

A Model for Understanding SMEs Internationalization in Emerging Economies

(Model bagi Memahami Pengantarabangsaan EKS bagi Ekonomi Baru Muncul)

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ABSTRACT

Understanding the internationalization process of small to medium-sized enterprises (SMEs) is imperative for emerging economies to compete globally. Empirical findings of SMEs from emerging countries are still lacking. Thus, this study intends to fill this gap by providing a comprehensive model for the process of SMEs internationalization in Malaysia. Five major internationalization perspectives namely process and stage models, network, born-global and international new ventures, resource-based view, and international entrepreneurship were integrated in formulating a framework for this study. In-depth interviews were carried out with thirty-two Malaysian experts including academics, policy makers, government agencies, chamber of commerce, and research institute. Interviews were transcribed and analyzed manually using thematic coding and frequency counts analysis. Six important factors with distinguished categories and items pertaining to SME internationalization process were identified: 1) triggering factors; 2) internal factors; 3) external factors; 4) networking; 5) barriers and challenges, and 6) operations for internationalization. The main contribution of this study is a generic model of SME internationalization that can provide apertures on researching into SME internationalization in emerging economies.

Keywords: SMEs internationalization; international entrepreneurship; internationalization factors; internationalization process; emerging economies; Malaysia

ABSTRAK

Memahami proses pengantarabangsaan enterpris kecil sederhana (EKS) adalah penting bagi ekonomi baru muncul untuk bersaing di peringkat global. Penemuan kajian empirikal berkaitan pengantarabangsaan EKS dari ekonomi baru muncul masih amat kurang diterokai. Oleh itu, kajian ini bertujuan untuk mengisi jurang ini melalui pembentukan satu model komprehensif yang merangkumi gabungan pelbagai faktor melibatkan proses pengantarabangsaan EKS di Malaysia. Lima perspektif pengantarabangsaan utama iaitu "process and stage models, network, born-global dan international new ventures, resource-based view, dan international entrepreneurship" telah diintegrasikan dalam membentuk rangka kerja untuk kajian ini. Kaedah temu bual telah dijalankan dengan tiga-puluh dua pakar di Malaysia yang melibatkan responden dari kalangan ahli akademik, pembuat dasar, agensi kerajaan, dewan perniagaan, dan institusi penyelidikan. Temu bual telah ditranskrip dan dianalisis secara manual menggunakan pengekodan tematik dan analisis kiraan frekuensi. Enam faktor penting berserta dengan kategori dan item berkaitan dengan proses pengantarabangsaan EKS telah dikenal pasti iaitu: 1) faktor pencetus; 2) faktor dalaman; 3) faktor luaran; 4) jaringan; 5) halangan dan cabaran, dan 6) operasi untuk pengantarabangsaan. Sumbangan utama kajian ini adalah satu model generik proses pengantarabangsaan EKS yang dijangka mampu memberi ruang baharu dalam penyelidikan berkenaan pengantarabangsaan EKS bagi ekonomi baru muncul.

Kata kunci: Pengantarabangsaan EKS; keusahawanan antarabangsa; faktor pengantarabangsaan; proses pengantarabangsaan; ekonomi baru muncul; Malaysia

INTRODUCTION

The issue of understanding about the process of internationalization of small to medium-sized enterprises (SMEs) from emerging economies is still lacking. Extant literature on the SMEs internationalization have focused on Western developed countries (e.g., Coviello & Munro 1997; Gemser, Brand & Sorge 2004; Moen & Servais

2002; Pangarkar 2008). There has been growing interest among researchers on the internationalization of SMEs in emerging economies (Tung & Aycan 2008), such as China (Ahlstrom, Bruton & Yeh 2008), India (Saini & Budhwar 2008), Turkey (Benzing, Chu & Kara 2009), Taiwan and Singapore (Sim & Pandian 2003), and Vietnam (Thai & Chong 2008), but findings from Malaysia is still lacking.

In comparison to the broad bodies of literature addressing SME internationalization, only few articles have been discovered discussing various issues of SME internationalization in Malaysia. These include: patterns of internationalization (Andersson, Eriksson & Lundmark 2006), impact of networking on SME internationalization (Zain & Ng 2006), networking and internationalization of SMEs in emerging economies (Che Senik et al. 2011), and government supports and business strategy for SME internationalization (Hashim & Hassan 2008). However, none of these articles have conclusively discussed the process of SME internationalization, particularly a model of how and why SMEs internationalize has not been identified.

In addition, Etemad (2004) and Jones and Coviello (2005) posit that the existing conceptualization of SME internationalization process is lacking of common conceptual framework. Although Etemad (2004) has proposed a grounded theoretical framework which provides an overview of SME Internationalization, the evidences are mainly from studies conducted in developed economies. Therefore, an inclusive framework for researching into this issue is strongly suggested (Coviello & McAuley 1999; Gassmann & Keupp 2007), and more importantly, a holistic model of factors affecting SME internationalization process relevant to the emerging economies conditions needs to be proposed.

Given the importance of internationalization as a rising phenomenon for the success of SMES, why and how SMES internationalize is a crucial question that needs to be investigated for theoretical as well as practical purposes. This study is called to address this research question "What are the key factors comprising a comprehensive model for SME internationalization in emerging economies?" By combining five pertinent internationalization theoretical perspectives (process and stage models, network, born-global, international new ventures, resource-based view, and international entrepreneurship), this study addressed the observed gap in terms of exploratory, in-depth analysis of SME internationalization in order to gain a deeper

understanding of the process of SMES internationalization. Thus, the objective of this study is to identify factors, categories, and items aiming at developing a generic model of SMES internationalization for emerging economies. It is hoped that the outcomes of this research could assist in researching into SMES internationalization and enhancing the capability of emerging economies particularly Malaysian SMES in becoming world-class players.

This paper is structured as follows: The next section provides a brief overview of SME profiles, relevant literature review on internationalization theories and models, and pertinent factors related to SME internationalization. Third section describes the methodology, data collection, and process of thematic and frequency count analysis. Fourth section analyses and discusses the results of the experts' views. Building on these discussions, we propose a generic model for SMES internationalization in emerging economies. The last section concludes the paper with some theoretical and practical implications, limitations of the study, and avenues for future research.

LITERATURE REVIEW

Small and medium-sized enterprises (SMES) have substantially contributed to the economic benefits, and their internationalization has involved countries around the world (Fletcher 2004). In Malaysia, SMES contribute to more than 89 percent of total establishment, about 70 percent of workforce and 42 percent of the gross domestic income (GDP) (NSDC 2007). In detail, at least 97 percent of all firms in European countries, Australia, New Zealand, the United Kingdom, and the United States are SMES (Benzing et al. 2009). Whilst in East Asia, 90 percent of all business enterprises are SMES, which suggests they have a strong role in enhancing their nation's employment, economic, and social development (Harvie & Lee 2002). Table 1 shows SME contributions in Asia selected countries.

TABLE 1. International SME development and growth

Country (year)	Total establishment (%)	Total workforce (%)	SMEs contribution to GDP (%)
Malaysia (2005)	99.2	56.4	32.0
Japan (2004)	99.7	71.0	55.3
Chinese Taipei (2005)	98.0	76.9	40.0
Korea (2003)	99.8	86.5	49.4
Thailand (2002)	99.6	69.0	38.9
Singapore (2004)	90.0	45.0	25.0
China (2004)	99.0	75.0	56.0
Philippines (2003)	99.6	70.0	32.0

Source: Adapted from the National SME Development Council (NSDC 2007: 26)

SMES PROFILE IN MALAYSIA

SMES in Malaysia is defined as "an enterprise with full-time employees not exceeding 150 or with annual sales turnover

not exceeding RM25 million" (National SME Development Council, NSDC 2005: 5-6). In recent statistic, SMES represent 99.2 percent of total business establishments,

contributing to 32 percent of GDP, 19 percent of exports, and 56 percent of employment in Malaysia (Prime Minister Office 2009). The SME exporters are mainly located in the manufacturing sector (57.6%), services (40.6%) and agriculture (1.8%). Recognizing the SMEs potential contributions to the country, the Government has given intensified efforts on advancing the SMEs growth particularly at international level. For instance, in 2008, the government of Malaysia allocated RM3.2 billion for 198 SME development programs across all economic sectors. The main aims are to: enhance supporting infrastructure for SMEs, increase capacity building to strengthen SMEs, and improve access to financing. In line with strategies formulated in the Ninth Malaysian Plan and the Third Industrial Master Plan (IMP3), the main focus for 2008 was to promote SMEs in the services, primary agriculture and agro-based sectors (IMP3 2006; Ninth Malaysia Plan 2006). These statistics indicate that the SMEs contribute significantly to the Malaysian economy as well as increase their roles toward international trade.

In the latest development, the principal agency of SMEs in Malaysia, formerly known as Small and Medium Industries Development Corporation (SMIDEC) has been rebranded as SME Corporation Malaysia (SME Corp). The SME Corp, placed under the administration of Ministry of International Trade and Industry (MITI), aims to developing a competitive and resilient SMEs sector. The corporation has become an important agency to coordinate all the government programs and policies for the SMEs development, in an attempt to overcome the economic crisis (Prime Minister Office 2009). In addition, the SME Corp also serves as the Secretariat to the NSDC. Thus, it is expected that the development of SMEs particularly in global markets can be enhanced.

Malaysia is an emerging economy that is progressively assisting SMEs to become international players. The country relies heavily on international trade. According to MITI, Malaysia was ranked the 21st largest exporter in the world in 2008. As of 2008, Singapore, the US, Japan, the People's Republic of China and Thailand are Malaysia's top five trading partners, contributing to 52.5 percent Malaysia's total trade (MITI 2009). Exporting products are led largely by commodities and resource-based manufactures mainly by non-electrical and electronic (non-E&E) manufactures such as processed food, rubber products, chemicals and chemical products and petroleum products (MITI 2009).

PERSPECTIVES TO INTERNATIONALIZATION

The early development of firms' internationalization theories have focused on foreign direct investments. One prominent perspective is viewed by Dunning (1977) who suggested the Eclectic Paradigm where a firm only engages in international activities if three conditions are met: ownership-specific factors of a firm (O); location-specific factors of a market (L), and there are internalization advantages of integrating transactions within the firm (I). Later, Welch and Luostarinen (1988)

anticipated that the internationalization process crosses diverse theories. The literature has identified various views on firms' internationalization including: process and stage models; network perspective; the born-global and international new venture models; resource-based view; the international entrepreneurship concept.

Stage models posit that firms gradually internationalize in an incremental manner through a series of evolutionary 'stages.' These incremental perspectives include the Uppsala School model (Johanson & Wiedersheim-Paul 1975), the Finnish product, operation mode and market (POM) models (Welch & Luostarinen 1988) and Innovation-related internationalization models (Bilkey & Tesar 1977; Cavusgil 1980). In contrast, rapid internationalization enlightens that many firms internationalize in a rapid manner, and sometimes from inception. These firms are called, among others, born-globals (McKinsey & Co. 1993), and international new ventures (McDougall, Shane, & Oviatt 1994). Network approach identifies that the pattern of international expansion can be enhanced through networking (Johanson & Mattson 1988; Bell & McNaughton 2000). Resource-based view explains the importance of internal drivers such as tangible and intangible resources for SMEs internationalization (Barney 1991; Shepherd & Wiklund 2005). Whilst international entrepreneurship perspective focuses on the role of entrepreneurs and decision-makers in SME internationalization (Zahra & George 2002). These theories have all contributed to the contemporary understanding of SMEs internationalization (Morgan & Katsikeas 1997).

Despite the variety of understandings, SMEs internationalization theory is still inconclusive (Etemad 2004). A review of extant literature suggests that in attaining holistic understanding of the internationalization process of SMEs, a broad range of internationalization theories are required (e.g., Bell et al. 2003; Jones & Coviello 2005). Therefore, in addressing this gap, the conceptual framework of this study integrates these five internationalization perspectives; process and stage models, network, born-global and international new ventures, resource-based view, and international entrepreneurship to understand the internationalization process of Malaysian SMEs. A few aspects pertaining to SME internationalization process discussed in the literature include triggering factors, internal factors, external factors, networking, barriers and challenges, and operations for internationalization. These aspects will be discussed accordingly.

TRIGGERING FACTORS AFFECTING INTERNATIONALIZATION

Triggering factors influencing why SMEs go into international markets can be studied through the motivational factors for internationalization. Motivational factors can be classified as proactive referring to aggressive behaviors of firms acquiring new markets,

and reactive reasons relating to passive reactions of firms seeking new markets (Czinkota et al. 2002; Hollensen 2001), or pushing, pulling and interactive pushing-pulling forces (Etemad 2004), and internal and external change agents (Crick & Chaudhry 1997). According to Littunen and Tohmo (2003), push and pull factors include positive situational and business opportunities

Etemad (2004) suggested the indicators of push factors (key manager characteristics, economics of operations, competition and strategy characteristics, R&D, innovation, and technological change, high-technology products and markets characteristics, strategic logic of international operations); pull factors (international markets, liberalization, advances in information and communication, transportation technologies, attraction and resources of partners, attraction of serving current buyers' and suppliers' international needs); and the interaction between pushing-pulling factors (industry characteristics and drivers, SMEs' need for financial resources, the dynamics of learning organizations, leveraging capabilities, products, and resources, internationalized needs of customers and suppliers).

Nevertheless, why SMEs internationalize may differ between developed and emerging economies, for instance in the United States, SMEs are motivated by reactive approaches such as global market opportunities and advance R&D (Karagozoglu & Lindell 1998). Whilst emerging markets such as Malaysia depends on proactive approach when going international. According to Abdul Rashid and Tan (2002), long term growth and profit, economies of scale, marketing advantages, unique products or technologies, risk diversification, management urge, and encouragement of export promotion activities were major motives for Malaysian firms to internationalize. Therefore, to facilitate the internationalization process preparation, it is important for both researchers and managers to understand the triggering factors affecting SMEs internationalization.

INTERNAL FACTORS

Internal factors include the firm characteristics, competencies, resources, entrepreneurial orientation and key personnel (Bell et al. 2007; Chetty & Wilson 2003; Jones & Coviello 2005). Firm characteristics such as size affects internationalization behavior (Olivares-Mesa et al. 2007) while firm age influences the pace or speed of a firm's internationalization (Zahra & George 2002). Firm competencies include the knowledge-based, resource-based and situational approaches, and strategic planning (Obrecht 2004). Firm resources include the physical, organizational, relational and network resources (Calof & Beamish 1995). The more resources the firm has, the more likely it will engage in international activities (Almeida, Sapienza & Michael 2000). Barney (1991) stressed that unique resources such as rare, inimitable, and non-substitutable resources signify the competitive strength of the firm. Meanwhile, entrepreneurial orientation involves

how a firm aligns its process, practices and managerial activities towards new markets (Lumpkin & Dess 1996) involving strategic intentions and top management's actions (Smart & Conant 1994). Key personnel may include owners, managers, decision-makers or founders of the firms. Factors that influence their internationalization process are their philosophical view, social capital, human capital, international orientation and personal characteristics.

EXTERNAL FACTORS

External factors affecting SME internationalization can be classified into market environment, governmental characteristics, environmental characteristics, and competitive environment. Market environment refers to the size of the market, sales potential, availability and quality of infrastructure or facilities, and the degree of internationalization in domestic as well as foreign markets (Jones & Coviello 2005; Root 1994) and these are affected by the economic environment. In emerging markets or developing countries where foreign investment is apparent (Wild, Wild & Han 2003) growth rates of revenue, market share and returns on investment are higher because low capital intensity is required to conduct foreign operations (Roberts 2005). Government issues, such as regulations, export policy, procedural customs, endowments and incentives (Mtigwe 2005; Root 1994) also affect the internationalization process.

Meanwhile, environmental characteristics in the form of political, economic, social, technical, and legal requirements at home and in the target country also affect internationalization process (Root 1994). Lumpkin and Dess (1996) characterized four elements of environment that are dynamism, complexity, munificence and industry characteristics. Industry characteristics emphasize on capital intensive, R&D capacity and concentrated industries (Baron & Shane 2004), providing competition on price, performance, design or style, patent protection, brand name, packages and services (Root 1994) to the SMEs. In addition, the extent of a competitive environment is determined by the cooperation, co-dependence, co-learning, risk sharing, and joint actions with others (Etemad 2004) which are also known as networking.

NETWORKING

Networking factors include the role of key personnel responsible for initiating the firm internationalization and their existing social networks (Ellis & Pecotich 2001). Networking through clients, competitors, colleagues, government, government institutions, friends and families, most likely affects the selection of countries to penetrate and mode to take (Coviello & Munro 1997; Johanson & Vahlne 2003). Being connected with others allows SMEs to gain knowledge on foreign markets and access in requiring resources and capabilities (Johanson & Mattsson 1988). In some extreme cases, network relationships can make it

possible for small firms to directly enter foreign markets, via manufacturing operations (Björkman & Kock 1995). Significantly, networking can increase knowledge about foreign marketplaces, creating better opportunities for the firm to internationalize (Liesch & Knight 1999; Moen & Servais 2002). Indeed networks can influence SME international expansion in emerging markets (Ghauri, Lutz & Tesfom 2003; Kuada & Sörensen 2000; Zafarullah et al. 1998; Che Senik et al. 2007; Che Senik et al. 2011). Zeng and Williamson (2003) argued that many emerging markets, especially in Asia seek sustainable networks to help them become globally competitive firms. Redding (1995) stated that Asian firms are recognized for their networking. They actively seek 'external relationships' as a source of new information and expertise to enhance their international competitiveness (Zhou & Xin 2003).

BARRIERS AND CHALLENGES

SMEs face many issues and challenges when internationalizing since the processes of internationalization are complex and complicated (Coviello & McAuley 1999; Dana 2004; Matlay & Mitra 2004). This is because the processes involve various factors; for instance many people, different institutions, and different policies, rules and regulations. Quite common, most SMEs face challenges on financial management and decision-making (Ray & Neck 2007). According to Harvie (2008), within the East Asia region, the main drawbacks are the lack of resources (e.g., finance, technology, skilled labor, access to markets and information), lack economies of scale and scope, high transaction costs, high market structures, and intense competition against larger firms. Since firms all over the world are deeply affected by the rapid globalization, the SMEs in emerging economies have to be sufficiently prepared for the challenges. Nevertheless, SMEs in Malaysia also encounter many challenges including intensified global competition, new and emergent technologies, and high factor costs (SMIDEC 2002). Additionally, market liberalization, free trade agreements (FTAs) at regional or international levels, and the use of advanced technologies have resulted in more highly innovative products, creating another challenge for Malaysian SMEs. For example, in the past two years, Malaysian SMEs have faced rapid competition from China and India because of the open policy and market liberalization (Hashim & Hassan 2008).

OPERATIONS FOR INTERNATIONALIZATION

Firms utilize a broad range of operational modes during their internationalization process, although many fit the traditional classifications of exporting, contracting, and direct foreign investments (Wild et al. 2003). The foreign entry modes can include exporting, licensing, franchising, know-how agreement, subcontracting, contract manufacturing, project exporting, joint/mixed ventures, cooperative approaches (Luostarinen 1994). Luostarinen (1979) argued that the traditional foreign

entry classifications are inappropriate to explain SME internationalization operations, since size affects other variables.

In summary, the theoretical premise of the study is that internationalization of SMEs in emerging economies is largely influenced by many factors. Thus, in gaining deeper understanding of the process of SMEs internationalization, it is necessary for the researchers to understand and identify various factors affecting SME internationalization, so that they could extend further research on this issue. This study also benefits the practitioners as they can identify the best practice for internationalization.

METHODOLOGY AND DATA

This section presents the methodology employed for the study and justifies the selection of the expert panel. This study adopted a qualitative methodology through telephone interviews. Since little is known about the internationalization process of manufacturing SMEs in Malaysia, an exploratory approach (Hesse-Biber & Leavy 2006; Yin 1994) was the most suitable method for data collection. The study involved two stages of data collection. The purpose of having two stages of data collection was to gain diverse views and perspectives on SME internationalization from identified experts and to confirm findings.

SELECTION OF EXPERTS

To ensure the authenticity of their stances, respondents were targeted due to their positions, qualifications, affiliations, age and length of working experience. The names and affiliations of the Expert Panel were identified from the internet and through personal contacts. Fifty five experts were approached by email or telephone and 32 agreed to participate. We attempted to gather their views on SME internationalization based on institutional perspectives. Because interpersonal contact is valued in Malaysia, interviews using refined interview protocol were chosen in preference to written answers.

Experts were selected due to their expertise in the areas of international business, strategic management, SME development and entrepreneurship. The positions of the experts range from Senior Lecturer to Professor for the Academics and Assistant Director to Managing Director for institutions. All were highly specialized in the disciplines such as SME development and Entrepreneurship, Franchising Business, Strategic Management and Planning, International Business, Global Marketing, Cross Border Investment, Foreign Direct Investment, Small Medium Industry, and Research and Development. The experts represented a range of institutions or departments that were directly involved with SME development in Malaysia. For example, policymakers were drawn from the Ministry of International Trade and Industry (MITI), the Malaysian Entrepreneurial Development Centre (MEDEC),

Majlis Amanah Rakyat (MARA) and Malaysian Industrial Development Association (MIDA). Other supporting government agencies included the Small and Medium Industries Development Corporation (SMIDEC), Malaysia External Trade Development Corporation (MATRADE), Malaysian Technology Development Corporation (MTDC), Malaysian Industrial Development Finance (MIDF) and Malaysian Industrial Entrepreneur Location (MIEL). The Chambers of Commerce were represented by the Malay and Malaysian Chambers of Commerce included the Standards and Industrial Research Institute of Malaysia (SIRIM) and the Malaysia International Research Institute (IKMAS).

CATEGORIES OF EXPERTS

The experts (32) were drawn from five categories namely; academics (6), policymakers (8), government agencies (8), the Chamber of Commerce (4), and research institutes (6). The participants comprised 24 males (88%) and 8 females (12%). These experts ranged in age from their early to late 30s (19%), early to late 40s (56%) and early to late 50s

(25%). All of the experts had working experiences ranging from more than 10 years, and in some cases up to more than 30 years. This brief description of the panel of experts demonstrated that they were qualified and experienced to give relevant opinions and a legitimate understanding of the internationalization process of Malaysian SME. Thus, the experts in this panel were considered well-informed as they met these criteria.

DATA COLLECTION PROCESS

Two stages of in-depth interviews were performed in this study. In Stage I, pre-interview process was conducted to search for potential experts, to establish rapport, and to refine interview questions in regards to SME internationalization. Stage II involved three steps: 1) actual data collection to obtain information on factors affecting the process of SMEs internationalization; 2) transcription and developing themes; 3) confirmation from respondents regarding the emerging themes and items. The procedural steps in conducting the data collection and analysis are illustrated in Figure 1.

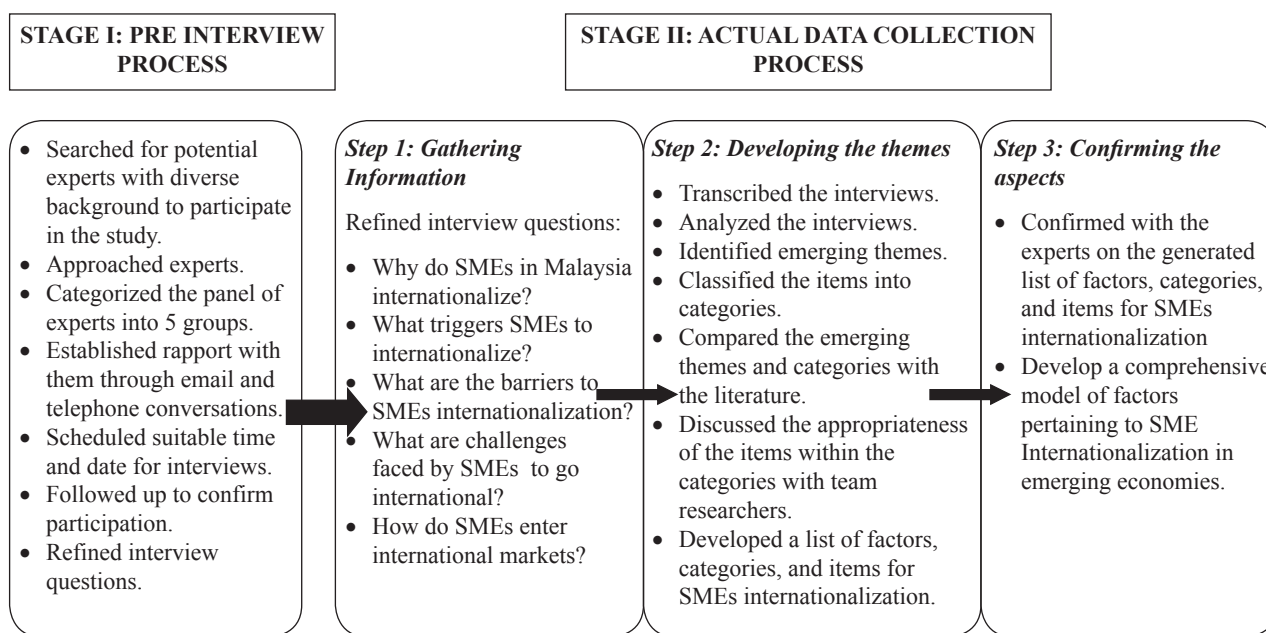


FIGURE 1. Procedural steps in data collection and analysis

DATA ANALYSIS

The interviews transcription and data analysis were done after each interview was conducted. Thematic coding and constant comparative analysis with literature and researchers were conducted (Strauss & Corbin 1992) to generate a list of factors of internationalization process of SMEs. Once the themes were identified, a frequency count analysis was conducted to count the frequencies of each of the categories for each factor. This process allowed the study to ascertain the important categories to be emphasized by the SMEs for their internationalization.

FINDINGS AND DISCUSSIONS

In analyzing the views from the experts, their opinions were combined so that SME internationalization process can be better understood. The results of internationalization process are organized into: 1) triggering factors; 2) internal factors; 3) external factors; 4) networking; 5) barriers and challenges, and 6) operations for internationalization.

TRIGGERING FACTORS

Based on the frequency counts analysis, Table 2 indicates four predominant triggering factors. These are insufficient

TABLE 2. Categories, items, and frequency counts for triggering factors

Categories	Frequency	Items
Domestic conditions	75%	<ul style="list-style-type: none"> ■ Market – Smaller domestic market/saturated domestic market ■ Competitiveness – Avoid local competitions/remain locally competitive ■ Firm's survival ■ Independent of government supports ■ Economic crisis
Resource seeking	50%	<ul style="list-style-type: none"> ■ Cost advantage ■ Specific resources needed ■ Resources outsourcing ■ Cooperation or linked with other companies ■ Supplier to MNCs
Market demands	69%	<ul style="list-style-type: none"> ■ Demands from outside markets ■ Better global markets movements ■ More competitive markets ■ Bigger markets, more choices
Globalization force	75%	<ul style="list-style-type: none"> ■ Global supply chains ■ Pressure from globalization ■ Follow globalization trend ■ Global products – firm preparedness and readiness

Note: N = 32

domestic conditions (75%), globalization force (75%), high demands from other markets (69%), and resource seeking (50%).

Based on our thorough analysis, we identified important items related to each category under the triggering factors, highlighted in Table 2. Market saturation was the main motive for Malaysian SMEs undertaking internationalization. Since the market is very small, intense competition can affect the growth of small businesses. Thus, to ensure firm growth and to gain better profits SMEs are triggered to engage in international activities. This concurs with many studies (e.g., Czinkota et al. 2002; Etemad 2004; Leonidou 1995) that internationalization can allow SMEs to expand their business as well as to sustain their companies. Further, the saturation of domestic markets was among the main motivations identified by Castro (2000) for Portuguese firms investing abroad. Interestingly, economic crisis that affected the whole world in 1997 particularly among the countries within the Southeast Asia region had triggered the SMEs to go international. Trying to be independent of government supports and ensuring firm survival had also triggered their internationalization.

Among the key global factors designating the pulling factors that motivate Malaysian SMEs to internationalize, are better global market conditions, globalization effects, following clients or customers' locations, and seeking for more advanced resources. According to Bartlett and Ghoshal (2000) these factors are more associated with developed countries and multinational companies (MNCs), yet this study uncovered similar findings. The study also found that the global-pulling forces had a higher impact on SMEs internationalization, as compared to domestic forces. This is in line with the Organization for Economic Co-operation and Development (OECD 1997) and Rodriguez's (2007) findings.

INTERNAL FACTORS

The experts identified two aspects as important drivers for *internal factors* that triggered SME firms to internationalize, namely the organizational capabilities, and key characteristics of top managers. Table 3 shows the categories under internal factors, these being the availability of resources (63%), products' uniqueness and/or niche products (63%), existence of competitive advantages (44%), and good reputation and/or firm image (31%). Meanwhile, predominant characteristics of the top managers included broad experiences (91%), skilful (88%), highly entrepreneurial attitude (75%), and compelling background (69%).

In regards to organizational capabilities, the most substantial items for this category are availability of resources and uniqueness of products. These are the organization strengths which provide sustainable advantages to the firm (Pralhad & Hamel 1990). Other competencies include the knowledge-based, resource-based and situational approaches, found within the firm's adopted technology, market knowledge and strategic planning which are in line with Obrecht (2004). Possessing advanced technology allows SMEs to operate faster in many markets as high technological intensity provides unique technological know-how (Dhanaraj & Beamish 2003). The importance of market knowledge (for example, information-gathering, learning, overseas visits, experience and market research) is supported by many studies (Autio 1999; Bell et al. 2007; Chetty & Wilson 2003). Although the learning and knowledge absorption capacity is limited within SMEs, Mtigwe (2005) argued that competencies rely heavily on the entrepreneurial planning orientation and the flexibility of top managers characteristics.

TABLE 3. Categories, items, and frequency counts for internal factors

Internal Factors	Categories	Frequency	Related Items
Organizational Capabilities	Availability of resources	63%	<ul style="list-style-type: none"> ■ Unique resources ■ Advanced technology ■ Skilful/competent/reliable/committed key personnel ■ Financially sound/stable ■ Good working culture ■ Good management team
	Products Uniqueness/ Niche products	63%	<ul style="list-style-type: none"> ■ Unique/niche/global products ■ Good packaging ■ High quality products – meet international requirements ■ Sustainable productions
	Good reputation/ Firm image	31%	<ul style="list-style-type: none"> ■ Firm holds significant reputation ■ Strong foundation ■ Strong linkages with other firms/good networks with everybody ■ Aware of the industry needs and requirements
	Existence of competitive advantages	44%	<ul style="list-style-type: none"> ■ Competitive advantages ■ Value-added ■ Brand names ■ R&D capabilities/competencies ■ Price advantage
Management Capabilities	Highly entrepreneurial attitudes	75%	<ul style="list-style-type: none"> ■ Determined to explore overseas markets ■ Strong interest to extend the business ■ Own initiatives and willingness to expand ■ Risk takings, proactive, aggressive attitudes ■ Think and view global – global mindsets ■ Highly adaptability into global market ■ Positive and responsive toward globalization ■ Self-driven motivation ■ Market, customers global trends (follow trends) ■ Survival attitude ■ Visionary
	Compelling background	69%	<ul style="list-style-type: none"> ■ International exposure, either education or working experience ■ Past working experience with international firms ■ Good education/academic background ■ Younger generations and/or young entrepreneurs
	Broad experiences	91%	<ul style="list-style-type: none"> ■ Knowledgeable ■ Broad experiences ■ Exposure/knowledge of/experience with foreign elements (i.e., people, markets, or other companies that have gone international)
	Skillful	88%	<ul style="list-style-type: none"> ■ Good interpersonal skills ■ Communication/negotiation skills ■ Intelligent worldwide networking creation ■ Advanced-technical skills ■ Able to utilize know-how and know-who ■ Management changes ■ Business/management skills ■ Customers build up confidants and mutual trust ■ Convincing people

Note: N = 32

The experts stated that top managers or key personnel need to be committed in realizing the firms' potential and be able to handle complexity. This is consistent with the findings of Mockaitis, Vaiginiene and Giedraitis (2006). In addition, top managers also possess highly entrepreneurial orientations such as risk takings, proactive, aggressive attitudes, positive and responsive, and self-driven motivation. A consensus from the panel

of experts is that an entrepreneurial orientation towards risk taking, autonomy, innovativeness, proactiveness and aggressiveness are essential determinants for successful internationalization. These support the findings of Lumpkin and Dess (1996).

Apart from the entrepreneurial orientations, knowledge, skills, and broad experience provide SMEs with capabilities in identifying opportunities and

knowledge of ways to more effectively and efficiently pursue growth opportunities (Alvarez & Busenitz 2001). In any case, these findings highlight the importance of entrepreneurial capability in recognizing appropriate markets and acknowledging specific problems, for successful internationalization. Therefore, the combination or organizational and top managers' capabilities are necessary in order to achieve a competitive advantage.

EXTERNAL FACTORS

Table 4 illustrates the external factors contributing to the internationalization. Five main aspects emerged in relation to external factors including industrialization (59%), government-related issues (62%), foreign market attraction (74%), world integration (70%), and continuous changes (69%).

TABLE 4. Categories, items, and frequency counts for external factors

External Factors	Categories	Frequency (N = 32)	Related Items
Industrialization	Industrial linkages programs	88%	<ul style="list-style-type: none"> ■ SMEs involve with Industrial Linkages Programs (ILPs) provide productions to MNCs, local or foreign
	Supplier to local and/or international companies	59%	<ul style="list-style-type: none"> ■ Become supplier to other companies
	Economies of scale – Mass production	53%	<ul style="list-style-type: none"> ■ New trend – outsourcing (not producing in Malaysia) ■ Mass production ■ Product customization ■ Tap into lower cost production
	Nature of industry sector	38%	<ul style="list-style-type: none"> ■ Nature of business and industry ■ Growing industry in Malaysia such as in BioTech ■ Inter-dependent on other industries
Government-Related Issues	Policies (economic and/or political integration)	68%	<ul style="list-style-type: none"> ■ Unison with government demand to be advanced in certain industry
	Supports and assistance (i.e., training, financial)	69%	<ul style="list-style-type: none"> ■ Availability of Logistic to deal with custom clearing ■ Various supports from government supporting agencies ■ Promotional supports – for brand image, good quality products ■ Incentives to invest in some selected countries
	Good infrastructures and location facilities	50%	<ul style="list-style-type: none"> ■ Having advanced technology to develop products help to put on demand from the international markets
Foreign Market Attraction	Larger markets outside	84%	<ul style="list-style-type: none"> ■ Global of economy ■ More demands at overseas market
	Better and advance opportunities	66%	<ul style="list-style-type: none"> ■ Find niche markets ■ The need to find new/cheaper/more efficient suppliers. ■ Avoid competition with other overseas products ■ Able to supply the required quality ■ Gain market opportunity when overseas' players aware of the existence of your firm
	Competitive markets	72%	<ul style="list-style-type: none"> ■ Design and technology advantages to compete with famous company like IKEA ■ Follow suppliers ■ Competing with other foreign markets ■ Cost competitive ■ Intensification of competition (at local market) ■ Competition from low cost production countries
World Integration	Political-related	68%	<ul style="list-style-type: none"> ■ Host country's policy and procedure
	Economy-related	72%	<ul style="list-style-type: none"> ■ Government to government supporting programs ■ Regional Integration – affect trade movement ■ China trade liberalization ■ Integration economy – AFTA/ Trade Agreement ■ Liberalization of economy
Continuous Changes	Societal changes	88%	<ul style="list-style-type: none"> ■ Follow the world trend ■ Learn other cultural aspects ■ Anticipate the dos and the don'ts in foreign countries
	Technological	50%	<ul style="list-style-type: none"> ■ Acquire technology for survival ■ Adopt new technology adoption

Foreign market attraction is the most important external driver that contributes to the Malaysian SMEs internationalization. The experts believed that larger and competitive markets offered by other countries provide the SMEs with better and richer opportunities for foreign expansion. Similar to several other studies (Crick & Chaudry 1997; Johnsen & Johnsen 1999; Karagozoghlu et al. 1998), this study found that the government supports motivate SME internationalizing activities. The government supports had triggered SMEs in emerging economies such as South Africa (Gumede & Rasmusen 2002) and India (Naidu, Cavusgil, Murthy & Sharkar 1997) to internationalize. In Malaysia context, our findings supported others (e.g. Abdul Rashid & Tan 2002; Hashim & Hassan 2008; Moha-Asri 1995) who identified that the financial supports, particularly from agencies such as MARA, Federal Agricultural Marketing Authority (FAMA), and SMIDEC, assisted the growth of SMEs, while MATRADE particularly facilitates their international activities. In addition, industrialization issue is another pertinent factor that supports SMEs internationalization which was also revealed by Hashim and Hassan (2008).

Increasing waves of economic integration, freer trade and investment trends and liberalisation have translated into many opportunities for the SMEs. This condition links to Czinkota and Ronkainen's (2005) suggestion that globalization increases the frequency and duration of linkages between countries, leading to economic and political integrations.

NETWORKING

Table 5 shows the networking factors facilitating internationalization. The experts identified three main sources of networking which were government and non-government institutions (100%) which include supporting agencies (i.e., SMIDEC – SME Corp, SIRIM Berhad, the Chamber of Commerce, MATRADE); personal relations through individual contact with friends, colleagues, students, families, etc. (81%); and other business players such as either small or large and local or foreign firms (75%).

TABLE 5. Categories, items, and frequency counts for networking factors

Categories	Frequency (N = 32)	Related Items
Government and non-government Institutions	100%	<ul style="list-style-type: none"> ■ Internationalize through Government agencies ■ Participate in international exhibitions ■ Involve with Industrial Linkages Programs ■ Network with SMI Development ■ Choose appropriate mode and agencies ■ Contact other related government agencies when the SMEs are not familiar with rules, procedure or political issues ■ Network with colleagues from previous employments ■ Enhance individual networks ■ Become suppliers through Free Trade Economic integration ■ Enhance networking through exhibitions within and outside Malaysia ■ Get assistance and information support from Malaysia Embassies ■ Seek information and assistance from foreign embassies
Personal relations	81%	<ul style="list-style-type: none"> ■ Create own networking through International Procurement Center ■ Prolong the networking ■ Participate in international exhibitions (in or out of Malaysia) ■ Make own networking with locals who are based at the host countries ■ Create strong and long lasting networking with other same ethnic (usually Chinese) within and outside Malaysia ■ Maintain personal relationship to ease the process of internationalization ■ Maintain networks with friends, families and relatives
Other business players	75%	<ul style="list-style-type: none"> ■ Partner with local and foreign MNCs ■ Become a vendor/supplier to MNCs parent companies ■ Build own network with local and foreign MNCs ■ Establish strong relationships with other Malaysian SMEs ■ Link with global supply chain ■ Collaborate with local and foreign suppliers ■ Develop and/or maintain networking with other business associates

Table 5 highlights some important items related to the networking factor. Significantly, all the experts perceived the importance of institutions as the main source of

contact in seizing information and knowledge, resulting in creating awareness and learning of the opportunities, which in turn triggered the SMEs to internationalize.

This finding supports Blankenburg's (2001) proposition that converging various types of interactions through multi-linkages with different agencies and institutions, strengthen the founders' network, providing more avenues to access to international opportunities. The experts also believed that the links with the government agencies, other institutions, other business players and individuals not only motivate SMEs to internationalize but also accelerate the processes toward internationalization.

According to the experts, the SMEs must take advantage of the international events such as exhibitions, seminars, trades, and conferences since these avenues create further networking to gain better information and opportunities. This is in line with Ojala's (2009) findings that advanced networking accelerated the internationalization activities of SMEs in Finland. Interestingly, the experts expressed concern over the Malaysian Chinese SMEs who are always advanced in making ethnic ties with Chinese in Malaysia as well as from other countries, but put less practice with other Malaysian SMEs. This supports Zhao and Hsu (2007: 815) who stated that "*ethnic Chinese networks often build on personal connections that are*

based on regional collegiality and kinship." The findings on the importance of networking concur with previous findings which found that knowledge of foreign market opportunities is developed from social and business relationships (Axelsson & Easton 1992; Coviello & Munro 1995; Johanson & Mattsson 1988; Ling-Yee 2006).

BARRIERS TO AND CHALLENGES OF INTERNATIONALIZATION

Table 6 depicts the barriers to and challenges of internationalization. The SMEs face six *barriers* in internationalizing their firms; the largest of these is financial limitations (75%), followed by resource constraints (69%), management incompetence (63%), negative attitudes of managers/entrepreneurs (56%), R&D incapability (56%), political interference (31%), and psychic distance (25%). To ensure successful internationalization, SMEs have to overcome three *challenges*. The first of these is competing with other companies (53%), handling political wills/forces (47%), and managing local and international markets (44%).

TABLE 6. Categories, items, and frequency counts for barriers to and challenges of internationalization

Factors	Categories	Frequency (N = 32)	Related Items
Barriers	Lack of resources	75%	<ul style="list-style-type: none"> ■ Lack of human resources; ■ Lack of skilled resources to develop R&D ■ Lack of knowledge/information on certain markets or host countries ■ Lack of promotional supports – unable to 'reach' the customers ■ Unable to acquire new technology
	Financial constraints	69%	<ul style="list-style-type: none"> ■ Financial limitation – Inadequate fund ■ Difficult to get government grants/loans ■ Long process in getting bank approval. ■ Low exchange rate of Malaysian Ringgit (MR) compared to some other currencies
	Entrepreneurs/Managers attitudes	63%	<ul style="list-style-type: none"> ■ Negative attitude (e.g., not risk takers, rely on government subsidies & incentives, not creative and not motivated) ■ Dependent on business contract from other countries ■ Way of thinking-lack of enthusiasm to try something new and challenging ■ Feel satisfied with existing business
	Firm Capability	56%	<ul style="list-style-type: none"> ■ Lack of products innovativeness ■ Lack of quality (e.g., Lack of ISO accreditation, Product reputation) ■ Lack of international market intelligence and logistic ■ Lack of technology for capacity building ■ Lack of R&D – lack of proper development center that could assist with the products designs
	Political interference	56%	<ul style="list-style-type: none"> ■ Trade barriers – host countries impose a lot of policies/requirements ■ Different host countries enforce diverse regulations ■ Different industries have different regulations
	Management incompetence	31%	<ul style="list-style-type: none"> ■ Difficulty in gaining trust ■ Lacking of management capabilities ■ SMEs are facing high turnover rate due to salary and job security
	Psychic Distance	25%	<ul style="list-style-type: none"> ■ Different culture, language, social, and beliefs.
Challenges	Handling government regulations and policies	53%	<ul style="list-style-type: none"> ■ Inconsistencies of regulations and policies from both local and foreign markets ■ Unclear directions from the authorities ■ Handling red tapes and bureaucracy

Continued

Continue

Factors	Categories	Frequency (N = 32)	Related Items
			<ul style="list-style-type: none"> ■ Change of government administration (change of leadership will certainly change the management, that leads to adjustment of regulations, rules and policies) ■ Legal requirement from foreign companies – warranty and back up supports
	Managing local and international operations	44%	<ul style="list-style-type: none"> ■ Enhance knowledge and conduct do research ■ Managers need to shift their paradigms/way of thinking ■ Increase management capabilities
	Competing with other companies	47%	<ul style="list-style-type: none"> ■ Product innovativeness ■ Product competitiveness ■ Be ahead of competitors

Consequently, these barriers particularly, financial constraints, lack of resources and management incompetence may cause several other limitations to the internationalization of Malaysian SMEs. Although the government and its institutions do provide financial supports in terms of loan and grants, the experts acknowledged that the SMEs must equip themselves with 'know-who and know-how' in speeding up the needed facilities or to secure approval. Inevitably, the experts did not deny the existence of political interferences that cause discomforts to some SMEs practitioners, resulting in negative perceptions toward the government practices, which in turn becomes barriers for them to internationalize. Even if 'political connections' are a significant determinant for smoothing the business and/or non-business processes (Adhikari, Derashid & Zhang 2006), such practices irritate many business practitioners in Malaysia (Gomez 2002; Gomez & Jomo 1998; Johnson & Mitton 2003). The findings agree with Saleh et al. (2008) who found that the government policies are factors perceived to be major barriers faced by Malaysian SMEs. Some important items related to the barriers to and challenges of internationalization aspects are highlighted in Table 6 above.

In another view, the experts disapproved of the negative attitudes amongst the SMEs owners/managers who rely on the government subsidies, incentives, and supports that inherent their independency. They suggested the SMEs to be more creative and to have more courage for risks and self-motivations. Positive attitudes are also important for the bank evaluations of business proposals because the financial institutions want to see the viability of the projects. Consequently, having unconstructive attitudes may transmit to other inconveniences including management incompetence and difficulty in gaining trusts. Lacking these, the SMEs may be encumbered of learning abilities, a crucial element for business expansion. Neglecting to learn and understand business conducts and practices may undermine an SME's potential to expand abroad and in some cases, the SMEs may not able to penetrate certain markets. These findings support Cook (2006). However, the effect of 'psychic distance' such as language, culture, beliefs and values do not give much

impact to the process of internationalizing the SMEs, which contrasts the views of the Uppsala model (Johanson & Vahlne 1977) and the POM model (Luostarinen 1979; Welch & Luostarinen 1988), which suggests that companies tend to expand to nearby markets for cultural and social similarities.

OPERATIONS OF INTERNATIONALIZATION

Table 7 provides the operations of internationalization factor. Two aspects emerged from the operations factor including foreign entry modes and market selection. Malaysian SMEs prefer to internationalize predominantly via exporting (75%), distributors and/or agents (66%), subcontracting/supplier (56%), and cooperative arrangements (41%) that include strategic alliances, mergers and acquisitions, licensing/franchising, and setting up a subsidiary. They operate mostly within neighboring countries (84%), the South East Asia region (53%), other markets (41%) such as Middle East, China, Sudan, India, and Bangladesh, among countries within the AFTA zone, i.e., Thailand, Indonesia, Brunei and Singapore (28%), and in distant countries, i.e., the US, Europe.

In regard to foreign entry modes, exporting and distributors and agents are the main modes taken by the SMEs in Malaysia. Meanwhile, subcontracting/vendor systems are associated with the industrial linkages program (ILPs) and the government-linked companies (GLCs) in which the SMEs become the suppliers to the MNCs. According to the experts, the ILPs can initiate cooperative arrangements among the Malaysian SMEs with companies abroad. However, not many SMEs are engaged with the cooperative arrangements modes as they require stringent policies both at local and international levels. This suggests an application of a low commitment or conventional approach to internationalization, which fits the Uppsala model and conforms to other studies' claims (Andersen 1993; Gankema, Snuit & Van Dijken 1997; Vissak 2004) that the traditional pattern lacks evidence for a high commitment or complicated mode of entry.

Moreover, the type of business also may limit SMEs internationalization. For example, family businesses are less likely to internationalize compared to those connected

TABLE 7. Categories, items, and frequency counts for operations of internationalization

Factors	Categories	Frequency	Related Items
Modes of foreign entry	Exporting	75%	<ul style="list-style-type: none"> ■ Direct exporting ■ Indirect exporting – through agents or representatives
	Subcontracting/Suppliers/ Vendors	66%	<ul style="list-style-type: none"> ■ Vendor system ■ Subcontracting
	Cooperative arrangements	56%	<ul style="list-style-type: none"> ■ Cooperation with MNCs ■ International Joint Ventures ■ Outward and inward acquisition mode ■ Strategic alliances ■ Licensing/Franchising
	Distributors and/or Agents	41%	<ul style="list-style-type: none"> ■ Selling components
Markets Selection	Neighboring countries	84%	<ul style="list-style-type: none"> ■ Basically around the regions,
	Within South East Asia Region	53%	<ul style="list-style-type: none"> ■ Free trade zone
	Among countries within AFTA	41%	<ul style="list-style-type: none"> ■ Neighboring countries
	Distant countries	34%	<ul style="list-style-type: none"> ■ Some European countries ■ The US, UK
	Other markets	28%	<ul style="list-style-type: none"> ■ Further to China ■ Middle East countries

Note: N = 32

with ILPs and GLCs. The experts viewed that the family businesses are only triggered to do so when their firms have a strong domestic position, available resources, production capability, and managerial ability. This confirms others' findings that incremental models have mixed support in internationalization research (Coviello & McAuley 1999). Table 7 highlights some important items related to the operations of internationalization regarding modes of foreign entry and market scope. Drawing on these findings, the next section proposes a generic model for SMEs internationalization in emerging economies linking the factors, categories and pertinent items viewed by the panels of experts.

A GENERIC MODEL FOR SMEs INTERNATIONALIZATION IN EMERGING ECONOMIES

Based on the experts opinions analyzed using thematic coding and frequency count analysis, an integrated generic model of the internationalization process for SMEs operating in an emerging economy is proposed (Figure 2). The current study that integrated the concepts of five major internationalization perspectives: process and stage models, network, born-global and international new ventures, resource-based view, and international entrepreneurship, had resulted in six emergent factors (i.e., *triggering, internal, external, networking, barriers and challenges, and operations*) pertaining to SME internationalization drawn from the panel of experts.

Figure 2 provides a new perspective in understanding the internationalization process of SMEs in emerging economies, particularly in Malaysia. The six emergent factors are interlinked, indicating that interrelated micro and macro conditions affect the SMEs decisions to internationalize. Internal and local, and external and global conditions influence the process of internationalizing the SMEs; the earlier conditions explain the pushing factors,

while the latter conditions clarify the pushing factors which both are considerable important elements that trigger the SMEs to internationalize.

Significantly, the generic model clearly supports the existence of networking as the most pertinent factor in the internationalization process of SMEs in Malaysia. The ability to access relevant networks is the fundamental value to SMEs, as the avenue for acquiring international opportunities, tacit knowledge and foreseeing market behaviors that contribute to the success of internationalization process in emerging economies which support the previous study by Che Senik et al. (2011). Nevertheless, barriers and challenges within the organization, in the country itself, as well as in the countries they are operating or they plan to operate must be included in understanding extensively the process of internationalization.

Consequently, the interrelated factors discussed earlier explicate the preconditions for internationalization process of SMEs in Malaysia as well as in many other emerging economies. These factors may trigger and/or motivate the SMEs to internationalize, which may also determine their modes of foreign entry, scopes of market, and patterns of internationalization. This study has developed a new perspective for understanding the SMEs internationalization in the context emerging economies.

IMPLICATION AND CONCLUSION

The objective of this paper is to address the key research question guiding this paper: *What are the key factors comprising a comprehensive model for SME internationalization in emerging economies?* This is an important question for three compelling reasons. First, the issue of researching on the internationalization process of SMEs from emerging economies is still

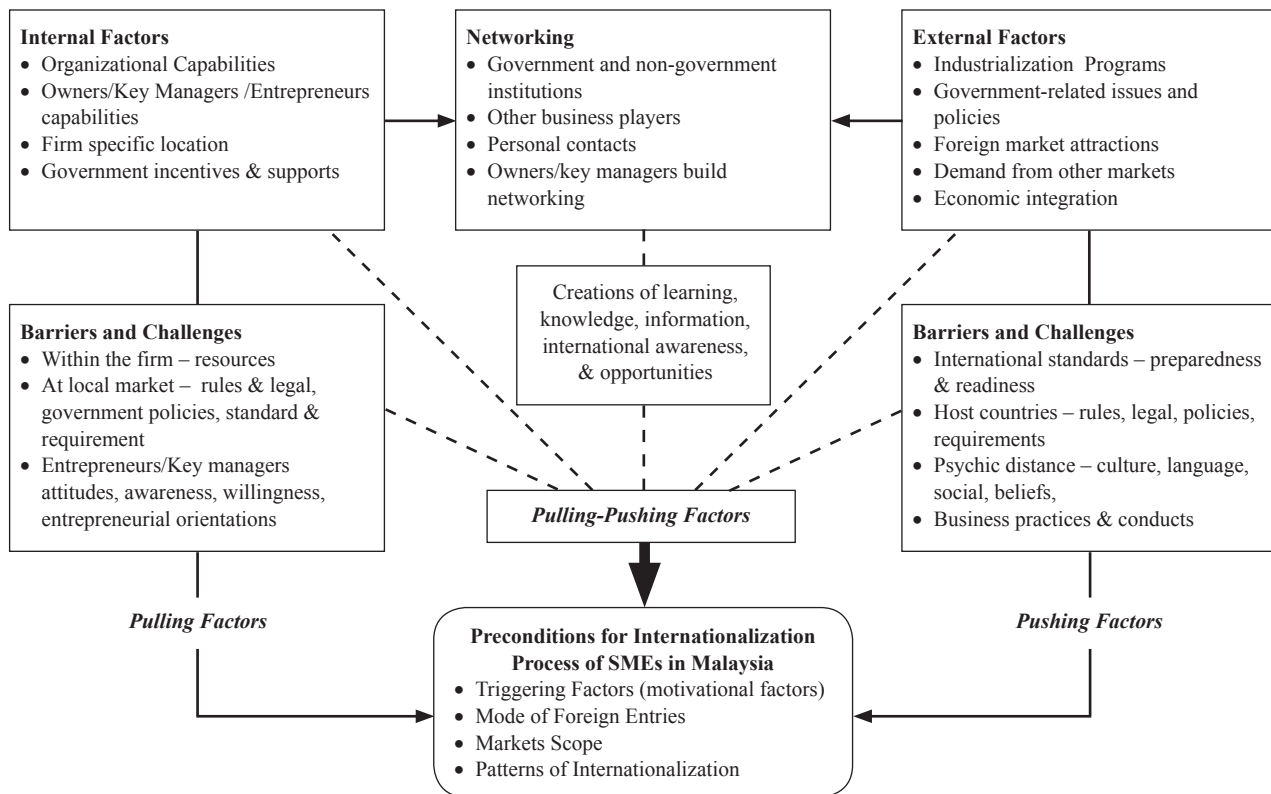


FIGURE 2. A generic model of SMEs internationalization in emerging economies

lacking. Second, the existing conceptualization of SME internationalization process is lacking of common conceptual framework (Etemad 2004; Jones & Coviello 2005), because one perspective is unlikely to depict the SMEs internationalization (Malhotra, Agarwal & Ulgado 2003). Third, an inclusive model for researching into issues affecting SME internationalization process is strongly suggested (Gassmann & Keupp 2007).

To address the guiding question, we have drawn from diverse literature on international business, and SME and firm internationalization. From the extant theories and perspectives we integrate five perspectives of internationalization such as process and stage models, network, born-global and international new ventures, resource-based view, and international entrepreneurship. These theories have all contributed to the contemporary understanding of SMEs internationalization (Morgan & Katsikeas 1997) and formed the basis of this study.

Previous studies of SMEs internationalization in emerging economies as well as in developed countries have provided only a segmented understanding of the internationalization processes and generally lack a holistic empirical foundation (Jones & Coviello 2005). By integrating five perspectives of internationalization (i.e., process and stage models, network, born-global and international new ventures, resource-based view, and international entrepreneurship), six factors emerged (i.e., *triggering, internal, external, networking, barriers and challenges, and operations*). Through qualitative study, this study is able to identify the categories and items

under each of the determining factors pertaining to SMEs internationalization in emerging countries.

This paper distinguishes significant theoretical contributions. The proposed model is comprehensive in the sense that it is based on five theoretical perspectives on SME internationalization. The model also contributes implications to the practitioners and policymakers. The implications to practice are outlined below:

1. SMEs need to learn the procedures to export themselves, and rely less on the supports of the government agencies and/or consultants;
2. SMEs need to consider the grooming of human capital development in order to create understanding and knowledge on the internationalization process by attending training and seminar;
3. SMEs must be able to distinguish themselves with other players;
4. SMEs owners and/or key managers must inspire themselves with entrepreneurial orientations attitudes and avoid having 'subsidized thinking';
5. SMEs should engage more with R&D so that their products can compete at global markets;
6. The government and its supporting agencies should dismantle bureaucracy in the conduct of government operations and procedures; and
7. The government should establish one body to deliver supports and facilities to the SMEs so that confusion and misunderstanding caused by numerous diverse agencies could be eliminated.

In terms for future research, it will be necessary to refine and deepen the broad ideas we have presented in the generic model. Additional research should be conducted in different emerging markets to confirm our proposed model. In terms of methodology, another extension of this work would be to apply this research to a different unit if analysis such as the SMEs practitioners. Researchers could examine the factors, categories, and items identified in this study to distinguish whether they varies and later prove or disapprove in different emerging economies.

In sum, gaps remain in the literature and as well as the empirical evidence on the internationalization of SMEs. The SMEs in emerging markets particularly Malaysia are influenced by the triggering or motivational factors, internal and external factors, the networking efforts, the handling of barriers and challenges, and the operation strategies modes, indicating that the emerging markets' SMEs should consider these factors to facilitate their internationalization process. Although this study has presented robust findings, in regards to SME internationalization, avenues are widely open for investigations. As Mtigwe (2006: 20) argued, some models with varying amounts of detail have already begun to take root; yet, a great deal more work in this regard needs to be undertaken.

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