

Barriers to Internationalization: Evidence from Jordanian SMEs**Alaa Mohammad Alkhalilah^{a,b*}, Emilio Galdeano-Gómez^c and Yolanda Sorroche-del-Rey^c**^aPhD Student, University of Almería, Mediterranean Research Center on Economics and Sustainable Development, CIMEDES, Almería, Spain^bLecture, Department of Administrative Sciences, Faculty of Business, Jerash University, PO. Box 26150, Jordan^cUniversity of Almería, Mediterranean Research Center on Economics and Sustainable Development, CIMEDES, Almería, Spain**CHRONICLE ABSTRACT***Article history:*

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This study investigates the impact of internationalization barriers on the export performance of Jordanian small and medium-sized enterprises (SMEs). The aim of this study is to investigate how the export performance of SMEs in the furniture industry is influenced by external and internal barriers and what significance these have for international performance. Based on a quantitative research design, data was collected from 318 small and medium-sized Jordanian companies through a survey. Partial least squares structural equation modeling (PLS-SEM) examined the impact of external barriers, including political, economic, legal and socio-cultural challenges, as well as internal barriers, such as financial, management and market-related barriers, on export performance. However, most barriers - whether internal or external - are domestic and have a greater impact on export performance than barriers from abroad. This study enriches RBV theory in relation to the internationalization of small and medium-sized enterprises by providing evidence that firm-specific resources and capabilities are key factors for SMEs both when they face export barriers and when they achieve better performance in foreign activities. The findings provide practical implications for managers, policy makers and practitioners interested in the internationalization of Jordanian SMEs. An important limitation is the cross-sectional design, one-country context, and self-report in survey research. Future studies are recommended to use a longitudinal design, mediating and moderating mechanisms. This study is innovative as it involves a combined investigation of firm-external and firm-internal export barriers and their effects on the internationalization success of Jordanian SMEs.

1. Introduction

Internationalization has become a crucial strategy for SMEs to expand market reach, enhance competitiveness, and ensure long-term sustainability in today's globalized business environment (Oviatt & McDougall, 2005). SMEs are very important for job creation and economic development worldwide and in Jordan in particular they account for 99% of registered businesses and about 60% of Jordan's total gross domestic product (GDP) (Al-Mahrouq, 2010). Nevertheless, certain barriers have been identified that hinder the export expansion of Jordanian SMEs (Alrashidi 2013). Previous studies have categorized internationalization factors into business, market, institutional and cultural factors (Paul et al., 2017). In Jordan, there are development organizations that focus on SME participation in foreign markets, such as the Jordan Enterprise Development Corporation (JEDCO) (JEDCO, 2021). However, there are still challenges to export expansion that make it difficult for Jordanian SMEs to access the international market, as noted by Al-Hyari et al. (2012). One problem that Jordanian SMEs face is the problem of investing in foreign markets and obtaining information about these markets. According to a survey conducted by the Jordan Chamber of Industry in 2019, 62 per cent of companies stated that this was a problem that hindered them. It brings challenges in identifying the target countries, understanding the regulations of the foreign markets

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and deciding on market entry strategies in these markets (Paul et al., 2017; Ismaeel et al., 2023). The third obstacle relates to the risk factor, financial risk. Regarding limited access to sufficient financing, a survey conducted in 2018 among the clients of the European Bank for Reconstruction and Development found that 57 of respondents cited financial accessibility as the main obstacle to the growth and internationalization of SMEs. Insufficient funds for market analyses, the development of products suitable for foreign markets and marketing campaigns are a major challenge for many Jordanian SMEs (Al-Hyari et al., 2012). Lack of skills, knowledge and experience are also seen as barriers to the internationalization process (Hijazi et al., 2024). According to an ILO survey, 48% of Jordanian SMEs face problems related to the availability of skilled labor when entering international markets (ILO, 2020). This challenge is exacerbated by the fact that SMEs have fewer resources to attract and retain good employees (Al-Hyari et al., 2012). External challenges include economic fluctuations in international markets (Chetty et al., 2002), tariff and non-tariff barriers (Leonidou, 2004) and the complex legal system of other countries. According to the Jordan Strategy Forum (2020) survey of SMEs, 64 per cent cited competition in foreign markets as one of the biggest challenges. However, although the authors acknowledge these challenges, there are few articles that examine the extent of the internationalization process of Jordanian SMEs and the associated barriers (Alrashidi, 2013; Al-Hyari et al., 2012). Previous research has mainly relied on qualitative or descriptive studies, so there is a need for better methodological quantitative research on this topic. Therefore, the present study aims to identify and compare internal and external barriers to internationalization of Jordanian SMEs and their relationship with firm performance using the PLS-SEM method. This method is well suited for small samples, which is often the case in SME research. The contributions of this study to future studies are a detailed assessment of the challenges faced by Jordanian SMEs in their internationalization efforts and the distinction between interactive effects in the context of cultural industries and institutional culture in Jordan. The implication of the research findings for the theoretical contributions and application in practice lies mainly with academics and policy makers. However, they can serve as a basis for further studies of internationalization processes in companies and highlight the complex difficulties faced by Jordanian companies. In addition, the empirical study using the PLS-SEM shows the possibility of further developing the methods for investigating the adaptation of barriers with regard to further research perspectives in the field of internationalization performance indices.

2. Theoretical Foundation

2.1 Resource-Based View (RBV)

The RBV is one of the most important theories in the field of strategic management, which analyses the internal resources and capabilities of companies as a source of competitive advantage (Barney, 1991; Wernerfelt, 1984). It assumes that companies are composed of various resources that increase the availability of unique value for the company. Most resources can be categorised as either physical or non-physical. Key examples include financial capital, physical capital, technological capital, knowledge and skills capital, reputational capital and organisational capital (Grant, 1991). According to Barney (1991), resources can be divided into three categories: Physical capital, human capital and social capital, which include physical capital, human capital and organisational capital. The RBV states that resources must be unique, valuable, rare and difficult for competitors to imitate, as described in the VRIN framework. In the case of SMEs, the RBV helps to identify internationalization paths and ways to overcome challenges. Resources that may be difficult for an SME to obtain include financial capital, human capital and information about foreign markets (Knight & Cavusgil 2004; Alkhaldeh et al., 2023). However, the following resources may be useful for small firms to overcome the difficulties of adaptation: Technological competences, innovative products or entrepreneurial orientation, as Knight and Cavusgil (2004) state. According to Musteen et al. (2010), SME managers who are particularly knowledgeable about the company are better able to overcome information and cultural obstacles. According to the RBV paradigm, it is possible to improve the international competitiveness of SMEs by accumulating or developing resources that possess the characteristics of valuable, rare, heterogeneous and inimitable (Peng, 2001). This could include the creation of research and development initiatives or the establishment of partnerships with foreign companies (Gulati et al., 2000). In the case of Jordanian SMEs, RBV can help in analysing the type of resources and capabilities needed to remove the barriers to internationalization.

2.2 Institutional Theory

According to institutional theory, the behaviour of organisations manifests itself through the mechanisms of the institutional environment formed by regulatory systems and societies (North, 1990; Scott, 1995). It is the case that organisations must adapt to these institutional pressures in order to be legitimate and obtain more resources (DiMaggio & Powell, 1983). This pressure can be radial (when an organisation exerts pressure through rules and policies), mimetic (when an organisation exerts pressure by copying or imitating) and normative (when a profession uses rules and codes to exert pressure). Based on the literature review, the following theses on SMEs and internationalization processes can be formulated: The institutional environment of the home and host country remains a crucial factor in the internationalization process. Political risks and an unfavourable business environment can act as threats, increasing the costs and uncertainties associated with entering foreign markets (Cuervo-Cazurra et al., 2019). Nevertheless, supportive institutions such as export incentive programmes can promote SME internationalization of Jordanian SMEs (Al-Hyari et al., 2012). According to institutional theory, context can therefore be a key factor to consider in internationalization. It also follows that Jordanian SMEs may encounter a number

of problems when integrating into other institutional structures of foreign markets. They can work to overcome these obstacles by utilising institutional knowledge and skills, such as understanding national practices and regulations (Peng & Luo, 2000). Trade associations and export promotion agencies are some of the institutional intermediaries that can help SMEs in their internationalization process (Oparaocha 2015). These institutions provide market information, linkages and services to assist Jordanian SMEs in gaining visibility and opportunities in international markets. As for the application of the proposed theoretical framework, the barriers to internationalization can be examined based on the integration of institutional theory and the resource-based view (RBV). While the RBV focuses on a firm's internal resources and capabilities, institutional theory addresses the external forces that influence the firm's operations (Meyer et al., 2009). The aim of this combined view is to assert that Jordanian SMEs need to integrate their valuable, rare, inimitable and organised resources with the institutional context in order to effectively overcome the obstacles of internationalization.

2.3 Export Performance (EP)

Export performance (EP) is also an important concept in international business, which should reflect the extent to which corporate goals and export strategies are achieved at the corporate level (Cavusgil & Zou, 1994; Alhawamdeh et al., 2024). Many factors affect EP, including the size and experience of the organisation, the use of marketing and the external environment. Although large companies generally benefit from internationalization (Dhanaraj, & Beamish, 2003), smaller companies can also achieve high EP through niche strategies and flexibility (Knight & Cavusgil, 2004). Elements of the marketing mix, particularly the issue of global standardisation versus local adaptation, which is an important aspect of export marketing, have a major impact on EP. The literature also mentions other forces that have an influence on EP. These include market forces, competitive forces and institutional forces. Furthermore, it is argued that in EP, the network relationships or strategic alliances provide the company with market knowledge, assets and opportunities (Brouthers & Nakos, 2015).

2.4 Internal Barriers

The most important internal factors inhibit the internationalization of SMEs to a high degree. These are INFO for information barriers, MSG for management constraints, FIN for financial barriers and MKT for market-related factors. Since there is a gap in the information one has about foreign markets, customers' preferences and regulations, information barriers are derived (Arteaga-Ortiz & Fernández-Ortiz, 2010). Management barriers refer to the ability and willingness of management to internationalise. The other constraint relates to financial constraints, which include high capital requirements and challenges in obtaining external finance. Market barriers include problems that may arise in changing the products themselves, price and distribution systems for export markets. Entrepreneurial barriers (ENT) also consist of factors that hinder SMEs in identifying opportunities in international markets and developing market entry strategies (Dimitratos & Plakoyianaki, 2003). Adapting to these barriers often requires strategic alignment, market selection, co-operation and support in international ventures.

2.5 External Barriers

External barriers greatly influence the process of internationalization of SMEs and their export performance. These barriers are political, economic and legal as well as formal-bureaucratic and financial. This study found that political obstacles (GOV) increase the business risk of cross-border transactions (Al Hyari et al., 2012). Other macroeconomic conditions include the exchange rate and inflation rate, which determine the potential of SMEs in foreign markets (Baum et al., 2013). PROC are cumbersome paperwork, arranging deadlines and high transaction costs (Kahiya, 2013; Roy et al., 2016). Socio-cultural barriers (SOCIO) relate to language and cultural practices that do not match the home and host country environments. These barriers can lead to complications in communication and have an impact on marketing success. To counteract these factors, it may be necessary for SMEs to acquire intercultural skills, provide products and services that meet the needs of local consumers and participate in export promotion programmes (Ojala & Tyrväinen, 2009).

3. Empirical Literature Review

3.1 Internal Barriers and Export Performance

Internal constraints play a very large role in affecting the export performance of small and medium enterprises (SMEs). Some of these barriers are INFO, MNG, FIN, MKT and ENT. Other information constraints are lack of information about export opportunities in global markets and limit the export performance of SMEs (Pinho & Martins, 2010). Expert information about export markets hinders SMEs from increasing the efficiency and effectiveness of their ventures. As far as SMEs' export activity is concerned, the following managerial barriers have been identified as antecedents of low export performance: low management commitment, lack of skilled personnel, and insufficient international orientation (Okpara & Koumbiadis, 2009). These works particularly emphasise the importance of management commitment, know-how, and international orientation to overcome managerial challenges that threaten export success. Four types of structural obstacles, including insufficient foreign credit and high export costs, reduce SMEs' likelihood of becoming exporters and their export intensity. SMEs seeking to increase their export performance with sufficient financing also need financial resources. Therefore, market fluctuations are influential factors that hinder SMEs' export performance in terms of foreign markets competition, exchange rate fluctuations and cross-cultural differences (Kahiya, 2013). Taken together, these researches show that

SMEs need to improve their established business tactics to address the foreign market environment and barriers in terms of improving competitiveness. The barriers arising from the entrepreneurship aspect also negatively affect export performance, including limited entrepreneurial orientation, lack of innovation and low risk-taking among SMEs (Gonzalez-Perez et al., 2016). It is necessary to improve the entrepreneurial orientation of SMEs to remove export market entry barriers and improve performance. These barriers need to be effectively addressed and export performance improved. This requires higher skills and strategic management of SMEs to obtain effective market information, improved management skills, financial support and compliance with foreign market requirements and to promote a culture of export entrepreneurship. Removing identified internal barriers can therefore increase the overall potential of SMEs in efficiently obtaining and applying export market information, as well as in identifying and acquiring the necessary resources, adapting their products and marketing strategies and developing new business logics within the company.

3.2 External Barriers and Export Performance

There are a number of forces beyond the control of the international exporting company that negatively affect the export performance of SMEs. These are political, economic and legal (GOV), procedural and monetary (PROC) and socio-cultural (SOCIO). This paper confirms that political, economic and legal factors have an impact on the export performance of SMEs. A summary of the studies conducted by Al-Hyari et al. (2012) found that some of the critical challenges that hinder the growth of SMEs in Jordan are political instability, high tariffs for exporting goods and complicated legal systems in Jordan. According to similar works, Javed et al. (2011) found similar barriers for SMEs in Pakistan, while others concluded that corruption levels and hostile business environments are the main factors affecting export performance. These works emphasise the need for supportive institutions in terms of sound policies in the area of SME internationalization. Procedural and monetary costs also pose challenges for SMEs when it comes to exports. Pinho and Martins (2010) stated that the main barriers for SMEs in Portugal are paperwork and long waiting times at customs. Korneliussen and Blasius (2008) concluded that three dimensions of internationalization costs such as high transportation costs and fluctuating exchange rates affect the export performance of Norwegian SMEs. Dillman et al. (2014) listed factors such as high transaction costs and limited export finance as challenges that diplomacy posed for Ghanaian SMEs. Therefore, the processes of export facilitation as well as the financing mechanisms for SMEs should be considered crucial for further research. Sociocultural barriers have a negative impact on the export performance of SMEs. Leonidou (2004) showed that languages, culture and different demand abroad can be a barrier to export success. Ojala and Tyrväinen (2009) also indicated that cultural distance had a negative impact on the export performance of Finnish software SMEs. Bianchi and Wickramasekera (2016) found that Chilean SMEs faced the major challenge of considering the desires of foreign cultures, which is a major challenge when it comes to building trust with customers. These works imply that SMEs need to define and promote cross-societal transparency to counteract the sociocultural impacts and adapt their behaviour patterns to the target markets. Further studies need to examine external barriers and their importance for export in terms of SME performance in different institutions. Also, understanding the concept that policy interventions could potentially help eliminate external factors seems to be a question worthy of research. The literature also suggests studying the interactions of several external barriers on SME export performance (Kahiya, 2013). Externally imposed barriers: The role of management perceptions and skills in managing SME responses. Researchers Sinkovics et al., in their empirical study on external barriers and export partnerships, considered that managers' perceptions of these barriers have implications for export decisions and partner choice. Benamraoui (2023) also found that managers' export knowledge and experience underpinned the relationship between external barriers and export performance of Algerian SMEs. The results of the analysis presented in this article explain how different tangible and intangible aspects of a barrier affect SMEs' exports and how management's perception of the barrier, in addition to its characteristics, influences export success.

4. Hypothesis Development

According to institutional theory, the behaviour and performance of organisations are controlled in one way or another by formal and informal structures (North, 1990; Scott, 1995). According to Luostarinen (1994), export performance can be stated to correspond to the ability of smaller exporting firms to overcome external barriers in the foreign markets, taking into account the institutional conditions in the home and host countries. Small and medium-sized exporters face various challenges, which can be political, economic, legal, procedural, financial or socio-cultural in nature, which can affect the export process and increase the associated costs or risks (Kahiya, 2013). Al-Hyari et al. (2012), Cardoza et al. (2016) and Javed et al. (2016) have used empirical literature to find that economic, legal and policy restrictions reduce the export performance of SMEs in several countries. Hypothesis two posits that financial and procedural barriers negatively affect the export performance of SMEs. Financial and procedural barriers play a significant role in determining the export performance of SMEs as follows: Of the four sub-hypotheses, information about exporting from family and friends was frequently sought. Firms' sales levels were negatively biased towards SMEs' export performance when financial and procedural barriers were introduced. The research by Pinho and Martins (2010), Narayanan (2015) and Korneliussen and Blasius (2008) show that high transaction costs, ineffective customs and bureaucracy affect the export performance of SMEs. Language barriers, cultural differences and general lack of knowledge of SMEs' exotic markets significantly limit export performance in many countries (Leonidou, 2004; Bianchi & Wickramasekera, 2016; Ojala & Tyrväinen, 2007). Given these findings and informed by insights from institutional theory, this study proposed that:

H₁: *External barriers significantly influence SMEs' export performance.*

The RBV theory states that a firm's resources and capabilities are the main drivers of performance, and here the focus is on internal resources and capabilities. Dhanaraj and Beamish (2003) have shown that there are antecedents that initially turn internal constraints into opportunities and later succeed in global markets: There are valuable resources that SMEs acquire, and these resources are inimitable. However, information, management, financial, market and entrepreneurial constraints reduce the ability of SMEs to venture into export markets (Kahiya, 2013). Various personal and organisational factors affect the export performance of SMEs, including lack of information about other international markets and difficulties in obtaining the necessary information (Suarez-Ortega, 2003; Pinho & Martins, 2010). Other managerial factors that play a role in export barriers include the absence or lack of appropriate skills, time and international perspective to facilitate and support export activities (Suarez-Ortega et al., 2007). Trade costs, including lack of external finance and export costs, reduce the export propensity and frequency of SMEs (Narayanan, 2015). Market barriers such as competitive pressure, price wars and distribution channel problems are other factors that affect the export performance of SMEs (Tesfom & Lutz, 2006; Kahiya, 2017). In the following theoretical analysis, threat aversion and lack of entrepreneurial orientation were found to affect the export performance of SMEs in different countries (Okpara & Kabongo, 2009; Roy et al., 2016; Gonzalez-Perez et al., 2015). These barriers included passivity, an inability to select global opportunities and family-owned enterprises having issues with relationships. Based on these findings as well those of the RBV, we formulated our hypotheses:

H₂: *Internal barriers significantly influence SMEs' export performance.*

4.1 Conceptual Model

This conceptual model for the research under FBV (Resource-Based View) and IT (Institutional Theory) illustrates the relationship between the export performance of SMEs from Jordan and external and internal export barriers, as shown in the following figure (Fig. 1). The RBV postulates that firms with resources that are rare, valuable, inimitable and isolable from other resources, and for which there is no technological substitute, are most likely to overcome the internal factors and succeed in international business (Barney, 1991; Dhanaraj & Beamish, 2003). Institutional theory assumes that organisations are influenced by their institutional context (North, 1990; Scott, 1995). According to Peng et al. (2008), the institutional environment of the home and host country plays a central role in the export performance of SMEs. The research model defines internal and external constraints as two sets of independent variables because they can affect export performance and the relationships between them.

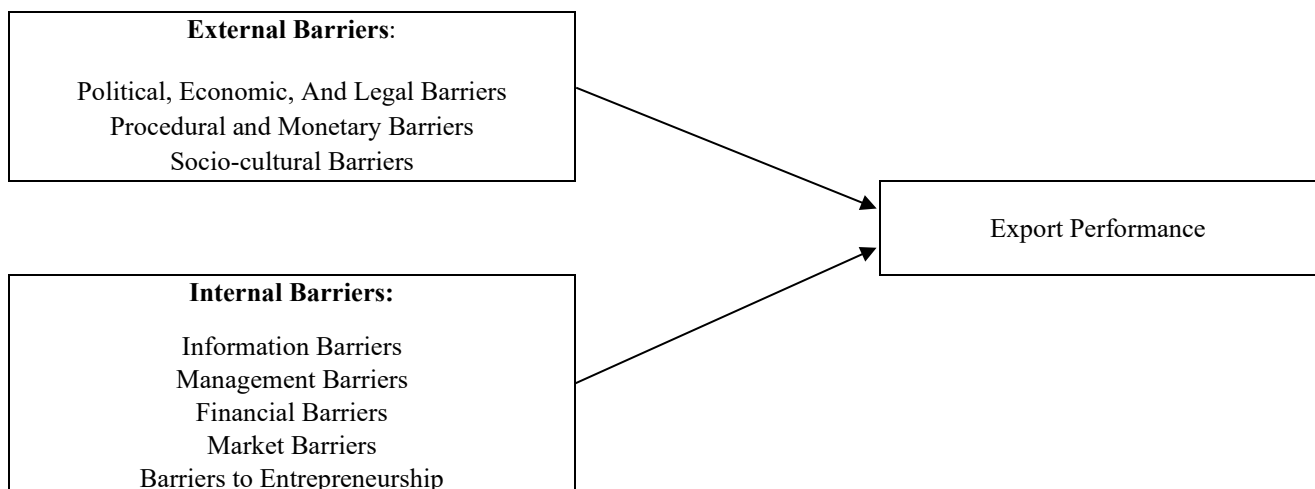


Fig. 1. Conceptual Framework

5. Research Methodology

This study is a quantitative study in that a survey method was used to obtain primary information from Jordanian SMEs in various industries. JEDCO (2021) Mobile shows that there are 180,000 SMEs in Jordan, accounting for 98% of the total number of registered companies. Using Krejcie and Morgan's (1970) table, the recommended sample size was 384, but as this was non-response research, the recommended sample size was increased by 20 per cent to 500 when recruiting SMEs. This approach is in line with the research on SME internationalization by Alrashidi (2013) and Al-Hyari et al. (2012). The sampling method thus included both "stratified" and "simple random" sampling with the aim of improving representativeness. In yesterday's classification of companies by industry type, a stratified random sample was used and then a simple random sample was drawn within the categorised industries (Sekaran & Bougie, 2016). This allows for a fair distribution of SMEs within each stratum and is consistent with previous research (Roy et al., 2016; Narayanan, 2015). The items of the questionnaire were derived from the literature review and other research measuring barriers to SME internationalization and export performance. This scale included constructs for Internal Barriers (INT), External Barriers (EXT) and Export

Performance (EP), with responses given on a Likert scale with quantitative numbers ranging from 1 to 5. Before the questionnaire was administered, it was pretested with the help of key informants and the pilot test was conducted with 30 SMEs to determine the validity and reliability of the instrument (Saunders et al., 2016). Data was collected online using Qualtrics from January to May 2024 and a friendly structured questionnaire was developed for completion of the survey to increase the chances of a response. Participants were also assured of confidentiality and anonymity in the handling of their information (Dillman et al., 2014). The study conformed to ethical standards, i.e., free and informed consent, anonymity/privacy, and, if actual data were involved, honest and accurate presentation of results (Bell et al., 2018). Partial least squares structural equation modelling (PLS-SEM) with the software application SmartPLS was used in the quantitative analysis. PLS-SEM was chosen for the following reasons: PLS-SEM is capable of handling complex models with multiple constructs and relationships and supports the simultaneous examination of measurement and structural models (Hair et al., 2019). The results were analysed based on the standards of the PLS-SEM analysis procedure for handling research data.

6. Results

A total of 500 questionnaires were distributed, of which 318 were answered, corresponding to a response rate of 63.6% response rate. The survey included 70 participants; this sample size is large enough to carry out an in-depth analysis and shows a high level of interest from participants, which also demonstrates the reliability and reference nature of the results. The majority of respondents were CEOs/owners with 58.2% and 41.8% were managers in their companies and thus had responsibility for decision-making. The companies were of varying ages, ranging from 17.6% had been established in the last five years, 45.3% for 6-10 years and 37.1% for over 10 years. The percentage distribution of company size was 10-49 employees (22.3%) and 50-249 employees (77.7%). Most respondents in the sample belonged to the garment and textile industry with 22.6% and the pharmaceutical industry with 18.9% were the most affected industries. It is worth noting that 96.9 per cent of respondents currently export. This study has succeeded in identifying some of the key patterns of Jordanian SMEs' internationalization processes and barriers to export.

Table 1
Socio-Economic Characteristics of the Respondents

Question	Option	Freq. (318)	Percentage (100)
Current Position	CEO/Owner	185	58.2
	Manager	133	41.8
Total		318	100
Enterprise Established	< 5 years	56	17.6
	6-10 years	144	45.3
	> 10 years	118	37.1
Total		318	100
Number of Employees	10-49	71	22.3
	50-249	247	77.7
Total		318	100
Industry	Food Industry	46	14.5
	Pharmaceutical Industry	60	18.9
	Rubbery & Plastically Industries	52	16.4
	Clothing & Textile	72	22.6
	Food and Beverages	25	7.9
	Paints	10	3.1
	Furniture	15	4.7
	Electronics	38	11.9
	Other	0	0
	Total		318
Currently Export Overseas	Yes	308	96.9
	No	10	3.1
Total		318	100

This is related to the external loadings and the variance inflation factor (VIF) for each of the measurement items. Thus, most items had external loadings above the recommended value of 0.7. The threshold value means that the item has a strong relationship to the construct and convergent validity according to Hair et al. (2019). The VIF values were below 5, indicating that there were few problems with multicollinearity in the predictor variables, as recommended by Tabachnick and Fidell (2007). These results make the results of the given model stable and reliable, with the variables not being very closely related (Hair et al., 2019).

Table 2
Outer Loading and Variance Inflation Factor (VIF) (Continued)

Items	Economic Measures	Barriers to Entrepreneurship	Export Performance	External Barriers	Financial Barriers	Information Barriers	Internal Barriers	Management Barriers	Market Barriers	Non-Economic Measures	Political Economic Legal Barriers	Procedural and Monetary Barriers	Socio Cultural Barriers	VIF
MKT1									0.824					2.844
MKT1							0.819							2.084
MKT2									0.772					2.720
MKT2							0.727							2.851
MKT3							0.788							1.401
MKT3									0.820					2.452
MKT4							0.829							1.180
MKT4									0.850					2.272
MKT5							0.772							2.969
MKT5									0.777					2.295
MKT6							0.710							2.690
MKT6									0.804					2.015
MKT7							0.707							2.809
MKT7									0.800					1.219
MKT8									0.802					2.729
MKT8							0.731							1.340
MKT9							0.742							2.932
MKT9									0.792					2.409
MNG1								0.848						2.393
MNG1							0.776							2.715
MNG2							0.738							2.650
MNG2								0.803						2.003
MNG3								0.823						2.154
MNG3							0.782							2.008
MNG4							0.746							2.990
MNG4								0.815						2.101
MNG5							0.803							2.379
MNG5								0.871						2.658
NEM1										0.779				1.345
NEM1			0.729											1.764
NEM2										0.755				1.559
NEM2			0.733											1.747
NEM3			0.737											1.929
NEM3										0.779				1.667
NEM4			0.760											1.824
NEM4										0.751				1.576
NEM5			0.841											1.419
NEM5										0.789				1.190
PROC1												0.852		2.792
PROC1				0.796										2.935
PROC2				0.725										2.492
PROC2											0.901			2.443
PROC3											0.726			1.408
PROC4											0.823			2.210
PROC4				0.704										2.377
PROC5				0.771										2.664
PROC5											0.842			2.286
SOCIO1													0.890	2.290
SOCIO1				0.793										2.993
SOCIO2				0.798										2.695
SOCIO2												0.928		2.159
SOCIO3												0.890		2.568
SOCIO3				0.715										2.905
EMI	0.790													1.861
EMI			0.791											1.995

Table 3 contains reliability and validity measures for constructs such as Cronbach's alpha, rho_a and rho_c coefficients and AVE. These measures are important for determining convergent validity and internal consistency (Dore et al., 2019). The values of Cronbach's alpha (0.756 – 0.932 (Table 2) are above the value of 0.7 (Nunnally, 1978) if the coefficient is at least 0.7 or above are considered good internal consistency. Composite reliability values (rho_a: 0.762-0.935, rho_c: 0.837-0.943) in the present data are above 0. They reach 7 and thus support construct reliability (Hair et al. 2019). The AVE values lie between 0.520 and 0.815, which is above the threshold value of 0.5 (Fornell & Larcker, 1981) and is thus evidence of

convergent validity. As far as the construct of high variance explanation is concerned, the socio-cultural barriers have the highest AVE value of 0.815.

Table 3
Construct Reliability and Validity

Constructs	Cronbach's alpha	Composite reliability (rho a)	Composite reliability (rho c)	Average variance extracted (AVE)
Barriers to Entrepreneurship	0.916	0.922	0.935	0.705
Economic Measures	0.929	0.932	0.94	0.613
Export Performance	0.932	0.935	0.941	0.52
External Barriers	0.928	0.932	0.937	0.672
Financial Barriers	0.891	0.891	0.924	0.754
Information Barriers	0.851	0.852	0.91	0.771
Management Barriers	0.889	0.89	0.918	0.693
Market Barriers	0.932	0.933	0.943	0.648
Non-Economic Measures	0.756	0.762	0.837	0.610
Political Economic Legal Barriers	0.898	0.9	0.918	0.585
Procedural and Monetary Barriers	0.870	0.892	0.907	0.663
Socio Cultural Barriers	0.886	0.889	0.929	0.815

Table 4 shows the HTMT value to check the level of discriminant validity. Hair et al. and Brand et al. (2019) point out that discriminant validity proves that the constructs are unique. According to Henseler et al. (2015), the HTMT values must be below 0.85 or 0.90 to demonstrate good discriminant validity.

Table 4
Heterotrait-Monotrait Ratio Discriminants Validity

Constructs	Economic Measures	Barriers to Entrepreneurship	Export Performance	External Barriers	Financial Barriers	Information Barriers	Management Barriers	Market Barriers	Non-Economic Measures	Political Economic Legal Barriers	Procedural and Monetary Barriers	Socio Cultural Barriers
Economic Measures												
Barriers to Entrepreneurship	0.624											
Export Performance	0.149	0.663										
External Barriers	0.626	0.792	0.668									
Financial Barriers	0.654	0.734	0.718	0.716								
Information Barriers	0.698	0.651	0.737	0.62	0.845							
Management Barriers	0.649	0.751	0.69	0.711	0.753	0.763						
Market Barriers	0.709	0.786	0.758	0.791	0.727	0.827	0.789					
Non-Economic Measures	0.797	0.705	0.446	0.716	0.817	0.774	0.735	0.818				
Political Economic Legal Barriers	0.394	0.582	0.435	0.698	0.542	0.466	0.544	0.576	0.501			
Procedural and Monetary Barriers	0.62	0.547	0.657	0.761	0.744	0.649	0.755	0.688	0.695	0.591		
Socio Cultural Barriers	0.382	0.538	0.437	0.624	0.528	0.389	0.517	0.545	0.535	0.653	0.582	

Table 5
Fornell-Larcker Criterion Discriminants Validity

Constructs	Economic Measures	Entrepreneur Barriers	Export Performance	External Barriers	Financial Barriers	Information Barriers	Management Barriers	Market Barriers	Non-Economic Measures	Political Economic Legal Barriers	Procedural and Monetary Barriers	Socio Cultural Barriers
Economic Measures	0.783											
Barriers to Entrepreneurship	0.579	0.839										
Export Performance	0.579	0.616	0.721									
External Barriers	0.561	0.625	0.601	0.819								
Financial Barriers	0.596	0.666	0.653	0.644	0.868							
Information Barriers	0.621	0.577	0.656	0.539	0.637	0.878						
Management Barriers	0.591	0.682	0.628	0.639	0.549	0.639	0.832					
Market Barriers	0.66	0.619	0.607	0.628	0.651	0.64	0.613	0.805				
Non-Economic Measures	0.553	0.584	0.571	0.581	0.662	0.609	0.591	0.681	0.7			
Political Economic Legal Barriers	0.356	0.526	0.391	0.514	0.484	0.404	0.484	0.527	0.4	0.765		
Procedural and Monetary Barriers	0.565	0.654	0.6	0.679	0.655	0.559	0.663	0.502	0.5	0.529	0.814	
Socio Cultural Barriers	0.349	0.483	0.396	0.554	0.47	0.339	0.46	0.499	0.4	0.564	0.519	0.902

Overall, the vast majority of HTMT scores show discriminant validity, although some exceptions approach the threshold of 0.90. For example, the HTMT value of export performance for the economic indicators is rather low (0.149), which means that we cannot speak of a high degree of association. 85, which indicates different constructs. On the other hand, some of the values such as Financial Barriers - Market and Information Barriers are close to the coefficient of moderate correlation of 0.827, although still below 0.90. The details of the Fornell-Larcker criterion are also shown in Table 5 to demonstrate discriminant validity. As shown in Table 6, the square root of the AVE for each construct is higher than the commonalities with other constructs (following the guidelines proposed by Fornell & Larcker 1981) 0.721 to 0.902. This means that the constructs have higher validity with their own measures than with other measures, which supports discriminant validity. The following table shows the results of the Common Method Bias (CMB) test, which was carried out using the Principal Component Analysis (PCA) method. According to McCallum et al. (2003), the CMB deviates from a definition of variance based on measurements and constructs and Podsakoff et al. (2012). The first component accounts for 43.44%. Thus, the CMB variance accounts for 43.44% of the variance, which is below the 50 per cent criterion defined above.

Table 6
Common Method Bias

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	25.197	43.444	43.444	25.197	43.444	43.444	16.707	28.805	28.805
2	4.421	7.622	51.066	4.421	7.622	51.066	8.632	14.883	43.688
3	3.141	5.415	56.481	3.141	5.415	56.481	7.420	12.793	56.481

Table 7 contains an estimate of the amount of variance explained by the endogenous constructs based on the f-squared values, the coefficient of determination (R-squared) and the predictive relevance (Q2). This shows that the model explains around 55% of the variance in export performance (R-squared = 0.55). Hair et al. (2019) claim that the differences between R-squared and modified R-squared do not indicate overfitting; therefore, the present study has a modified R-squared of 0.549. The Q-squared value is above zero, which means that the developed model has predictive significance (Hair et al. 2019). Analysing the results yielded an f-squared of 23.056, which indicates a relatively large influence of the exogenous constructs on export performance according to Cohen's (1988) measuring stick. Such a significant impact makes it possible to reject the null hypothesis and emphasise the importance of considering the above-mentioned barriers when investigating the export performance of SMEs.

Table 7
Co-efficient of Determination and Predictive Measure

Constructs	R-square	R-square adjusted	Q-square	f-square
Export Performance	0.55	0.549	0.279	23.056

Firstly, as presented in Table 8 and illustrated in Fig. 1, structural path coefficient results reveal the impact of External Barriers and Internal Barriers on Export Performance in the context of SMEs, thus confirming or rejecting Hypotheses 1 and 2: Hypothesis 1: External Barriers positively influence Export Performance. The path coefficient of the structural relationship is 0.138, with an associated t-value of 3.279, $p = 0.001$. In this regard, External Barriers significantly and positively affect export performance among SMEs. Therefore, the higher the level of external barrier the better the export performance. It can be established since Resource Based View theory states that firms can acquire competitive advantages leading to superior performance based on how they utilize their unique resources and capabilities. For instance, if SMEs are capable of dealing with constraints that come with external barriers such as political, economic, legal, and socio-cultural differences, they tend to develop certain capabilities, which can help explain the impact discussed. Hypothesis 2: Internal Barriers positively influence Export Performance. The path coefficient of the structural relationship is 0.635, with t-value of 17.039, $p = 0.882$. Arguably, the level of internal barriers significantly explains the export performance status. Ideally, internal barrier is the more destruction among the two as it enhances more than the other the export procedures if well managed. Once again, the realization can be explained through this theory since working under stress; SMEs counter challenges of information fissures, financial constraints, management pressure processes, competition, and market forces. It is important to expound on the relationship between factors by observing the critical path and non-critical path of the barriers.

Table 8
Structural Path Coefficient Result

Hypotheses	Path Coefficient	Co-efficient	(STDEV)	T statistics	P values	Decision
H1	External Barriers → Export Performance	0.138	0.042	3.279	0.001	Supported
H2	Internal Barriers → Export Performance	0.635	0.037	17.039	0.000	Supported

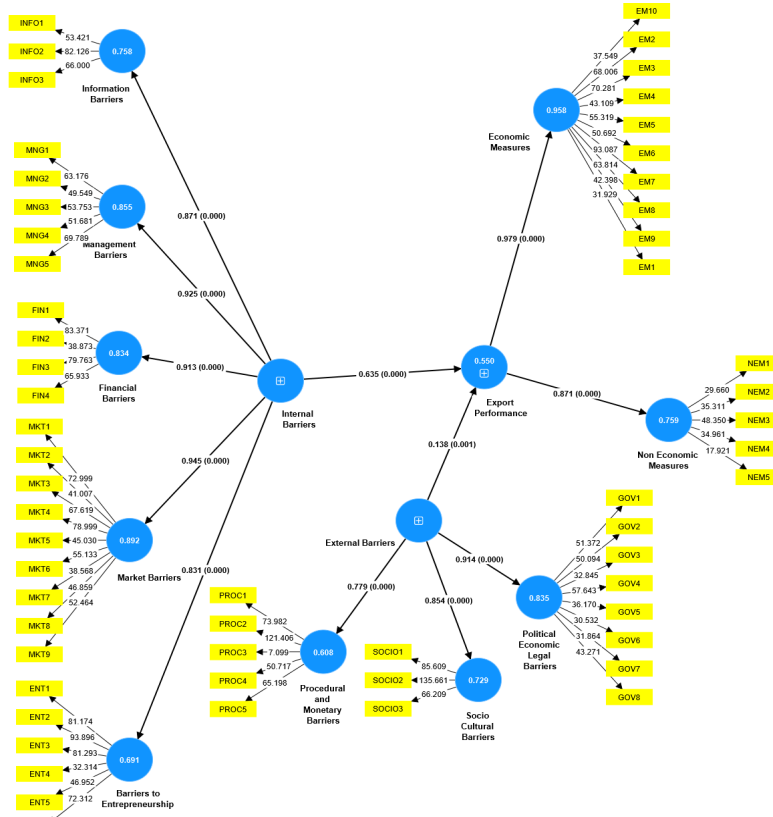


Fig. 1. Graphical Representation of Structural Path Coefficient Results

7. Discussion of the Results

The structural path coefficient results shed light on the relationships between External Barriers, Internal Barriers, and Export Performance among Jordanian SMEs. Results confirm the positive impact of both External and Internal Barriers on Export Performance with Internal Barriers imposing a higher effect. Barney 1991 This study can be understood through The Resource-Based View (RBV) theory which proposes that Competitive Advantage and superior firm performance is a consequence of having valuable, rare or unique resources an organization has access to. As per Barney (1991) organizations having valuable, rare, inimitable and non- substitutable resources and capabilities can have a sustained competitive advantage. One valued capability that is scarce and important in a firm's export performance which is significant to the internationalization of SMEs (Dhanaraj & Beamish, 2003) refers to capabilities associated with overcoming their hurdles related to exports. Indeed, some SMEs might learn to develop unique abilities that differentiate them from competitors and support further expansion into global markets by overcoming internal constraints as well as a number of external challenges. Exporters suffer from external barriers that influence performance positively, hence small and medium enterprise (SMEs) only improve export results by managing these environmental obstacles in terms of political, economic, legal or socio-cultural ones. This finding is consistent with the RBV (Teece, et al., 1997), because capability to adapt successfully in complex international business environments should be a rare and valuable organizational competency. SMEs may facilitate improved performance if properly trained and informed to bargain foreign market restrictions, cultural differences or economic swings (Navarro et al., 2010). The results further reveal that the internal barrier has a greater benefit on export performance than does an interaction term where external barriers are compared with internal ones. This finding is in line with the RBV theory, which stresses on internal resources and capabilities as well as underscores firm specific factors to contribute significantly towards determining export performance (Barney 1991). By effectively overcoming informational, financial, managerial and market-related barriers internally, SMEs can build unique competencies that are difficult for rivals to emulate. It will enable SMEs to develop a sustainable competitive advantage in global markets. On the one hand, small businesses may overcome informational barriers through market research and intelligence collection regarding international market preferences (Quadros et al., 2017), distribution networks associated with foreign markets, and competitive landscapes (Navarro et al., 2010). Market-specific knowledge is an unusual resource that gives the SMEs a clearer understanding of their decision-making processes and allows them to adjust, as well as seize export opportunities (Andersen & Kheam 1998). In the same way, it is applied to SMEs who are able to increase their growth pattern specifically in international markets and thus improve export performance if they can balance financial risks well while having an adequate source of funding that allows them to overcome barriers related to financing. The greater impact of internal barriers on export performance suggests that SMEs should focus first and foremost on enhancing their internal resources and capabilities when they are considering international expansion. The results suggest that while there may be external forces at play, which no doubt affect export performance, the ability of a firm to build and use idiosyncratic internal capabilities might matter more for

achieving success with exporting. This insight is related to the RBV theory in that unique firm-specific resources and capabilities—rather than situational attributes—are the source of sustainable competitive advantage (Barney, 1991). These findings also suggest that integrating internal and external export barriers into holistic management systems is important. If local SMEs want to be promoted in the roll-out across the world, they should improve their inner competencies as well as negotiate constraints around them. This might comprise areas such as improving managerial capabilities, enhancing financial management practices, developing market intelligence competencies and adapting marketing strategies to international markets demands. Applying a broad focus to the removal of export barriers can help SMEs establish strong roots for future export success.

8. Conclusion

The aim of this paper is to determine the impact of internationalization barriers on the export performance of Jordanian SMEs, taking into account both internal and external barriers. Therefore, this study used a quantitative method to collect data from 318 Jordanian SMEs. The study shows that both external and internal export barriers impact export performance. The selected socio-cultural and regulatory factors that exist outside the firm improve the export performance of SMEs. This implies that the ability to build effective capabilities that facilitate the firm's adaptability to a diversified global environment is a key competence of the firm that is related to export performance. Knowledge and finance-related internal conditions are more significant for export performance than the other external influences. This emphasizes the importance and usefulness of the concept of firm-specific assets and capabilities for dealing with export barriers and achieving international competitiveness. The findings of this study are consistent with the Resource-Based View (RBV), which assumes that firm-specific assets and capabilities are the building blocks for superior firm performance and competitive advantage. The study emphasizes that SMEs need to systematically understand the challenges of exporting and improve the management skills, financial performance and market conditions of specialists in order to expand globally.

9. Implication of the Study

There are various implications of this study to different entities in society. To the managers, it focuses on the internal resources that can help them overcome the export barriers that have been highlighted above, such as market knowledge, financial planning, and resource mobilization. It suggests one should go to other places to seek the information like the government and trade networks. From a theoretical perspective, the current research leans towards the resource-based view theory in the context of SME internationalization; proposing that firm-specific resources are the major determinant of export performance. It provides prospects for additional studies of the company's internal capabilities and export limitations. Therefore, the study contributes to the understanding of practitioners on how they can establish support programs to suit specific SMEs. These findings can be utilized by policy makers to develop programs for the internationalization of SMEs in order to hopefully increase economic growth and positive impacts on societies. There are thus global social benefits of SME internationalization for cultural exchange and enhanced international understanding in the specified study too. It supports the role that Jordanian SMEs can play in terms of economic development, employment, and by generating innovation by promoting effective internationalization although much depends on the availability of an effective system of support.

9. Limitations of the Study and Future Studies

The results of this study on the barriers to the internationalization of Jordanian SMEs are revealing, but this research has its limitations. On the positive side, it is a cross-sectional study that captures only one phase of development and thus may miss long processes. In addition, future research could utilize cross-sectional studies, which are valuable in determining the extent of change that has occurred. The focus on Jordanian SMEs has disadvantages associated with generalizing the results to other environments. The specific research questions could be answered more comprehensively if future research is conducted on the basis of comparative studies between different economies. As the data collected is self-reported, the responses of individual respondents could be influenced by certain biases. Extended research could collect data from multiple sources within each SME and utilize quantitative data to increase reliability. No attempt was made to investigate possible moderator variables in the study. Future research could investigate the moderating effects of variables such as the level of innovativeness or managerial and operational characteristics on export barriers and performance. Finally, qualitative research methods could complement this quantitative approach to increase knowledge about how SMEs might view and overcome the challenges of internationalization. This could uncover how the best practicing SMEs have managed to overcome export barriers and consequently realize sustainable international activities.

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