

## ENTREPRENEURIAL ORIENTATION AND INTERNATIONALIZATION OF SME'S : A SCOPING REVIEW

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### ABSTRACT

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*The purpose of this scoping review is to verify the evidence that is already available regarding the entrepreneurial orientation and internationalization of SMEs. Researchers used the model from Arskey and O'Malley to perform the scoping review method and the PRISMA flowchart to identify the literature found. Researchers found 13 relevant articles related to entrepreneurial orientation and the internationalization of SMEs. Risk-taking, inventiveness, and proactiveness are all important components of an entrepreneurial mindset, and they are all important contributors to effective internationalization. This shows that an entrepreneurial orientation is needed by SMEs to move towards internationalization.*

### KEYWORDS

Entrepreneurial Orientation, Internationalization of SME, Scoping Review



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## INTRODUCTION

Due to beneficial to economic growth, small business internationalization is an important component of economic development and firm expansion (Ngoma, Ernest, Nangoli, & Christopher, 2017). In developing economies, small and medium-sized enterprises (SMEs) are responsible for the majority of jobs, welfare, tax revenues, products, and poverty alleviation (Ahimbisibwe, Nkundabanyanga, Nkurunziza, & Nyamuyonjo, 2016). They ensure that the economy has access to the ideas, skills, and innovations it needs to encourage competitiveness and effective resource allocation (Ahmed & Nwankwo,

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2013). As a result, it's not unexpected that many studies are still being undertaken in order to identify techniques for improving SME performance (Lussier, Bandara, & Marom, 2016). The (OECD, 2009), underlines the importance of internationalization of entrepreneurship among SMEs, given to the observed growth consequences of cross-border ventures and their shown ability to drive economic development at national, regional, and global levels. Internalization of SMEs has been recognized as a means of increasing the economic and social development of emerging countries in this regard (Ngoma et al., 2017).

Internationalization is defined as "the process through which a company expands its operations beyond its native market" (Javalgi & Todd, 2011). The process of expanding involvement in international business is known as internationalization (Kim, 2017). The growth of SME internationalization has sparked interest in theoretical frameworks that may describe and analyze SME internationalization processes throughout the last few decades (Ngoma et al., 2017). Research on internationalization has mainly focused on large firms, particularly Multinational Companies (MNCs) (Ngoma et al., 2017). As a result, it's crucial to grasp the entrepreneurial dynamics that influence SMEs' internationalization from a behavioral standpoint.

Entrepreneurial orientation (EO), or a company's willingness to become an entrepreneur, is an important factor in the internationalization process (Andersén, 2010). (Javalgi & Todd, 2011; Ripollés-Meliá, Menguzzato-Boulard, & Sánchez-Peinado, 2007). Entrepreneurial orientation in the international environment is a research issue that has been carefully researched within studies on international entrepreneurship, which has helped to consolidate entrepreneurship and international business notions. (Wach, Glodowska, & Maciejewski, 2018). The entrepreneurial dynamics are examined through the lens of the firm's Entrepreneurial Orientation (EO), which reflects the firm's willingness and ability to engage in entrepreneurship (Ngoma et al., 2017).

Numerous empirical studies have found a beneficial relationship between entrepreneurial orientation and the internationalization process (Etemad, 2015; Swoboda & Olejnik, 2016; Yiu, Lau, & Bruton, 2007; Yoon, Kim, & Dedahanov, 2018). Only a few studies have shown no link between entrepreneurial approach and internationalization or have found a negative link between the two factors (Zahra & Garvis, 2000). This study aims to emphasize the importance of entrepreneurial orientation for SME globalization. The purpose of this study is to show that if SME's want to access the international market, the empowerment of entrepreneurial orientation in the SME sector can help them do so.

## **RESEARCH METHOD**

The study used a scoping review method developed by (Arksey & O'Malley, 2005) and (O'Brien, 2010). The Scoping Review allows examination of all relevant evidence on a particular issue without considering the design of individual studies, but remains systematic and with rigorous processes (O'Brien, 2010). This research design is used by researchers because reference sources come from varied journals. The stages performed are as follows:

### **1. Research Question**

At this stage, researchers create research questions to adjust the objectives of existing research (Arksey & O'Malley, 2005; O'Brien, 2010). To compile the researcher's scoping review question using the Population, Exposure, and Outcome (PEO) framework.

Table 1 PEO Framework for determining eligibility of research questions scoping review

Population	Exposure	Outcome
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SME	Entrepreneurial Orientation Internationalization Effect Impact	Bounded between EO and Internationalization
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This research question is important to identify because it will guide the search strategies built by researchers (Arksey & O'Malley, 2005). The research question is as follows: What are the relations between entrepreneurial orientation and the internationalization of SME?

2. Relevant Literature

This stage identifies relevant literature including literature database sources, search keywords and literature timescales (Arksey & O'Malley, 2005; O'Brien, 2010). The sources of the open access literature database used in the study are ScienceDirect, Wiley Online Library and Taylor and Francis. In addition to other sources, researchers also searched the literature using Google Scholar and DOAJ. This literature search was conducted in February 2022. We then analyze the text for the words contained in the title and abstract of the article taken to determine the appropriate key terms. Some of the relevant terms are entrepreneurial orientation, internationalization of SME. The next step of the primary search was carried out in March 2022 using the criteria of the literature time span of the last five years (2017-2021).

3. Literature Selection

At this stage the researcher selects the literature obtained based on criteria that the researcher has determined in accordance with the purpose of the study (Arksey & O'Malley, 2005; O'Brien, 2010). Researchers used PRISMA flowcharts to document the literature selection process in this study (Liberati et al., 2009). Here is the PRISMA flow diagram from this study:

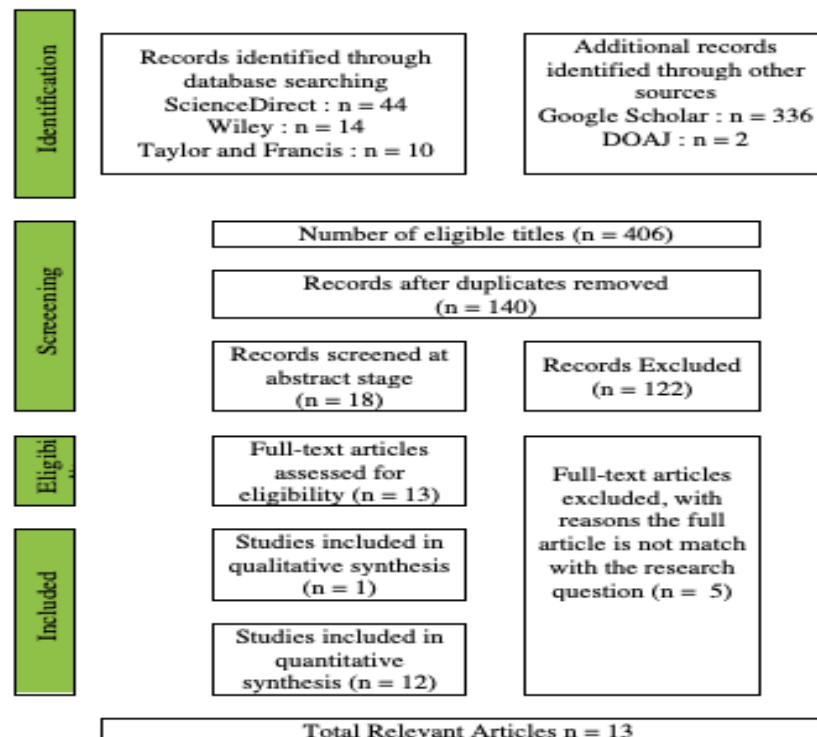


Figure 2. PRISMA chart showing results of literature search and study selection

4. Mapping and Collecting Literature

Researchers conduct literature analysis and collect literature found in accordance with the research topic, namely the steps of compiling research protocols. Then the results of the grouping of literature are presented in the form of a table matrix.

Table 2 Characteristics and findings of the included studies

No	Author	Year of Publication	Study Location	Study Sample	Methodology	Relevant Result
1	Kang-Sik Kim	2017	South Korean	150 South Korean SME	Random Cross-Sectional Study	The findings show that entrepreneurial mindset and investment in employee human capital are the most important factors in determining South Korean SMEs' internationalization.
2	Mikel Alayo, Amaia Maseda, Txomin Iturralde, Unai Arzubiaga	2019	Spain	191 Spanish SME	Quantitative	The degree of internationalization in family enterprises is explained in part by entrepreneurial orientation, and this link is shaped by a diversely constructed TMT. The worldwide entrepreneurial process is hampered by a significant concentration of family members in management roles. This fact emphasizes the need of appointing non-family executives to help foster globalization. The findings also show that engaging many generations in decision-making stymies entrepreneurial internationalization, causing challenges with control and coordination.

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3	Cláudia P. Ribau, António C. Moreira & Mário Raposo	2017	Portugal	147 questionnaire-based survey of managers from plastic manufacturing SMEs	PLS SEM	When compared to organizations that react to external stimuli, the results reveal that proactive firms are not only better at inventing, but their entrepreneurial oriented characteristics also support higher performance in international markets. This research has implications for SMEs looking to improve their export performance and innovation. The findings of this study should help SMEs owners and managers better grasp the potential consequences of innovation skills and entrepreneurial orientation on export performance, resulting in more effective SMEs management.
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4	Krzysztof Wach, Agnieszka Głodowska and Marek Maciejewski	2018	Polandia	355 SME from Poland	OLS	<p>The story of Polish companies demonstrates the importance of entrepreneurial orientation in the application of knowledge in the internationalization process. At various stages of the internationalization process, firms with a higher entrepreneurial orientation employ specific types of information much more intensively.</p> <p>Entrepreneurial mindset, particularly risk-taking, has a considerable beneficial impact on internationalization scope. The number of global markets in which a company can operate grows as its entrepreneurial attitude grows. Not just market knowledge, but particularly network and entrepreneurial knowledge, have considerable favorable effects on the acceleration of the internationalization scale in the traditional manner.</p>
5	Nana Osei-Bonsu	2019	United Arab Emirates	eight CEOs and twenty-three senior managers from eight SMEs in four developing markets	Qualitative case studies approach	<p>The findings of this study show that CEOs and senior managers' entrepreneurial mindset has a substantial impact on SMEs' ability to be competitive, inventive, and risk-takers, equipping them to be more aggressive in international business.</p>

6	Mohammed Ngoma Abaho Ernest Sudi Nangoli Kusemererwa christopher	2017	Uganda	282 SME	Quantitative and cross-sectional	The findings show that entrepreneurial orientation and SMEs' internationalization have a significant beneficial association. All aspects of entrepreneurship orientation were found to have a significant and positive relationship with internationalization.
7	Annaële Hervé, Christophe Schmitt, Rico Baldegger	2020	Swiss	190 MSME	Quantitative research design	The researcher noticed a positive and significant relationship EO with internationalization.
8	Shouvik Sanyal, Mohammed Wamique Hisam, Ali Mohsin Salim Baawain	2020	Oman	150 SME Owner and Managers	Quantitative	The findings show how the selected variables affect the degree of internationalization of SMEs. According to the findings, network competency has the greatest impact on Omani SMEs' degree of internationalization, followed by human capital and entrepreneurial orientation, while market volatility moderated the relationship between entrepreneurial orientation and degree of internationalization of Omani SMEs, despite being insignificant.
9	Muhammad Imran Hanif & Madiha Irshad	2018	Pakistan	200 SMEs of 4 cities of Pakistan that are Lahore, Islamabad, Karachi and Multan	Quantitative	There is a significant impact of strong entrepreneurial support on internationalization intensity of SME's

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10	Junghyun Yoon, Ki Keun Kim, and Alisher Tohirovich Dedahanov	2018	South Korean	334 CEOs or managing directors of SME	Structural equation modeling (SEM)	International entrepreneurial orientation has a significant effect on international performance as internationalization
11	Masoud Karami, Jintong Tang	2019	New Zealand	164 international izing SMEs in New Zealand	PLS SEM	The direct impact of EO on international performance as well as the mediating role of experiential learning and networking capability in this focal relationship. These findings reveal the importance of EO in internationalization of SMEs.
12	Byoungho Jin & Sojin Jung & So Won Jeong	2017	South Korean	401 Korean Exporting SME	Quantitative	The differential effects of each entrepreneurial orientation and the mediating effect of marketing capability on internationalization strategies and performance. Proactiveness and risk taking appeared to function as significant antecedents of marketing capability. This study further confirms that the mediating role of marketing capability in entrepreneurial orientation-performance relationships vary by entrepreneurial orientation dimensions. Taking the direct and indirect roles of the entrepreneurial orientation



13	Kang Sik Kim	2017	South Korean	150 South Korean SME	Quantitative	The international orientation of entrepreneur is positively related to the degree of internationalization of SMEs in Korea.
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5. Preparation and Reporting of Results

Researchers summarize and compile the selected literature and then report the results in the results and discussions.

The original search conducted in March 2022 yielded 406 potentially relevant citations. After deduplication and relevance screening, 13 citations met the eligibility criteria based on title and abstract and the corresponding full-text articles were procured for review.

**RESULT AND DISCUSSION**

This scoping review presented evidence on the role of entrepreneurial orientation on internationalization of SME from studies published between January 2017 to December 2021. The review showed that a total of 13 studies were published within the period from developing country. Most of the studies were conducted in South Korea (28%) and other country such as Spanyol, Portugal, Polandia, Pakistan, United Arab Emirates, Uganda, Swiss, Oman, dan New Zealand only 8% or one article each country. Moreover, the majority of the studies were quantitative and only one article used qualitative approach. The review further revealed that the entrepreneurial orientation positively related to the internationalization of SME.

The first article hypothesis about the impact of entrepreneurial orientation on the level of internationalization of a firm positively verified, especially in relation to innovativeness and risk-taking. The researcher found that risk-taking and innovativeness have positive impacts on the level of internationalization (Wach et al., 2018). Greater entrepreneurial orientation increases the number of foreign markets in which a given firm operates.

The second article, the international orientation of entrepreneur is also positively related to the degree of internationalization of SMEs in Korea (Kim, 2017). Entrepreneur or managers of SMEs who implement programs to foster positive attitude towards expanding internationally among employees and demonstrate the importance of thinking outside the domestic market will improve the probability of success and create a competitive advantage of a firm. The next article stated entrepreneurial Orientation influences how firms operate, make decisions and use innovation activities to influence export performance (Ribau, Moreira, & Raposo, 2017). The remain article also has same empirical finding with the other articles.

**CONCLUSION**

The scoping review framework that researchers present has five stages, namely identifying research questions, searching for relevant literature, selecting literature, mapping and collecting literature and compiling and reporting results. Our study findings indicate all of the article has positive related between entrepreneurial orientation and internationalization.

Nowadays, one of the most hotly debated topics in internationalization research is entrepreneurial orientation. The major components of entrepreneurial orientation include risk-taking, innovativeness, and proactiveness, all of which are important causal elements in successful internationalization. Incorporating the concept of knowledge into discussions about entrepreneurial orientation and internationalization appears to be a natural fit based on theoretical concepts; nevertheless, empirical research has mostly ignored this topic.

Understanding the fundamental principles and characteristics of firm managers' entrepreneurial attitude can be a huge help for SMEs looking to chart a clear path to international enterprise. Entrepreneurial orientation (EO) had a significant impact on the development of the organizational capabilities required for internationalization, according to a study of SMEs.

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