsu, 2007). As stated before, emerging market SMEs often fall short on internal resources and support from institutions. Government support, especially in emerging markets, can play a key role in securing external resources such as financial support, tax benefits, social support and opportunity recognition (Alkahtani et al., 2020). However, in its lack, social capital, to an extent, can be utilised to compensate (Tiwari and Korneliussen, 2018).

Given the above-mentioned positive impact of guanxi and social capital on ESME internationalisation, the following hypotheses were formulated:

Hypothesis 1.1: Guanxi networks will have a positive association with the ESME's intention to internationalise

Hypothesis 1.2: Social Capital will have a positive association with the ESME's intention to internationalise

3.2.2 Effectuation Principles of Pre-Commitments, Flexibility, Affordable Loss and Experimentation

Previous research findings support the notion that effectuation has a positive relationship with firm performance in markets with high environmental uncertainty compared to low environmental uncertainty (Yu et al., 2018). ESMEs often struggle with high environmental uncertainty due to "rapid institutional and market changes" (Shirokova et al., 2020, p.472). Generally speaking,

effectuation theory has been increasingly studied in the context of SMEs to explore SMEs' internationalisation (Karami et al., 2020). Regardless of the firm size or type of market that a firm internationalises into, engaging in cross-border activities introduces uncertainty and complexities, such as political or socio-cultural barriers. Moreover, ESMEs bear the negative impact of being from a limited resource background due to firm size and country of origin. Furthermore, generating and maintaining networks can be difficult when engaging in cross-border activities as there is geographic and cultural distance, which can hamper the quality of communication (Sarasvathy et al., 2014). Thus, it is important to understand why, despite these limitations, an ESME entrepreneur intends to internationalise. According to Sarasvathy et al. (2014), internationalisation proposes characteristics and challenges which can be explained via effectuation principles.

This quantitative study adopts Chandler et al.'s (2011) "multi-item survey items" for effectuation principles, i.e., pre-commitments, flexibility, affordable loss and experimentation designed to reflect Sarasvathy's conceptualisation of these effectuation principles. Pre-commitments refer to establishing prior agreements with key stakeholders such as customers and suppliers, which helps reduce uncertainty levels (Chandler et al., 2011; Harms and Schiele, 2012). Flexibility refers to adapting and allowing the business to shape its process through contingent opportunities (Chandler et al., 2011; Harms and Schiele, 2012). Research suggests that SMEs have more freedom as compared to larger firms to remain flexible as they are not limited by regulations that are imposed as the firm grows in size (Chandler et al., 2011). This is especially important given the environmental uncertainty and the possibility of facing unexpected challenges that might require a change in action (Shirokova et al., 2020; Kujala and Törnroos, 2018). Affordable loss focuses on how much SMEs are willing to lose if the experimentation does not work instead of the expected return (Chandler et al., 2011; Harms and Schiele, 2012). When faced with an existing internal lack of resources and/or environmental instability and weak institutions, it is important to be mindful of how much "financial, social and intellectual resources" the ESME can afford to lose (Shirokova et al., 2020, p.478). Lastly, experimentation refers to trying different strategies/business models to narrow down, which effectively helps fulfil the objectives (Chandler et al., 2011). This is again a requirement when faced with an ever-changing environment where ESMEs might have to try a few models to see which works and responds to the environment best (Shirokova et al., 2020).

In the review conducted in the previous section of this study, the effectual capabilities of an entrepreneur, as per Kujala and Törnroos (2018), played a key role in surviving and

internationalising from the emerging market of Ghana. Namely, these were employing existing means, focusing on affordable losses, leveraging contingencies, focusing on relationships and controlling rather than predicting. Therefore, continuing to highlight the importance of effectuation on ESMEs.

Given the importance of effectuation for ESMEs, this research aims to add to the literature studying effectuation in the context of ESMEs internationalisation by examining effectuation's impact on the ESME's decision to internationalise. Given the above literature, the following hypotheses were formulated:

Hypothesis 2.1: Experimentation effectuation principle will have a positive association with an ESME's intention to internationalise

Hypothesis 2.2: Affordable loss effectuation principle will have a positive association with an ESME's intention to internationalise

Hypothesis 2.3: Pre commitment effectuation principle will have a positive association with an ESME's intention to internationalise

Hypothesis 2.4: Flexibility effectuation principle will have a positive association with an ESME's intention to internationalise

3.2.3 Digital Technology Use, Perceived Convenience and Perceived Usefulness of Digital Technologies Use

Digital technology, as per previous literature, can be considered a driver to internationalise (Pergelova et al., 2019; Oh et al., 2009). It can help SMEs gain international market knowledge and provide a platform for easily connecting with key stakeholders such as customers and suppliers (Pergelova et al., 2019; Hervé et al., 2021). It can help reduce costs in terms of transaction, advertisement and coordination, which can especially be helpful for ESMEs as they struggle with receiving financial and institutional help (Pergelova et al., 2019, p. 15; Beck, 2007; Hanadi and Aruna, 2013; Oh et al., 2009). ESMEs may find it more difficult to raise the needed financial capital given the unstable economy and political conditions compared to developed country counterparts (Dong and Men, 2014). However, by reducing operational costs, digital technology can help overcome this barrier (Hervé et al., 2021). Digital technology can also help

SMEs innovate and upskill by integrating digital technology into their value chain, such as in their operation or marketing and sales process (Hervé et al., 2021). Adopting technological innovation can help ESMEs compete and sustain themselves in global economic crises (Hanadi and Aruna, 2013). Additionally, adopting practices such as e-trade (which is “similar to e-commerce” but is considered more complex since it involves “international aspects”, Oh et al., 2009, p.111) can help increase the firm’s productivity (Oh et al., 2009). Overall, digital technology can help ESMEs survive the “ever-changing environment” that is, as mentioned previously, characteristic of emerging markets (Kapurubandara and Lawson, 2006, no pagination).

According to Penrose’s resource-based view, even “imitable and easily tradable” resources within organisations, such as “internet-based applications”, can help facilitate internationalisation as they provide versatility of services (Pergelova et al., 2019; p.17). This is especially important for emerging market SMEs who suffer with lack of resources and need to “do more with less” (Pergelova et al., 2019; p.17).

However, despite the proposed positive impact of digital technologies, even those which are easily imitable, on ESMEs, it has been observed that the adoption of digital technology remains minimal (Oh et al., 2009; Kapurubandara and Lawson, 2006). To understand what impacts the adoption of e-trade innovation, Oh et al. (2009) studied perceived usefulness and perceived convenience. According to their findings, perceived usefulness positively impacted both the extent to which the business used e-trade and their likelihood to continue with it in the future. However, perceived convenience was only found to have a positive impact on the extent to which ESMEs used e-trade. Perceived usefulness has been defined as the belief that the system (for example, e-trade system) in question would be able to quicken the process, improve the performance and increase efficiency and effectiveness (Oh et al., 2009, p.114). Perceived convenience is defined as “using a system or technology that contributes to simplifying the business process” (Oh et al., 2009, p.114). For example, adopting technology to gain information on stakeholders, foreign customer preferences and simplifying other business processes associated with internationalisation (Oh et al., 2009).

Thus, this study tries to not just provide further evidence that digitisation could potentially positively influence an ESME’s internationalisation but also tries to further provide evidence that

an individual's role in the adoption of the technology, especially in an ESME's context, could help an ESME formulate the intention to internationalise. This leads to the following hypotheses:

Hypothesis 3.1: Digital infrastructure use will have a positive association with the ESME's intention to internationalise

Hypothesis 3.2: Perceived convenience of digital technologies use will have a positive association with the ESME's intention to internationalise

Hypothesis 3.3: Perceived usefulness of digital technologies use will have a positive association with the ESME's intention to internationalise

3.2.4 The Moderating Effect of Institutional pressure on the Effectuation Principles of Pre-Commitments, Flexibility, Affordable Loss and Experimentation and an ESME's Intention to Internationalise

As defined by Cheng and Yu (2008), institutional pressures are different types of pressures that a company feels obligated to conform to. These are coercive, mimetic and normative. Coercive pressure, as defined by DiMaggio and Powell (1983, p.150), "results from both formal and informal pressures exerted on organisations by other organisations upon which they are dependent and by cultural expectations in the society within which organisations function." Mimetic pressure arises from uncertainty that leads an organisation to imitate other organisations. It is an attempt to collectively understand and work through any potential problems arising from uncertainty (DiMaggio and Powell, 1983; Cheng and Yu, 2008). Finally, normative pressure comes from "professionalisation as the collective struggle of members of an occupation to define the conditions and methods of their work" (Larson, 1977, as cited in DiMaggio and Powell, 1983, p.152). As per Cheng and Yu's (2008) findings, institutional pressure can positively impact early internationalisation. However, that depends on the CEO's perception. If the institutional pressure warrants the CEO's attention, the SME is more likely to internationalise "radically" (Cheng and Yu, 2008, p.345). Conforming to institutional pressure can help ESMEs gain approval and prove legitimacy, easing the process of securing resources needed to expand (Li and Ding, 2015). Moreover, SMEs in emerging economies are more prone to mimetic pressure as the emerging market economy is more volatile as compared to developed economies and therefore, the need to imitate others' successful internationalisation

or learn from failures is more crucial (Li and Ding, 2015; Fabian et al., 2008). In emerging markets, governments hold greater power and control over firms compared to developed countries, which can add to the pressure for an ESME to comply with the institutional pressures to maintain legitimacy (Rottig, 2016). Lastly, conforming to the norms within networks and organisations can help strengthen and gain approval from networks and build important relationships such as buyer-supplier or global business partners. Thus possibly increasing the intent to internationalise (Li and Ding, 2015). Overall, the institutional pressures can be categorised as a driver to internationalise.

Previous research has established the significant impact of institutions on entrepreneurial activities and presented institutional factors such as regulatory institutions as a potential "boundary" for the effectiveness of effectuation and causation when it comes to firm performance (Shirokova et al., 2021, p.178). Shirokova et al. (2021) have also mentioned a lack of research examining the moderating effect of contextual factors on the relationship between effectuation and causation and firm performance. To the best of my knowledge, even though there is an established positive impact of effectuation on internationalisation (Kujala and Törnroos, 2018; Galkina and Chetty, 2015; Prashantham et al., 2019; Karami et al., 2020; Guili and Ferhane, 2018), the contextual factor of institutional pressures has not been studied as a moderator for this relationship. Cheng and Yu (2008, p.345) additionally suggest future research to study "decision makers' cognition with regard to firms' internationalization".

To begin with, as mentioned before, pre-commitments refer to establishing prior agreements with key stakeholders such as customers and suppliers, which helps reduce uncertainty levels (Chandler et al., 2011; Harms and Schiele, 2012). In the context of home institutional pressures, in particular coercive pressure, ESMEs may internationalise due to pressure or requests from key stakeholders such as consumers however, in the process, they may be able to secure pre-commitments from the same stakeholders who applied the pressure (Lo et al., 2016; Ciravegna et al., 2019). Therefore, it is hypothesised that home institutional pressure should strengthen the positive relationship between the pre-commitments effectuation principle and the ESME's intention to internationalise.

Moving on to experimentation, this concept involves testing various strategies and business models to identify the most effective ones for achieving organisational objectives (Chandler et al., 2011). However, in the context of home institutional pressures, particularly mimetic

pressure—where practices adopted by an ESME is an imitation of practices implemented by other internationalised couterparts—the necessity for experimentation may diminish. Therefore, it is hypothesised that home institutional pressure should weaken the relationship between the experimentation principle and the ESME's intention to internationalise.

Regarding affordable loss, this principle emphasises the amount ESMEs are willing to lose if an experiment fails rather than focusing on the expected return. However, ESMEs often comply with institutional pressures to gain legitimacy (Li and Ding, 2015; Rottig, 2016). In this context, ESMEs may follow causation logic rather than effectuation logic. Causation is associated with well-structured decision problems (Sarasvathy, 2001) and involves selecting "optimal" actions believed to maximise future returns (Rapp and Olbrich, 2021). Entrepreneurs know the desired end and choose the best alternative to achieve it. The intention to internationalise can be seen as a response to home institutional pressures, representing the "optimal" path to gain legitimacy. Thus, ESMEs under institutional pressure are likely to focus on gaining legitimacy and resources rather than on affordable loss. Therefore, it is hypothesised that home institutional pressure should weaken the relationship between the affordable principle and the ESME's intention to internationalise.

Lastly, flexibility refers to adapting and allowing the business to shape its processes through contingent opportunities (Chandler et al., 2011; Harms and Schiele, 2012). Research suggests that SMEs have more freedom to remain flexible compared to larger firms, as they are not constrained by the regulations that come with increased size (Chandler et al., 2011). However, in the context of institutional pressure, particularly normative pressures, wherein they have to conform to a certain practice in order to maintain legitimacy, this can potentially reduce the flexibility an ESME may be able to practice (Yan et al., 2020; Ko et al., 2021). Therefore, it is hypothesised that home institutional pressure should weaken the relationship between the flexibility principle and the ESME's intention to internationalise.

Hypothesis 4.1: Home institutional pressures weaken the positive relationship between the experimentation effectuation principle and the ESME's intention to internationalise.

Hypothesis 4.2: Home institutional pressures weaken the positive relationship between the affordable loss effectuation principle and the ESME's intention to internationalise.

Hypothesis 4.3: Home institutional pressures strengthen the positive relationship between the precommitments effectuation principle and the ESME's intention to internationalise.

Hypothesis 4.4: Home institutional pressures weaken the positive relationship between the flexibility effectuation principle and the ESME's intention to internationalise.

The following chapter of this study will detail the research methodology that will be utilised to collect and analyse the data to empirically test the above proposed conceptual model and corresponding hypothesis.

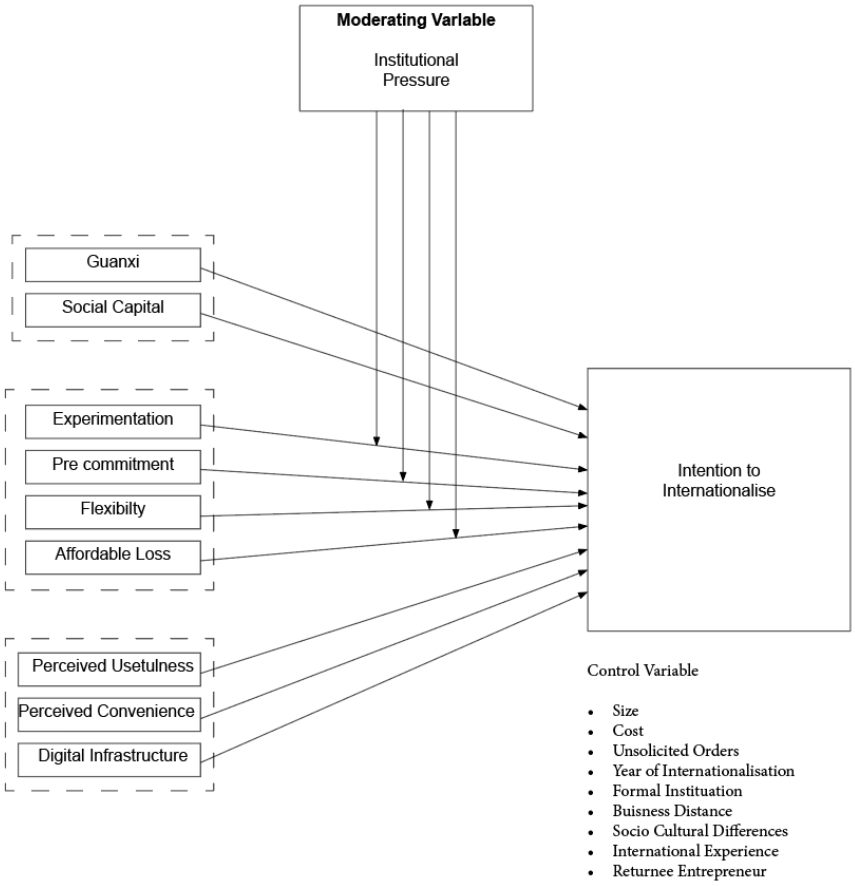


Figure 3.1: Image of the proposed conceptual model

Chapter Four: Research Methodology

After explaining the proposed conceptual model and hypotheses for the empirical research in the previous chapter, this chapter presents the research paradigm, research approach, data collection and data examination methods employed to test the proposed hypotheses in this study.

4.1 Research Paradigm

There are two traditional research paradigms in social sciences: positivist and interpretivism. They both represent different sets of assumptions about the world and require a different research approach to acquire the desired data (Ochieng, 2009). The positivist paradigm is focused on *"what is given in general, with a more strict focus to consider pure data as well as facts without being influenced by the interpretation of bias of humans"* (Alharahsheh and Pius, 2020, p.41). A study adopting this paradigm focuses more on measuring quantifiable, observable facts and uses a quantitative research approach. However, an interpretivist paradigm brings in a more subjective perspective that utilises a qualitative research approach and is considered a critique of the positivist paradigm. *"Interpretivism is more concerned with in-depth variables and factors related to a context. It considers humans as different from physical phenomena as they create further depth in meanings with the assumption that human beings cannot be explored in a similar way to physical phenomena." (*Alharahsheh and Pius, 2020, p.41). However, there are critiques of this paradigm as well since following it leads to the findings not being generalisable as it is firmly embedded in subjectivity, which can change from individual to individual.

A researcher must adopt an accurate research paradigm as it guides the development of the research questions, choice of research approach and following research methodology and data analysis strategy. After understanding the limitations posed by both paradigms and the aim of this research, the study adopts a positivist paradigm. It adopts a deductive approach to test the identified factor's impact on an ESME's internationalisation intention. It aims to offer generalisable findings by testing the proposed hypotheses by reporting their statistical significance (Antwi and Hamza, 2015, p.222).

4.2 Research Approach and Methodology

Following the positivist research paradigm, the study adopts a quantitative research approach. The quantitative approach is based on “numerical data” and analysed statistically. It is a form of empirical research that tests *“if the theory explains or predicts phenomena of interest”* (Yilmaz, 2013, p.311). The quantitative approach uses data collection methods such as questionnaires and data analysis methods that help them propose the findings in a manner that is free of attachment and bias of the researcher (Yilmaz, 2013, p.315). This approach is very suitable for this study as it starts with a hypothesis based on theoretical justifications identified in the SLR and looks to provide casual explanations.

The following section explains the questionnaire development utilised to collect quantitative data for this study.

4.3 Developing the Questionnaire

The questionnaire began with questions about their internationalisation entry mode and year of internationalisation, followed by questions about their company profile, the respondent and the entrepreneur profile. Additionally, at the beginning of the questionnaire, the study included two qualifier questions, i.e., ‘Through which entry mode did your company first internationalise?’ and ‘How many full-time employees does the company have? (Approximately)’ so, despite the careful sampling, it would be highlighted if unqualified companies attempted the questionnaire. The complete questionnaire can be seen in Appendix 1.

The following parts of the questionnaire contained two main sections. First, ‘To what extent did the following factors have a driving effect when your company was first considering internationalisation to Country A?’ was followed by 53 statements, which were to be answered from no effect at all to very large effect. Then the next section was ‘To what extent do you agree with the statements below when your company was first considering internationalisation to Country A?’ which consisted of 29 statements to be answered from strongly disagree to agree strongly.

The questionnaire did not create separate sections for the different constructs it was testing and simply combined the factors in a neutral statement format in the above-stated sections. The study adopted the measures from past empirical papers in the literature. However, it modified the questions to fit the study context where necessary (Churchill, 1979). A complete account of

which measures and studies are adopted from past literature can be seen in Appendix 2 and is also further explained in sections 4.3.1 to 4.3.6.

Before proceeding, it is important to note that the study identified multiple factors impacting an ESME's pre-internationalisation stage in chapter two of this research, and it included most of those factors in the questionnaire, as detailed in Appendix 1. However, not all the constructs identified and included in the questionnaire were included while developing the proposed conceptual model and corresponding hypotheses. Since the study received a low number of observations during the data collection phase, it needed to be selective in the number of factors it aimed to analyse.

4.3.1 Operationalising the Constructs of Guanxi and Social Capital Networks

The items to study the construct of Guanxi were adapted from Zhou et al. (2007, p.682). In chapters two and three, this thesis explains that guanxi networks are based on the foundation of reciprocity, mutual favours, trust and interdependencies (Zhou et al., 2007, p.676). Three items that can be seen in Appendix 2.1 are utilised to measure the impact of this factor on the ESME's first internationalisation on a scale of 1 = no effect at all to 7 = very large effect.

The items for the social capital construct were grouped utilising the categorisation discussed in Sedziniauskiene et al. (2019, p. 783), wherein "family friends, colleagues, employees, and other acquaintances" (Sedziniauskiene et al., 2019, p. 783) can be categorised as social networks. Following this definition, the social capital construct was measured on four items adapted from (Musteen et al., 2017 and Filatotchev et al. 2009) and measured on a scale of 1 = no effect at all to 7 = very large effect. The specific items used can be seen in Appendix 2.1.

4.3.2 Operationalising the Constructs of Effectuation Principles of Pre-Commitments, Flexibility, Affordable Loss and Experimentation

The items for the four effectuation principles, i.e., pre-commitments, flexibility, affordable loss and experimentation, were adopted from Chandler et al.'s (2011) "multi-item survey items" designed to reflect Sarasvathy's conceptualisation of these effectuation principles.

No modifications were made to these measures, and they were adopted as mentioned in the literature (Chandler et al., 2011, p.382), except the authors utilised a 5-point Likert scale from strongly disagree to strongly agree. This study used a 7-point Likert scale: *1 = strongly disagree*

to 7 = strongly agree. The specific questions for the above constructs can be seen in Appendix 2.2.

4.3.3 Operationalising the Constructs of Digital Technology Use, Perceived Convenience and Perceived Usefulness of Digital Technologies Use

The measures for perceived convenience and usefulness, as seen in Appendix 2.3, were adapted from (Oh et al., 2009, p.116) and were measured on a 7-point Likert scale: *1 = strongly disagree to 7 = strongly agree.* Similarly, the measures for the construct of digital technology, as seen in Appendix 2.3, were adapted from (Pergelova et al., 2019, p.23) and were measured on a 7-point Likert scale: 1 = no effect at all to 7 = very large effect.

4.3.4 Operationalising the Constructs of Home Environment Factors (Institutional pressure)

The items for the institutional pressures construct were grouped, utilising a paper by Cheng and Yu (2008), where the paper used questions to measure coercive pressure, mimetic pressure, and normative pressure, all contributing to isomorphism, a “constraining process that forces one unit in a population to resemble other units that face the same conditions” (Cheng and Yu, 2008, p.334). As seen in Appendix 2.4, the questions were also adapted from the paper by Cheng and Yu, 2008, p.339 and measured on a scale of 1 = no effect at all to 7 = very large effect.

4.3.5 Operationalising the Constructs of Internationalisation Intention

Past literature studied a firm’s internationalisation intention under the broad categories of “outward internationalisation” (Bagheri et al. 2019, p. 131) or a “firm’s propensity to embark on international venturing” (Zahra et al., 2000, p.960). This study adopted a single-item measure for the firm’s intention to internationalisation inspired by the past literature and adapting the question from Ciravegna et al., 2014, p.1084.

4.3.6 Control Variables

The study controls for nine variables: size (Hsieh et al., 2019), cost (Gimede 2004; Yi and Wang, 2012), unsolicited orders (Ciravegna, 2019), year of internationalisation (Zhao and Hsu, 2007), returnee entrepreneur (Filatotchev et al., 2009), international experience (Filatotchev et al., 2009), formal institutions (Deng and Zhang, 2018; Cardoza and Fornes, 2011; Fabian et al., 2009), business distance (Lo et al., 2016, p.546; Cardoza and Fornes, 2011; Fabian et al.,

2009), and socio-cultural differences (Cardoza and Fornes, 2011; Lo et al., 2016). Chapter 2 of this study identified all nine of these factors as impacting an ESME's intention to internationalise. Hence, while the study is not directly testing for these factors, they are included as control variables to control their potential effect, and the relationships the model intends to test can be tested.

4.4 Sampling and Home Country Focus

An adequate sampling strategy is critical to conduct effective quantitative data collection and have generalisable findings. While it is not always possible to collect data from the entire population, sampling is a way to ensure that the study captures a smaller group of the population that represents the larger group the study intends to study (Groves, et al., 2011).

A quantitative study's findings' relevance heavily relies on how well the selected sample represents the larger population. Thus, this study employs a purposeful sampling technique, which enables the study to choose the best-fit participants based on inclusion criteria: (1) employee size less than 500. This study decides the exact definition selected while setting the inclusion criteria in the SLR, the SME definition offered by the American Small Business Administration (SBA) as "stand-alone enterprises with fewer than 500 employees" (Lu & Beamish, 2001, p.571 & 572). (2) International business involvement. Since this study is focused towards understanding an Indian SME's internationalisation, the sampling was focused towards recruiting companies that engaged in or are currently engaging in internationalisation.

India is the chosen context for this study. India has emerged as a fast-growing economy over the past few years, and not just MNCs but smaller businesses contribute to this success (Javalgi et al., 2011, p.543). Statistics reported by Javalgi et al. (2011, p.543) state that "23 percent of all manufacturing enterprises in India have fewer than ten employees". Moreover, Javalgi et al. (2011, p.543) also explain that SMEs are growing in India because of other factors such as India's products being high in demand in the export market "and the government purchasing exclusively from Indian SMEs" Javalgi et al. (2011, p.543). More statistics were reported in another paper (Javalgi and Todd, 2011), showing that the Indian emerging market plays an important role in international markets (Javalgi and Todd, 2011). Recent statistics have also supported this. For example, the percentage of Indian SMEs involved in exporting as of 2018-19 was close to 50%, a significant jump from the previous financial year, which was a mere 7.5% (Soni, 2019, as cited in Singh et al. 2022).

However, past researchers have also highlighted that SME's from emerging economies like India face high institutional voids, such as a lack of information between stakeholders and inefficient policies and procedures to enforce contracts, leading to inefficient market-based exchanges (Pattnaik et al, 2018, p.1053). This makes studying internationalisation occurring from SMEs in India such an interesting topic.

The sample of 5,000 internationalising SMEs was sourced from a private and reputable online database that guarantees 70% accuracy. To ensure the integrity of the data, the study adhered to all terms and conditions stipulated by the provider. Before selecting this database, the study verified the legality of accessing the email addresses of potential participants. The database is private and not publicly accessible, but it is recognised for its reliability and accuracy in providing business information in India. The inclusion criteria per the database providers were small and medium-sized enterprises involved in internationalisation at the time of being included in the database. However, no specific internationalisation measures were provided. Hence, a pre-verification was conducted via secondary research, telephone and e-mail to check if the company matched the above-stated inclusion criteria. Moreover, 32 friends and family-owned SMEs were identified that would satisfactorily meet the inclusion criteria for this study.

4.5 Pilot Study

Before the questionnaire was distributed among the potential participants, a pilot study was conducted with a select number of participants. The study requested them to fill out the questionnaire, tell the researcher about their experience filling out the survey, and check if any part was ambiguous. All of the selected 10 participants participated in the pilot test and had minor doubts that were easily rectified by simplifying the language used in the questionnaire's instructions. Moreover, the respondents reported that the questionnaire took them approximately 15 to 20 minutes and was easy to follow.

The questionnaire's content was reviewed by academics in the international business field. Once the final questionnaire was ready after implementing the feedback received, the next step was to commence the data collection.

4.6 Quantitative Data Collection

To successfully employ the sampling strategy proposed in section 4.4 of this chapter, the study first conducted secondary research on the 5000 companies received from the online database

to verify if they met the set inclusion criteria. When the information was unavailable via secondary research methods, the researcher contacted the potential participants via telephone and email to verify their appropriateness for the study. The study identified that only 3766 of the 5,000 companies had accurate contact information. However, these 3766 SMEs, including the 32 friends and family owned SMEs were found to meet the inclusion criteria. Hence, the participation invitation was sent to them via email or telephone.

Initially, the study adopted an online questionnaire method wherein the potential participants were sent the online questionnaire link to fill independently from January 2023 to February 2023. However, this yielded 23 responses within the first two weeks and an increase of 8 responses after the reminder card. Hence, the research updated the data collection method to a telephone questionnaire. The researcher contacted the potential participants via telephone, and if they were willing to participate, the answers to the questionnaire were recorded on the phone. The telephone questionnaire-based data collection was conducted from February 2023 to April 2023, and at the end of this duration, the study yielded 172 responses.

Despite the careful sampling after reviewing the 172 responses, the study needed to eliminate ten responses due to the respondents not fulfilling the inclusion criteria. Next, 162 valid responses were taken ahead for the data analysis.

4.7 Quantitative Data Examination

Given that the study secured the minimum dataset requirement to conduct Structural Equation Modelling (SEM), i.e., at least 100 valid responses (Ibidunni et al., 2020, p.3), it was able to successfully move onto the data examination stage, wherein SEM was employed using AMOS 28.

SEM is a widespread technique utilised when the study aims “to simultaneously model and estimate complex relationships among multiple dependent and independent variables” (Hair Jr et al., 2021, p.4). Given that this study aims to test the relationships between a number of unobservable variables, each measured by a number of questions, this technique was considered most suitable (Hair Jr et al., 2021).

More specifically, this study employs Covariance-Based SEM (CB-SEM), an approach utilised to confirm or reject hypotheses by evaluating how closely the theorised model can be proven by

the dataset (Hair Jr et al., 2021). However, in order to proceed with a successful SEM the research is required to first assess if the sampled dataset is normally distributed, which will be conducted by assessing using skewness and kurtosis measures (Poli et al., 2022).

Following this, Hair Jr et al. (2021) recommend that before the evaluation of the SEM, the study needs to evaluate the quality of the measurement model and assess the reliability and validity of the measures for each construct. Hair Jr et al. (2021) suggest that if the measurement model meets all the reliability and validity requirements that will be outlined in the following sections in greater detail, then it is considered appropriate to be included in the path model.

4.8 Reliability Assessment

The reliability of the measures will be checked by assessing the indicator reliability, wherein indicators with weak loadings will be evaluated and eliminated if below the threshold of 0.65 (Ibidunni, et al., 2020). Low indicator reliability tends to affect internal consistency reliability or convergent validity adversely (Hair Jr et al., 2021).

Next, internal consistency reliability will be assessed by two methods: (a) composite reliability (considered a liberal measure of reliability) and (b) Cronbach's alpha (considered a conservative measure of reliability), each calculated to understand the extent to which the various questions asked to measure a construct are associated with one another (Hair Jr et al., 2021).

4.9 Validity Assessment

Convergent validity will be calculated using Average Variance Extracted (AVE) to measure how much of the variance of the indicator is accounted for by the construct. The discriminant validity will be calculated to measure how different a construct is from other constructs in the structural model and represents a unique concept not being captured by other constructs in the structural model (Hair Jr et al., 2021). The discriminant validity will be assessed in two ways: (a) calculating to assess that the shared variance between all model constructs is not larger than their AVEs (Hair Jr et al., 2021, p.78), (b) conducting a "heterotrait–monotrait ratio (HTMT) of correlations" (Hair Jr et al., 2021, p.79) as it is considered a better alternative to assess discriminant validity.

4.10 Assessing Measurement Model Fit and Structural Model Fit

Since this study adopts CB-SEM, its measurement and structural model must be assessed for their model fit as it indicates how well the specified model fits the data. The AMOS package provides a variety of model fits as achieving a good model does not mean that all parts of the model fit well; instead, model fit indicates the model's overall fit to the data (Collier, 2020). This research has selected to report model fit statistics as mentioned in the table 4.1 below and test the model's fit against the goodness-of-fit measures as shown in table 4.1 below.

The symbol χ2 denotes the chi-square, which should be greater than 0.05 if the model has a good fit (Collier, 2020). The second fit indices CMIN/DF show the relative chi-square test, which is less dependent on sample size than the chi-square test, and according to Kline (2011), a value between 1 and 3 is acceptable.

The model fit indices such as SRMR and RMSEA are considered “absolute fit measures”. For RMSEA, values closer to zero indicate a good model fit. However, values 0.08 and below are also considered to have an adequate fit. Similarly, with SRMR too high of value, worse is the model fit. Here, a value of 0.05 and below is considered good, and values between 0.05 and 0.09 are considered adequate (Collier, 2020; MacCallum et al., 1996).

The model fit indices of CFI and IFI are “incremental fit measures”. Where CFI compares the covariance matrix estimated by the specified model to the null model covariance matrix, a value closer to 1 is considered a good model fit. Similarly, IFI also denotes good model fit when the value is 0.90 or greater (Collier, 2020)

Table 4.1: Model Fit Indices and their Goodness of Fit Measures

FIT Indices	Recommended Values	Authors
χ^2	P-value > .05	Collier, 2020
CMIN/DF	Between 1 and 3	Kline, 2011
(CFI) Comparative Fit Index	>.90	Bentler and Bonett 1980; Collier, 2020

(RMSEA) Root Mean Square Error of Approximation	< 0.08	Collier, 2020; MacCallum et al., 1996
(SRMR) Standardized Root Mean Squared Residual	between 0.05 and 0.09 is adequate fit and ≤ 0.05 is good fit	Collier, 2020; MacCallum et al., 1996
(IFI) Incremental Fit Index	> .90	Collier, 2020

Having detailed the methodology and data examination procedures in this chapter the study conducts the data collection and the next chapter analyses the data to present the findings.

Chapter Five: Data Analysis and Findings

The study commenced with quantitative data collection following the research design and methodology detailed in the previous section. Once the data collection was completed, the next step was to analyse the data set and report the findings.

This chapter starts by reporting the descriptive statistics, i.e., the sample profile of 162 respondents and then assesses if the data is normally distributed using skewness and kurtosis measures. Next, given that the study is testing a reflective model, as suggested by Hair Jr et al. (2021), the following sections will assess the reliability at both indicator and construct levels, convergent validity, heterotrait–monotrait (HTMT) ratio and only when each meets the “rules of thumb” (Hair Jr et al., 2021) the multivariate data analysis of SEM will be conducted.

5.1 Sample Profile

Descriptive statistics provide a general understanding and summary of the data, which can help identify meaningful patterns (Kaushik and Mathur, 2014). As shown in Table 5.1 below, 84.6% of companies chose exporting as their mode of internationalisation in this dataset. This is in coherence with prior research suggesting exporting as the primary method of internationalisation for emerging markets (Samiee and Chirapanda, 2019).

38.3% of companies were sole proprietorships, followed by 31.5% being family-owned. 40 host markets were identified, out of which internationalisation to UAE was the most popular at 22.2%. Within India, companies’ headquarters were spread across 15 states, with the majority being in Maharashtra (44.1%). 7.4% of enterprises internationalised during the years 2017, 2018, and 2021. It is crucial to clarify that the data collection for this study concluded in April 2023. Consequently, the figure for 2023 (2.5%) under the 'Year of Internationalisation' reflects an incomplete dataset, as it only encompasses the period up to April 2023. Therefore, this figure does not represent the entire year and should be interpreted cautiously when comparing it to data from previous years. As for the industry, 67.3% of the sample belonged to the manufacturing and wholesale trade industry.

Table 5.1: Sample Characteristics

Modes of Internationalisation	**(%)**

Export	84.6
Licensing	2.5
Franchising	0.6
Wholly-owned Ventures	4.3
Greenfield Strategy	0.6
Mergers	0
Acquisitions	0.6
Others[4]	
International freight forwarders/Aviation	1.9
Service	3.7
Online Business	1.2
Number of Full-time Employees[5]	**(%)**
Micro (1-19)	31.5
Small (20-99)	43.2
Medium (100-499)	24.7
Ownership Structure	**(%)**
Family	31.5
Special partnerships- includes Joint Ventures (JV), Original Equipment Manufacturing (OEM) agreements, and other partnership types with international companies	5.6
Financial Institutions	0
Government	0
Private Limited	34.6
Public Limited	2.5
Sole Proprietorship	38.3
Host Markets	**(%)**
United Arab Emirates	22.2

[4] For Modes of Internationalisation, Others are categorised into International freight forwarders/Aviation, Service, and Online Business

[5] The classification is done as per number of employees classification provided by (Boehe, 2013).

United Kingdom	5.6
Brazil	2.5
Indonesia	1.9
Oman	0.6
China	6.2
Pakistan	1.2
United States of America	1.9
Singapore	1.2
Mauritius	2.5
Turkey	2.5
Qatar	1.2
Japan	0.6
Taiwan	1.2
Nepal	1.9
Bangladesh	1.9
Bahrain	1.2
Jordan	0.6
Sri Lanka	1.9
Australia	1.9
Canada	0.6
Kuwait	0.6
Malaysia	1.2
Thailand	1.2
Seychelles	0.6
Israel	0.6
Germany	4.9
Netherlands	0.6
Italy	1.2
Spain	1.9
Belgium	1.2
France	0.6
Poland	0.6
Austria	0.6
Angola	0.6

Kenya	1.2
Algeria	0.6
Morocco	0.6
Nigeria	0.6
Uganda	0.6
Headquarters in India	**(%)**
Gujarat	22.4
Maharashtra	44.1
Goa	2.5
Uttar Pradesh	5.6
Delhi	9.9
Haryana	3.1
Karnataka	1.2
Daman and Diu	1.2
Tamil Nadu	1.2
Telangana	1.2
Punjab	2.5
Rajasthan	3.1
Madhya Pradesh	0.6
West Bengal	1.2
Tripura	0.6
Year of Internationalisation	**(%)**
1957	0.6
1970	0.6
1980	0.6
1990	0.6
1992	1.3
1994	0.6
1995	0.6
1996	0.6
1997	0.6
1998	1.9

1999	0.6
2000	3.8
2001	1.9
2003	1.3
2005	4.4
2006	1.9
2007	0.6
2008	1.3
2009	3.8
2010	3.8
2011	3.1
2012	1.9
2013	3.1
2014	6.3
2015	5.6
2016	6.3
2017	7.4
2018	7.4
2019	5
2020	6.3
2021	7.4
2022	6.3
2023	2.5

Industry[6]	**(%)**
Extractive, agriculture, fishing, and related	4
Manufacturing (processing) and wholesale trade	67.3
Professional and business services	16.7
Trading activities to the final consumer (retail) and personal services	27.8

[6] The study follows the industry classification and definitions provided by the United Nations (2008) for Industry. There were 12 responses under the “Other” category. Out of which, two responses were coded in the manufacturing industry as it fit the description provided, and two responses were coded under professional and business service as it fit the description. The remaining eight responses under “Other” were segregated into separate categories of Fashion, Information and Communication, and Accommodation and Food Service Activities.

Other	
Fashion	1.9
Information and Communication	2.5
Accommodation & Food Service Activities	0.6

Next, as shown in Table 5.2 below, the majority of the respondents were male (88.9%). 68.5% of the respondents were the company's owners, while only 27.8% were companies that returnee entrepreneurs owned. Finally, 54% of the respondents had between 1-9 years of internationalisation experience.

Table 5.2: Respondent Characteristics

Gender	**(%)**
Female	10.5
Male	88.9
Prefer not to say	0.6
Other	0
Returnee-entrepreneur	**(%)**
Yes	27.8
No	72.2
Current Position[7]	**(%)**
Owner	68.5
CEO	6.2
Key International Management Executive	4.3
Manager	17.9
Other	
Director	3.1
Years of Experience	**(%)**
<5	28.6
5-9	25.4

[7] For Current Position, responses under “Other” were either combined with existing options such as Manager or was defined as Director.

10-14	18
15-19	8.1
≥ 20	19.9

5.2 Normality Distribution using Skewness and Kurtosis Measures

This study adopts Covariance-Based SEM (CB-SEM) to perform SEM. One of the conditions for conducting CB-SEM is to have normally distributed data (Hair Jr et al., 2021). Hence, normality distribution was assessed using skewness and kurtosis measures.

Table 5.3 below shows the skewness measures ranging from -0.964 to 0.559, which lies within the acceptable range of -3 and +3 (Poli et al., 2022, p.5) and the kurtosis measures ranging from -1.626 to 0.79, which also lies within the acceptable range of -10 and +10 (Poli et al., 2022, p.5). It is important to note that these acceptable ranges of normality were chosen as the study is using a maximum likelihood estimator like AMOS 28, which is considered to be “fairly robust” even when the data tends to deviate from the recommended acceptable range of normality slightly (Poli et al., 2022, p.5).

Table 5.3: Skewness and Kurtosis Measures

Variable	***Skew***	***C.R.***	***Kurtosis***	***C.R.***
DV	*-.832*	*-4.321*	*-.545*	*-1.416*
Experimentation				
EXP 1	*-.053*	*-.274*	*-1.498*	*-3.893*
EXP 2	*.408*	*2.123*	*-1.356*	*-3.522*
EXP 3	*.142*	*.736*	*-1.1557*	*-4.045*
EXP 4	*.373*	*1.940*	*-1.369*	*-3.558*
Affordable Loss				

AFF 1	*-.368*	*-1.913*	*-.701*	*-1.820*
AFF 2	*-.379*	*-1.968*	*-.816*	*-2.120*
AFF 3	*-.420*	*-2.182*	*-1.089*	*-2.830*
Flexibility				
FLX 1	*-.962*	*-5.001*	*-.009*	*-.023*
FLX 2	*-.840*	*-4.365*	*-.158*	*-.411*
FLX 3	*-.964*	*-5.007*	*.079*	*.207*
FLX 4	*-.331*	*-1.720*	*-1.119*	*-2.908*
Pre Commitment				
PRE 1	*-.646*	*-3.357*	*-.872*	*-2.266*
PRE 2	*-.795*	*-4.130*	*-.589*	*-1.530*
Guanxi				
GUX 1	*.412*	*2.142*	*-1.325*	*-3.442*
GUX 2	*-.062*	*-.321*	*-1.461*	*-3.795*
GUX 3	*.039*	*.202*	*-1.503*	*-3.905*
Social capital				
SOC 1	*-.614*	*-3.189*	*-.867*	*-2.252*
SOC 2	*-.810*	*-4.207*	*-.593*	*-1.540*
SOC 3	*-.798*	*-4.145*	*-.613*	*-1.593*
SOC 4	*-.729*	*-3.788*	*-.789*	*-2.051*

Perceived convenience				
PRC 1	*.050*	*.262*	*-1.437*	*-3.734*
PRC 2	*-.257*	*-1.335*	*-1.214*	*-3.155*
PRC 3	*-.350*	*-1.817*	*-1.226*	*-3.185*
PRC 4	*-.365*	*-1.895*	*-1.242*	*-3.226*
Perceived Usefulness				
PRU 1	*-.397*	*-2.064*	*-1.157*	*-3.005*
PRU 2	*-.162*	*-.841*	*-1.162*	*-3.019*
PRU 3	*-.245*	*-1.272*	*-1.226*	*-3.185*
Digital Infrastructure				
DIU 1	*-.239*	*-1.243*	*-1.527*	*-3.967*
DIU 2	*.078*	*.403*	*-1.626*	*-4.224*
DIU 3	*-.144*	*-.748*	*-1.372*	*-3.565*
Institutional Pressure				
INCP 1	*.209*	*1.087*	*-1.216*	*-3.159*
INCP 2	*.420*	*2.183*	*-1.176*	*-3.055*
INCP 3	*.168*	*.874*	*-1.432*	*-3.719*
INCP 4	*.182*	*.944*	*-1.410*	*-3.662*
INCP 5	*-.418*	*-2.174*	*-.991*	*-2.575*

INNP 1	*.559*	*2.906*	*-.901*	*-2.341*
INNP 2	*-.040*	*-.208*	*-1.163*	*-3.023*
INNP 3	*.168*	*.875*	*-1.350*	*-3.506*
INMP 1	*-.032*	*-.167*	*-1.166*	*-3.030*
INMP 2	*-.028*	*-.143*	*-1.149*	*-2.985*
INMP 3	*.106*	*.550*	*-1.204*	*-3.127*

5.3 Reflective Measurement Model Assessment

The first step was to assess the factor loadings for the items for the constructs. Hair Jr et al. (2021) explain that “loadings above 0.708 indicate that the construct explains more than 50% of the loading’s variance” (Hair Jr et al., 2021, p.77). To achieve a satisfactory confirmatory factor analysis, it is recommended that all item loadings are 0.65 or greater (Ibidunni, et al., 2020). Hence, this study follows this threshold and eliminates all factor loading below 0.65.

Table 5.4 below shows the factor loadings for each item for each construct and indicates the items deleted due to poor factor loadings. For example, EXP4 was deleted from the construct experimentation due to the poor factor loading of 0.464. However, the study also proceeded to remove the item PRC1 despite the high factor loading of 0.806 because the square root of the AVE for the construct perceived convenience was less than the absolute value of its correlation with the construct perceived usefulness, which caused discriminant validity concerns.

After the factor loading refinement, the next step was to measure the internal consistency reliability, which is a good way to understand how well the indicators measuring a construct relate to each other. Table 5.4 below shows that the study calculated the composite reliability for each construct, and (Hair Jr et al., 2021) suggests that values between 0.70 and 0.90 are considered “satisfactory to good” (Hair Jr et al., 2021, p.77). As shown in Table 5.4 below, all composite values are above 0.70 and for the constructs affordable loss, perceived convenience, perceived usefulness and institutional pressure, the composite reliability values are over 0.90 but below 0.95, so they are acceptable too, as values above 0.95 indicate that the indicator is

“redundant” (Hair Jr et al., 2021, p.77). Next, another step was taken to further assess the internal consistency reliability by calculating the Cronbach alpha value, which follows the same thresholds as composite reliability. Again, all constructs fell within the acceptable range. Thereby indicating satisfactory internal consistency reliability.

As suggested by (Hair Jr et al., 2021, p.78), the next step was to calculate the convergent validity for each construct. The minimum acceptable value for AVE is 0.50. Table 5.4 below shows that all AVE values are higher than 0.50, indicating that “constructs explain 50% or more of the indicators’ variance that makes up the construct” (Hair Jr et al., 2021, p.78).

Table 5.4: Measurement Properties of First-Order Constructs

Measurement Items	Factor Loadings	Indicator Reliability	Error Variance	Composite Reliability	AVE	Cronbach Alpha
Experimentation				0.860	0.672	0.861
EXP 1	0.824	0.679	0.321			
EXP 2	0.786	0.618	0.382			
EXP 3	0.848	0.719	0.281			
EXP 4 (Deleted)	0.464	-	-			
Affordable Loss				0.943	0.847	0.937
AFF 1	0.991	0.982	0.018			
AFF 2	0.904	0.817	0.183			
AFF 3	0.861	0.741	0.259			

Flexibility				0.898	0.745	0.897
FLX 1	0.877	0.769	0.231			
FLX 2	0.868	0.753	0.247			
FLX 3	0.844	0.712	0.288			
FLX 4 (Deleted)	0.475	-	-			
Pre commitment				0.848	0.740	0.832
PRE 1	0.738	0.545	0.455			
PRE 2	0.968	0.937	0.063			
Guanxi				0.887	0.731	0.872
GUX 1	0.657	0.371	0.629			
GUX 2	0.972	0.945	0.055			
GUX 3	0.936	0.876	0.124			
Social Capital				0.895	0.681	0.893
SOC 1	0.801	0.642	0.358			
SOC 2	0.761	0.579	0.421			
SOC 3	0.893	0.797	0.203			
GLB 2	0.840	0.706	0.249			
Perceived Convenience				0.940	0.839	0.948

PRC 1(deleted)	0.806	-	-			
PRC 2	0.972	0.945	0.055			
PRC 3	0.886	0.785	0.215			
PRC 4	0.887	0.787	0.213			
Perceived Usefulness				0.945	0.862	0.949
PRU 1	0.890	0.792	0.208			
PRU 2	0.956	0.914	0.086			
PRU 3	0.938	0.880	0.120			
Digital Infrastructure				0.886	0.721	0.881
FRT 1	0.826	0.682	0.318			
FRT 2	0.915	0.837	0.163			
FRT 3	0.804	0.646	0.354			
Institutional Pressures				0.902	0.570	0.901
HCP1	0.688	0.473	0.527			
HCP 2 (Deleted)	0.640					
HCP3	0.806	0.650	0.350			
HCP4	0.723	0.523	0.477			

HCP 5 (Deleted)	0.580	-	-			
HNP1	0.790	0.624	0.376			
HNP2	0.749	0.561	0.439			
HMP 1	0.786	0.618	0.382			
HMP2	0.734	0.539	0.461			
HNP3 (Deleted)	0.610	-	-			
HMP3 (Deleted)	0.290	-	-			

After establishing satisfactory composite reliability and AVE, the next step was to calculate the discriminant validity to determine how distinct constructs are from each other within the structural model (Hair Jr et al., 2021, p.78). Table 5.5 below shows that all constructs are distinct, and each construct's AVE, when compared to the squared inter-construct correlation in the structural model, the shared variance between all constructs is not larger than their AVEs (Hair Jr et al., 2021, p.78).

However, (Hair Jr et al., 2021) highlight recent research that claims that despite the popular use of the above metrics in research. They are inappropriate for discriminant validity assessment and recommend the HTMT of correlations to measure the discriminant validity. Hence, this study performs HTMT analysis as well. The results are shown in Table 5.6 below wherein, it is seen that the constructs pass the HTMT discriminant validity test, as the HTMT values are under 0.85, a more strict threshold for constructs like the ones studied in this study as they are conceptually more distinct (Hair Jr et al., 2021, p.79).

Table 5.5: Calculating Discriminant Validity Using AVE

	Guanxi	Social Capital	Experimentation	Affordable Loss	Flexibilty	Pre Commitment	Pre Convenience	Pre Usefulness	Front End	Institutional Pressure
Network										
Guanxi	**0.855**									
Social Capital	0.741***	**0.825**								
Effectuation										
Experimentation	0.226*	0.374***	**0.820**							
Affordable Loss	0.046	0.233**	0.061	**0.920**						
Flexibilty	0.318***	0.436***	0.518***	0.417***	**0.863**					
Pre Commitment	0.377***	0.341***	0.271**	0.439***	0.511***	**0.860**				
Digital Technology										
Prev Convenience	0.191*	0.181*	0.246**	0.105	0.415***	0.261**	**0.916**			
Prev Usefulness	0.192*	0.169*	0.267**	0.111	0.389***	0.276**	0.890***	**0.928**		
Front End	0.180*	0.164 †	0.337***	0.084	0.224*	0.298***	0.535***	0.513***	**0.849**	
Home Enviromental Factors										
Institutional Pressure	0.339***	0.293**	0.176 †	-0.047	0.034	0.069	0.024	0.101	0.357***	**0.755**

Significance of Correlations shown in the table above:

†p <0.100

*p < 0.050

** p <0.010

***p < 0.001

Table 5.6: Calculating Discriminant Validity Using HTMT

	Guanxi	Social Capital	Experimentation	Affordable Loss	Flexibilty	Pre Commitment	Pre Convenience	Pre Usefulness	Front End	Institutional Pressure
Network										
Guanxi										
Social Capital	0.672									
Effectuation										
Experimentation	0.262	0.323								
Affordable Loss	0.065	0.231	0.055							
Flexibilty	0.288	0.402	0.446	0.412						
Pre Commitment	0.343	0.324	0.240	0.389	0.442					
Digital Technology										
Prev Convenience	0.206	0.160	0.216	0.153	0.387	0.265				
Prev Usefulness	0.181	0.168	0.243	0.137	0.377	0.234	0.836			
Front End	0.264	0.157	0.307	0.100	0.219	0.273	0.475	0.503		
Home Enviromental Factors										
Institutional Pressure	0.374	0.254	0.156	0.050	0.037	0.059	0.021	0.084	0.329	

The threshold used is 0.850, following strict discriminant validity (Hair Jr et al., 2021, p.79).

Now that the study has satisfied all the above-mentioned assessment criteria. The next step is to check the model fit of the confirmatory factor analysis model, and the results x^2 = 802.922; CMIN/DF = 1.587; RMSEA = 0.060; CFI = 0.935; SRMR = 0.056 satisfactorily meet the thresholds mentioned in Table 4.1 created in the methodology section of this study reporting all the acceptable criteria for the model fit measures indicating that overall, the confirmatory factor

analysis has an adequate model fit, making it appropriate to test for the structural model analysis.

5.4 Common Method Variance

Past researchers have highlighted that common method bias may occur when the study collects data for the independent and dependent variables using one survey (Kock, et al. 2021). Usually, to fight against this issue, several procedural and statistical controls are summarised by Kock, et al. (2021). Following these suggestions at the time of distributing the questionnaire online and collecting data over the telephone, the study made it clear to the respondents that “there are no correct answers and that all responses will be kept anonymous” (Kock, et al. 2021, p.4). However, because the questionnaire utilised in this study was lengthy, the study also adopted the statistical control of Harman’s one-factor model done via confirmatory factor analysis where all the factors were loaded on a single construct to see if the one-factor model fits the data as well as the model proposed by the study (Kock, et al. 2021, p.2).

Fortunately, Harman’s one-factor model test indicated that the one-factor model fit was worse than the proposed model (x^2 = 3615.789; CMIN/DF= 6.874; RMSEA= 0.191; CFI: 0.316; IFI= 0.321), which indicated that common method variance is not likely to pose a threat to the empirical research findings (Kock, et al. 2021; Azar and Drogendijk, 2014).

5.5 Structural Equation Model Using AMOS 28

After successfully establishing the confirmatory factor analysis. The next step is to perform the structural equation modelling. A previous study by (Ibidunni et al., 2020, p.3) highlighted that it is appropriate to use SEM on AMOS when there is a dataset of at least 100 observations. And given that this study has 162 valid responses, it is proceeding with SEM analysis.

However, before starting to report the results of the proposed hypotheses, it is important to note that the study controlled for size, cost, unsolicited orders, returnee entrepreneur, international experience, formal institution, business distance, socio-cultural differences and year of internationalisation. Moreover, after conducting the refinement at the confirmatory factor analysis stage, model fit indices indicated that the hypothesised model had an adequate fit to the data (x^2 = 1196.313; CMIN/DF= 1.507; RMSEA= 0.056; CFI: 0.927; SRMR = 0.049).

5.5.1 Testing Main Effect Hypothesis

Given that this study is investigating a model that also proposes moderating relationships, instructions laid down by Hair Jr et al. (2021) have been followed. The author explains, Main effect also known as direct effect between an exogenous (i.e., independent variables) and an endogenous (i.e., dependent variable) “construct in the path model without the presence of a moderating effect. After the inclusion of the moderator variable, the main effect typically changes in magnitude. Therefore, it is commonly referred to as a simple effect in the context of a moderator model" (Hair Jr et al., 2021, p.187). The author further explains that it is incorrect to report the significance of the main effects in the presence of a moderator. Hence, hypotheses 1.1 to 3.3 developed in sections 3.2.1 to 3.2.3 of the study will be referred to as main effects, and this study will first report the results for hypotheses 1.1 to 3.3 in the absence of the moderator and interaction variables (while controlling for size, cost, unsolicited orders, returnee entrepreneur, international experience, formal institution, business distance, socio-cultural differences and year of internationalisation). The model fit indices indicated that the main effect model in itself also had an adequate fit to the data (x2 = 781.683; CMIN/DF = 1.500; RMSEA = 0.056; CFI = 0.944; SRMR = 0.044).

The results of the main effect hypothesis are as follows and can also be seen in Table 5.7 below.

For constructs under the overarching concept of networks, the path coefficient between guanxi and an ESME’s intention to internationalise was negative and insignificant (b = -0.186 to determine positive or neg, t = -1.848 value, p =0.065), thereby not supporting H1.1. However, the path coefficient between social capital and an ESME’s intention to internationalise was positive and significant (b = 0.306, t =2.345, p=0.019), thereby supporting H1.2.

Next, for the constructs under the overarching concept of effectuation, the path coefficient between experimentation and an ESME’s intention to internationalise was positive but insignificant (b=0.010, t =0.099, p =0.921), thereby not supporting H 2.1. The path coefficient between affordable loss and an ESME’s intention to internationalise was negative and insignificant (b= -0.103, t = -1.124, p = 0.261), thereby not supporting H2.2. However, the path coefficient between pre-commitment and an ESME’s intention to internationalise was positive and significant (b=0.292, t = 2.602, p = 0.009), thereby supporting H2.3. The path coefficient

between flexibility and an ESME's intention to internationalise was positive and significant (b= 0.549, t = 3.727, p = 0.01), thereby supporting H2.4.

Lastly, for the constructs under the overarching concept of digital technologies, the path coefficient between digital infrastructure and an ESME's intention to internationalise was positive but insignificant (b= 0.070, t =0.693, p =0.488), thereby not supporting H3.1. The path coefficient between perceived convenience and an ESME's intention to internationalise was negative and insignificant (b= -0.230, t = -1.255, p =0.210), thereby not supporting H3.2. The path coefficient between perceived usefulness and an ESME's intention to internationalise was positive but insignificant (b= 0.112, t =0.695, p =0.487), thereby not supporting H3.3.

The results reported in this chapter will be discussed in detail in the next chapter. However, in the following section, the study runs the moderator analysis as a complementary analysis for the proposed moderating relationships (Hair Jr et al., 2021).

5.5.2 Testing the Proposed Moderation Effects

To run the moderation analysis successfully, the study adopted the two-stage approach to create the interaction term as recommended by (Hair Jr et al., 2021). Following this approach, the study first conducted stage one, where it calculated the estimates for the full structural model, including the moderators, to obtain the values for the factor score weights for the latent variables, which were then exported on SPSS to calculate the Latent Variable Scores (LVS).

Once the LVS were calculated, the next step, as guided by (Hair Jr et al., 2021), was to test the moderation analysis in stage two by creating a path diagram wherein the latent and moderator variables were now composite variables of their latent variable scores and the interaction term was created by multiplying the latent variable scores of the relevant independent variables and moderator variables.

One of the reasons the study adopted the two-stage approach for the moderator analysis is because it enables the study to calculate LVS-based composites from the full structural model in stage one, which then exempts the findings from the limitations associated with using single items (Hair Jr et al., 2021). Simultaneously, since the proposed model tests four moderating relationships, it also makes executing the analysis on AMOS easy.

Moreover, it is important to note that as highlighted by (Hair Jr et al., 2021), the study does not need to assess the measurement model fit for the model used in stage 2 that includes the interaction variables as the interaction terms represent “an auxiliary measurement that does not represent a distinct theoretical entity” (Hair Jr et al., 2021, p.161). Moreover, the criteria for measurement model assessment would not apply to the nature of the interaction terms, i.e., single item (Hair Jr et al., 2021, p.161).

The study introduced all moderating effects together and analysed the effects simultaneously as opposed to only considering one moderating effect at a time (while controlling for size, cost, unsolicited orders, returnee entrepreneur, international experience, formal institution, business distance, socio-cultural differences and year of internationalisation). The results of the moderating effect hypotheses are as follows and can be seen in Table 5.7 below as well.

The study proposes that institutional pressure will weaken the positive relationship between experimentation and an ESME’s intention to internationalise, affordable loss and an ESME’s intention to internationalise and flexibility and an ESME’s intention to internationalise. However, institutional pressure will strengthen the positive relationship between pre-commitment and an ESME’s intention to internationalise.

The study tests for H 4.1 by adding the interaction term INP*EXP. The path coefficients are positive and insignificant (b= 0.084, t= 1.478, p value=0.139), not supporting H 4.1. The study examines H4.2 by adding the interaction term INP*AFF. The path coefficients are negative but insignificant (b= -0.013, t= -0.196, p value=0.845), indicating that the data does not support H 4.2. The study examines H 4.3 by adding the interaction term INP*PRE. The path coefficients are positive but insignificant (b= 0.017, t=0.253, p value=0.800), indicating that the data does not support H 4.3. Lastly, the study examines H 4.4 by adding the interaction term INP*FLX. The path coefficients are negative and insignificant (b= -0.107, t= -1.035, p value= 0.301), indicating that the data does not support H 4.4.

Given that the estimated path coefficients on the interaction term are insignificant above, the general practice would be to conclude that support does not exist for the proposed hypotheses 4.1 to 4.4. However, per research highlighted by Kingsley et al. (2017), a complete test of the hypotheses is required to determine if the data supports the moderating hypotheses.

Although, table 5.7 below shows the summary of the estimated path coefficients on the interaction terms of the proposed hypotheses. The complete story is further investigated in section '5.5.4 Probing and illustrating the moderation analysis results' wherein the study, as suggested by (Kingsley et al., 2017), investigates further to check whether the marginal effect of the independent variable on the dependent variable is statistically significantly different from zero over the whole or part of the range of values of the moderator.

The results from the probing found partial support for two of the four proposed hypotheses and can be seen in the remark section of Table 5.7 below for the corresponding hypotheses as well as in Figure 6.1 and can be explored further in section 5.5.4 of this thesis.

Table 5.7: Summary of the Results

Hypothesised Relationship	Estimate	S.E.	C.R.	p value	Remark
Main Effects					
Hypothesis 1.1: Guanxi networks will have a positive association with the ESME's intention to internationalise	-0.186	0.101	-1.848	0.065	Not Supported
Hypothesis 1.2: Social Capital will have a positive association with the ESME's intention to internationalise	0.306	0.130	2.345	0.019	Supported
Hypothesis 2.1: Experimentation	0.010	0.096	0.099	0.921	Not Supported

effectuation principle will have a positive association with an ESME's intention to internationalise					
Hypothesis 2.2: Affordable loss effectuation principle will have a positive association with an ESME's intention to internationalise	-0.103	0.092	-1.124	0.261	Not Supported
Hypothesis 2.3: Pre commitment effectuation principle will have a positive association with an ESME's intention to internationalise	0.292	0.112	2.602	0.009	Supported
Hypothesis 2.4: Flexibility effectuation principle will have a positive association with an ESME's intention to internationalise	0.549	0.147	3.727	0.01	Supported
Hypothesis 3.1: Digital infrastructure use will have a positive	0.070	0.101	0.693	0.488	Not Supported

association with the ESME's intention to internationalise					
Hypothesis 3.2: Perceived convenience of digital technologies use will have a positive association with the ESME's intention to internationalise	-0.230	0.183	-1.255	0.210	Not Supported
Hypothesis 3.3: Perceived usefulness of digital technologies use will have a positive association with the ESME's intention to internationalise	0.112	0.162	0.695	0.487	Not Supported
Moderator					
Institutional Pressure	-0.397	0.146	-2.720	0.007	This result is shown for the reader's knowledge, and there is no hypothesis testing the direct relationship of this variable on the DV in this study.

Interactions					
Hypothesis 4.1: Home institutional pressures weaken the positive relationship between the experimentation effectuation principle and the ESME's intention to internationalise.	0.084	0.057	1.478	0.139	Not supported
Hypothesis 4.2: Home institutional pressures weaken the positive relationship between the affordable loss effectuation principle and the ESME's intention to internationalise.	-0.013	0.065	-0.196	0.845	Not Supported
Hypothesis 4.3: Home institutional pressures strengthen the positive relationship between the precommitments effectuation principle and the ESME's intention to internationalise.	0.017	0.067	0.253	0.800	Partial support was found after probing
Hypothesis 4.4: Home institutional pressures weaken the positive	-0.107	0.104	-1.035	0.301	Partial support was found after probing

relationship between the flexibility effectuation principle and the ESME's intention to internationalise.					
N = 162; p<.05					

Section 5.5.3: The effect of the control variables in the main effect model and the moderator model

As explained in the earlier sections, the study first tests the main effects in the main effect model, where the results for hypotheses 1.1 to 3.3, referred to as main effects, are recorded in the absence of the moderator and interaction variables. The results show that none of the control variables had a significant effect on the DV, as seen in size (b = 0.001, t = 0.936, p =0.349), cost (b = 0.099, t = 1.316, p = 0.188), unsolicited orders (b = -0.113, t = -1.789, p =0.074), returnee entrepreneur (b = 0.054, t = 0.196, p = 0.844), international experience (b = -0.017, t = -0.998, p = 0.318), formal institution (b = 0.018, t = 0.199, p = 0.843), business distance (b = 0.213, t = 0.946, p = 0.344), socio-cultural differences (b = -0.219, t = -1.436, p = 0.151) and year of internationalisation which were categorised into four eras and era wise values for the control variables were first era (b = 0.138, t = 0.315, p = 0.753), second era (b = 0.199, t = 0.465, p = 0.642), third era (b = 0.093, t = 0.204, p = 0.838) and fourth era (b = 0.435, t = 0.925, p =0.355).

However, while testing the moderator model where the study recorded the results for hypotheses 4.1 to 4.4, it was seen that unsolicited orders have a negative and significant effect on the DV (b = -0.186, t = -2.704, p = 0.007). However, none of the other control variables had a significant effect on the DV, as seen in size (b = 0.001, t = 0.732, p = 0.464), cost (b = 0.149, t = 1.954, p = 0.051), returnee entrepreneur (b = -0.045, t = -0.163, p = 0.871), international experience (b = -0.021, t = -1.242, p = 0.214), formal institution (b = 0.209, t = 1.827, p = 0.068), business distance (b = 0.245, t = 1.11, p =0.267), socio-cultural differences (b = -0.257, t = -1.708, p = 0.088) and year of internationalisation which were categorised into four eras and era

wise values for the control variables were first era (b = 0.109, t = 0.255, p = 0.799), second era (b = 0.139, t = 0.332, p = 0.74), third era (b =0.059, t = 0.132, p =0.895) and fourth era (b =0.226, t =0.48, p =0.631).

5.5.4 Probing and illustrating the moderation analysis results

In the previous section, the data collected by the study was unable to find support for four proposed moderation effects, namely H4.1 to H4.4. However, as Kingsley et al. (2017) highlighted, the IB research field often suffers from overstating and understating the interaction results. The author highlights that researchers who limit their "empirical analysis to the coefficient of the interaction term" (Kingsley et al., 2017, p.286) expose themselves to misstating the results.

Thus, although the research found insignificant results for all four hypotheses (i.e., H4.1 to H4.4) in the previous section based on statistically insignificant results of the estimated coefficient on the interaction term (also referred to as Beta3). In this section, this study probes the insignificant proposed moderating relationships by answering the question as mentioned by Kingsley et al. (2017, p.286), "Is the effect of a change in the primary explanatory variable on the dependent variable (or, more simply, the "marginal effect" or "regression slope"), for any specific value of the moderating variable, statistically different from zero?" in order to obtain additional information about the support of the proposed moderating hypothesis.

In order to proceed with the probing analysis based on the equation below, as explained on page 290 of Kingsley et al.'s (2017) research, the study estimated the standard error of the marginal effect for the full range of values of mean-centred Z (i.e., moderator) using the equation below, where Beta1 is the estimated regression coefficient of the IV. This allowed the study to calculate the 95% confidence interval, plotted as seen in graphs 5.1 to 5.4 below.

$$\hat{\sigma}_{\frac{\delta FDIgrowth}{\delta Experience}} = \sqrt{var(\hat{\beta}_1) + (\ Moderator\ )^2 * var(\hat{\beta}_3) + 2 *\ Moderator\ * cov(\hat{\beta}_1, \hat{\beta}_3)}$$

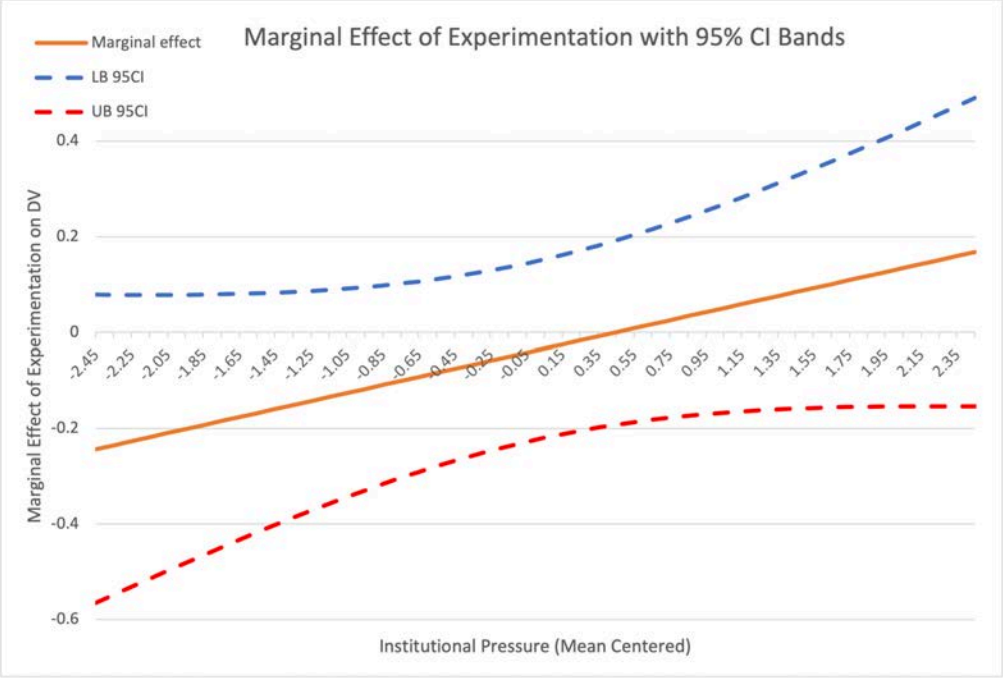
As seen from the above equation, the calculation of the standard error of the marginal effect requires the variance of Beta1 and Beta3 and their covariance. The figures of these are given in the table below (obtained by conducting structural equation modelling on AMOS 28).

Table 5.8: Values for the variance of Beta1 and Beta3 and their covariance

Moderator	Independent Variable	Beta 1	Beta 3	Beta 3 p-value	Var Beta1	Var Beta3	Cov Beta 1,3
IP	Flexibility	0.553	-0.107	0.301	0.024	0.011	-0.004
IP	Affordable Loss	-0.158	-0.013	0.845	0.009	0.004	-0.001
IP	Experimentation	-0.038	0.084	0.139	0.009	0.003	0
IP	Pre Commitment	0.222	0.017	0.8	0.014	0.004	-0.002

5.5.4.1 Probing Hypothesis 4.1: Home institutional pressures weaken the positive relationship between the experimentation effectuation principle and the ESME's intention to internationalise.

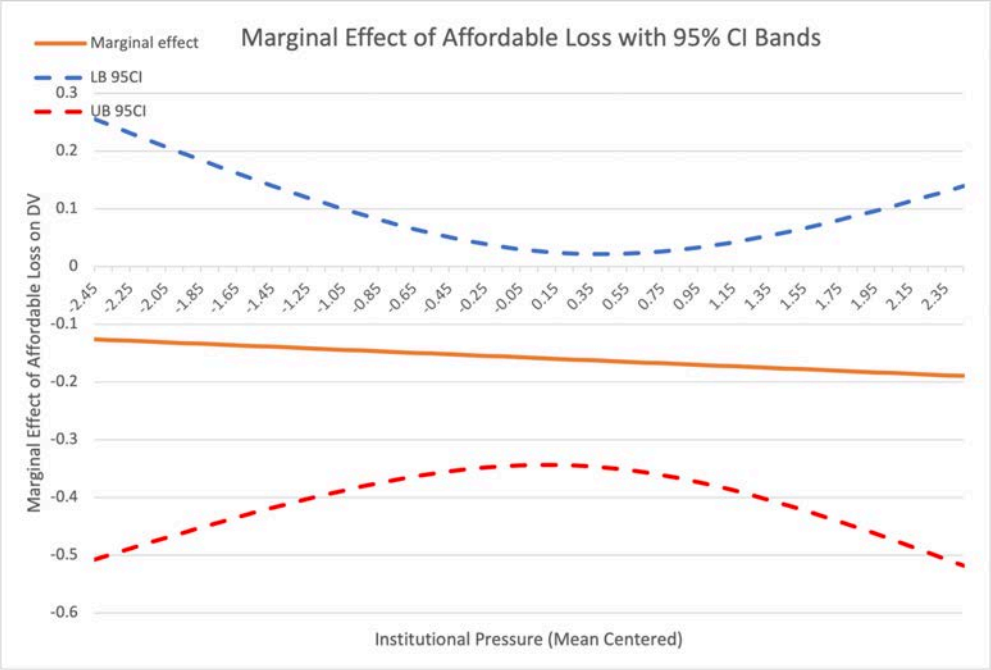
Graph 5.1 below shows that the confidence interval includes the zero line for the full range of the mean-centred Z (i.e., the moderator); hence, the marginal effect is never different from zero. From this additional information, it can be concluded that the data does not support H4.1.



Graph 5.1: Graph showing the probing for hypothesis 4.1

5.5.4.2 Probing Hypothesis 4.2: Home institutional pressures weaken the positive relationship between the affordable loss effectuation principle and the ESME's intention to internationalise.

The below graph 5.2 shows that the 95% confidence interval includes the zero line for the full range of the mean-centred Z (i.e., the moderator) hence, the marginal effect is never different from zero. From this additional information, it can be concluded that the data does not support H4.2.

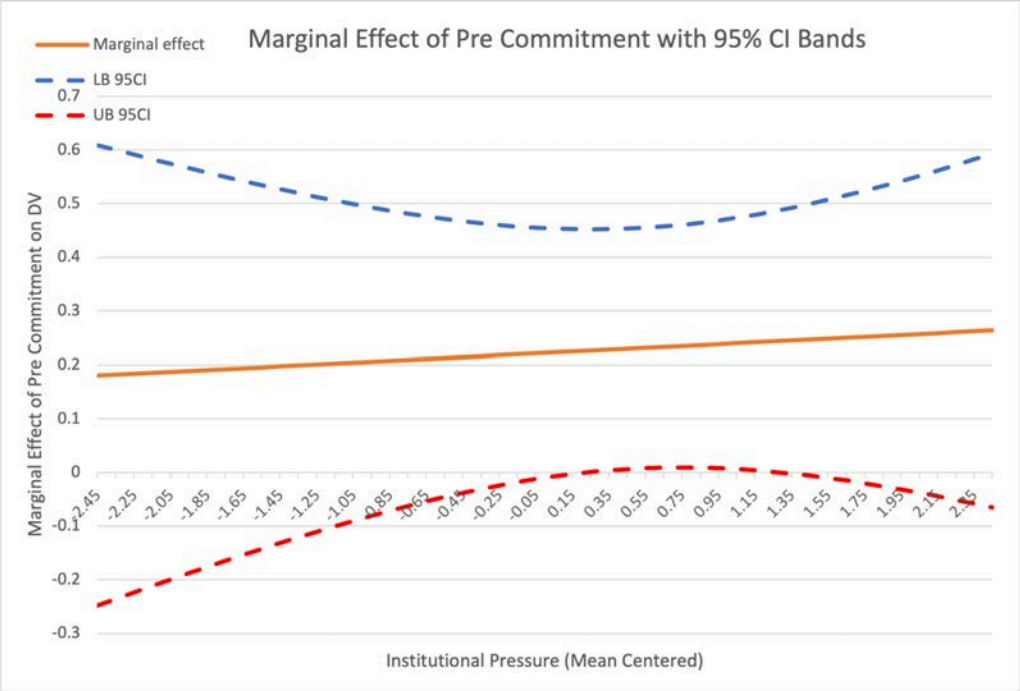


Graph 5.2: Graph showing the probing for hypothesis 4.2

5.5.4.3 Probing Hypothesis 4.3: Home institutional pressures strengthen the positive relationship between the precommitments effectuation principle and the ESME's intention to internationalise.

The below graph 5.3 shows that the 95% confidence interval does not include the zero line for the mean-centred Z (i.e., moderator) between 0.15 and 1.35. With the mean value of Z being 2.7810, this means that for Z values between 2.93 and 4.13, the marginal effect is statistically different from zero. Outside this range, the marginal effect is not statistically different from zero. Therefore, this is a partial moderation case, as Kingsley et al. (2017) explain. Moreover, the

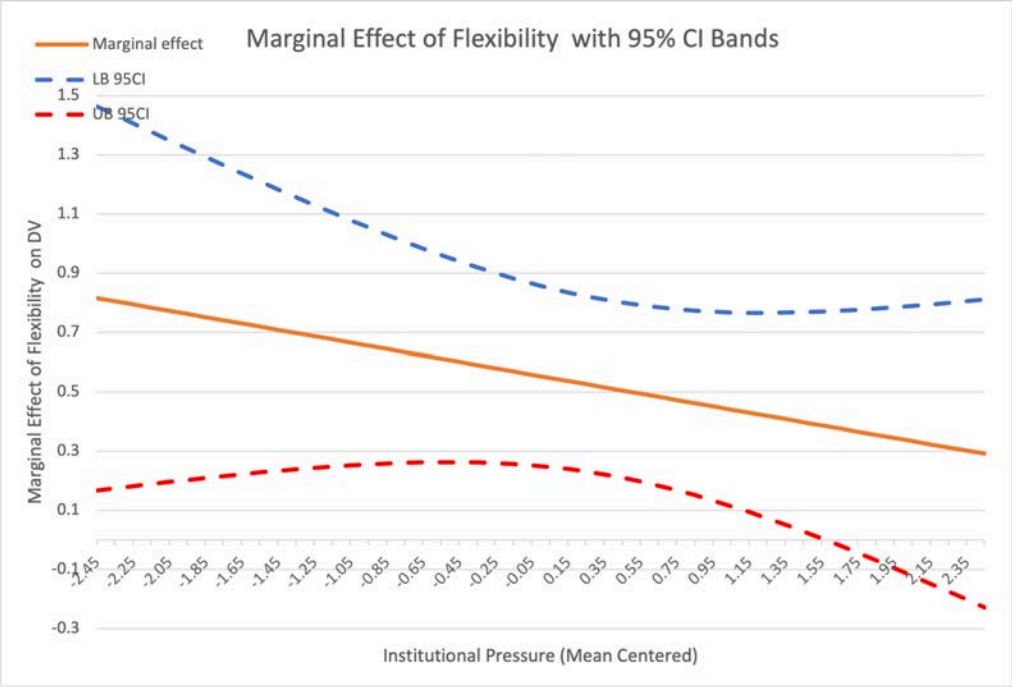
upward slope of the marginal effect line supports the direction proposed in hypothesis 4.3 as it shows that institutional pressure is strengthening the positive relationship between the precommitments effectuation principle and the ESME's intention to internationalise. Hence, from this additional information, it can be concluded that the data finds partial support for H4.3.



Graph 5.3: Graph showing the probing for hypothesis 4.3

5.5.4.4 Probing Hypothesis 4.4: Home institutional pressures weaken the positive relationship between the flexibility effectuation principle and the ESME's intention to internationalise.

The below graph 5.4 shows that the 95% confidence interval does not include the zero line for the mean-centred Z (i.e., moderator) less than 1.55, which means that for institutional pressure values less than 4.33, the marginal effect is significantly different from zero (with the mean value of Z being 2.7810). Therefore, this is a partial moderation case, as Kingsley et al. (2017) explain. Moreover, the downward slope of the marginal effect line supports the direction proposed in hypothesis 4.4 as it shows that institutional pressure is weakening the positive relationship between the flexibility effectuation principle and the ESME's intention to internationalise. Hence, from this additional information, it can be concluded that the data finds partial support for H4.4.



Graph 5.4: Graph showing the probing for hypothesis 4.4

5.5.5 Calculation of the f² effect size of the interaction effect

The coefficient of determination, i.e., R² value, is usually measured as a model's "explanatory power" (Hair Jr et al., 2021, p.118). Hair Jr et al. (2021) explain that in a moderator model, the study should focus on the "f² effect size of the interaction effect" (Hair Jr et al., 2021, p.161). *Thus, this study records the R² value when the interaction terms are included (R² = 0.481) and excluded from the model (R² = 0.453).* Then, the study employs the below formula provided by (Hair Jr et al., 2021, p.161) to calculate the f² effect size to measure how much of the endogenous construct's explanation can be accounted for by the moderating relationships.

$$f^2 = \frac{R^2_{\text{included}} - R^2_{\text{excluded}}}{1 - R^2_{\text{included}}},$$

The f² effect size is 0.054, and following the guidelines for interpreting the interaction term's impact (Hair Jr et al., 2021, p.162) suggests that the f² of 0.054 indicates a large effect size of moderation, i.e., the proposed moderating relationships have a large relevance in explaining an

ESME’s intention to internationalise.

5.6 Addressing the Issue of Endogeneity

Endogeneity poses a significant challenge in IB studies, potentially undermining the validity of causal inferences (Li et al., 2021; Hill et al., 2021). During the SLR stage, various factors influencing an ESME’s intention to internationalise were identified and incorporated into the questionnaire. However, not all constructs identified were introduced into the conceptual model, leading to potential "omitted variables endogeneity" (Hill et al., 2021, p. 118). For example, the variable of formal institutions, which relates to the dependent variable (ESME’s intention to internationalise) and correlates with the independent variable (experimentation), could bias the coefficients if omitted from the regression analysis.

To address this, the study employs control variables to mitigate endogeneity caused by omitted variables. Fortunately, the questionnaire collected data on omitted variables, eliminating the need for proxy variables. As highlighted by Hill et al. (2021, p. 122), "if a control variable perfectly measures the omitted variable, that source of endogeneity is removed."

By incorporating nine control variables—size, cost, unsolicited orders, returnee entrepreneur, international experience, formal institution, business distance, socio-cultural differences, and year of internationalisation—this study controls for the source of endogeneity associated with these variables. However, this list is not exhaustive; other variables, such as the firm's ownership structure, could also influence the ESME’s intention to internationalise. As noted by Hill et al. (2021, p. 188), “As Frank (2000: 149) notes, ‘the simple question, ‘yes, but have you controlled for xxx’ puts social scientists forever in a quandary.’” Therefore, this study acknowledges that it has not fully addressed all potential sources of endogeneity, which remains a limitation.

5.7 Robustness Checks

This section is dedicated to performing robustness checks to validate the robustness of the study’s findings.

5.7.1 Robustness Check Using Regression Analysis

A regression analysis using SPSS was performed only on the main effects model in order to validate the study's findings for the main effects, i.e., hypotheses 1.1 to 3.3 developed in sections 3.2.1 to 3.2.3 of the study while controlling for size, cost, unsolicited orders, returnee entrepreneur, international experience, formal institution, business distance, socio-cultural differences and year of internationalisation.

In order to perform the analysis, the dependent variable (ESME's intention to internationalise) was regressed on predicting variables of guanxi, social capital, experimentation, affordable loss, pre-commitment, flexibility, digital infrastructure, perceived convenience and perceived usefulness. The results show that the independent variables significantly predict ESME's intention to internationalise, $F(21, 140) = 5.511$, $p < .001$, which indicated that the nine factors under study have a significant impact on an ESME's intention to internationalise. Moreover, the $R^2 = .453$ depicts that the model explains 45.3% of the variance in an ESME's intention to internationalise.

Additionally, coefficients were further assessed to ascertain the influence of each factor on the criterion variable (ESME's intention to internationalise). As seen in table 5.9 below.

On comparing the below results to the results received from the SEM analysis conducted on AMOS in section 5.5.1. It can be seen that the results are the same across both data analysis methods as the results received via both find support for 'Hypothesis 1.2: Social Capital will have a positive association with the ESME's intention to internationalise'; 'Hypothesis 2.3: Pre commitment effectuation principle will have a positive association with an ESME's intention to internationalise' and 'Hypothesis 2.4: Flexibility effectuation principle will have a positive association with an ESME's intention to internationalise'. This can be considered indicative of the robustness of the study's findings.

Table 5.9: Summary of the Results from Regression Analysis for Main Effects

Hypotheses	Regression Weights	B	t	p-value	Results
H1.1	Guanxi → DV	-0.186	-1.722	0.087	Not Supported
H1.2	Social Capital →	0.305	2.178	0.031	Supported

	DV				
H2.1	Experimentation → DV	0.012	0.120	0.905	Not Supported
H2.2	Affordable Loss → DV	-0.102	-1.038	0.301	Not Supported
H2.3	Precommitment → DV	0.294	2.453	0.015	Supported
H2.4	Flexibility → DV	0.546	3.458	0.001	Supported
H3.1	Digital Infrastructure → DV	0.062	0.565	0.573	Not Supported
H3.2	Perceived Convenience → DV	-0.225	-1.146	0.254	Not Supported
H3.3	Perceived Usefulness → DV	0.112	0.646	0.520	Not Supported

Note: While controlling for size, cost, unsolicited orders, returnee entrepreneur, international experience, formal institution, business distance, socio-cultural differences and year of internationalisation and sig p < 0.05.

5.7.2 Robustness Check by Using Objective Measures for the Control Variable of Business Distance

Although this study controls for institutional differences such as Business Distance and Socio Cultural differences, as seen in Figure 3.1. The study wanted to compare the results of using subjective and objective measures for control variables as a robustness check. The study collected data from the World Bank Worldwide Governance Indicators (https://www.worldbank.org/en/publication/worldwide-governance-indicators) for the control variable of Business Distance. Following the definition of business distance as mentioned in Azar and Drogendijk (2014, p.585), "Business distance refers to differences in legal and political environment, economic environment, market structure, and business practices in foreign markets", the indicators of government effectiveness, regulatory quality, and corruption control were utilised to calculate the business distance between India and the host country for the

particular year of internationalisation. The average business distance with India for the particular host country replaced any missing data values.

Comparing the results in Table 5.7 in section 5.5 where the model is controlling for the perceived measures of business distance (referred to as model 1 for this section) and the results in Table 5.10 below controlling for the objective measures of business distance (referred to as model 2 for this section), it is noticed that similar results were found for the main effects wherein both models 1 and 2 found support for ‘Hypothesis 1.2: Social Capital will have a positive association with the ESME’s intention to internationalise’; ‘Hypothesis 2.3: Pre commitment effectuation principle will have a positive association with an ESME's intention to internationalise’ and ‘Hypothesis 2.4: Flexibility effectuation principle will have a positive association with an ESME's intention to internationalise

Moving onto moderating relationships, it is noticed that similar results were found for the moderating relationships wherein both models could not find support for the four proposed moderation effects, namely H4.1 to H4.4. based on statistically insignificant results of the estimated coefficient on the interaction term. After probing as per the guidelines set by (Kingsley et al., 2017), both models were able to find partial support for ‘Hypothesis 4.3: Home institutional pressures strengthen the positive relationship between the precommitments effectuation principle and the ESME’s intention to internationalise’ and ‘Hypothesis 4.4: Home institutional pressures weaken the positive relationship between the flexibility effectuation principle and the ESME’s intention to internationalise’.

It is also important to note that the effect of the perceived and objective measures control variable of business distance in both models 1 and 2 did not significantly affect the DV. The study recommends that future studies access more detailed data on the various institutional differences (for example, socio-cultural differences) to compare results better when using perceived rather than objective measures.

Table 5.10: Summary of the Results from SEM Analysis Using Objective Measures for the Control Variable of Business Distance

Hypothesised	Estimate	S.E.	C.R.	p value	Remark

Relationship					
Main Effects					
Hypothesis 1.1: Guanxi networks will have a positive association with the ESME's intention to internationalise	-0.174	0.101	-1.718	0.086	Not Supported
Hypothesis 1.2: Social Capital will have a positive association with the ESME's intention to internationalise	0.326	0.127	2.565	0.010	Supported
Hypothesis 2.1: Experimentation effectuation principle will have a positive association with an ESME's intention to internationalise	-0.027	0.090	-0.303	0.762	Not Supported
Hypothesis 2.2: Affordable loss effectuation principle will have a positive association with an ESME's intention to internationalise	-0.118	0.092	-1.282	0.200	Not Supported

Hypothesis 2.3: Pre commitment effectuation principle will have a positive association with an ESME's intention to internationalise	0.267	0.109	2.445	0.014	Supported
Hypothesis 2.4: Flexibility effectuation principle will have a positive association with an ESME's intention to internationalise	0.561	0.149	3.758	0.001	Supported
Hypothesis 3.1: Digital infrastructure use will have a positive association with the ESME’s intention to internationalise	0.097	0.099	0.985	0.325	Not Supported
Hypothesis 3.2: Perceived convenience of digital technologies use will have a positive association with the ESME’s intention to internationalise	-0.302	0.173	-1.746	0.081	Not Supported
Hypothesis 3.3: Perceived usefulness of digital technologies	0.161	0.160	1.004	0.315	Not Supported

use will have a positive association with the ESME's intention to internationalise					
Moderator					
Institutional Pressure	-0.395	0.146	-2.695	0.007	This result is shown for the reader's knowledge, and there is no hypothesis testing the direct relationship of this variable on the DV in this study.
Interactions					
Hypothesis 4.1: Home institutional pressures weaken the positive relationship between the experimentation effectuation principle and the ESME's intention to internationalise.	0.076	0.058	1.315	0.189	Not Supported
Hypothesis 4.2: Home institutional pressures weaken the positive	-0.012	0.065	-0.182	0.856	Not Supported

relationship between the affordable loss effectuation principle and the ESME's intention to internationalise.					
Hypothesis 4.3: Home institutional pressures strengthen the positive relationship between the precommitments effectuation principle and the ESME's intention to internationalise.	0.016	0.068	0.232	0.816	Partial support was found after probing
Hypothesis 4.4: Home institutional pressures weaken the positive relationship between the flexibility effectuation principle and the ESME's intention to internationalise.	-0.095	0.104	-0.905	0.365	Partial support was found after probing
N = 162; p<.05 *Note: While controlling for size, cost, unsolicited orders, returnee entrepreneur, international experience, formal institution, objective measure of business distance, socio-cultural differences and year of internationalisation*					

Chapter Six: Discussion

The study proposed nine direct hypotheses (H1.1 to H3.3) and four moderating hypotheses (H4.1 to 4.4) in chapter three. After analysing the quantitative data, the findings were reported in this study's previous chapter (i.e., chapter five). Now, this chapter discusses the supported and not supported findings and highlights potential future research avenues. A summary of the findings is illustrated in the figure 6.1 below.

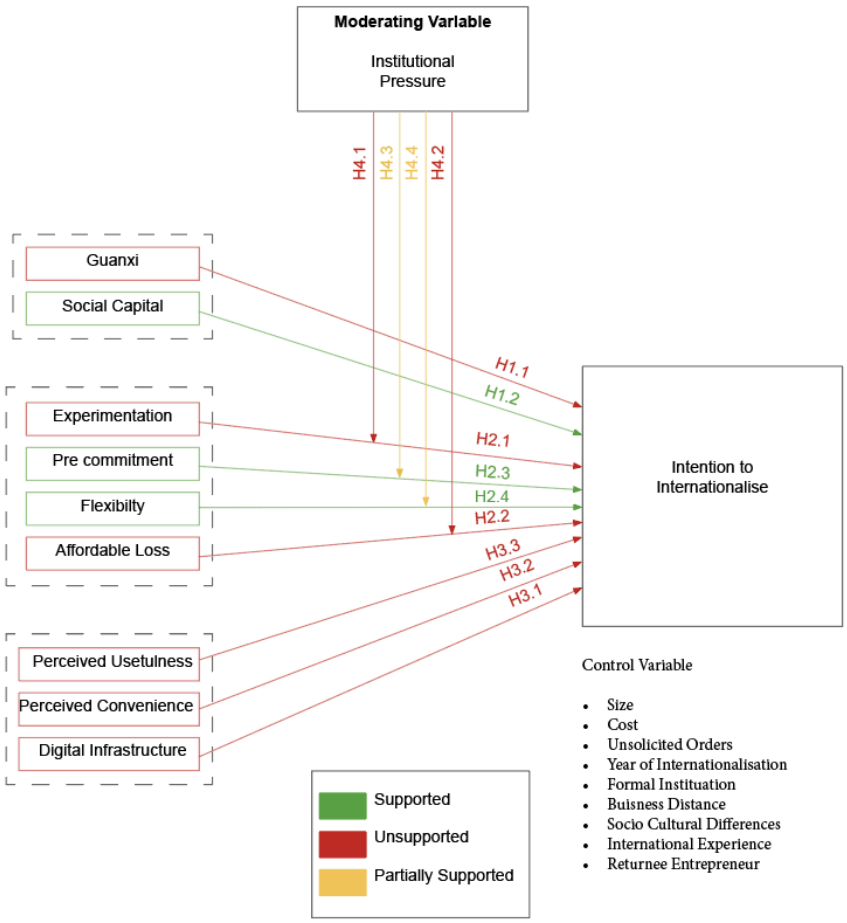


Figure 6.1: The proposed conceptual model indicating the findings

6.1 Results discussion & potential future research avenues

Beginning with the hypotheses testing the direct relationship between networks (Guanxi and Social Capital) and the intention to internationalise. Hypothesis 1.1 was not supported. India's culture, while similar to China's in its values, business practices and networking practices, such as using gifts to nurture relationships, may not entirely be the same. The concept of 'Jaan-pehchaan', as per Berger et al. (2020), is the equivalent of guanxi in the Indian context. 'Jaan-pehchaan' consists of the following three: 'Pehchaan', 'Len-den' and 'Bharosa'. Essentially, these mean 'pehchaan' is networking among individuals from similar backgrounds, 'len-den' is the reciprocity of small gifts or favours and 'bharosa' is trust. While these concepts might overlap with guanxi, there are differences. For instance, 'bharosa' or trust in India is considered a personal trait or characteristic of an individual rather than about the relationship between the two individuals. Low 'bharosa' can negatively impact the relational value. On the other hand, Guanxi is not focused on personal attributes as much as it is focused on the shared relationship between the two individuals. Berger et al. (2020, p.24) speak of how the GRX scale (measurement of guanxi) can have different unique adaptations for each "culture and country." Therefore, the hypothesis not receiving support makes sense, and future studies could explore the concept of 'Jaan-pehchaan' in the context of ESME internationalisation. Hypothesis 1.2 was supported, and this is in line with previous research that has found a positive impact of social capital on ESME internationalisation (Musteen et al., 2017; Puthusserry et al., 2018; Ibeh and Kasem, 2010; (A)Richardson et al., 2012; Zhao and Hsu, 2007). Even though social capital has been presented as a Western concept as opposed to the Eastern concepts of guanxi and 'jaan-pehchaan', it has a positive association in the Indian context, possibly due to the complexity of the Indian society due to 200 years of colonialism (Berger et al., 2020, p.5). Colonialism has introduced a combination of Western and Eastern practices within India. Alternatively, as literature suggests, returnee-entrepreneurs who have either studied or worked in other countries can lead to knowledge transfer, impacting the workings of the ESME (Filatotchev et al., 2009; Wadhwa et al., 2011). It could be an interesting avenue for future research to examine the impact of Indian returnee-entrepreneurs and their choice of networks applied in the internationalisation process.

Moving onto the hypotheses examining the positive association of effectuation principles on the intention to internationalise. The four principles that were tested were experimentation (Hypothesis 2.1), affordable loss (Hypothesis 2.2), precommitments (Hypothesis 2.3) and

flexibility (Hypothesis 2.4). Hypothesis 2.1 and 2.2 were not supported; however, 2.3 and 2.4 were supported. Indian ESMEs, as seen in the previous hypothesis testing, may rely on social capital for their internationalisation decision. The positive relationship between using social ties and internationalising has also been supported in Puthusserry et al.'s. (2018) paper. As per Harms et al. (2021, p.6), entrepreneurs focusing more on networks would choose precommitments and their networks' assurance over affordable loss in their effectual approach. This aligns with the results found in this study wherein precommitments had a significant positive association with intention to internationalise. However, the hypothesis testing for the positive association of affordable loss was not supported. Moving onto the insignificant findings of experimentation, while experimentation can be beneficial in uncertain environments (Fischer et al., 2021), Indian firms have shown reluctance towards adopting innovation and experimentation even if it is needed (Sen et al., 2022). This can explain why experimentation may not have been the chosen effectuation strategy and has been shown as insignificant in hypothesis 2.1. Lastly, moving onto hypothesis 2.4, wherein the flexibility principle was proven to have a significant positive association with the intention to internationalise. One of the benefits of SMEs is their ability to be flexible and adapt to the resources and market demands (Shirokova et al., 2020; Chandler et al., 2011).

Moving onto the findings of Hypothesis 3.1, 3.2 and 3.3. All of these were not supported. Beginning with hypothesis 3.1, digital infrastructure use was found to be insignificant, which is aligned with previous research. Even though digital infrastructure can be helpful in providing access to needed information and help build relationships with international networks such as suppliers, emerging market SMEs have shown reluctance to adopt the practices (Oh et al., 2009; Raghavan et al., 2018). Sen et al. (2022) reports that "millions of Indian SMEs have not adopted digital technologies". Therefore it is plausible that the research sample had similar reservations about digital technologies and could not repeat the benefits it would provide in the pre-internationalisation stage as was outlined by Pergelova et al. (2019). On similar grounds, hypotheses 3.2 and 3.3 tested for perceived convenience and perceived usefulness of digital technologies, which was also found to be insignificant. This is again in alignment with previous literature. Sen et al. (2022) continues to mention how a propoption of entrepreneurs do not consider digital technologies to have any value or provide any noticeable benefits to their firms. The authors also mention that there could be a lack of understanding regarding digital technologies.

Although the Digital India Program was launched in 2015 with the goal of increasing internet and technology access to transform India into a digital society, the significant shift towards digitisation and its acceptance has occurred primarily since the pandemic (Awasthi, 2023). Given that the majority of respondents in this thesis internationalised before the onset of the pandemic, i.e., before 2020, which was approximately 77.5% of the respondents, the recent surge in the acceptance and use of digital technologies may not be fully captured. Future research should explore this development further, particularly with ESMEs that have internationalised since the COVID-19 period. This can be considered important since the recent literature examining the role of internet and digital technology, especially social media, in the internationalisation of ESMEs have shown promising results (Kim, 2020; Lee et al., 2022; da Fonseca et al., 2023; Williams et al., 2020). Digital platforms can help with gaining access to relevant information with limited investment as well as become a medium through which customer relationships can be maintained (da Fonseca et al., 2023).

Moreover, considering the impact of Covid-19 on digital technologies, while digital technologies in this thesis did not yield significant results, it remains to be a key mechanism for ESME internationalisation, especially in the post-pandemic world. A plethora of research identified digital technology related innovation and adoption as a key mechanism for ESME survival during the pandemic (Lee et al., 2022; Puthusserry et al., 2022; Khalil et al., 2022). Digital technology such as the use of social networking services and cloud-based technology have enabled “faster communication channels” and quicker, less resource-intensive shifts in business models (Khalil et al., 2022; Lee et al., 2022; Hossain et al., 2022). An interesting future avenue here could be to explore the effect of digital infrastructure in the post-Covid-19 period as compared to the pre-covid-19 period.

Lastly, the moderating effect of institutional pressures was examined for the relationship between effectuation principles and intention to internationalise from hypothesis 4.1 to hypothesis 4.4. Hypotheses 4.1 and 4.2 did not achieve significant results; however, hypotheses 4.3 and 4.4 found partial support after probing according to the guidelines set by Kingsley et al. (2017). For further details on the probing process, please refer to section 5.5.4. Although it was predicted that the moderating effect of institutional pressure on both effectuation principles, experimentation and affordable loss, would be weakening, no significant results were found. This outcome may be due to other moderating variables influencing the principles. For instance, research by Herdjiono et al. (2018) highlights factors such as family environment, self-efficacy,

and passion or motivation that can affect entrepreneurial decision-making and perception. Since effectuation relies on the entrepreneur's perception, unmeasured factors in this thesis may better serve as moderating variables than institutional pressures. For example, despite equal chances of gains, in this case legitimacy gained through following institutional pressure, many entrepreneurs may still focus on affordable loss or potential failure due to the risk of using personal household resources, which could adversely affect their standard of living (Reddy, 2023). As for the partial moderation found in hypotheses 4.3 and 4.4, both of them were in the same direction as hypothesised. Regarding hypothesis 4.4, which examines the moderating effect of institutional pressure on flexibility, the partial moderation indicating a weakening effect aligns with the notion that ESMEs may perceive institutional pressures as rigid informal rules that must be adhered to in order to gain legitimacy and government-related benefits, thereby reducing their flexibility (Yan et al., 2020). However, future research, particularly qualitative studies, could further explore these findings to enhance the understanding of how entrepreneurs perceive institutional pressures and their impact on ESME flexibility. Lastly, regarding hypothesis 4.3, which examines the moderating effect of institutional pressure on pre-commitments, the partial moderation indicating a strengthening effect aligns with the potential explanation that institutional pressures, such as coercive pressure, enable ESMEs to secure pre-commitments from stakeholders who are exerting the pressure, such as consumers (Lo et al., 2016; Ciravegna et al., 2019).

The study performed robustness checks to validate the robustness of the study’s findings. Two robustness checks were performed first; a regression analysis using SPSS was performed only on the main effects model in order to validate the study’s findings for the main effects, i.e., hypotheses 1.1 to 3.3. On comparing the regession analysis results to the results received from the SEM analysis conducted on AMOS in section 5.5.1, it can be seen that the results are the same across both data analysis methods as the results received via both find support for H1.2, H2.3 and H2.4. This can be considered indicative of the robustness of the study's findings. Next, robustness check by using objective measures for the control variable of business distance was performed and it led to similar results as the SEM analysis done in section 5.5 and therefore may be indicative of the robustness of the findings.

Chapter Seven: Conclusion, Contributions & Limitations

7.1 Research Summary

Although SME internationalisation has received increasing attention in the past two decades, our knowledge of the ESME's internationalisation is still limited (Liñán et al., 2019; Haddoud et al., 2020, as cited in Chandra et al., 2020). There are several unique characteristics of an ESME's internationalisation since they belong to weaker institutional markets, lack country-specific advantages and are not as competitive when compared to their developed country counterparts (Chandra et al., 2020; Ciravegna et al. 2014; Winckler et al., 2022; Dekel-Dachs et al., 2021). This research started with the aim to identify what factors affect an ESME's internationalisation and, more specifically, explore a combination of factors that influence an ESME's internationalisation intention in an Indian market context.

The study had set out a set of research objectives and corresponding research questions to fulfil the aim of the study. To fulfil RO1 and RQ1, the research conducted an SLR by reviewing 54 papers and identified the factors affecting an ESME's internationalisation. Reviewing the factors, the study realised two main themes were emerging: pre-internationalisation and post-internationalisation. On analysing the factors across the two themes and reviewing the potential avenues for future research, the study focussed its empirical study on the pre-internationalisation stage. It is known that ESMEs face additional obstacles while internationalising, yet internationalisation is essential for ESMEs' growth and survival (Haddoud et al., 2021). Understanding what factors led to an ESME's internationalisation intention is important. Thus, to fulfil RO2 and RQ2, the research selects a set of crucial factors identified from the SLR and proposes a conceptual model that can be empirically tested. Next, fulfilling RO3 and RQ3, the study adopts a quantitative research approach, employing a questionnaire to test the proposed conceptual model in the Indian market context. The last RO4 and RQ4 of the study was to contribute to a more comprehensive understanding of internationalisation from emerging market SMEs. The following section will highlight all the contributions made by the study.

7.2 Research Contributions

Contribution to the Literature

This study contributes to the literature in a variety of ways. Firstly, this study began by conducting an SLR of the literature to identify the factors that influence the internationalisation of ESMEs and examine both the enablers and obstacles to the internationalisation of ESMEs. This part of the thesis helped differentiate from previous studies as it accentuates previous studies on any factors that impact an ESME's internationalisation throughout its journey. This includes barriers and drivers across the ESME's pre and post-internationalisation journey. It also focuses on SMEs from various emerging markets, not just BRIC nations. Hence, it provides a comprehensible platform for researchers in this area. The SLR also proposes recommendations for future research from geographic, data and methodology and unit of analysis perspectives.

The literature has established that networks can help ESMEs overcome internationalising challenges. Moreover, the literature also explains how different types of networks can be effective in different contexts (Ibeh and Kasem, 2011; Gomes et al., 2018) and especially the home country environment can majorly impact the type of network being utilised by the ESME ((A)Ciravegna et al., 2014). Thus, this research studied two types of networks, i.e., social capital and guanxi, in the context of Indian SMEs and investigated the impact on the intention to internationalise.

Although the study was unable to find support for Guanxi's impact on an ESME's intention to internationalise, it invites future research to explore the concept of 'Jaan-pehchaan' in the context of ESME internationalisation which, as suggested by Berger et al. (2020), is an equivalent of guanxi in the Indian context. At the same time, the study provides further evidence for the positive influence of social capital on an ESME's intention to internationalise.

Next, effectuation principles (i.e., pre-commitment, flexibility, affordable loss and experimentation) are increasingly being studied in varied contexts. This study responds to Dias et al.'s (2019, p.50) suggestion that future research needs to examine the "application of effectuation principles in the practice of entrepreneurs in different scenarios." Since effectuation is particularly helpful in uncertain and resource-limited situations (Kujala and Törnroos, 2018), effectuation strategies are more relevant at the beginning of a new venture than later (Perry et

al., 2011, p.838). Thus, this study studies each effectuation principal's direct association with an ESME's internationalisation intention. Furthermore, it provides support in alignment with Harms et al. (2021, p.6), highlighting that entrepreneurs focusing more on networks would choose precommitments and their networks' assurance over affordable loss in their effectual approach. The flexibility principle was proven to have a significant positive association with the intention to internationalise, providing further support for one of the benefits of SMEs, the ability to be flexible and adapt to the resources and market demands (Shirokova et al., 2020; Chandler et al., 2011).

Lastly, the managerial implications of the study's findings on the partial moderations of institutional pressure on pre-commitments and flexibility are multifaceted. Managers in emerging market SMEs should be aware of the dual impact of institutional pressures on their decision-making processes, especially in the context of post-pandemic uncertainty. For example: understanding that institutional pressures can strengthen pre-commitments suggests that managers should strategically leverage these pressures to secure commitments from key stakeholders. This can involve aligning business practices with stakeholder demands to gain their support and enhance trust (Ko et al., 2021).

Practical Contribution & Policy Implications

Aside from expanding our understanding of the literature about ESME internationalisation, this research also aims to help ESME entrepreneurs or managers by providing a comprehensive SLR that enlists all the potential factors they could encounter during their pre and post-internationalisation stages, allowing them to proactively formulate a strategy that will better help them cope with the barriers and better exploit the drivers.

Moreover, the empirical research brings further attention to the effectuation approach and how ESME entrepreneurs or managers can utilise it while dealing with uncertainty and resource constraints during their internationalisation journey. For example: given the significant results of pre-commitments on intention to internationalise, government policy should focus on enhancing the relationship between businesses and their customers to facilitate the use of customer pre-commitments for internationalisation. Strengthening these relationships can be achieved through targeted support programs that encourage businesses to engage more deeply with their customer base. For instance, policies could focus on educating ESMEs about customer

engagement strategies that could lead to building of long-term relationships. By fostering a robust customer-business relationship, ESMEs can leverage their established customer base to secure pre-commitments, which can be instrumental in entering and succeeding in international markets. Such pre-commitments not only provide a foundation of assured demand but also enhance the credibility and legitimacy of the ESME to potential international partners and investors (Urban and Maphathe, 2021; Pereira et al., 2024).

7.3 Limitations

Limitations of the SLR

Like most studies, this research also has limitations. To start with, while recruiting the articles to be reviewed in the SLR section of this study, the study conducted a broad initial search on the Web of Science (WoS) database wherein, as a contingency plan, it decided not to limit the initial article search to only the internationalisation of ESMEs in case the sample size for the topic was not sufficiently large and the topic needed to be broadened. This step led to 603 articles. To ensure that the study only includes articles that match the inclusion criteria, the initial filtering phase only considered the article title, keyword list and abstract to classify it into relevant or irrelevant categories, leaving the potential for unintentional human error. Moreover, although the systematic review included 15 journals with an ABS ranking of 3 and above and an impact factor of 1 and above, it may have overlooked other significant journals that could contain relevant papers, such as the “International Small Business Journal” and the “Global Strategy Journal” due to human error. Future researchers are recommended to include a more comprehensive list of journals.

Next, the SLR methodology only included literature on the WoS database. While WoS is one of the most popular academic databases used in international business research, the study cannot deny the potential existence of relevant research papers beyond this database.

The literature review for this thesis covered the time period from 1979 to 2019. Therefore, a key limitation of the review and subsequent empirical study is the absence of consideration for the impact of the Coronavirus pandemic. Following 2019, the global spread of the Coronavirus pandemic significantly impacted economies worldwide. The impact was especially severe for ESMEs, which are naturally resource-strained. The pandemic further disrupted their operations, including supply chain disruptions and decreased demand for their products and services

(Prasad et al., 2023; Lee et al., 2022). In India, a survey showed that approximately 500 micro, small and medium sized enterprises (MSMEs) had to close down their operations within the first two weeks of June 2020 (PIB Delhi, 2020). Additionally, MSMEs experienced working capital shortages due to decreased cash flow and limited access to finance. These challenges, combined, led to higher operational costs during the pandemic (Sharma and Rai, 2022). Even after ease of lockdown measures, ESMEs are still struggling to recover due to the significant financial loss during the pandemic (Sharma and Rai, 2022; Du et al., 2023). Nevertheless, despite the unprecedented losses, factors such as innovation and entrepreneurial characteristics such as resilience are proving to be helpful in "bouncing back" from the ill-effects of the pandemic (Meyer et al., 2021; Lee et al., 2022; Caballero-Morales, 2021; Van Auken et al., 2021). Moreover, factors such as effectuation have been found to be effective given the increased uncertainty and need to use the means available to survive (Aggrey et al., 2021). It would be an interesting future research avenue to explore if factors such as effectuation, as included in this thesis, impacts ESME internationalisation similarly in the post-COVID world compared to the pre-COVID era, or if it's importance has grown due to the heightened need for effectual capabilities during the pandemic.

Limitations of the Data Collection and Analysis

This study adopts a single-item measure for its dependent variable wherein the ESME's intention to internationalise was measured by one item, i.e., "We intended to internationalise at the time". It is a known fact that using a single-item construct can lead to biased results and many times, models consisting of single-item constructs may not be identified on SEM (Petrescu, 2013). Although this study did not face model identification issues and despite the existence of pro-single-item construct arguments such as Bergkvist and Rossiter (2007) showing that "single-item measures are equally as valid as multiple-item measures" (Petrescu, 2013, p.101). This study must acknowledge the potential limitation that using the single-item construct for the DV could have imposed on the results since the study could not calculate measurement properties such as Cronbach alpha, composite reliability and AVE for the single-item measuring the dependent variable, leading to decreased reliability and potential validity issues. (Petrescu, 2013).

Next, although it is agreed in the literature that a minimum sample of 100 observations is acceptable to proceed with SEM analysis and, this study has 162 valid responses, which is well

above the minimum limit (Wolf et al., 2013). Past research has also highlighted that this suggested limit might be problematic because they are not “model specific” (Wolf et al., 2013, p.2) and might lead to “over-or underestimated sample size requirements” (Wolf et al., 2013, p.2).

Given that the proposed model of this study is quite complex, with a large number of independent and moderating variables being tested on a single measurement dependent variable, the number of observations obtained may have led to limitations to the findings.

Moreover, past research suggests that a good way to compensate for low sample size is to include constructs with “at least four indicators with loadings at 0.80” (Wolf et al., 2013, p.11) as sample size requirements decrease when the number of items per construct increases (Wolf et al., 2013, p.11). However, as seen in Table 5.4 of this study, there are several constructs with two to three items, for example: 'Experimentation' with three items and 'Pre-Commitment' with two items. Moreover, the DV of this study is a single measurement item. Thus, this study acknowledges the limitations that the relatively smaller sample size of 162 responses may have caused in the findings.”

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APPENDIX

Appendix 1: The research questionnaire

Below are images of the questionnaire exactly as they appeared on the Jisc online survey system utilised to design and distribute the survey and collect data from the respondents.

Page 1: Participant Consent

I invite you to participate in a research study investigating the factors explaining an SME's internationalisation from an emerging market.

The statements below confirm that you know why this research is being conducted and what we will need from you as a participant. Please provide your consent to continue your participation.

1. I have read the Participant Information Sheet included in the email communications

2. I am over the age of 18

3. I understand that all data will be pseudonymised, i.e., all my responses will be maintained in the following format, "Respondent A of Company A", "Respondent B of Company B", etc. And all information about me, such as name and any other detail, or combination of details, that might support identification, will be removed, ensuring that no one reading the findings can reasonably identify my company or me

4. I agree that my data can be pseudonymised as explained above, stored, and used in future research or for external scrutiny purposes (For example, external examiners assessing the PhD thesis or publishers considering the research for their publication) if it is in line with Brunel University's data retention policies

5. I understand that I can withdraw my data any time up to 1st March 2023

6. I agree to take part in this study

Please read the above and continue if you agree * *Required*

○ I agree with all of the above

Page 2: Background Questions

Through which entry mode did your company first internationalise? * *Required*

- ○ Export
- ○ Licensing
- ○ Franchising
- ○ Wholly-owned Ventures
- ○ Greenfield Strategy
- ○ Mergers
- ○ Acquisitions
- ○ Other

Which year did your company first internationalise? * *Required*

Where is the company's head office located in India? * *Required*

How many full-time employees does the company have? (Approximately) * *Required*

What is the ownership structure of your Company? Tick all that applies ✱ *Required*

- [ ] Family
- [ ] Special partnerships- includes Joint Ventures (JV), Original Equipment Manufacturing (OEM) agreements, and other partnership types with international companies
- [ ] Financial institutions
- [ ] Government
- [ ] Private Limited
- [ ] Public Limited
- [ ] Sole Proprietorship

What industrial sector does your company belong to? Tick all that applies ✱ *Required*

- [ ] Extractive, agriculture, fishing, and related
- [ ] Manufacturing (processing) and wholesale trade
- [ ] Trading activities to the final consumer (retail) and personal services
- [ ] Professional and business services
- [ ] Other

What is your current position at the company? ✱ *Required*

- ( ) Owner
- ( ) CEO
- ( ) Key International Management Executive
- ( ) Manager
- ( ) Other

What is your gender? * *Required*

- Male
- Female
- Other
- Prefer not to say

How many years of experience do you have of being involved in internationalisation activities such as export? (At this or any other company) * *Required*

Please mention the country where your company first internationalised to. (Important note: The first country your company internationalised to will be referred to as Country A in the following questions. Kindly answer all of the questions in regards to the experience you had when first internationalising to Country A) * *Required*

Is your company a returnee-entrepreneur-owned firm? (Returnee-entrepreneur means individual(s) with 2 or more years of commercial or educational experience in a foreign country) * *Required*

- Yes
- No

This part of the survey uses a table of questions, view as separate questions instead?

If your answer to the previous question was "Yes", please answer the following. To what extent did the following factors obtained abroad by the returnee-entrepeneur have a driving effect when your company was first considering internationalisation to Country A?

Please don't select more than 1 answer(s) per row.

Please select at least 4 answer(s).

	1 = No Effect At All	2	3	4	5	6	7 = Very Large Effect
New technological ideas	☐	☐	☐	☐	☐	☐	☐
New business ideas and opportunities	☐	☐	☐	☐	☐	☐	☐
New marketing knowledge	☐	☐	☐	☐	☐	☐	☐
New financial knowledge	☐	☐	☐	☐	☐	☐	☐

This part of the survey uses a table of questions, view as separate questions instead?

To what extent did the following factors have a driving effect when your company was first considering internationalisation to Country A? ✱ *Required*

Please don't select more than 1 answer(s) per row.

Please select at least 53 answer(s).

	1 = No Effect At All	2	3	4	5	6	7 = Very Large Effect
Receiving unsolicited orders	☐	☐	☐	☐	☐	☐	☐
Sunk costs (for e.g: establishing export market channels)	☐	☐	☐	☐	☐	☐	☐
Expectations from the Indian government	☐	☐	☐	☐	☐	☐	☐
Expectations from the union/employees	☐	☐	☐	☐	☐	☐	☐
Expectations from inter-personal contacts (for e.g: other CEOs)	☐	☐	☐	☐	☐	☐	☐
Expectations from successful peers	☐	☐	☐	☐	☐	☐	☐
Expectation from competitors	☐	☐	☐	☐	☐	☐	☐
Expectations from the company's stockholders	☐	☐	☐	☐	☐	☐	☐
Expectations from the company's suppliers	☐	☐	☐	☐	☐	☐	☐

Expectations from the company's current customers							
Expectations from the company's potential customers							
Expectations from the company's board members							
Uncertainty in local markets							
Laws and Regulations in India (for e.g: tax, customs, trade, labor regulation, and tariffs)							
Indian government's incentives, support, and assistance							
Corruption in local markets							
The economic condition of India (for e.g: devaluation of the national currency and currency rate variations)							

Ease of paperwork related to internationalisation	☐	☐	☐	☐	☐	☐	☐
Local markets being small or saturated	☐	☐	☐	☐	☐	☐	☐
Socio-cultural differences between India and Country A (religion, values, customs, attitudes etc.)	☐	☐	☐	☐	☐	☐	☐
Gaps in communication (verbal and non-verbal language) in Country A	☐	☐	☐	☐	☐	☐	☐
Differences in the business practices in Country A	☐	☐	☐	☐	☐	☐	☐
Different preferences (for e.g: prices) of customers in Country A	☐	☐	☐	☐	☐	☐	☐
The competitive market environment in Country A	☐	☐	☐	☐	☐	☐	☐

Product acceptance in Country A	☐	☐	☐	☐	☐	☐	☐
The relative GDP of Country A in relation to India	☐	☐	☐	☐	☐	☐	☐
Using patents and licenses as a way to store knowledge	☐	☐	☐	☐	☐	☐	☐
Containing the organization's knowledge in manuals, databases, etc	☐	☐	☐	☐	☐	☐	☐
Embedding the organization's knowledge and information in structures, systems, and processes	☐	☐	☐	☐	☐	☐	☐
Possessing an internationally-recognised quality certification	☐	☐	☐	☐	☐	☐	☐
Use of Internet and Electronic Data Interchange	☐	☐	☐	☐	☐	☐	☐
New technology education	☐	☐	☐	☐	☐	☐	☐

Having more ICT employees than other companies which deal with the same sort of products as our company	☐	☐	☐	☐	☐	☐	☐
Having high financial resources for ICT	☐	☐	☐	☐	☐	☐	☐
Front-end digital infrastructures such as a website	☐	☐	☐	☐	☐	☐	☐
Front-end digital infrastructures such as online orders option	☐	☐	☐	☐	☐	☐	☐
Use of Information management systems such as customer relationship management	☐	☐	☐	☐	☐	☐	☐
Use of well-established networks or security systems	☐	☐	☐	☐	☐	☐	☐
Use of software and hardware which is related to e-trade	☐	☐	☐	☐	☐	☐	☐

Potential customers consider our product or service as new and innovative	☐	☐	☐	☐	☐	☐	☐
Many competitors offer the same services and/or products to potential customers	☐	☐	☐	☐	☐	☐	☐
It had been less than a year since the technology or procedures necessary to produce the product or service of my business were available	☐	☐	☐	☐	☐	☐	☐
It had been between one and five years since the technology or procedures necessary to produce the product or service of my business were available	☐	☐	☐	☐	☐	☐	☐

It had been more than five years since the technology or procedures necessary to produce the product or service of my business were available	☐	☐	☐	☐	☐	☐	☐
Personal contacts to find new business opportunities	☐	☐	☐	☐	☐	☐	☐
Working closely with our business partners (e.g. suppliers, vendors, customers)	☐	☐	☐	☐	☐	☐	☐
External contacts and networking	☐	☐	☐	☐	☐	☐	☐
Ties with local government agencies	☐	☐	☐	☐	☐	☐	☐
Local social networks	☐	☐	☐	☐	☐	☐	☐
Local communities	☐	☐	☐	☐	☐	☐	☐
Networks established in foreign markets	☐	☐	☐	☐	☐	☐	☐

Contacts with people in foreign markets	☐	☐	☐	☐	☐	☐	☐
Membership in different associations abroad	☐	☐	☐	☐	☐	☐	☐

This part of the survey uses a table of questions, view as separate questions instead?

To what extent do you agree with the below statements when your company was first considering internationalisation to Country A? * *Required*

Please don't select more than 1 answer(s) per row.

Please select at least 29 answer(s).

	1= Strongly Disagree	2	3	4	5	6	7= Strongly Agree
We proactively searched for international business opportunities	☐	☐	☐	☐	☐	☐	☐
We intended to internationalise at the time	☐	☐	☐	☐	☐	☐	☐
We experimented with different products and/or business models	☐	☐	☐	☐	☐	☐	☐
The product/service that we now provide is substantially different than we first imagined	☐	☐	☐	☐	☐	☐	☐
We tried a number of different approaches until we found a business model that worked	☐	☐	☐	☐	☐	☐	☐
The product/service that we now provide is essentially the same as originally conceptualized	☐	☐	☐	☐	☐	☐	☐

We were careful not to commit more resources than we could afford to lose	☐	☐	☐	☐	☐	☐	☐
We were careful not to risk more money than we were willing to lose with our initial idea	☐	☐	☐	☐	☐	☐	☐
We were careful not to risk so much money that the company would be in real trouble financially if things did not work out	☐	☐	☐	☐	☐	☐	☐
We used a substantial number of agreements with customers, suppliers, and other organizations and people to reduce the amount of uncertainty	☐	☐	☐	☐	☐	☐	☐

We used precommitments from customers and suppliers as often as possible	☐	☐	☐	☐	☐	☐	☐
We allowed the business to evolve as opportunities emerged	☐	☐	☐	☐	☐	☐	☐

We adapted what we were doing to the resources we had	☐	☐	☐	☐	☐	☐	☐
We were flexible and took advantage of opportunities as they arose	☐	☐	☐	☐	☐	☐	☐
We avoided courses of action that restricted our flexibility and adaptability	☐	☐	☐	☐	☐	☐	☐
We analyzed long-run opportunities and selected what we thought would provide the best returns	☐	☐	☐	☐	☐	☐	☐
We designed and planned business strategies	☐	☐	☐	☐	☐	☐	☐
We organized and implemented control processes to make sure we meet objectives	☐	☐	☐	☐	☐	☐	☐

We researched and selected target markets and did a meaningful competitive analysis	☐	☐	☐	☐	☐	☐	☐
We designed and planned production and marketing efforts	☐	☐	☐	☐	☐	☐	☐

We had a clear and consistent vision of where we wanted to end up	☐	☐	☐	☐	☐	☐	☐
We developed a strategy to best take advantage of resources and capabilities	☐	☐	☐	☐	☐	☐	☐
Using the information technology system in the company enabled us to accomplish tasks more quickly	☐	☐	☐	☐	☐	☐	☐
Using the information technology system in the company enabled us to reduce faults in our business process	☐	☐	☐	☐	☐	☐	☐

Using the information technology system in the company enabled us to save costs in our business process	☐	☐	☐	☐	☐	☐	☐
Using the information technology system in the company enabled us to easily get additional information about selecting a partner company	☐	☐	☐	☐	☐	☐	☐

Using the information technology system in the company enabled us to order and search for goods more conveniently	☐	☐	☐	☐	☐	☐	☐
Using the information technology system in the company enabled us to get difficult information more easily	☐	☐	☐	☐	☐	☐	☐
Using the information technology system in the company enabled us to compare goods more easily	☐	☐	☐	☐	☐	☐	☐

Appendix 2: Questions used from the questionnaire for this empirical study

Appendix 2.1 Questions for the Constructs of Guanxi and Social Capital Networks

Overarching question: To what extent do you agree with the below statements when your company was first considering internationalisation to Country A?

Construct: Guanxi	Scale	Adapted from literature
GUX 1. "Ties with local government agencies"	*1 = no effect at all to 7 = very large effect*	Zhou et al., 2007, p.682
GUX 2. "Local social networks"		
GUX 3. "Local communities"		
Construct: Social Capital	**Scale**	**Adapted from literature**
SOC 1. "Personal contacts to find new business opportunities"	*1 = no effect at all to 7 = very large effect*	Musteen et al., 2017, p.624
SOC 2. "Working closely with our business partners (e.g. suppliers, vendors, customers)"		
SOC 3. "External contacts and networking"		
SOC 4. Contacts with	*1 = no effect at all to 7 = very*	Filatotchev et al. 2009,

“people in foreign markets”	*large effect*	p.1012

Appendix 2.2 Questions for the Constructs of Effectuation Principles of Pre-Commitments, Flexibility, Affordable Loss and Experimentation

Instruction: Overarching question: To what extent do you agree with the below statements when your company was first considering internationalisation to Country A?

Construct: Experimentation	Scale	Adapted from literature
EXP 1. We experimented with different products and/or business models.	*1 = strongly disagree to 7 = strongly agree*	Chandler et al., 2011, p.382
EXP2. The product/service that we now provide is substantially different than we first imagined.		
EXP 3. We tried a number of different approaches until we found a business model that worked.		
EXP 4. The product/service that we now provide is essentially the same as originally conceptualised		

Construct: Affordable Loss		Adapted from literature
AFF 1. We were careful not to commit more resources than we could afford to lose	*1 = strongly disagree to 7 = strongly agree*	Chandler et al., 2011, p.382
AFF 2. We were careful not to risk more money than we were willing to lose with our initial idea		
AFF 3. We were careful not to risk so much money that the company would be in real trouble financially if things didn't work out		
Construct: Pre-commitments	Scale	Adapted from literature
PRE 1. We used a substantial number of		

agreements with customers, suppliers, and other organisations and people to reduce the amount of uncertainty	*1 = strongly disagree to 7 = strongly agree*	Chandler et al., 2011, p.382
PRE 2. We used precommitments from customers and suppliers as often as possible		

Construct: Flexibility	Scale	Adapted from literature
FLX 1. We allowed the business to evolve as opportunities emerged	*1 = strongly disagree to 7 = strongly agree*	Chandler et al., 2011, p.382
FLX 2. We adapted what we were doing to the resources we had		
FLX 3. We were flexible and took advantage of		

opportunities as they arose		
FLX 4. We avoided courses of action that restricted our flexibility and adaptability		

Appendix 2.3 Questions for the Constructs of Digital Technology Use, Perceived Convenience and Perceived Usefulness of Digital Technologies Use

Overarching question: To what extent do you agree with the below statements when your company was first considering internationalisation to Country A?

Construct: Perceived usefulness	Scale	Adapted from literature
PRU 1. “Using the information technology system in the company enabled us to accomplish tasks more quickly”	*1 = strongly disagree to 7 = strongly agree*	(Oh et al., 2009, p.116)
PRU 2. “Using the information technology system in the company enabled us to reduce faults in our business process”		
PRU 3. “Using the information		

technology system in the company enabled us to save costs in our business process”		
Construct: Perceived convenience	Scale	Adapted from literature
PRC 1. “Using the information technology system in the company enabled us to easily get additional information about selecting a partner company”	*1 = strongly disagree to 7 = strongly agree*	(Oh et al., 2009, p.116)
PRC 2. “Using the information technology system in the company enabled us to order and search for goods more conveniently”		
PRC 3. “Using the information technology system in the company enabled us to get difficult information more easily”		
PRC 4. “Using the information		

technology system in the company enabled us to compare goods more easily”		
Digital Infrastructures Use	Scale	Adapted from literature
DIU1 “digital infrastructures such as a website”	*1 = no effect at all to 7 = very large effect*	(Pergelova et al., 2019, p.23)
DIU2 “Digital infrastructures such as online orders option”		
DIU3 “Use of Information management systems such as customer relationship management”		

Appendix 2.4 Questions for the Construct of Home Environment Factors (Institutional pressure)

Overarching question: To what extent do you agree with the below statements when your company was first considering internationalisation to Country A?

Construct: Institutional Pressure	Scale	Adapted from literature
INP 1. Expectations “from the Indian government”		
INP 2. Expectations “from the company’s		

stockholders”	*1 = no effect at all to 7 = very large effect*	Cheng and Yu, 2008, p.339
INP 3. Expectations “from the company’s supplier”		
INP 4. Expectations “from the company’s current customers”		
INP 5. Expectations “from the company’s potential customers”		
INP 6. Expectations “from the union/employees”		
INP 7. Expectations “from interpersonal contacts (e.g., other CEOs)”		
INP 8. Expectations “from successful peers”		
INP 9. Expectation “from competitors”		
INP 10. Expectations “from the company’s board members”		
INP 11. “Uncertainty in local markets”		

Appendix 2.5 Question for the Construct of Internationalisation Intention

Overarching question: To what extent do you agree with the below statements when your company was first considering internationalisation to Country A?

Construct: Outward Internationalisation	Scale	Adapted from literature
DV We intended to internationalise at the time	*1 = strongly disagree to 7 = strongly agree*	Ciravegna et al., 2014, p.1084

Appendix 3: Characteristics of studies reviewed in the SLR

No.	Authors (surname/ year)	Source	Home Country	Host Country	Method	Industry	Dependent Variable (DV)
1	Deng and Zhang (2018)	JBR	China	Not Specified	Quantitative	Textiles, Garments, Chemicals, Plastics, Nonmetallic mineral products, Basic metals, Fabricated metal products, Machinery and equipment, Electronics, Motor vehicles,	1)International ized (the word propensity is used in hypothesis) 2)International isation growth

						Other manufacturing, Construction, Services of motor vehicles, Transportation, Wholesale, Retail, Hotel, Restaurant, Information technology	
2	Ciravegna et al (2014)	JBR	China	Not Specified	Qualitative	Textile	Internationalisation performance
3	Kujala and Tornroos (2018)	IMM	Ghana	USA	Qualitative	Clothing, Textile	Internationalisation (Internationalisation process)
4	Eddleston et al (2019)	JIBS	Germany, India, Bulgaria, Kazakhstan, Lithuania,	Not specified	Quantitative	Manufacturing	Internationalisation Propensity

			Poland, Romania, Russia, Serbia, Ukraine, Uzbekistan				
5	Chen et al (2014)	JSBM	Taiwan	Not specified	Quantitative	Cement, Foods, Plastic, Textile, Electric Machinery, Chemical, Iron and Steel and Electronics	Degree of internationalisation
6	Ibeh and Kasem (2011)	IMM	Syria	UAE, Russia, Arabic markets, Kuwait and Saudi Arabia	Qualitative	Software B2B (high technology sectors)	Internationalisation behaviour
7	Boehe (2013)	JSBM	South Brazilian	United States, France, United Kingdom, Germany	Quantitative	Furniture Manufacturing	1) Propensity to export 2) Export intensity

				and the Netherlands.			
8	Lo et al (2016)	MIR	Taiwan	China	Quantitative	Metal, Machinery, Information and electronics, Chemical, Textile and Food	Entry strategies
9	Ciravegna et al (2014)	JBR	Costa Rica, Italy	El Salvador, Austria and Chile	Mixed: we adopt an exploratory mixed method approach	Information technology	Internationalisation
10	Filatotchev et al (2009)	JIBS	Zhongguancun Science Park in China,	Not Specified	Quantitative	Electronics, Information technology, New medical technology, Bio-engineering, New materials sectors	1) Export orientation 2) Export performance
11	Tiwari and Korneliussen (2018)	IMR	Nepal	Germany ,USA, UK, Finland, New	Mixed approach	Handicrafts	Rapid internationalisation

				Zealand, China, Thailand, Taiwan, The Netherlands, Australia, Canada, Spain, Japan, Poland, India			
12	Gomes et al (2018)	IMR	Africa	Not specified	Quantitative	Food, Textile, Chemical, Plastic, Metal, Non-metal, Machinery, Other manufacturing sectors	Exporting behaviour
13	Puthusserry et al (2018)	IMR	India and Britain	British and Indian firms going to each other's market	Qualitative	Information technology	INVs international market expansion: Collaborative entry mode
14	Gimede (2004)	SBE	South Africa	Not Specified	Quantitative	Manufacturing	Export

15	Khemakhem (2010)	EJM	Tunisia	Not Specified	Quantitative	Manufacturing	Direct exporting vs Indirect exporting so export mode choice
16	Yi and Wang (2012)	IBR	China	Not specified	Quantitative	Not directly mentioned	Decision to export
17	Amoros et al (2016)	JBR	Chile, Latin America	Not Specified	Quantitative	Service and Manufacturing	Internationalisation
18	Musteen et al (2017)	MIR	US & South Korea	Not Specified	Quantitative	Business services, Life science, Manufacturing	Offshoring
19	Fabian et al (2009)	MIR	Colombia	Host country is not mentioned because the paper utilised a simple yes or no method	Quantitative	Not directly mentioned	Internationalisation

				to test if the firm had internationalised.			
20	Ciravegna et al. (2019)	JBR	Costa Rica	Not specified	MIxed	Information technology	Timing of internationalisation (early and late internationalisation)
21	Chen et al. (2015)	JBR	Taiwan	Not specified	Quantitative	Not mentioned	The dependent variable is the participants' decisions (international expansion: yes vs. no) in the industry.
22	Cardoz and Fornes (2011)	APJM	Ningxi, China	Europe and North America	Quantitative	Construction, Wholesale, Retail, Transportation, Postal Service, Accommodation,	Firms' export intensity at the regional, national, and international level

						Restaurant	
23	Cheng and Yu (2008)	IBR	Taiwan	Southeast Asia and China	Quantitative	Electronics, Textiles, Shoe-making, Food, Chemical, Machinery	Two different dependent variables were examined in this study: timing and the style in which internationalisation is initiated.
24	Zhao and Hsu (2007)	MIR	Taiwan	China	Quantitative	Manufacturing	1) Timing of investment 2) Resource commitment
25	Rahman et al. (2017)	IMR	Bangladeshi	Not Specified	Quantitative	Manufacturing and Service	Foreign market entry
26	Pergelova et al. (2019)	JSBM	Bulgaria	Not Specified	Quantitative	Production, Trade, Services, Construction	Export propensity
27	Hsieh et al (2019)	IBR	Arab Middle East, China,	Europe, North America, South &	Qualitative	Clothing, Software, Biotechnology	1) Earliness of internationalisation 2) Speed of

			Denmark, India, Poland & UK	Central America, MENA (Middle East & North Africa), Oceania, East & South East Asia, South Asia (India, Pakistan, Bangladesh), Sub-Saharan Africa.			deepening 3) Speed of geographic diversification
28	Nyuur et al. (2018)	IMR	Croatia	Not specified	Quantitative	Manufacturing, Tourism, Wholesale, Construction	1) Ex-post International Strategic Adaptiveness 2) Ex-post International Strategic Innovation
29	Sadeghi	IBR	Italy &	Italy and	Qualitative	Fashion,	Internationalis

	et al. (2019)		Iran	Iran		Manufacturing, Advisory, Health, Nutrition	ation of ventures
30	Miocevic and Morgan (2018)	IMR	Croatia	Not specified	Quantitative	Metal products and metallurgy, Engines and machinery, Pharmaceuticals, High-tech and electronics, Wood products, Chemical, Textile, Clothing, Leather, Paper, Food, Other non-metallic products, Manufacturing	Firm Growth
31	Felzenszstein et al (2015)	JSBM	Chile, Latin America	South America and Latin/ Caribbean, Europe, United	Quantitative	Mining, Food processing, Wine, Financial services, Software	Internationalisation Scope

				States, Canada, Asia.			
32	Di Gregorio et al (2009)	JIBS	New Mexico	China, Canada, South Korea, Germany, India, Singapore and Chile	Mixed	Manufacturing	1) Extent of internationalisation of sales 2) Scope of internationalisation of sales
33	Richardson et al (2012)	IBR	Malaysia	Not Specified	Qualitative	information technology	Firm internationalisation
34	Adomako et al (2017)	JIM	Ghana	Not Specified	Quantitative	Not directly mentioned	Degree of internationalisation
35	Suh and Kim (2014)	IBR	South Korea	Not Specified	Quantitative	Not directly mentioned	The dependent variable was the type of SME
36	Cheng and Lin (2009)	IBR	Taiwan	Malaysia and Vietnam	Quantitative	Textile, Shoe, Food, Electronics	Overseas performance of the

							stationed subsidiary
37	Acosta, et al (2018)	IBR	Mexico	North America, Central America, South America, Europe, Africa and Asia	Quantitative	Consumer goods and Services	International Performance
38	Durmuş oğlu, et al (2012)	IMM	Turkey	No specific host country. However, the respondents indicated a broad variety for their export markets such as Europe (69.5%), the Middle East (12.2%),	Quantitative	Food, Tobacco, Beverage, Textile, Clothing, Leather, Wood products, Paper, Printing, Petroleum and coal products, Chemical, Plastics and rubber products, Nonmetallic mineral products, Basic Metals, Fabricated metal product,	Export performance

				and North America (10.7%). Of the countries reported, Germany is the primary export country at 19.1%, followed by USA at 10.7%, and France at 9.9%		Machinery, Computer and electronic product, Electrical equipment, appliance, and component, Transportation equipment, Furniture and related product, Other miscellaneous	
39	Njinyah (2018)	IMR	Cameroon	African countries	Quantitative	Cocoa	Export performance
40	Kocak and Abimbola (2009)	IMR	Turkey	"16 EU countries " were mentioned but not named	Qualitative	Not directly mentioned	Performance of born global
41	Javalgi and	JBR	India	Not Specified	Quantitative	Manufacturing	Degree of internationalis

	Todd (2011)						ation
42	Ural (2009)	EJM	Hatay-Turkey	Not Specified	Quantitative	Consumer goods	1) Financial export performance 2) Strategic export performance 3) Satisfaction with export venture
43	Miocevic, D. (2011)	JSBM	Croatia	Not Specified	Quantitative	Recycling, Paper Products, Information and Communication Technologies, Industrial Materials and Components, Management Consulting, Electronics, Food Products, Construction and Engineering,	International Performance

						Furniture Manufacturing, Hotel, Wholesale, Footwear, Clothing, Ship building, Hygienic Goods, Publishing	
44	Johnson et al (2013)	JWD	Taiwan	China	Quantitative	Information technology	Performance
45	Nakos et al (2019)	IBR	UAE	Saudi Arabia, Qatar, Oman, Kuwait, India, Russia and Iraq	Quantitative	Textiles, Paper, Electronic, Other traditional manufacturing, Chemical, Transportation manufacturing. Professional services.	International performance
46	Oura et al (2016)	IBR	Brazil	Not specified	Quantitative	Manufacturing	Export performance
47	Zhou et al (2007)	JIBS	China	Not specified	Quantitative	Manufacturing	1) Firm performance (Export

							performance, Profitability performance, Sales performance) 2) Internationalisation orientation (Inward internationalisation, Outward internationalisation)
48	Barletta et al (2014)	ICC	Argentina	Not specified	Quantitative	Manufacturing	Export performance
49	Boso et al (2016)	JBR	UK, Ireland, Ghana, Bosnia, Herzegovina (B&H)	Not specified	Quantitative	Miscellaneous	Sales performance
50	Li et al (2019)	JWB	XUAR, China	Not specified	Quantitative	Agricultural, International services, International	Export performance

						trade, International logistics, Manufacturing, Construction	
51	Richardson (2014)	JWB	Malaysia	Turkey, Thailand, Indonesia, Qatar, Bahrain, UAE, Iran, Turkmenistan, and Uzbekistan.	Qualitative	Electronics	Firm internationalisation pattern
52	Obadia and Vida (2006)	JIM	Uruguay, Israel, Argentina, France, Switzerland, United Kingdom, Brazi, Colombia, Italy, Spain, United States,	Brazil, Spain, Argentina, France, Italy, Mexico, Sweden, and the United States.	Qualitative	Agricultural equipment, Electrical equipment, Household equipment, Biotechnology, Food, Hotel, Office equipment and Textiles	International market-entry failure

			Sweden & Mexico				
53	Nakos and Brouthers (2008)	JIM	Caribbean islands of Barbados, Dominica, Jamaica, Grenada, St. Lucia, and Trinidad and Tobago	Not specified	Quantitative	Textile, Chemical, Food processing, Building materials	Alliance performance
54	Oh et al (2009)	Technovation	Korea	Not specified	Quantitative	Manufacturing	Practical use and Continuous adoption

Appendix 4: Classification, frequency of key factors, and the source of studies

List of Variables	**Frequency**			**Articles**

	Pre-Internationalisation	**Post-Internationalisation**	**Both**	**Pre-Internationalisation**	**Post-Internationalisation**	**Both**
External Factors						
Networks	8	8	7	(A) Ciravegna et al (2014), Lo et al (2016), (B) Ciravegna et al (2014), Tiwari and Korneliussen (2018), Gomes et al (2018), Zhao and Hsu (2007), Musteen et al (2017), Puthusserry et al (2018)	Nyuur et al (2018), Felzensztein et al (2015), Suh and Kim (2014), Cheng and Lin (2009), Solano Acosta et al (2018), Nakos et al (2019), Nakos and Brouthers (2008), Ural (2009)	Kujala and Tornroos (2018), Ibeh and Kasem (2011), Filatotchev et al (2009), (A)Richardson et al (2012), Zhou et al (2007), Gimede (2004), Boehe (2013)
Home Institution Factors	4	3	3	Eddleston et al (2019), Yi and Wang (2012), Gomes et al (2018), Cheng and Yu (2008)	Njinyah (2018) Li et al (2019), Durmusoglu et al (2012)	Deng and Zhang (2018), Ibeh and Kasem (2011), Boehe (2013)

Institutional Differences Factors	6	2	-	Lo et al (2016), Fabian et al (2009), Cardoza and Fornes (2011), Rahman et al (2017), Khemakhem (2010), Cheng and Yu (2008)	Sadeghi et al (2019), Johnson et al (2013)	-
Market and Industry Characteristics	6	4	3	Chen et al (2015), Fabian et al (2009), Khemakhem (2010), Amoros et al (2016), Yi and Wang (2012), Lo et al (2016)	Johnson et al (2013), Suh and Kim (2014), Solano Acosta et al (2018), Javalgi and Todd (2011)	Oh et al (2009), Adomako et al (2017), Ciravegna et al (2019)
Culture	1	1	-	(B)Richardson (2014)	Li et al (2019)	
Internal Factors						
Firm-based						
	Pre-Internationalisation	**Post-Internationalisation**	**Both**	**Pre-Internationalisation**	**Post-Internationalisation**	**Both**

Ownership structure	**5**	**1**	**-**	Eddleston et al (2019), Chen et al (2014), Chen et al (2015), Yi and Wang (2012), Cardoza and Fornes (2011)	Kocak and Abimbola (2009)	**-**
Firm Size	**3**	**-**	**-**	Yi and Wang (2012), Amoros et al (2016), Musteen et al (2017)	-	-
Outward Looking Competences	**1**	**-**	**1**	Gomes et al (2018)	-	Deng and Zhang (2018)
Innovation & digital technology	**1**	**4**	**4**	Pergelova et al (2019)	Miocevic and Morgan (2018), Kocak and Abimbola (2009), Oura et al (2016), Suh and Kim (2014)	Hsieh et al (2019), Oh et al (2009), Filatotchev et al (2009), Barletta et al (2014)
Offshoring	**-**	**-**	**1**	-	-	Di Gregorio et al (2009)
Cost	**1**	**-**	**1**	Yi and Wang (2012)		Gimede (2004)

Human capital and productivity	**3**	**2**	**-**	Gomes et al (2018), Yi and Wang (2012), Musteen et al (2017)	Javalgi and Todd (2011), Cheng and Lin (2009)	-
Product	**2**	**1**	**1**	Eddleston et al (2019), Khemakhem (2010)	Boso et al (2016)	Ibeh and Kasem (2011)
Firm's capabilities, knowledge, orientation, processes and strategies	**8**	**10**	**2**	Amoros et al (2016), Puthusserry et al (2018), Musteen et al (2017), Pergelova et al (2019), Tiwari and Korneliussen (2018), Cardoza and Fornes (2011), Eddleston et al (2019), Khemakhem (2010)	Solano Acosta et al (2018), Kocak and Abimbola (2009), Miocevic and Crnjak-Karanovic (2011), Ural (2009), Nakos et al (2019), Boso et al (2016), Njinyah (2018), Miocevic and Morgan (2018), Suh and Kim (2014), Nakos and Brouthers (2008)	Filatotchev et al (2009), Hsieh et al (2019)

Endogenous Opportunism	**1**	**-**	**-**	Obadia and Vida (2006)		
Managerial-based						
Gender	**1**	**-**	**-**	Pergelova et al (2019)	-	-
Manager's perception, attitude, mindset, orientation and decision making	**2**	**1**	**4**	(A)Ciravegna et al (2014), Puthusserry et al (2018)	Oura et al (2016)	Kujala and Tornroos (2018), Deng and Zhang (2018), Filatotchev et al (2009), Ibeh and Kasem (2011)