



Three-tier SME internationalization process model: a Vietnam study on the relationship between managerial capacity, innovation strategies and technological and innovation leadership

Christopher Selvarajah^{a,b}, Suku Sukunesan^c and Denny Meyer^d 

^aSchool of Business, Law and Entrepreneurship, Swinburne University, Melbourne, Australia; ^bFaculty of Business and Management, UCSI University, Kuching, Malaysia; ^cActivator, RMIT University, Melbourne, Australia; ^dSchool of Health, Swinburne University, Melbourne, Australia

ABSTRACT

Drawing on the strategic capacity-building perspective, we examine the mediating roles of three innovation strategies, i.e. export formalization, foreign business networking, and proactive competitiveness between managerial capacity and technological and innovation leadership in SME internationalization. Employing a sample of 900 Vietnamese SMEs, we found support for a three-staged internationalization process models allowing for SMEs that export, SMEs with plans to export, and SMEs with no-plans to export. With the identification of the three SME stages, the emphasis on the internationalization process shifts from export performance perspectives to leadership, and this shift has theoretical and practical implications for current knowledge about the SME internationalization process.

ARTICLE HISTORY

Received 4 October 2022
Accepted 7 March 2023

KEYWORDS

Export readiness; SME development; internationalization; technological innovation

Introduction

Small- and medium-sized enterprise (SME) internationalization studies have attracted the interest of researchers because SMEs are seen as an important vehicle for economic growth (Albaz et al. 2020). Prior studies have acknowledged the merits of SMEs for export performance after internationalization (Sadeghi, Aliasghar, and Bouguerra 2022; Boso et al. 2018). However, remarkably little attention has been devoted to pre-entry dynamics of SME internationalization (Freixanet and Renart 2020). The literature acknowledges the speed of internationalization post-entry, but even in this field, attention to the transformational mechanisms that enable performance outcomes is lacking (Sadeghi, Aliasghar, and Bouguerra 2022). This paper examines the merits of pre-entry export readiness and the transformational mechanism that enable internationalization. Although there is a considerable body of evidence supporting factors distinguishing SMEs that are exporters from non-exporters (e.g. Gkypali, Love, and Roper 2021; Bianchi 2019), there is a paucity of studies that investigate the 'nature of the process that allows small firms to move from focusing on domestic markets to becoming export capable' (Gkypali, Love,

and Roper 2021, 486). These authors have also suggested that there is a gap in the process approach as studies have concentrated on exporters and non-exporter differentials but have neglected a third intermediate category – the export capable firms. Concentration on exporting firms as opposed to focusing on the pre-exporting phase and the antecedents of export readiness is also questioned by Gerschewski, Scott-Kennel, and Rose (2020). These authors are of the view that answers to the questions ‘How do such firms know when they are ready to export? What determines their export readiness? Is being export-ready linked to stronger export performance?’ (p.1253) are rarely answered in the literature. Thus, the lack of research into the mechanics of the pre-exporting phase is the first deficit or gap that this paper will address.

Effective managerial leadership based on current technological and innovation knowledge is viewed as necessary to engage in the internationalization process (Nguyen et al. 2021; Ngibe and Lekhanya 2019; Kungwansupaphan and Siengthai 2014; Ryan and Tipu 2013). This paper addresses this issue of SMEs with plans to export and SMEs with no-plans to export, addressing a second gap in the literature.

In this paper, we suggest that for SMEs to explore and commit to internationalization, whether it is pre- or post-entry internationalization, the firms must have technological confidence (Faulks et al. 2021), knowledge (Hånell et al. 2020) and expertise (Rezaei et al. 2021). Innovation strategies and leadership skills to manage transition are thus necessary to leapfrog from being domestic to an international firm. This paper is therefore about identifying the stages through which SMEs evolve when enabling internationalization and the importance of T&I Leadership during this process.

In the extant literature, managerial determinants are referenced as the factors that influence the decision-making and behaviours of managers and studied extensively (Yan, Wickramasekera, and Tan 2018). These determinants can include organizational culture, organizational structure, resources available to the manager, and external factors such as industry trends and regulations. In this paper, we use managerial capacity rather than managerial determinants, though both are related concepts in the context of organizational management, as they refer to different aspects of management and leadership. Whilst managerial determinants refer to determinants or factors that influence decision-making, managerial capacity refers to a person’s ability to effectively manage resources and make sound decisions to achieve organizational goals and objectives (OECD 2009). It encompasses a variety of skills and competencies, such as leadership, strategic thinking, communication, and problem-solving. The level of managerial capacity can impact the success of an organization and its ability to grow and thrive in a competitive environment. It explains how firm leaders can steer the company in the directions of internationalization safely taking the firm to the next level(s).

In this paper, we also explore SME readiness for internationalization in the context of innovation strategies in Vietnam, where they are seen as mediating factors between managerial capacity (MC) and T&I leadership. We propose that MCs do not directly influence internationalization of SMEs. Instead, they have an indirect effect mediated by innovation strategies and T&I Leadership.

It is in this context that we seek answers as to how and why SMEs will consider internationalization? What managerial capacity (MC) or resources will provide support, or address barriers that deter this process? In particular, what remedial actions, such as training, need to be considered?

The Vietnam Project

To enable best practice, a series of research endeavours were instituted in the Vietnam Project that was funded by the Australian Department of Foreign Affairs and Trade. The main objective of the Vietnam Project was to develop the human resource capabilities of SMEs in the Socialist Republic of Vietnam, delivering capacity to accelerate SME internationalization. The research spanned 30 months with group interviews (see Sukunesan, Selvarajah, and Mellstrom 2020), focus groups (see Selvarajah, Le, and Sukunesan 2019) and case studies (see Selvarajah et al. 2014) in addition to a nationwide empirical survey as reported in this paper. The empirical survey covered the period 2015 to 2016 and analysis commencing in 2017. We believe the data are still highly relevant for the model-building exercise undertaken in this paper. The approach taken in this paper is a systematic process of SME internationalization model building for helping SMEs expand their operations internationally. The contextual nature of the environment is stable and the process aspects in the models developed are mechanical in nature.

The Project period was divided into two phases. Phase 1 contained the qualitative research to identify training needs and Phase 2 contained the quantitative research on SME internationalization and the training of the Vietnamese Agency for Entrepreneurial Development (AED) identified SME consultants.

In the first phase of the Project, a comprehensive examination of the organizational characteristics associated with successful export performance in Vietnam was conducted, utilizing extant literature, identification of training needs through focus groups, case studies and case histories. The first phase was explorative, identifying the drivers and inhibitors of export performance and international engagement of SMEs in the Socialist Republic of Vietnam. Based on the qualitative results, we identified a gap or a stage that was missing in the extant literature – the export capable firms (Gkypali, Love, and Roper 2021). Extant literature recognized only exporters and non-exporters as the two main SME groups, ignoring non-exporters who were export capable.

In the second phase, based on the knowledge gathered from the qualitative studies and literature, a questionnaire for the nationwide survey was developed with specific objectives and questions. This questionnaire was administered in three regions: North, Centre and South Vietnam with Hanoi, Danang and Ho Chi Min City as the commercial hubs.

Strategic capacity-building perspective

The underpinning theory in this paper is the strategic capability-building perspective; it is a way of thinking about how an organization can develop and leverage its capabilities to achieve its strategic goals and objectives. This view is similar to Ku and Yuen-Tsang (2013, 1) where they express capacity-building as ‘Activities that strengthen the knowledge, abilities, skills and behavior of individuals, and improve institutional structure and processes, so that the organization can efficiently meet its goals in a sustainable way’. Capacity building in the extant literature is viewed both as a process and an outcome (Jensen and Krogstrup 2017). However, having a dual-purpose, defining capacity-building becomes a problem. As an improvement process, capacity building focuses on the actions and interactions of an organization and its employees to seek their full potential (Brix

2018; Honadle 1981). As an outcome, the capacities of an organization are improved because of the capacity-building process (Jensen and Krogstrup 2017). In this paper, we have adopted capacity-building as a process, and we look at it from a strategic perspective that brings long-term benefits to the organizations.

Thus, capacity-building of SME internationalization, from a strategic perspective, involves considering an organization's capabilities as a key factor in determining its competitive advantage, and actively working to develop and enhance these capabilities to achieve entry into the international market space.

From a strategic capacity-building perspective, an organization will focus on identifying and developing its core competencies, which are the unique capabilities that differentiate it from its competitors. This may involve acquiring new resources or capabilities (Ying, Hassan, and Ahmad 2019), investing in training and development for employees (Karim 2019), and allocating resources (Cao, Criscuolo, and Autio 2016) to support these efforts.

The strategic capacity-building perspective also involves considering the external environment in which the organization operates (Mohannak 2007) and adapting its capabilities and strategies as needed to stay competitive (Vanpoucke, Vereecke, and Wetzels 2014). This may involve responding to changes in customer demand, technological advances, or shifts in the markets.

Overall, the strategic capacity-building perspective emphasizes the importance of actively managing and developing an organization's capacities to achieve success in the long term.

SME internationalization

Studies in internationalization of SMEs have grown in popularity in recent years (Sukunesan, Selvarajah, and Mellstrom 2020) and seem to provide a bridge between international business studies and studies in entrepreneurship and small business (Galkina and Chetty 2015; Coviello, McDougall, and Oviatt 2011). Accessibility to strategic resources is seen as one of the main differences between Multinational Enterprises (MNEs) and SMEs, where SMEs have difficulties in building up a portfolio of strategic resources, which makes their achievement of international success more difficult (Fernández and Nieto 2006).

In international business studies, boundary conditions are necessary to establish subject relevancy (Meyer and Peng 2016). In international business studies, the nation-state is chosen (JIBS 2022), similarly in this paper, the nation-state (Vietnam) is important in SME internationalization as it plays a crucial role in shaping the environment in which SMEs operate and internationalize, and it is important for SMEs to be aware of and understand the impact of nation-states on their international business activities. In keeping with current knowledge on SME internationalization, initially only current and potential exporters were investigated in the Vietnam Project and reported in the Selvarajah, Le, and Sukunesan (2019) study. The study reported on 46 Vietnam SMEs that participated in the six focus groups. However, in analysing the feedback from the focus groups, there was clear evidence that the responses from potential exporters were not homogeneous and that a new category, export-capable firms, was emerging. Based on this knowledge, in the development of the nationwide survey

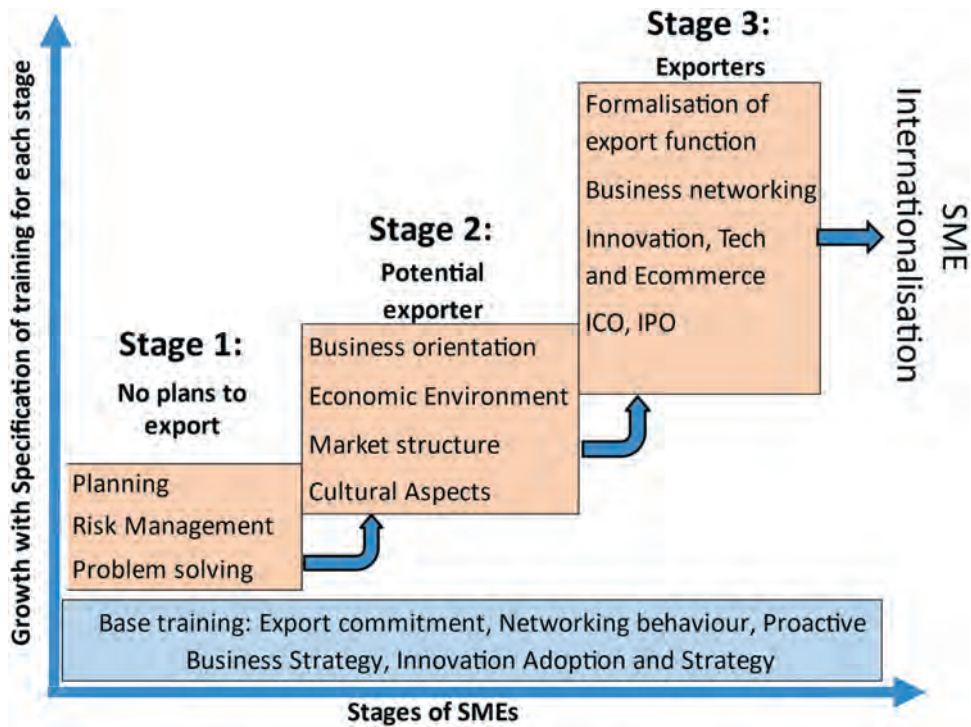


Figure 1. Three-stage process model for SME internationalization. (adopted from Sukunesan, Selvarajah, and Mellstrom 2020).

covering North Vietnam and Hanoi district, Central Vietnam and Danang district, and South Vietnam and Ho Chi Minh City district, a new category, potential exporters (export-capable firms) was included. Thus, in the Vietnam Project's national quantitative survey there were three categories of SMEs: no-plan to export, potential exporters, and exporters.

In recognizing the importance of providing appropriate support for SME growth, Sukunesan, Selvarajah, and Mellstrom (2020) adopted the Selvarajah, Le, and Sukunesan (2019) suggested three-stage approach, where resources and capabilities are associated with SME internationalization using Instagram (see Figure 1). Their research for developing the 3-tier framework was based on the analysis of six focus groups across Vietnam and was developed as a conceptual model in their paper to support resources and capacity building within each of the three stages.

In this paper, we empirically test the assertion of the three-stage SME internationalization observed in the focus groups and initiated in the Vietnam Project's nationwide survey and Gkypali, Love, and Roper (2021) assertion of the missing stage 'export-capable SMEs'. To capture the multidimensionality and dynamics of SME readiness to internationalize, we propose that:

H1. In Vietnam, SME preparedness for internationalization has three stages or tiers: no-plans to export, plans to export, and exporters.

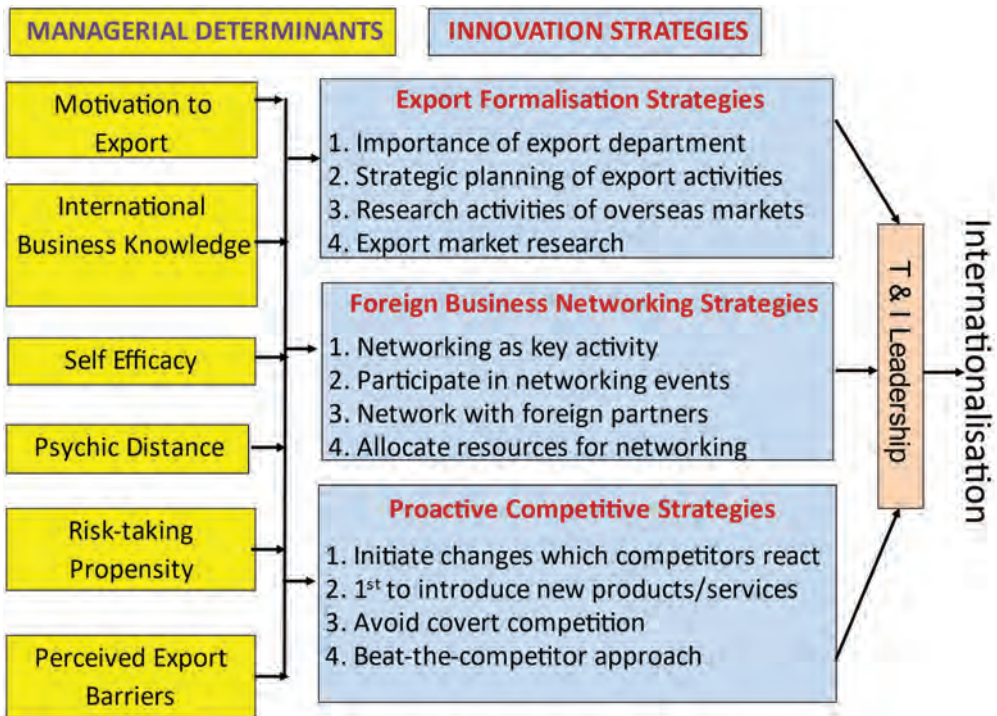


Figure 2. Innovation strategies in SME internationalization conceptual framework.

In conceptualizing strategic capability-building perspective, the study draws on the contingency framework (Beleska-Spasova 2014), resource-based view that seeks to understand why firms grow and diversify. This resource-based view emphasizes the use of managerial resources as a primary driver of growth (Krammer, Strange, and Lashitew 2018), together with a market-based view that emphasizes the role of market conditions in developing growth strategies for the firm (Molloy and Barney 2015) to provide a holistic understanding of the following research question: ‘What are the MCs that impact on the readiness of Vietnamese SMEs to internationalise?’ In this research, we see innovation strategies and T&I Leadership as contributors to SME readiness. In the conceptual framework in Figure 2, we illustrate this relationship and provide a discussion on the constructs included.

Independent variables

In this study, we have categorized internal factors as MC consisting of Motivation to export (Yan, Wickramasekera, and Tan 2018), International Business knowledge (Sadeghi et al. 2019), Self-efficacy (Nuryyev et al. 2020; Bashawir, Kaliappen, and Jermittiparsert 2019; Bandura 1995), psychic distance (Yan, Hu, and Liu 2020; Sousa and Bradley 2005), and Risk taking propensity (Rua, França, and Fernández Ortiz 2018).

Motivation to export

Motivation is in general an essential antecedent for entrepreneurial action (Yan, Wickramasekera, and Tan 2018; McMullen and Shepherd 2006). In particular, it is a key antecedent to internationalization actions and directly influences post-entry international growth (Srimulyani and Hermanto 2022; Kiss, Williams, and Houghton 2013). Managers who have a desire to achieve business goals and higher competitiveness in the market stimulate a firm to consider internationalization (Tan et al. 2007). Similarly, our findings support the view that motivation to export is one of the main factors positively related to innovation strategies in the case of potential SME exporters in Vietnam.

International business knowledge

Knowledge is one of the most significant factors affecting any firm that seeks to do business abroad and contributes to firm success in foreign markets (Alinasab et al. 2022). Accordingly, managers who have more knowledge about international business conditions are more prepared to utilize international opportunities (Tolstoy et al. 2021). This knowledge provides valuable insight into exploring international business opportunities (Sadeghi et al. 2019). Abubakari et al. (2022) examined the relationship between foreign market knowledge and export performance for entrepreneurial firms in Ghana finding that foreign market knowledge is positively related to the performance of internationalization. As expected, our findings also support the view that international business knowledge is one of the main factors positively related to innovation strategies in the case of exporting SMEs in Vietnam.

Self-efficacy

Self-efficacy refers to the belief in one's capacity to execute essential behaviours to achieve particular performance attainments (Srimulyani and Hermanto 2022; Bandura 1986). Srimulyani and Hermanto (2022) argued that perceptions of entrepreneurial self-efficacy and outcome expectations assist firms in establishing programmes and plans which can strengthen internationalization intentions. Acedo and Galán (2011) indicate that long-term efficacy could be augmented by more positive attitudes towards internationalization. Fesharaki (2019) found that the owner-manager's lack of passion (equated with self-efficacy) was a major barrier in internationalizing of their business. In our study, self-efficacy reflects how confident managers are about engaging in export activities.

Psychic distance

Differences between the home and host markets pose significant obstacles to internationalization (Ciszewska-Mlinaric, Obloj, and Hülsdau 2019). O'grady and Lane (1996) define psychic distance as 'a firm's degree of uncertainty about a foreign market, resulting from cultural differences and other business difficulties, that present barriers to learning about the market and operating there' (p. 330). Differences in culture, language, religion, lifestyle, educational and political systems are

examples of factors that impact on psychic distance. Though psychological distance has gained extensive acknowledgement as a predictor of export behaviour (Ciszewska-Mlinaric, Obloj, and Hülsdau 2019), effects of psychic distance on consumer decision-making continue to grow increasingly nuanced (Maglio 2019) and cannot explain internationalization (Safari and Chetty 2019). This is so because people at times benefit from seeing things as near and at other times benefit from seeing things as far away. Technological advances have added to this nuance (Cui et al. 2020).

Risk-taking propensity

Sitkin and Pablo (1992, 10) conceptualize risk as 'the extent to which there is uncertainty about whether potentially significant and/or disappointing outcomes of decisions will be realised'. The risk-taking propensity of a manager addresses the general tendency to take or avoid risks (Yusoff et al. 2021). There is strong empirical support for a positive relationship between the risk-taking propensity of entrepreneurs and internationalization (Yusoff et al. 2021; Welch et al. 1998). For instance, Wiedersheim-Paul, Olson, and Welch (1978) found that risk tolerance of entrepreneurs is positively related to propensity to internationalize. Risk-taking entrepreneurs are more likely to seek export opportunities than risk-averse entrepreneurs (Khalid 2020). The author suggested that risk-taking behaviour has a positive effect on the firm's entrepreneurial orientation.

Dependent variable

Technological and innovation leadership

Considering the importance of human agency in organizational development, several studies have examined leadership as an important agent for performance (Oluwafemi, Mitchelmore, and Nikolopoulos 2020). Ryan and Tipu (2013) have highlighted that leadership has a strong and significant positive effect on innovation propensity whilst innovation is adversely affected by a lack of educated leadership (Ngibe and Lekhanya 2019). Clearly, these studies have indicated the importance of T&I Leadership in SME performance and growth in the internationalization of SMEs.

In this paper, we define technological and innovation leadership as a process that involves a combination of technological expertise and a focus on continuous improvement and innovation, which can help an SME stay competitive and adapt to changing market conditions. As globalization intensifies and is led more by technological and innovation improvements, a company's dynamic capability relies on its ability to use and drive technology (Cortellazzo, Bruni, and Zampieri 2019), to foster a culture of innovation (Chassagnon and Hamed 2015), and to stay ahead of competition.

Innovation strategies mediate between MC and T&I leadership

In a technologically driven global economy, and an increasingly competitive business environment, adopting innovation strategies has become vital for firm performance, growth and long-term survival (Oluwafemi, Mitchelmore, and Nikolopoulos 2020).

In the Conceptual Framework (Figure 2), based on extant literature, we highlight the importance of internal factors (e.g. managerial and organizational attributes) as resources to enable export readiness. Therefore, for internationalization to occur, we propose that internal export stimuli (Gerschewski, Scott-Kennel, and Rose 2020) are established as antecedents of export readiness. To do so, we have identified a formalization of the export function (Gerschewski, Scott-Kennel, and Rose 2020; Stoian, Dimitratos, and Plakoyiannaki 2018), foreign business networking (Hilmersson, Johanson, and Lundberg 2020; Karami and Tang 2019), and proactive competition strategies (Gancarczyk and Gancarczyk 2018), as internal export stimuli. These export stimuli will have to be institutionalized by managers who are capable of technological and innovative leadership (Lukoschek et al. 2018). We therefore propose that innovation strategies will mediate between the internal factors and T&I Leadership.

Based on the above rationale, the following innovation strategies are discussed as mediating constructs, and corresponding hypotheses are proposed.

Formalization strategies

Studies suggest that pre-exporting preparation contributes to export readiness (Gerschewski, Scott-Kennel, and Rose 2020), whilst lack of planning undermines export readiness. Gerschewski, Scott-Kennel, and Rose (2020) found that formalization of export activities is positively related to export readiness. Formalization strategies in SME internationalization refer to the processes and actions that SMEs undertake to standardize and formalize their business practices, processes and systems in order to effectively operate and manage their international operations. Managerial commitment and devoting resources to formalizing export-related activities prepares SME organizational structure for exporting. Thus, in this paper, we propose that having an export department, planning exporting activities and researching potential overseas markets, is important for formalization strategies to achieve SME internationalization.

H2. For SME internationalization to occur, Export Formalization Strategies will mediate between MC and T&I Leadership

Foreign business networking strategies

The importance of foreign business networks prior to internationalization has seldom been considered in the extant literature (Gerschewski, Scott-Kennel, and Rose 2020; Karami and Tang 2019). As effectiveness of outward internationalization depends on prior experience, Gerschewski, Scott-Kennel, and Rose (2020) suggest that firms gain experiential knowledge through networking with inward foreign supplier networks. Thus, inward activities and the network connections are important preparatory steps for outward internationalization of SMEs. What is emphasized is that for internationalization to occur, pre-exporting SMEs should promote networking as a key activity, proactively engage with existing or potential foreign business partners, participate in networking events, and allocate budgets and resources for foreign business development. Building these resources is therefore associated with proactive managerial leadership behaviour.

H3. For SME internationalization to occur, Foreign Business Networking Strategies will mediate between MC and T&I Leadership

Proactive competitive strategies

SMEs have increasingly been seen as engaging in international markets, proactively engaging and exploiting opportunities in foreign markets that were once the domain of multinational companies (Gancarczyk and Gancarczyk 2018). Proactive competitive strategies, as opposed to reactive strategies, are found to be more sustainable and successful in internationalization (Nguyen and Adomako 2021). Thus, in this paper, to achieve internationalization, SMEs pursue proactive competitive strategies that entail initiating change, leading competitors to react, leading in introducing new products/services, avoiding over competition and adopting a beating competitor approach. These competitive strategies can help SMEs differentiate themselves from their competitors, gain competitive advantage, and succeed in their target international markets. Based on this rationalization, the following hypothesis is forwarded for testing.

H4. For SME internationalization to occur, Proactive Competitive Strategies will mediate between MC and T&I Leadership

Research methodology

The purpose and design of the study was to have a balanced sample distribution across the three regions of Vietnam and gender. We sought a balanced sample distribution of the main regions: North Vietnam with Hanoi as the main city, Central Vietnam with Danang as the main city and South Vietnam with Ho Chi Minh as the main city. A survey questionnaire for this research was developed from existing constructs in the literature. The questions and responses of this paper do not specifically address the exporting of the SMEs and performance but the readiness strategies of the SMEs in seeking internationalization of their businesses.

The selection of the sample population was a joint effort between the Agency for Enterprise Development (AED), of the Vietnam Ministry of Finance and Planning and the researchers. From the list of registered SMEs with the AED, a randomly selected 1800 sample of SMEs, 600 from each region, was forwarded to the researchers by AED officials for approval. These were checked and found to be suitable. The research team divided the sample into SMEs exporting (40%), and potential exporters who have intentions to export but were not currently exporting (60%). The SMEs who had no intention to export were dropped. A joint letter from the researchers and AED inviting to participate was sent to the 1800 identified SMEs. However, due to budget constraint, the project identified only a final 900 individual SMEs for participation (300 from each region) from the initially approved list of 1800 SMEs. A consulting company was engaged to roll out the survey questionnaire on a one-to-one basis with the respondents, with specific instructions to stop at 900 responses. We sought and achieved a culled breakdown of 40% exporting SMEs and 60% potential export SMEs. Of the 60% potential exporters, 32% had no plans to export, and 28% had plans to export. Of the 901 responses received, 900 were useable.

As stated, the items included in the questionnaire were developed from existing scales found in the literature. An exploratory factor analysis was conducted using all the items

which were measured on a 7-point Likert agreement scale. The principal axis method was used with an oblimin rotation. Ten factors emerged (Horn 1965) when a cut-off loading of 0.4 was applied (Howard 2015). Possibly the most popular cut-off for 'good' factor loadings onto a primary factor is 0.40, but other authors have proposed values of 0.30 (Costello and Osborne 2005). A loading of 0.36 was retained because of obvious face validity and to ensure more than two items for the Positive Self-Efficacy construct. See Table A2. For example, the factor that measured export formalization strategies consisted of three items: (1) strategic planning of the export activities is important for export performance, (2) research activities on the overseas markets are important for export performance, and (3) regular export market research is important for export performance. Averaged scales were calculated for each of these 10 factors with values of Cronbach's alpha exceeding 0.6 in all cases (see Table 1), suggesting reasonable reliability for an exploratory study such as this (Hair et al. 2018). A confirmatory factor analysis also confirmed a good fit for this measurement model (RMSEA=.050, CFI=.913) according to Byrne (2016).

The conceptual framework in Figure 2 is a refined model providing scope for the constructs to be tested in this paper.

Results

Table A1 in the Appendix shows the demographic statistics for the study. Most of the participants were classified as rural (64.3%) and 35.7% as urban, 33.4% for the northern region, 28.4% for the central region and 38.1% for the southern region. Significant relationships with export activity were found for both these location variables. Urban participants and participants located in the southern region were most likely to be current exporters, while participants who were planning export activities for the future were more likely to be rural than urban and most likely to reside in the northern region. Most SMEs represented the manufacturing sector (56.7%) with 32.2% within the service sector and 10.8% in the construction sector.

The individuals who participated in the SME survey held managerial positions and had the authority to make decisions within the organization. The respondents were usually a manager (42.9%) rather than an executive (9.8%), with CEOs also more common (30.7%). 16.6% were classified as 'Others' and these were mainly senior family members designated by the CEOs. The majority of the CEOs or owners were men (85.2%), and they were usually under the age of 46 (61%). Most (64.9%) had an undergraduate degree, but 15.9% had a postgraduate degree. Most had been in this position for more than 10 years (43.4%).

Most of the SMEs employed less than 50 people (48.4%). Slightly less than half (42.1%) of the SMEs had net annual sales of less than 1 million USD and more than half (50.6%) had net sales of between 1 million and 15 million USD for the last accounting year. Most of these SMEs (90.6%) did not employ foreign workers. The characteristics of the SMEs did differ significantly depending on the export activities undertaken by the SME.

The correlations between the average scales, although mostly weak, were both positive and generally significant. Moderate strength correlations were observed in the case of the associations for Foreign Business Networking Strategies with Export Formalization Strategies ($r = 0.573$), and Proactive Competitive Strategies with Technological and Innovative Leadership and Risk Taking ($r = 0.497$).

Table 1. Correlations and descriptive statistics for scales.

	1	2	3	4	5	6	7	8	9	10
1. Motivation to Export	1	.302**	.087**	-.054	.156**	.255**	.131**	.395**	.362**	.207**
2. International Business Knowledge	.302**	1	.109**	.254**	.127**	.191**	-.049	.285**	.247**	.325**
3. Positive Self-Efficacy	.087**	.109**	1	-.019	.261**	.250**	-.025	.107**	.134**	.208**
4. Lack of Self-Efficacy	-.054	.254**	-.019	1	-.140**	-.090**	-.230**	.246**	.076*	.322**
5. Export Formalization Strategies	.156**	.127**	.261**	-.140**	1	.573**	.084*	.071*	.222**	.046
6. Foreign Bus Networking Strategies	.255**	.191**	.250**	-.090**	.573**	1	.044	.127**	.273**	.154**
7. Psychic Distance	.131**	-.049	-.025	-.230**	.084*	.044	1	-.049	.090**	-.189**
8. Proactive Competitive Strategies	.395**	.285**	.107**	.246**	.071*	.127**	-.049	1	.564**	.497**
9. T&I Leadership	.362**	.247**	.134**	.076*	.222**	.273**	.090**	.564**	1	.261**
10. Risk Taking	.207**	.325**	.208**	.322**	.046	.154**	-.189**	.497**	.261**	1
Mean	5.38	4.14	5.35	2.69	5.52	5.46	5.11	4.49	4.99	4.43
Std Dev	.98	1.11	.84	1.19	.90	.85	1.04	1.09	1.12	.88
Cronbach α	.807	.887	.569	.853	.768	.802	.811	.774	.823	.632

* $p < .05$, ** $p < .01$.

A Multivariate General Linear Model Analysis based on these 10 scales (see Table 2) showed significant differences across region ($F(50,4003) = 16.8, p < .001$, partial eta-squared = .159), industry ($F(20,1754) = 2.30, p = .001$, partial eta-squared = .026) and export situation ($F(20,1745) = 8.77, p < .001$, partial eta-squared = .091). The follow-up ANOVA tests considered in Table 2 show significant differences between the three types of SME for all scales except Psychic Distance, however all the effect sizes are small except for International Business Knowledge. Post Hoc tests confirm that exporting SMEs have significantly more international business knowledge than SMEs that plan to export, who in turn have greater international business knowledge than those who have no-plans to export.

Table 3 shows only a few significant industry differences and the effect size for all these differences is very small.

Table 4 shows significant differences across locations for all the scales except psychic distance. In this case, most of the effect sizes are large. The differences can be attributed solely to a regional effect or to an urban/rural effect. However, the three cities do seem to take turns in being ranked top. Ho Chi Minh City scores highest for Motivation to Export, Proactive Competitive Strategies, T&I Leadership and Risk-Taking, while Danang scores highest on Self-efficacy, Export Formalization Strategies, and Foreign Business Networking Strategies, and Hanoi scores highest on International Business Knowledge.

Table 2. Marginal means for scales by export situation.

	Marginal Means			F (2,886)	p-value	Partial eta-squared (η^2)
	No-plans to Export	Plans to Export	Exporter			
1. Motivation to export	4.94	5.28	5.43	20.365	.000	.044
2. International Bus. Knowledge	3.78	4.01	4.61	45.371	.000	.093
3. Positive Self-Efficacy	5.24	5.60	5.43	11.151	.000	.025
4. Lack of Self-Efficacy	2.73	2.49	2.90	9.014	.000	.020
5. Export Formalization Strategies	5.42	5.54	5.71	7.509	.001	.017
6. Foreign Bus Networking Strategies	5.32	5.54	5.72	17.822	.000	.039
7. Psychic Distance	5.02	5.01	5.01	.015	.985	.000
8. Proactive Competitive Strategies	4.08	4.33	4.49	12.428	.000	.027
9. T&I Leadership	4.62	4.83	5.41	19.184	.000	.042
10. Risk Taking	4.24	4.44	4.52	7.592	.001	.017

Table 3. Marginal means for scales by industry.

	Marginal Means			F (2,886)	p-value	Partial eta-squared (η^2)
	Manufacturing	Services	Construction			
1. Motivation to export	5.32	5.29	5.04	3.700	.025	.008
2. International Bus. Knowledge	3.96	4.24	4.20	6.334	.002	.014
3. Positive Self-Efficacy	5.30	5.47	5.51	4.739	.009	.011
4. Lack of Self-Efficacy	2.57	2.76	2.80	3.136	.044	.007
5. Export Formalization Strategies	5.57	5.58	5.53	.113	.893	.000
6. Foreign Business Networking Strategies	5.49	5.58	5.51	1.338	.263	.003
7. Psychic Distance	5.16	5.00	4.88	3.511	.030	.008
8. Proactive Competitive Strategies	4.27	4.43	4.20	3.534	.030	.008
9. T&I Leadership	4.80	4.91	4.88	1.100	.333	.002
10. Risk Taking	4.34	4.51	4.35	3.694	.025	.008

Table 4. Marginal means for scales by location.

	Marginal Means						F (2,886)	p-value	Partial eta-squared (η^2)
	Hanoi	Da Nang	Ho Chi Minh City	North Region	Central Region	South Region			
1. Motivation to export	5.091	4.515	5.601	5.441	5.115	5.533	18.957	.000	.097
2. International Bus. Knowledge	4.613	3.685	4.229	4.44	3.72	4.117	16.684	.000	.086
3. Positive Self-Efficacy	5.155	5.651	5.451	5.482	5.548	5.249	6.441	.000	.035
4. Lack of Self-Efficacy	3.682	1.917	3.014	2.635	2.42	2.561	32.306	.000	.154
5. Export Formalization Strategies	5.179	6.041	5.719	5.504	5.578	5.318	11.680	.000	.062
6. Foreign Bus Networking Strategies	5.119	6.096	5.93	5.405	5.212	5.389	27.351	.000	.134
7. Psychic Distance	4.937	4.805	5.033	5.007	5.146	5.144	1.708	.130	.010
8. Proactive Competitive Strategies	4.533	2.755	4.979	4.565	4.335	4.634	51.641	.000	.226
9. T&I Leadership	5.026	3.49	5.752	5.085	4.846	4.989	46.374	.000	.207
10. Risk Taking	4.555	3.916	4.745	4.581	4.134	4.452	14.501	.000	.076

These results reflect the contextual and cultural perspectives of the regions (Selvarajah and Meyer 2020). Ho Chi Minh City is a highly entrepreneurial region and engaged globally, whilst Hanoi is viewed as the socialist heart of Vietnam. Danang is a fast-growing region economically in Vietnam and highly engaged (Selvarajah, Le, and Sukunesan 2019) and SMEs in Danang scoring highest for self-efficacy is expected.

Structural equation modelling

The following model (Figure 3) was fitted for all 900 SMEs the stronger links ($\beta > 0.3$) bolded. This model suggests that a stronger motivation to export and a greater willingness to take risks are associated with more Proactive Competitive Strategies resulting in a more T&I Leadership. Also of interest is the strong relationship between Export Formalization Strategies and Foreign Business Networking Strategies. This model describes the data well (Normed Chi-Square = 1.927, TLI = .972, CFI = .990, RMSEA = .032). However, it explains only 38% of the variation in T&I Leadership, 36% of the variation in Proactive Competitive Strategies and Foreign Business Networking Strategies and only 10% of the variation in Export Formalization Strategies. Standardized weights (β) of above 0.3 are bolded to emphasize paths with at least moderate effect sizes (Ben-Shachar, Ludecke, and Makowski 2020).

The standardized weights of this model (β) were found to depend on export activity, as shown in Table 5. The R-Square values show that 23% of the variation in Export Formalization is explained by MCs for current exporters, with much lower R-square values for other SMEs. However, MCs do help to explain Proactive Competitive Strategies, for all SMEs, especially in the case of those with no plan to export (R-square = 48%).

Foreign Business Networking Strategies are well explained by Export Formalization for all SMEs ($\beta = 0.55$), especially in the case of those that are already exporting. Finally, T&I Leadership is well explained by Proactive Competitive Strategies for all SMEs ($\beta = 0.51$), especially in the case of those that currently export and those that have no plan to export.

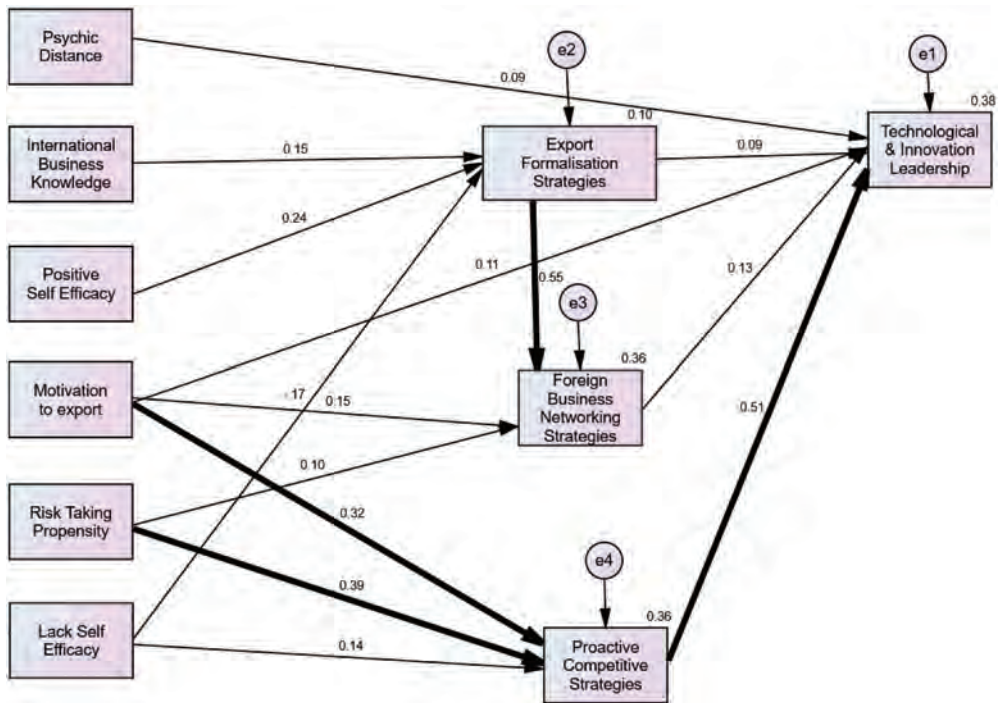


Figure 3. Structural model for the effect of MC on export formalization and proactive competitive strategies (loadings above 0.3 bolded). * $p < .05$, ** $p < .01$, *** $p < .001$

When the three groups of SMEs are compared, significant differences are found in the weights (Chi-Square = 107.2, $df = 28$, $p < .001$). H1 is thus moderately supported ($\eta^2 = .091$). Statistical support for H2 to H4 is found in Tables 6 and 7.

In this paper, we set out to empirically test the internationalization process that SMEs in Vietnam take. In Vietnam, based on resources and capabilities, SME preparedness for internationalization has three categories: SMEs with no-plans to export, SMEs who have plans to export and SMEs who are exporters. We will explain these effects in the following sections as they differentiate SME readiness to internationalize in line with the three stages hypothesized.

Stage 1: no-plans to export

Stage 1 was studied through 284 SMEs who had no export experience and no current plans to export. The structural model in Figure 4 shows how the no-plans to export SMEs differ from the proposed conceptual model (Figure 2) considered in this study, with only standardized weights above 0.3 bolded.

Significant factors in Stage 1

Statistical analysis shows that the Motivation to Export, Risk Taking Propensity, and Lack of Self-efficacy are positively related to T&I Leadership via Export Formalization Strategies and Proactive Competitive Strategies. Figure 4 shows that for those with no plans to export, there

Table 5. Comparison β weights for exporters, plans to export and no-plans to export SMEs.

		Exporters	No-Plans to export	Plans to Export
Export Formalization Strategies	< Lack of Self-Efficacy	-.173***	-.315***	-.062
Export Formalization Strategies	< Positive Self-Efficacy	.421***	.078	.068
Export Formalization Strategies	< International Business Knowledge	.108*	.091	.080
Foreign Bus Networking Strategies	< Risk Taking	.125**	.001	.081
Proactive Competitive Strategies	< Risk Taking	.380***	.401***	.310***
Proactive Competitive Strategies	< Motivation to Export	.230***	.408***	.206***
Foreign Bus Networking Strategies	< Export Formalization Strategies	.590***	.499***	.466***
Foreign Bus Networking Strategies	< Motivation to Export	.153***	.107*	.126*
Proactive Competitive Strategies	< Lack of Self-Efficacy	.146**	.130**	.138*
T&I Leadership	< Motivation to Export	.098*	.212***	-.071
T&I Leadership	< Psychic Distance	.082*	.044	.187**
T&I Leadership	< Foreign Bus Networking Strategies	.210***	-.032	.093
T&I Leadership	< Export Formalization Strategies	.054	.144**	.063
T&I Leadership	< Proactive Business Strategies	.505***	.493***	.392***
R-Square Values	Export Formalization Strategies	22.6%	9.7%	1.6%
	Proactive Business Strategies	28.4%	48.3%	17.3%
	Foreign Bus Networking Strategies	42.2%	26.2%	24.4%
	T&I Leadership	38.8%	42.4%	19.0%

* $p < .05$, ** $p < .01$, *** $p < .001$.

is a strong negative relationship between Export Formalization Strategies and Lack of Self Efficacy ($\beta = -0.32$). In addition, Proactive Competitive Strategies relate (positively) to the effects of Motivation to Export ($\beta = 0.41$) and Risk-Taking Propensity ($\beta = 0.41$). Motivation to Export and Risk-taking Propensity are thus viewed as important managerial capacity and have strong influence on Proactive Competitive Strategies in the internationalization process of stage 1 with Proactive Competitive Strategies having mediation effects with T&I. At this no-plans stage, as highlighted in Table A2, the respondents believe that they would, in the SME interest, avoid overt competition ($\beta = 0.687$). As reported in Table A2, being ready to take risk ($\beta = 0.675$) and making major strategic decisions, even if the outcome could be negative ($\beta = 0.49$), are important decisions to move forward in the internationalization process.

Therefore, in Stage 1, it is the task of the leader to organize the Proactive Competitive Strategies to enable the SME to leapfrog to the next level.

Stage 2: plans to export

Stage 2 includes a study of 253 SMEs that have plans to export. Figure 5 shows how the conceptual model in Figure 1 is transformed to the Stage 2 model which presents the relationship between the constructs for the group of Vietnamese SMEs that have plans to export, with only standardized weights above 0.3 bolded.

Significant factor in Stage 2

Figure 5 with supporting data from Table 6 suggests that in the case of SMEs that plan to export, none of the MCs have a significant relationship with either Export Formalization or Foreign Business Networking, suggesting that external incentives and support need to be applied to ensure that export formalization is built, and business networks created. This reaction from the Plans to Export SMEs suggests that, with everything else being equal, for SMEs to advance to exporting they need to employ Proactive Competitive Strategies

Table 6. Significant indirect effects for exporters, plans to export and no-plans to export SMEs.

	Mediators			
	Export Formalization Strategies	Proactive Competitive Strategies	Foreign Bus Networking Strategies	Export Formalization Strategies and Foreign Bus Networking Strategies
Psychic Distance				
Lack of Self-Efficacy	-.017	.069		-.012
Motivation to Export		.160	.019	
Positive Self-Efficacy	.024			.016
International Business Knowledge	.014			.010
Risk Taking Propensity		.192	.013	

Table 7. Support for the hypotheses.

Hypotheses	Standardized Effect Size	Support	Explanation
H1. In Vietnam, based on resources and capabilities, SME preparedness for internationalization has three levels or tiers.	$\eta^2 = .091$	Moderate	Significant differences for three export situations for all but Psychic Distance
H2. For SME internationalization to occur, Export Formalization Strategies will mediate between Managerial determinants and Technological & Innovation Leadership	$\eta^2 = -.017$ for Lack of Self-Efficacy $\eta^2 = .024$ for Positive Self-Efficacy $\eta^2 = .014$ for International Business Knowledge	Weak	Self-Efficacy and International Business Strategy increases Export Formalization leading to Technological & Innovation Leadership
H3. For SME internationalization to occur, Foreign Business Networking Strategies will mediate between Managerial determinants and Technological & Innovation Leadership	$\eta^2 = .069$ for Lack of Self-Efficacy $\eta^2 = .160$ for Motivation to Export $\eta^2 = .192$ for Risk Taking Propensity	Moderate to strong	Lack of Self-Efficacy, Motivation to Export and Risk-Taking Propensity promote Foreign Business Networking Strategies leading to Technological & Innovation Leadership
H4. For SME internationalization to occur, Proactive Competitive Strategies will mediate between Managerial determinants and Technological & Innovation Leadership	$\eta^2 = .013$ for Risk Taking Propensity $\eta^2 = .019$ for Motivation to Export	Weak	Risk Taking Propensity and Motivation to Export lead to Proactive Competitive Strategies leading to Technological & Innovation Leadership

($\beta = 0.39$). This finding is contrary to studies generally conducted in SME internationalization. For example, Freixanet, Renart, and Rialp-Criado (2018), found that SME managers with higher level of international business knowledge and orientation will positively influence firm's performance and therefore speed up internationalization. In the current study, prior to being export ready, as shown in Table A2, SMEs with Plan to Export are first willing to access the situation and make strategic decisions regarding risk taking ($\beta = 0.650$). To advance from Risk Taking Propensity and for internationalization to happen, as shown in Figure 5, effective T&I Leadership is necessary, but this relationship is mediated by Proactive Competitive Strategies ($\beta = 0.31$).

Statistical analysis shows that the Psychic Distance is positively related to the Technological innovation Leadership ($\beta = 0.19$) suggesting psychological distance is less

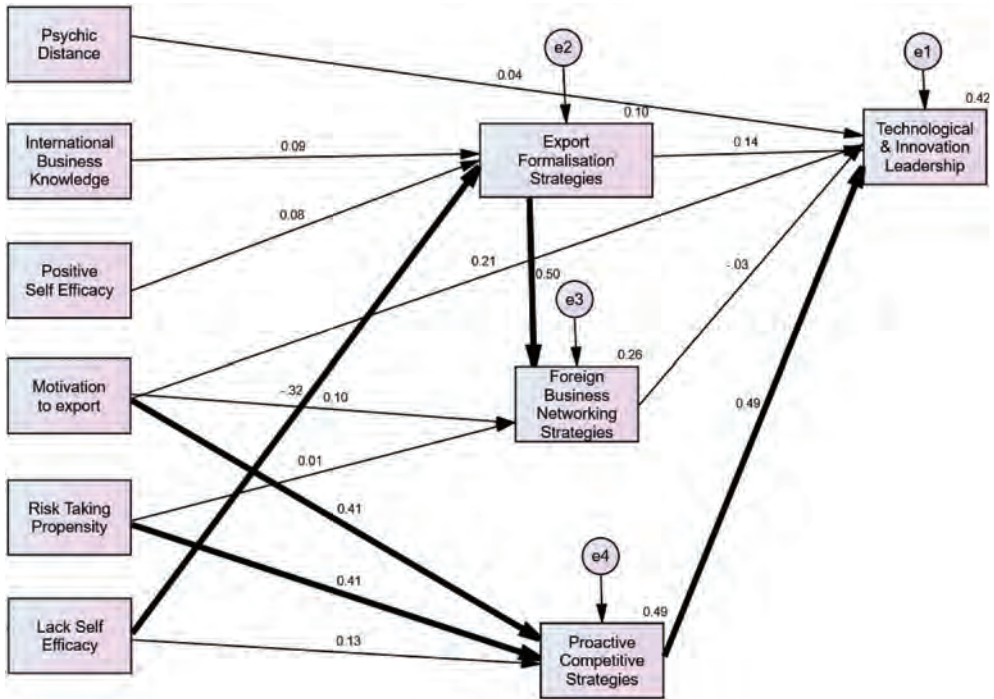


Figure 4. Stage 1 (no-plans to export).

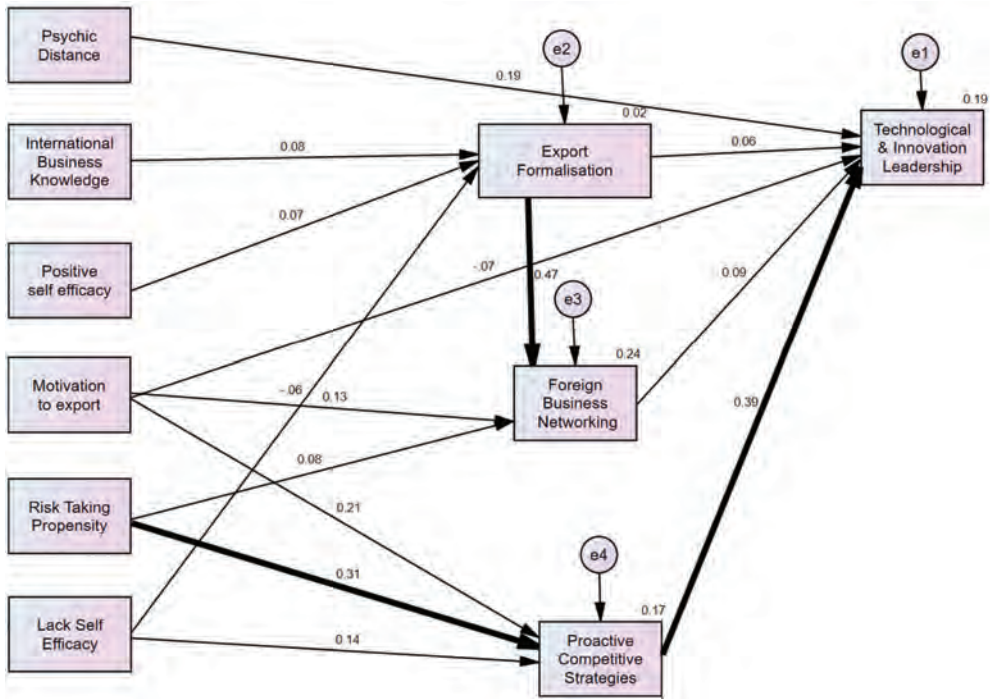


Figure 5. Stage 2 (plans to export).

of an issue as with culture, language, religion, lifestyle, educational and political systems (Freixanet, Renart, and Rialp-Criado 2018). The SMEs with plans to export have indicated, see Table A2, congruence with the economic environment ($\beta = 0.854$), market structure ($\beta = 0.745$), and long-term business orientation ($\beta = 0.712$). Thus, with greater confidence in risk taking and being comfortable with issues relating to psychic distance, SMEs in Stage 2, with appropriate training, could advance to Stage 3 as exporters.

Stage 3: exporters

Stage 3 includes 363 SMEs that are currently exported. Figure 6 shows how the proposed conceptual model in this study is transformed to the Stage 3 model, which presents the relationship between the constructs for the group of exporters in Vietnam. The post-entry position to enable performance outcomes is lacking in the literature according to Sadeghi, Aliasghar, and Bouguerra (2022). Although this stage is post-entry internationalization, this paper explores pre-entry mechanisms and attempts to address the mechanisms that have allowed SMEs to take advantage of their export capabilities to remain competitive.

Significant factors in Stage 3

With the exporters in Stage 3, Self-Efficacy ($\beta = 0.42$) increases Export Formalization leading to Foreign Business Networking ($\beta = 0.59$), leading to Technological & Innovation Leadership ($\beta = 0.21$).

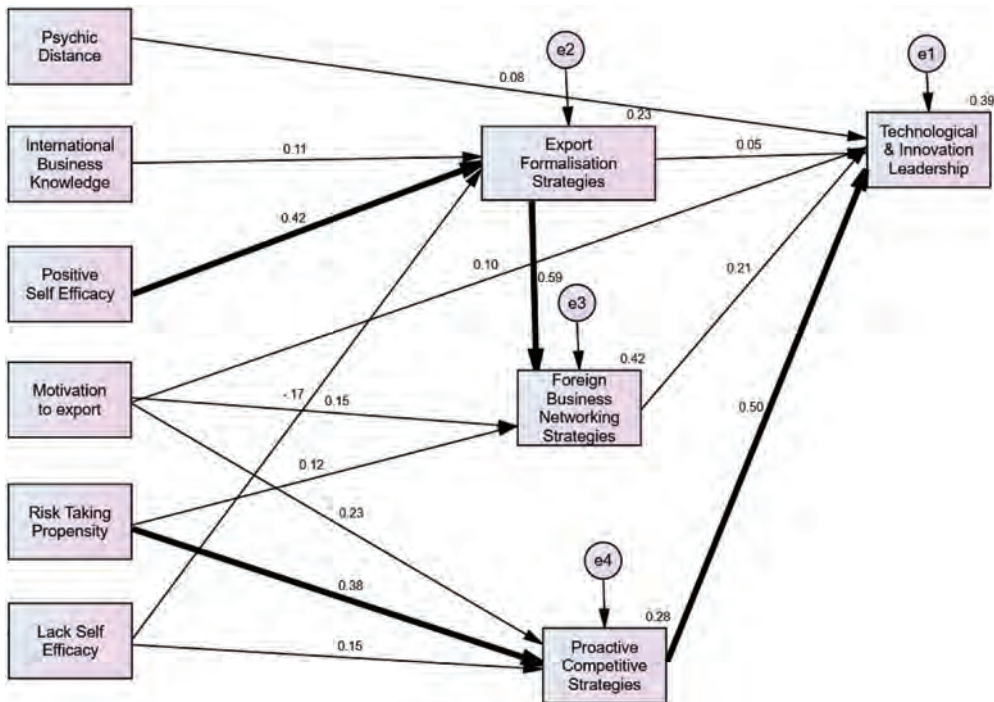


Figure 6. Stage 3 (exporters).

Proactive Competitive Strategies mediate the relationship between Risk Taking ($\beta = 0.38$) and T&I Leadership ($\beta = 0.50$). Therefore, in Stage 3 (Exporters), innovation strategies play an important role in bringing about T&I Leadership for the SMEs. These findings have not been tested previously as most studies have concentrated on SME internationalization and export performance as outcomes (Sadeghi, Aliasghar, and Bouguerra 2022; Boso et al. 2018) whilst this study addresses initiatives taken to achieve internationalization rather than measures of performance.

Discussion

Most previous literature looked at SME internationalization as belonging to two groups: the exporters and non-exporters (Gkypali, Love, and Roper 2021; Bianchi 2019). In so doing, extant literature has emphasized and addressed export performance, export growth and external assistance for export as outcome measures in the internationalization process. In our analysis, we dismissed these measures as they did not apply to the two categories of SMEs who are not exporting; the no plans to export and plans to export SMEs. Therefore, this study fills a gap, and the findings are novel and add to current knowledge, covering stages in SME internationalization that have not been explored empirically before. The analysis showed support for T&I Leadership as an important construct to enable SMEs to move through the stages required to become export capable. It is this internationalization process that we discuss in this paper.

In most studies, export formalization is regarded as a measure of export commitment and is viewed as an internal managerial determinant that affects export performance (Safari and Saleh 2020; Oura 2016). Also, although researchers such as Ngibe and Lekhanya (2019), Kungwansupaphan and Siengthai (2014) and Ryan and Tipu (2013) have argued for the importance of managerial leadership based on technological and innovation knowledge, there has been negligible effort to study the impact of leadership on the organizational structures associated with SME internationalization.

In the following section, we will discuss the significant factors that support the three stages described above. Self-efficacy in SME internationalization refers to an entrepreneur's belief in their ability to successfully navigate and manage the challenges and opportunities of expanding into international markets. It involves a sense of confidence and competence in recognizing and utilizing resources, overcoming barriers and achieving desired outcomes in the international business environment. It is this relationship between self-efficacy and SME performance to engage internationally that is discussed in the stages identified in this paper.

There is a dearth of theoretical and empirical research that examines organizational structures influencing self-efficacy and performance effects (Mustafa et al. 2019). This is the first study that has explored how the three stages of SME internationalization impact on the relationship between self-efficacy and export formalization strategies. Figures 4, 5 and 6 shows a strong relationship between Export Formalization Strategies and Self Efficacy (or lack of Self-efficacy). The lack of self-efficacy is likely to erode the effect of any externally applied incentives, suggesting that capacity needs to be built through export training in the case of these SMEs regardless of stage. Similarly, in Figures 4, 5 and 6 Proactive Competitive Strategies relate (positively) to risk-taking propensity. Risk-taking propensity is thus viewed as an important managerial determinant with a strong influence on Proactive Competitive Strategies in the internationalization process of stages 1, 2 and 3, with Proactive Competitive Strategies

having mediation effects with T&I Leadership in all stages. Srimulyani and Hermanto (2022) and Kiss, Williams, and Houghton (2013) found motivation to export was a post-entry determinant, while in this study, motivation to export is a key determinant only in the no-plans to export stage. At this no-plans stage, as highlighted in Table A2, the respondents believe that they would, in the SME interest, avoid overt competition ($\beta = 0.687$).

The link between Self-efficacy and Export Formalization is stronger for Exporter SMEs ($\beta = 0.42$) than for No-plans to Export ($\beta = 0.08$) and Plans for export SMEs ($\beta = 0.08$). International Business Knowledge was reported by Alinasab et al. (2022) as the most significant factor affecting SMEs to do business abroad. This study generally supports this view, but its contribution is to the strengthening of Export Formalization Strategies in preparation for internationalization, and not as a mediator to internationalization as seen by Abubakari et al. (2022).

This study, however, supports the research of Masiello and Izzo (2019) where they have found that interpersonal social networks affect activities of exploration and exploitation of opportunities abroad, both in pre-entry and post-entry internationalization. However, in our study, the associations with networking are weak in stages 1 and 2. The study also shows that psychic distance alone cannot explain internationalization (Safari and Chetty 2019), but management and organizational characteristics and the effects of mediating innovation strategies are important as well. Psychic Distance, as viewed in the literature, is increasingly nuanced (Maglio 2019), as technological advances have minimized the effects of psychic distance (Cui et al. 2020). Its influence as a predictor of export behaviour (Ciszewska-Mlinaric, Obloj, and Hülldau 2019) is diminished as seen in this research. In this research, it has only a direct weak effect on T&I Leadership.

Implications for theory and practice

Most research in SME internationalization has cited access to overseas markets as contributing to firm performance and growth (Nam and Bao Tram 2021). This expectation is viewed from a standpoint of firms being capable of exporting rather than from firm's export readiness. This is the first study that has investigated SME internationalization readiness from a stage process perspective, which has training implications at each stage.

This study provides theoretical, and practical contributions as follows.

Theoretical implications

As the world becomes more competitive and increasingly globalized, international business is no longer the sole premise of multinational corporations. Indeed for several reasons, including technological and innovation advancements, SMEs are well placed to compete in this space. Given these changes impacting internationalization capacity of SMEs, how does this paper contribute to the current state of knowledge about the process SMEs travel to achieve internationalization? Does this paper add value to SME internationalization research?

First, following the suggestion of Gkypali, Love, and Roper (2021), this paper has addressed the gap in the current process approach where studies have concentrated on exporters and non-exporter models whilst neglecting export capable firms. We bridged this gap and provided three levels or stages of internationalization; the SMEs with no-plans to export, SMEs with plans to export, and SMEs that export. Thus, the two stages in the domestic phase

investigate the nature of the process, allowing firms to acquire and use resources as they move from focusing on domestic markets to becoming export capable.

Second, with the identification of export capable firms, the emphasis in this paper shifts from export performance (Boso et al. 2018) to a leadership role, which is to provide T&I Leadership to enable SMEs to move to the next level in the internationalization process. This emphasizes the importance of human resource's role in the internationalization process.

Third, with the inclusion of pre-export SMEs in measuring internationalization, motivation to export is a key determinant for pre-entry SMEs compared to post-entry SMEs as reported by Srimulyani and Hermanto (2022) and Kiss, Williams, and Houghton (2013).

Fourth, International Business Knowledge's contribution to internationalization is by strengthening and giving importance to the Export Formalization Strategies to enable SMEs to do business abroad. It does not directly influence internationalization performance as viewed by Alinasab et al. (2022) or as a mediator for internationalization (Abubakari et al. 2022).

Fifth, innovation strategies are seen as mediating factors in the internationalizing process, between T&I Leadership and MC. This understanding is lacking in the extant literature as the emphasis for mediating roles is on new market entry (Karami and Tang 2019) and about export performance and growth (Boso et al. 2018), and not on the mechanics of the internationalization process.

Practical implications

The practical implications of this research are as follows.

First, each stage in the internationalization process is evidence-based with sufficient knowledge to provide training.

Second, the three models in each of the stages are empirically tested and graphically presented for SMEs to understand the resource implication and support needed to advance the internationalization process.

Third, targeted training can be achieved at each stage for SMEs to leapfrog to the next stage.

Fourth, understanding the mediating relationships of the innovation strategies; Export formalization strategies, Foreign Business Networking, and Proactive Competitive Strategies will anchor the leadership roles to scientific processes that are often lacking in SMEs.

Limitations and scope for further studies

We are indeed pleased with the rigour of the reviewers' comments, and we address one of the comments in this section as they lead to suggestions for further studies.

Our attention was brought to the importance of relevance and whether this study is replicable in other environments. We believe this is possible but acknowledge boundary conditions in reference to the governance and applications, such as the legal and regulatory conditions, access to resources, political stability and economic development, and cultural differences which may affect outcomes. This is a debate that has recently been raised by Adler and Aycan (2020), Tung and Stahl (2018), Leung and Morris (2015), and Rowley and Ulrich (2012). It is a clarion call that prompts this study. It is a call to shift from a bias towards management education that universalizes values to retain comparativeness whilst forgoing cultural intelligence within societies.

Conclusion

In this paper, we have systematically investigated how SMEs internationalize. We have explained through empirical surveys and testing of hypotheses that SME readiness to internationalize is a function that is well embedded in the domestic phase, while preparation for engaging internationally requires innovative strategies and leadership. This has implications for training and provides directions for government policy decisions to support SME development as an important contributor to the capacity-building and development of the nation.

The three phases as stages or tiers are viewed in this paper as a process of internationalization, and each stage requires resource support and knowledge development to proceed to the next stage.

Disclosure statement

No potential conflict of interest was reported by the author(s).

Funding

We acknowledge the financial support provided by the Australian Department of Foreign Affairs and Trade and the physical and resource support provided by the Vietnam Agency for Enterprise Development. Approval [SUHREC Project 2013/134] was from Swinburne University.

Notes on contributors

Christopher Selvarajah PhD is currently an Adjunct Professor having held the position of Professor of International Business at the Faculty of Business and Law at Swinburne University in Melbourne. His previous academic appointments have been at RMIT, Massey University in New Zealand, the University of Brunei Darussalam and Deakin University in Melbourne. Professor Selvarajah has published five books and contributed over 100 refereed articles and cases studies to reputable international journals. He is currently Visiting Professor to numerous universities in Asia. His general interest is in management and in international business with a focus on leadership and cultural diversity studies. He is a successful recipient of several grants totalling over 2.5 million.

Dr. Sukunesan is the Cremorne Digital Hub Innovation Node Manager attached to RMIT Activator. He is a Senior Consultant and Researcher with over 20 years of successful experience in innovation, digitalisation and business systems transformation and is recognised consistently for performance excellence and contributions to success in multi-stakeholder collaborative projects. Dr. Sukunesan has published over 60 international publications holds patents and won competitive grants. He is vastly experienced in the start-up space being a founder himself and having involved in many ecosystem development activities. His interests are in innovation, research commercialization and entrepreneurship ecosystem building.

Denny Meyer is a Professor of Statistics in the Department of Health Sciences and Biostatistics at Swinburne University of Technology in Melbourne. She has co-authored two books and has published more than 240 articles in a variety of refereed journals and books. She is an applied statistician and data scientist, working in areas such as mental health, road safety and social research. She started her career in industry and has worked at universities in South Africa, New Zealand and Australia, always maintaining close links with industries outside of universities.

ORCID

Denny Meyer  <http://orcid.org/0000-0002-9902-0858>

References

- Abubakari, A., K. S. Ofori, H. Boateng, K. N'da, and R. E. Hinson. 2022. "The Effect of Foreign Market Knowledge on SME Export Performance: A Study of Non-Traditional SMEs in Ghana." *Global Knowledge, Memory and Communication* 71 (6/7): 546–563. doi:10.1108/GKMC-03-2021-0054.
- Acedo, F. J., and J. L. Galan. 2011. "Export Stimuli Revisited: The Influence of the Characteristics of Managerial Decision Makers on International Behaviour." *International Small Business Journal* 29: 648–670. doi:10.1177/0266242610375771.
- Adler, N. J., and Z. Aycan. 2020. "Setting the Stage: Cross-Cultural Interaction – Creating Success in the Twenty-First Century." In *The SAGE Handbook of Contemporary Cross-Cultural Management*, L. Romani, D. Caprar, and O. Joyce, 1–16. London: SAGE Publications Ltd.
- Albaz, A., M. Dondi, T. Rida, and J. Schubert. 2020. "Unlocking Growth in Small and Medium-Size Enterprises." McKinsey & Company. Accessed September 22 2022. <https://www.mckinsey.com/industries/public-and-social-sector/our-insights/unlocking-growth-in-small-and-medium-size-enterprises>.
- Alinasab, J., S. M. R. Mirahmadi, H. Ghorbani, and F. Caputo. 2022. "Discovering Knowledge and Cognitive Based Drivers for SMEs Internationalization." *Journal of the Knowledge Economy* 13 (3): 2490–2518. doi:10.1007/s13132-021-00801-1.
- Bandura, A. 1986. "The Explanatory and Predictive Scope of Self-Efficacy Theory." *Journal of Social and Clinical Psychology* 4: 359–373. doi:10.1521/jscp.1986.4.3.359.
- Bandura, A. 1995. "Exercise of Personal and Collective Efficacy." In *Self-Efficacy in Changing Societies*, edited by A. Bandura, 1–45. United Kingdom: Cambridge University Press.
- Bashawir, A., N. Kaliappen, and K. Jermittiparsert. 2019. "Enhancing Malaysian SME Employee Work Engagement: The Mediating Role of Job Crafting in the Presence of Task Complexity, Self-Efficacy and Autonomy." *International Journal of Innovation, Creativity and Change* 6 (11): 1–18.
- Beleska-Spasova, E. 2014. "Determinants and Measures of Export Performance – Comprehensive Literature Review." *Journal of Contemporary Economic and Business Issues* 1 (1): 63–74.
- Ben-Shachar, M. S., D. Ludecke, and D. Makowski. 2020. "Effect size: Estimation of Effect Size Indices and Standardized Parameters." *Journal of Open Source Software* 5 (56): 2815. doi:10.21105/joss.02815.
- Bianchi, C. 2019. "Investigating the Export Behavior of Family SMEs from Chile." In *Contemporary Influences on International Business in Latin America*, edited by W. Newburry, L. Liberman, and M. Oliveira Jr. Cham: AIB Latin America. Palgrave Macmillan, 155–178.
- Boso, N., J. Annan, I. Adeleye, N. Iheanachor, and B. Narteh. 2018. "Examining the Paths from Export Strategic Orientations to Export Performance: The Mediating Role of Export Resource Transformation Capability." *Thunderbird International Business Review* 60 (2): 207–230. doi:10.1002/tie.21878.
- Brix, J. 2018. "Innovation Capacity Building: An Approach to Maintaining Balance Between Exploration and Exploitation in Organizational Learning." *The Learning Organization* 26 (1): 12–26. doi:10.1108/TLO-08-2018-0143.
- Byrne, B. M. 2016. *Structural Equation Modeling with AMOS: Basic Concepts, Applications and Programming*. 3rd ed. New York: Routledge.
- Cao, Q., P. Criscuolo, and E. Autio. 2016. "SME Internationalisation and Its Impact on Firm Performance." In *Impact of International Business*, edited by H. Tüselmann, S. Buzdugan, Q. Cao, D. Freund, and S. Golesorkhi, 220–240. London: The Academy of International Business. Palgrave Macmillan.
- Chassagnon, V., and N. Haned. 2015. "Relevance of Innovation Leadership for Environmental Benefits: A Firm-Level Empirical Analysis on French Firms." *Technological Forecasting & Social Change* 91: 194–207. doi:10.1016/j.techfore.2014.02.012.

- Ciszewska-Mlinaric, M., K. Obloj, and M. Hülsdau. 2019. "Post-Entry Strategic Significance of Export Market: How Does Psychic Distance Work? The Evidence from European SMEs." *Journal of East European Management Studies* 24 (2): 235–258. doi:10.5771/0949-6181-2019-2-235.
- Cortellazzo, L., E. Bruni, and R. Zampieri. 2019. "The Role of Leadership in a Digitalized World: A Review." *Frontiers in Psychology* 27 August. Accessed 17 December 2022. file:///C:/Users/61416/Downloads/fpsyg-10-01938.pdf
- Costello, A. B., and J. Osborne. 2005. "Best Practices in Exploratory Factor Analysis: Four Recommendations for Getting the Most from Your Analysis." *Practical Assessment, Research, and Evaluation* 10 (7).
- Coviello, N. E., P. P. McDougall, and B. M. Oviatt. 2011. "The Emergence, Advance and Future of International Entrepreneurship Research — An Introduction to the Special Forum." *Journal of Business Venturing* 26 (6): 625–631. doi:10.1016/j.jbusvent.2011.07.002.
- Cui, Y., J. Mou, J. Cohen, Y. Liu, and K. Kurcz. 2020. "Understanding Consumer Intentions Toward Cross-Border M-Commerce Usage: A Psychological Distance and Commitment-Trust Perspective." *Electronic Commerce Research and Applications* 39: 100920. doi:10.1016/j.elerap.2019.100920.
- Faulks, B., Y. Song, M. Waiganjo, B. Obrenovic, and D. Godinic. 2021. "Impact of Empowering Leadership, Innovative Work, and Organizational Learning Readiness on Sustainable Economic Performance: An Empirical Study of Companies in Russia During the COVID-19 Pandemic." *Sustainability* 13 (22): 12465. doi:10.3390/su132212465.
- Fernández, Z., and M. J. Nieto. 2006. "Impact of Ownership on the International Involvement of SMEs." *Journal of International Business Studies* 37 (3): 340–351. doi:10.1057/palgrave.jibs.8400196.
- Fesharaki, F. 2019. "Entrepreneurial Passion, Self-Efficacy, and Spiritual Intelligence Among Iranian SME Owner-Managers." *Psychological Studies* 64: 429–435. doi:10.1007/s12646-019-00507-0.
- Freixanet, J., and G. Renart. 2020. "A Capabilities Perspective on the Joint Effects of Internationalization Time, Speed, Geographic Scope and managers' Competencies on SME Survival." *Journal of World Business* 55 (6): 101110. doi:10.1016/j.jwb.2020.101110.
- Freixanet, J., G. Renart, and A. Rialp-Criado. 2018. "The Impact of managers' Global Orientation on SME Export and Economic Performance." *Management International Review* 58 (4): 571–604. doi:10.1007/s11575-018-0358-y.
- Galkina, T., and S. Chetty. 2015. "Effectuation and Networking of Internationalizing SMEs." *Management International Review* 55: 647–676. doi:10.1007/s11575-015-0251-x.
- Gancarczyk, M., and J. Gancarczyk. 2018. "Proactive International Strategies of Cluster SMEs." *European Management Journal* 36 (1): 59–70. doi:10.1016/j.emj.2017.03.002.
- Gerschewski, S., J. Scott-Kennel, and E. L. Rose. 2020. "Ready to Export? The Role of Export Readiness for Superior Export Performance of Small and Medium-Sized Enterprises." *The World Economy* 43 (5): 1253–1276. doi:10.1111/twec.12928.
- Gkypali, A., J. H. Love, and S. Roper. 2021. "Export Status and SME Productivity: Learning-To-Export versus Learning-By-Exporting." *Journal of Business Research* 128: 486–498. doi:10.1016/j.jbusres.2021.02.026.
- Hair, J. F., B. J. Babin, R. Anderson, and W. C. Black. 2018. *Multivariate Data Analysis*. New Jersey: Cengage.
- Hånell, S. M., E. Rovira Nordman, D. Tolstoy, and N. Özbek. 2020. "It's a New Game Out There: E-Commerce in Internationalising Retail SMEs." *International Marketing Review* 37 (3): 515–531. doi:10.1108/IMR-03-2018-0107.
- Hilmersson, M., M. Johanson, and H. Lundberg. 2020. "Opportunity Novelty, Improvisation and Network Adaptation in the Internationalization of Swedish SMEs." *Thunderbird International Business Review* 63 (2): 201–215. doi:10.1002/tie.22182.
- Honadle, B. W. 1981. "A Capacity-Building Framework: A Search for Concept and Purpose." *Public Administration Review* 41 (5): 575–580. doi:10.2307/976270.
- Horn, J. L. 1965. "A Rationale and Test for the Number of Factors in Factor Analysis." *Psychometrika* 30 (2): 179–185. doi:10.1007/BF02289447.
- Howard, M. 2015. "A Review of Exploratory Factor Analysis (EFA) Decisions and Overview of Current Practices: What We are Doing and How Can We Improve?" *International Journal of Human-Computer Interaction* 32 (1): 51–62. doi:10.1080/10447318.2015.1087664.

- Jensen, J. B., and H. K. Krogstrup. 2017. *Capacity Building in the Public Sector, Research Group for Capacity Building and Evaluation*, Denmark: Aalborg University. Accessed January 2 2023. https://vbn.aau.dk/ws/portalfiles/portal/271576755/capacity_Building_in_public_sector_2017_med_ops_tning_002_.pdf.
- Journal of International Business Studies (JIBS)*. 2022. Aims and scope. Accessed February 5 2023. <http://www.palgrave.com/gp/journal/41267/authors/aims-scope>.
- Karami, M., and J. Tang. 2019. "Entrepreneurial Orientation and SME International Performance: The Mediating Role of Networking Capability and Experiential Learning." *International Small Business Journal: Researching Entrepreneurship* 37 (2): 105–124. doi:10.1177/0266242618807275.
- Karim, R. A. 2019. "Impact of Different Training and Development Programs on Employee Performance in Bangladesh Perspective." *International Journal of Entrepreneurial Research* 1 (2): 8–14. doi:10.31580/ijer.v1i2.497.
- Khalid, S. 2020. "Explorative and Exploitative Strategies and Export Performance: The Moderating Effects of Entrepreneurial Orientation." *Journal of Research in Marketing and Entrepreneurship* 22 (1): 21–36. doi:10.1108/JRME-01-2018-0004.
- Kiss, A. N., D. W. Williams, and S. M. Houghton. 2013. "Risk Bias and the Link Between Motivation and New Venture Post-Entry International Growth." *International Business Review* 22 (6): 1068–1078. doi:10.1016/j.ibusrev.2013.02.007.
- Krammer, S. M., R. Strange, and A. Lashitew. 2018. "The Export Performance of Emerging Economy Firms: The Influence of Firm Capabilities and Institutional Environments." *International Business Review* 27 (1): 218–230. doi:10.1016/j.ibusrev.2017.07.003.
- Kungwansupaphan, C., and S. Siengthai. 2014. "Exploring entrepreneurs' Human Capital Components and Effects on Learning Orientation in Early Internationalizing Firms." *International Entrepreneurship and Management Journal* 10: 561–589. doi:10.1007/s11365-012-0237-0.
- Ku, H. B., and A. W. K. Yuen-Tsang. 2013. "Capacity Building." In *The Sage Handbook of Governance*, edited by M. Bevir, 469–843. USA: SAGE.
- Leung, K., and M. W. Morris. 2015. "Values, Schemas, and Norms in the Culture–Behavior Nexus: A Situated Dynamics Framework." *Journal of International Business Studies* 46 (9): 1028–1050. doi:10.1057/jibs.2014.66.
- Lukoschek, C. S., G. Gerlach, R. M. Stock, and K. Xin. 2018. "Leading to Sustainable Organizational Unit Performance: Antecedents and Outcomes of executives' Dual Innovation Leadership." *Journal of Business Research* 91: 266–277. doi:10.1016/j.jbusres.2018.07.003.
- Maglio, S. J. 2019. "Psychological Distance in Consumer Psychology: Consequences and Antecedents." *Consumer Psychology Review* 3 (1): 108–125. doi:10.1002/arcv.1057.
- Masiello, B., and F. Izzo. 2019. "Interpersonal Social Networks and Internationalization of Traditional SMEs." *Journal of Small Business Management* 57 (2): 658–091. doi:10.1111/jsbm.12536.
- McMullen, J. S., and D. A. Shepherd. 2006. "Entrepreneurial Action and the Role of Uncertainty in the Theory of the Entrepreneur." *Academy of Management Review* 31 (1): 132–152. doi:10.5465/amr.2006.19379628.
- Meyer, K., and M. Peng. 2016. "Theoretical Foundations of Emerging Economy Business Research." *Journal of International Business Studies* 47: 3–22. doi:10.1057/jibs.2015.34.
- Mohannak, K. 2007. "Innovation Networks and Capability Building in the Australian High-Technology SMEs." *European Journal of Innovation Management* 10 (2): 236–251. doi:10.1108/14601060710745279.
- Molloy, J. C., and J. B. Barney. 2015. "Who Captures the Value Created with Human Capital? A Market-Based View." *Academy of Management Perspectives* 29 (3): 309–325. doi:10.5465/amp.2014.0152.
- Mustafa, G., R. Glavee-Geo, K. Gronhaug, and H. Saber Almazrouei. 2019. "Structural Impacts on Formation of Self-Efficacy and Its Performance Effects." *Sustainability* 11 (3): 860. doi:10.3390/su11030860.
- Nam, V. H., and H. Bao Tram. 2021. "Business Environment and Innovation Persistence: The Case of Small-And-Medium-Sized Enterprises in Vietnam." *Economics of Innovation and New Technology* 30 (3): 239–261. doi:10.1080/10438599.2019.1689597.

- Ngibe, M., and L. M. Lekhanya. 2019. "Critical Factors Influencing Innovative Leadership in Attaining Business Innovation: SA Case of Manufacturing SMEs in Kwazulu-Natal." *International Journal of Entrepreneurship* 23 (2): 1–20.
- Nguyen, N. P., and S. Adomako. 2021. "Environmental Proactivity, Competitive Strategy, and Market Performance: The Mediating Role of Environmental Reputation." *Business Strategy and the Environment* 30 (4): 2008–2020. doi:10.1002/bse.2729.
- Nguyen, P. V., H. T. N. Huynh, L. N. H. Lam, and T. B. Le. 2021. "The Impact of Entrepreneurial Leadership on SMEs' Performance: The Mediating Effects of Organizational Factors." *Heliyon* 7 (6): E07326. doi:10.1016/j.heliyon.2021.e07326.
- Nuryyev, G., Y. -P. Wang, J. Achyldurdyeva, B. -S. Jaw, Y. -S. Yeh, H. -T. Lin, and L. -F. Wu. 2020. "Blockchain Technology Adoption Behavior and Sustainability of the Business in Tourism and Hospitality SMEs: An Empirical Study." *Sustainability* 12 (3): 1256. doi:10.3390/su12031256.
- OECD. 2009. Top Barriers and Drivers to SME Internationalisation." Report by the OECD Working Party on SMEs and Entrepreneurship, OECD. Accessed February 10 2023. https://strathprints.strath.ac.uk/15845/1/OECD_2009_Top_Barriers_and_drivers_to_SME_Internationalisation.pdf.
- O'grady, S., and H. W. Lane. 1996. "The Psychic Distance Paradox." *Journal of International Business Studies* 27 (2): 309–333. doi:10.1057/palgrave.jibs.8490137.
- Oluwafemi, T. B., S. Mitchelmore, and K. Nikolopoulos. 2020. "Leading Innovation: Empirical Evidence for Ambidextrous Leadership from UK High-Tech SMEs." *Journal of Business Research* 119: 195–208. doi:10.1016/j.jbusres.2019.10.035.
- Oura, M. M. 2016. "Innovation Capacity, International Experience, and Export Performance of SMEs in Brazil." *International Business Review* 25 (4): 921–932. doi:10.1016/j.ibusrev.2015.12.002.
- Rezaei, M., A. Ferraris, E. Heydari, and S. Rezaei. 2021. "How Do Experts Think? An Investigation of the Barriers to Internationalisation of SMEs in Iran." In *Empirical International Entrepreneurship. Contributions to Management Science*, edited by V. Jafari-Sadeghi, H. Amoozad Mahdiraji, and L. Dana, 337–357. Cham: Springer.
- Rowley, C., and D. Ulrich. 2012. "Conclusion: Lessons Learned and Insights Derived from Leadership in Asia." *Asia Pacific Business Review* 18 (4): 675–681. doi:10.1080/13602381.2012.694725.
- Rua, O., A. França, and R. Fernández Ortiz. 2018. "Key Drivers of SMEs Export Performance: The Mediating Effect of Competitive Advantage." *Journal of Knowledge Management* 22 (2): 257–279. doi:10.1108/JKM-07-2017-0267.
- Ryan, J. C., and S. A. A. Tipu. 2013. "Leadership Effects on Innovation Propensity: A Two-Factor Full Range Leadership Model." *Journal of Business Research* 66 (10): 2116–2129. doi:10.1016/j.jbusres.2013.02.038.
- Sadeghi, A., O. Aliasghar, and A. Bouguerra. 2022. "Unpacking the Relationship Between Post-Entry Speed of Internationalization and Export Performance of SMEs: A Capability-Building Perspective." *Journal of International Management* 100982. doi:10.1016/j.intman.2022.100982.
- Sadeghi, V. J., M. -M. Nkongolo-Bakenda, R. B. Anderson, and P. -P. Dana. 2019. "An Institution-Based View of International Entrepreneurship: A Comparison of Context-Based and Universal Determinants in Developing and Economically Advanced Countries." *International Business Review* 28 (6): 101588. doi:10.1016/j.ibusrev.2019.101588.
- Safari, A., and S. Chetty. 2019. "Multilevel Psychic Distance and Its Impact on SME Internationalization." *International Business Review* 28 (4): 754–765. doi:10.1016/j.ibusrev.2019.03.001.
- Safari, A., and A. S. Saleh. 2020. "Key Determinants of SMEs' Export Performance: A Resource-Based View and Contingency Theory Approach Using Potential Mediators." *Journal of Business & Industrial Marketing* 35 (4): 635–654. doi:10.1108/JBIM-11-2018-0324.
- Selvarajah, C., T. D. Le, and S. Sukunesan. 2019. "The Vietnam Project: Developing Conceptual Knowledge on Cross-Cultural Skills for Training in SME Internationalisation." *Asia Pacific Business Review* 25 (3): 338–366. doi:10.1080/13602381.2019.1598076.
- Selvarajah, C., and D. Meyer. 2020. "In Search of Excellence in Leadership in the Vietnamese Manager: Where Confucianism Meets Dharma." *Asia Pacific Business Review* 26 (3): 286–312. doi:10.1080/13602381.2020.1732635.

- Selvarajah, C., H. C. Nguyen, S. Sukunesan, V. Le, and T. D. Le. 2014. *50 Successful SMEs: Supporting Poverty Alleviation and Economic Development Through Export Performance*. Melbourne: Swinburne University Press.
- Sitkin, S. B., and A. L. Pablo. 1992. "Reconceptualizing the Determinants of Risk Behavior." *Academy of Management Review* 17 (1): 9–38. doi:10.2307/258646.
- Sousa, C. M., and F. Bradley. 2005. "Global Markets: Does Psychic Distance Matter?" *Journal of Strategic Marketing* 13 (1): 43–59. doi:10.1080/0965254042000328668.
- Srimulyani, V. A., and Y. B. Hermanto. 2022. "Impact of Entrepreneurial Self-Efficacy and Entrepreneurial Motivation on Micro and Small Business Success for Food and Beverage Sector in East Java, Indonesia." *Economies* 10 (1): 10. doi:10.3390/economies10010010.
- Stoian, M. -C., P. Dimitratos, and E. Plakoyiannaki. 2018. "SME Internationalization Beyond Exporting: A Knowledge-Based Perspective Across Managers and Advisers." *Journal of World Business* 53 (5): 768–779. doi:10.1016/j.jwb.2018.06.001.
- Sukunesan, S., C. Selvarajah, and Z. Mellstrom. 2020. "Internationalization via Instagram: An Exploratory Study of Small and Medium Enterprises." *Contemporary Management Research* 16 (2): 77–121. doi:10.7903/cmr.19811.
- Tan, A., P. Brewer, and P. W. Liesch. 2007. "Before the First Export Decision: Internationalisation Readiness in the Pre-Export Phase." *International Business Review* 16 (3): 294–309. doi:10.1016/j.busrev.2007.01.001.
- Tolstoy, D., E. R. Nordman, S. M. Hanell, and N. Ozbek. 2021. "The Development of International E-Commerce in Retail SMEs: An Effectuation Perspective." *Journal of World Business* 56 (3): 101165. doi:10.1016/j.jwb.2020.101165.
- Tung, R. L., and G. K. Stahl. 2018. "The Tortuous Evolution of the Role of Culture in IB Research: What We Know, What We Don't Know, and Where We are Headed." *Journal of International Business Studies* 49: 1167–1189. doi:10.1057/s41267-018-0184-2.
- Vanpoucke, E., A. Vereecke, and M. Wetzels. 2014. "Developing Supplier Integration Capabilities for Sustainable Competitive Advantage: A Dynamic Capabilities Approach." *Journal of Operations Management* 32 (7–8): 446–461. doi:10.1016/j.jom.2014.09.004.
- Welch, D. E., L. S. Welch, L. C. Young, and I. F. Wilkinson. 1998. "The Importance of Networks in Export Promotion: Policy Issues." *Journal of International Marketing* 6 (4): 66–82. doi:10.1177/1069031X9800600409.
- Wiedersheim-Paul, F., H. C. Olson, and L. S. Welch. 1978. "Pre-Export Activity: The First Step in Internationalization." *Journal of International Business Studies* 9 (1): 47–58. doi:10.1057/palgrave.jibs.8490650.
- Yan, H., X. Hu, and Y. Liu. 2020. "The International Market Selection of Chinese SMEs: How Institutional Influence Overrides Psychic Distance." *International Business Review* 29 (4): 101703. doi:10.1016/j.ibusrev.2020.101703.
- Yan, H., R. Wickramasekera, and A. Tan. 2018. "Exploration of Chinese SMEs' Export Development: The Role of Managerial Determinants Based on an Adapted Innovation-Related Internationalization Model." *Thunderbird International Business Review* 60 (4): 633–646. doi:10.1002/tie.21969.
- Ying, Q., H. Hassan, and H. Ahmad. 2019. "The Role of a Manager's Intangible Capabilities in Resource Acquisition and Sustainable Competitive Performance." *Sustainability* 11 (2): 527. doi:10.3390/su11020527.
- Yusoff, M. N. H. B., F. A. Zainol, M. Ismail, R. H. Redzuan, R. M. Abdul Rahim Merican, M. A. Razik, and A. Afthanorhan. 2021. "The Role of Government Financial Support Programmes, Risk-Taking Propensity, and Self-Confidence on Propensity in Business Ventures." *Sustainability* 13 (1): 380. doi:10.3390/su13010380.

Appendix

Table A1. Demographic characteristics of the sample.

	Export Activities N(%)			Chi-Squared Tests of Association				
	Current	None	Planned	Total	df	χ^2	p-value	Cramer's V
Region								
Total	363 (43.0)	284 (31.6)	253 (28.1)	900 (100)				
North	53 (18.0)	122 (41.5)	119 (40.5)	294 (100)	4	148.7	<.001	.287
Central	87 (34.7)	103 (41.0)	61 (24.3)	251 (100)				
South	223 (62.8)	59 (16.6)	73 (20.6)	355 (100)				
Location								
Urban	158 (49.2)	115 (35.8)	48 (15.0)	321 (100)	2	43.4	<.001	.220
Rural	205 (35.4)	169 (29.2)	205 (35.4)	579 (100)				
Industry								
Manufacturing	230 (45.1)	100 (19.6)	180 (35.3)	510 (100)	4	106.1	<.001	.243
Services	118 (40.7)	119 (41.0)	53 (18.3)	290 (100)				
Construction	14 (14.4)	63 (64.9)	20 (20.6)	97 (100)				
CEO	65 (23.5)	81 (29.2)	131 (47.3)	277 (100)	6	103.9	<.001	.240
Senior Executive	49 (55.7)	20 (22.7)	19 (21.6)	88 (100)				
Manager	200 (51.8)	116 (30.1)	70 (18.1)	386 (100)				
Other	49 (32.9)	67 (45.0)	33 (22.1)	149 (100)				
Gender of CEO/owner								
Male	293 (81)	246 (32.1)	228 (29.7)	767 (100)	2	11.1	.004	.111
Female	70 (19)	38 (28.6)	25 (18.8)	133 (100)				
Age of CEO/Owner								
18–30	7 (24.1)	10 (34.5)	13 (41.5)	30 (100)	14	84.8	<.001	.217
31–35	18 (3.6)	54 (40.9)	60 (45.5)	132 (100)				
36–40	57 (32.0)	68 (38.2)	53 (29.8)	178 (100)				
41–45	100 (47.8)	67 (32.1)	42 (20.1)	209 (100)				
46–50	74 (46.3)	39 (24.4)	47 (29.4)	160 (100)				
51–55	78 (55.7)	35 (25.0)	27 (19.3)	140 (100)				
56+	29 (56.9)	11 (21.6)	11 (21.6)	51 (100)				
Years in business as owner/CEO								
<3 years	24 (68.6)	8 (22.9)	3 (8.6)	35 (100)	6	25.6	<.001	.119
3–5 years	59 (40.1)	53 (36.1)	35 (23.8)	147 (100)				
5–10 years	132 (40.4)	115 (35.2)	80 (24.5)	327 (100)				
>10 years	148 (37.9)	108 (27.6)	135 (34.5)	391 (100)				
Highest Education CEO/Owner								
No formal education	9 (31.0)	7 (58.6)	3 (10.3)	29 (100)				
High school	28 (29.8)	23 (24.5)	43 (45.7)	94 (100)				
College	23 (46.0)	15 (30.0)	12 (24.0)	50 (100)				
Undergraduate degree	225 (38.5)	182 (31.2)	177 (30.3)	584 (100)				

(Continued)



Table A1. (Continued).

	Export Activities N(%)				Chi-Squared Tests of Association			
	Current	None	Planned	Total	df	χ^2	p-value	Cramer's V
Number employees	Postgraduate degree	78 (54.5)	47 (32.9)	18 (12.6)	143 (100)			
	<11	30 (20.7)	60 (41.4)	55 (37.9)	145 (100)	10	141.5	<.001
	11–49	126 (28.9)	157 (36.0)	153 (35.1)	436 (100)			.280
	50–200	133 (9.4)	52 (23.2)	39 (17.4)	224 (100)			
	301–300	43 (74.1)	11 (19.0)	4 (6.9)	58 (100)			
Net annual sales (USDm)	>300	31 (83.)	4 (10.8)	2 (5.4)	37 (100)			
	<1	141 (37.2)	147 (38.8)	91 (24.0)	379 (100)	8	43.9	<.001
	1–15	177 (38.9)	122 (26.8)	156 (34.3)	455 (100)			
	16–30	35 (67.3)	11 (21.2)	6 (11.5)	52 (100)			
	>31	10 (76.9)	3 (23.1)	0 (0.0)	13 (100)			
% foreign workers	None	295 (36.2)	273 (33.5)	247 (30.3)	815 (100)			
	Some	68 (80.0)	11 (12.9)	6 (7.1)	85 (100)			

Table A2. Measurement Models with loadings for constructs common to all three groups, exporters, plan to export and no-plans to export. The model fit was good, RMSEA=.034, deteriorating only to .035 with an increase in CFI of .01 when the weights were constrained to be equal for exporters, SMEs with no plans to export and SMEs with plans to export.

	Export Formalization	International Business Knowledge	Foreign Networking Strategy	Positive Self-Efficacy	Lack of Self-Efficacy	Proactive Business Strategy	T&L Leadership	Risk-Taking	Export Motivation	Psychic Distance
Q4_4	Regular export market research is important for export performance									.837
Q4_3	Research activities on the overseas markets are important for export performance									.785
Q4_2	Strategic planning of the export activities is important for export performance									.575
Q2_3	Global knowledge of international markets	.823								
Q2_2	International management knowledge	.829								
Q2_1	International marketing knowledge	.865								
Q2_5	International legislation knowledge	.742								
Q5_3	Proactively networks with existing or potential foreign business partners		.726							
Q5_2	Proactively participates in networking events for developing foreign business		.662							
Q5_1	Promote networking as a key activity to achieving foreign business development goals		.740							
Q5_4	Budgets and resources allocated specifically for networking activities for foreign business development		.711							
Q3_7	When I decide to do something, I go right to work on it			.744						
Q3_5	If I can't do a job the first time, I keep trying until I can			.360						
Q3_4	When I make plan in terms of business development, I am certain I can make them work			.593						
Q3_11	When unexpected problems occur, I don't handle them very well				.831					
Q3_10	I do not seem capable of dealing with most problems that come up in my business's life				.773					
Q3_9	When I set important goals for myself, I rarely achieve them				.722					
Q3_12	I feel insecure about my ability to do things				.762					

(Continued)

