

An internationalisation strategy for medium-sized textile manufacturers in a small island developing state

R Sannegadu

 orcid.org/0000-0001-7789-0599

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Promotor: Prof Alfred Henrico
Assistant promotor: Prof Louis van Staden

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Student number: 26815303

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ABSTRACT

Globalisation offers openings to both large and small businesses in terms of new market opportunities, the possibility of diversifying risks, reduced dependency on local markets and economies of scale. As small and medium enterprises (SMEs) are increasingly playing a significant role in many countries' socioeconomic development, governments are promoting their initiation and growth at both the national and international levels. For many years, the textile industry has been an engine of growth for the Mauritian economy by attracting foreign direct investment, subsequently creating jobs and strengthening the manufacturing base of the economy. In this regard, the contribution of the textile industry in transforming the Mauritian economy from a middle-income economy to a high-income economy is widely acknowledged. However, most of the small- and medium-sized Mauritian textile manufacturing businesses are currently not internationalised and face several domestic survival and sustainability challenges resulting from the liberalised trading system adopted by the Mauritian government in 2005. Therefore, in order to effectively facilitate these businesses' growth and entrance into international markets, it has become essential that policy makers (Mauritian government) and SME managers realise the need for market growth across borders. Especially the SMEs not yet internationalised need to empower themselves with knowledge and skills about the development of an internationalisation strategy for their businesses, which could lead to growth and sustainability.

In this regard, the primary objective of this study was to develop an internationalisation strategy for medium-sized textile manufacturers in Mauritius as a small island developing state (SIDS). To achieve this objective, several theories and models which have been developed to explain the different aspects underpinning businesses' approaches to why, when and how they internationalised as well as the internal and external factors that affected their internationalisation were reviewed from the literature to conceptualise internationalisation of SMEs in the Mauritian context.

In developing the internationalisation strategy for the medium-sized textile manufacturers in Mauritius, primary data was collected from business owners/managers by means of an exploratory sequential, mixed-method approach (QUAL/quant). In the qualitative study, 10 business owners/managers were interviewed using a semi-structured interview guide. The data was then analysed with the aid of ATLAS.ti qualitative data analysis software. To ensure validity and reliability of the qualitative research, the credibility, transferability, dependability, and confirmability were continuously focused on throughout the research process. Findings from the qualitative study were subsequently further explored by means of a quantitative approach, which included all the internationalised medium-sized textile manufacturers in Mauritius (census sampling). The data

gathered by means of the self-administered questionnaire was analysed by the Statistical Package for the Social Science (SPSS) software version 25, and revealed several further insights pertaining to the phenomenon being studied.

Since all the participants (qualitative approach) and respondents (quantitative approach) in this study had started their operations as small-sized textile manufacturers, which gradually expanded and grew into internationalised medium-sized textile manufacturers in Mauritius, they consider internationalisation as a continuous part of their growth and sustainability strategy. From the findings in this study it was further possible for the researcher to synthesise all the applicable data into a coherent whole, constituting the proposed internationalisation strategy for medium-sized textile manufacturing businesses in Mauritius, thereby contributing to the achievement of the primary objective set for this study.

This study, therefore, contributes theoretically to current knowledge on internationalisation, in particular SME internationalisation in a SIDS and practically to the growth and sustainability of textile manufacturers in Mauritius. Although this study was executed within the context of Mauritius, similar types of businesses in other countries with similar characteristics to that of Mauritius can also benefit from the findings of this study, especially in understanding the pertinent issues surrounding the internationalisation of SMEs.

Key words: internationalisation, small- and medium-sized enterprises (SMEs), small island developing state (SIDS), internationalisation barriers, internationalisation motives, Mauritian textile industry

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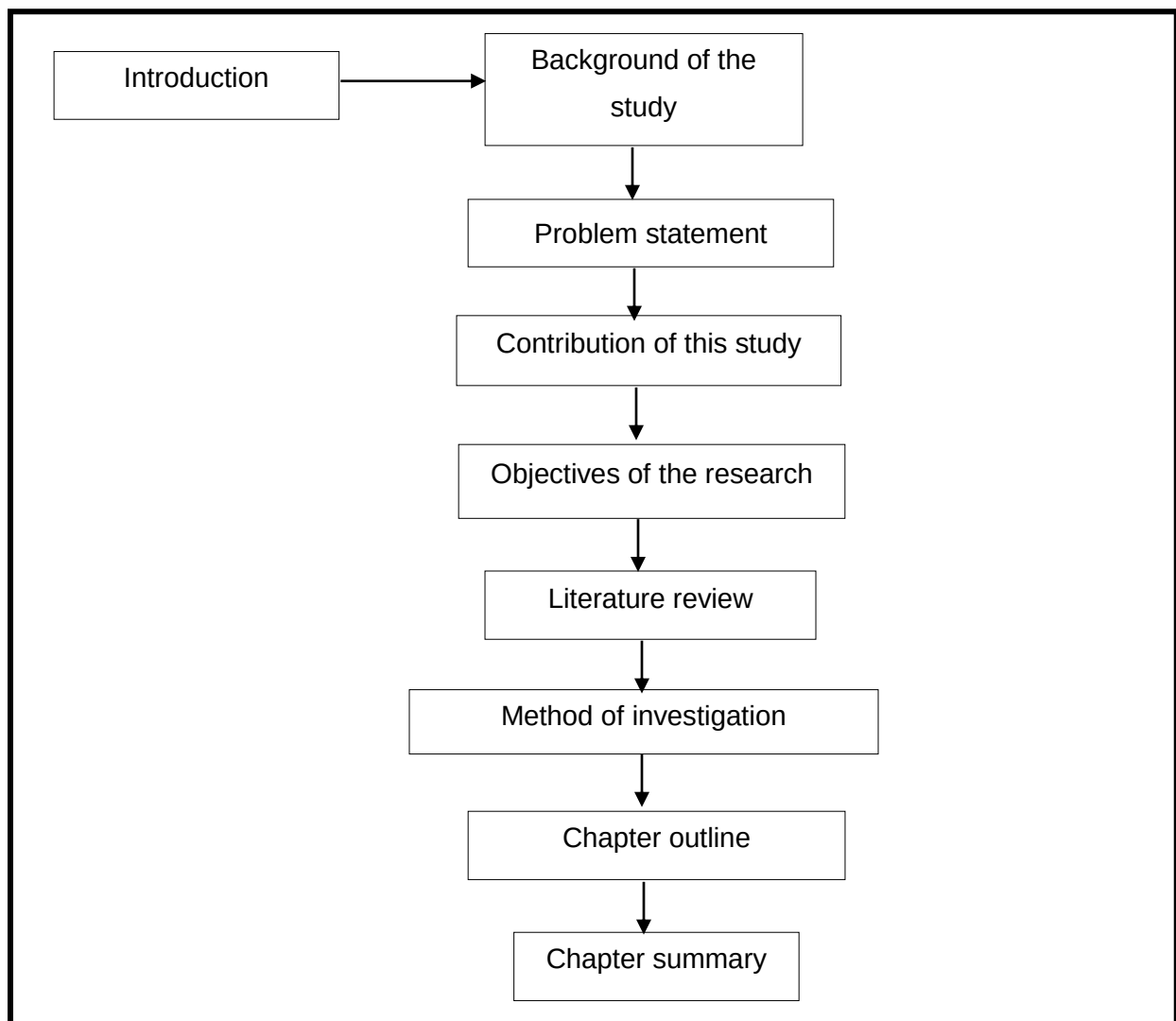
CHAPTER 1

BACKGROUND TO THE STUDY

“We must take care that internationalisation (globalization) does not become something people become afraid of” Schroder (2019).

1.1 INTRODUCTION

Figure 1.1: Structure of Chapter 1



Globalisation, fuelled by the steady growth of low-cost technology and the reduction in trade barriers, has driven the internationalisation of both large and small businesses over the past two decades (Campbell, 2015:455). Indeed, the development of the global economy presents many opportunities to businesses, namely new markets, the possibility of diversifying risks, reduced dependency on local markets, economies of scale, and increased corporate image (Hill, 2017:4). Faced with serious challenges such as trade liberalisation and an upsurge of cheap substitutes, many businesses, irrespective of their size, have made attempts (with or without government support) to expand their operations beyond their national borders. While a few businesses have attained the objective of becoming truly global, others have been less successful in their international ventures. Since small and medium enterprises (SMEs) play a significant role in their country's socioeconomic development in terms of job creation and Gross Domestic Product (GDP) contributions (Ahmad *et al.*, 2017:118; IRMA, 2018:481), they often decide to internationalise in order to gain additional sources of revenue. However, they often find it difficult to conduct cross-border transactions (OECD, 2011:4) due to the impact of factors such as a shortage of capital (Vemic, 2019:3), lack of managerial time, skills and knowledge (Calcagnini & Favaretto, 2012:12), the inability to contact potential overseas customers, as well as frequent changes in international rules and regulations (OECD, 2009:2). Consequently, it becomes essential for SME managers intending to internationalise, to understand the internationalisation process and strategies so that they are able to effectively facilitate their growth and entrance into international markets (Dominguez & Mayrhofer, 2018:209).

Most of the studies which focus on the internationalisation of SMEs have been conducted in developed countries (Antoldi *et al.*, 2011:13), while limited research has been undertaken to investigate the internationalisation process of businesses in an island state like Mauritius. Since Mauritius faces unique and special developmental challenges such as remoteness, isolation, poverty, as well as limited diversification (Dusoye *et al.*, 2013:9), no internationalisation strategies for SMEs are currently available in the literature. To address this gap in the literature, this study has investigated the internationalisation process of the Mauritian medium-sized textile manufacturing businesses by analysing their international growth strategies, the reasons for their choices, and other factors that could potentially influence their internationalisation decisions with respect to the market selection, modes of entry, scaling and timing. Thus, in general, this study contributes significantly to the existing literature on the internationalisation of SMEs and more specifically, also proposes an internationalisation strategy for medium-sized textile manufacturing businesses in a small island developing state, such as Mauritius. The

proposed internationalisation strategy contributed by this study will assist managers in formulating effective policies aimed at conducting cross-border transactions. The study is also an important contributor in the Mauritian context, since local SMEs are urged by the Mauritian government to play an active role in transforming the Mauritian economy into a high-income economy (MBEC, 2018:5).

1.2 BACKGROUND OF THE STUDY

1.2.1 The Mauritian textile manufacturing industry

The textile manufacturing industry has played an important role in the transformation of the Mauritian economy from a single crop sugar-dominated economy to a service-driven economy over the past four decades (Mauritius Export Association (MEXA), 2017:37). The history of the Mauritian textile manufacturing industry can be traced back to the 1980s, when the Mauritian government offered incentives such as fiscal incentives to attract Foreign Direct Investment (FDI)¹ to the textile manufacturing industry, subsidies for the participation in international market fairs to promote their businesses, soft loans by the Development Bank of Mauritius (DBM), and flexible leasing schemes for the acquisition and modernisation of equipment. These government incentives have supported the textile manufacturing industry to such an extent that this industry had witnessed exponential growth from 1990 to 2000 which led to it emerging as the backbone of the Mauritian economy (Enterprise Mauritius, 2017:38). According to the Economic Development Board (EDB) (2018), the textile manufacturing industry has been one of the major catalysts of the so-called Mauritian Industrial Revolution. For several years now, this industry has been acting as the engine of growth for the economy by attracting FDI, subsequently creating jobs and strengthening the manufacturing base of the economy. For example, in 2017, this industry contributed 55% to the total of all Mauritian exports, mainly to Europe, the United States of America (USA) and South Africa (MEXA, 2017:38). Furthermore, according to the latest available information, the textile manufacturing industry recorded significant growth from 2017 to 2018, with the number of people employed in this sector standing at 47,100 (MOFED, 2018:34). This industry, therefore, plays an important role in transforming the country from a middle-income country (MIC) into a high-income country (HIC), as envisioned by the Mauritian government (MBEC, 2018:5).

¹ Foreign direct investment (FDI) is an investment made by a business in one country, when it establishes business operations or acquires business assets in another country. FDI also includes the establishment of ownership or controlling interest in a foreign business (Damgaard & Elkjaer, 2017:4).

The Mauritian textile manufacturing industry has, however, also been facing a fair deal of challenges in the liberalised trading environment. These challenges include, inter alia, the dismantlement of the Multi Fibre Agreement (MFA) in 2005, the influx of low-cost foreign manufacturers, increased domestic labour costs, the shortage of domestic labour, high energy and transportation costs, and the prolonged European economic crisis (MEXA, 2017:38). These challenges have influenced the international competitiveness of the Mauritian textile industry negatively, with exports dropping 8,7% from 2016 to 2017 (MEXA, 2017:38). For instance, following the phasing out of the MFA, which initially gave preferential access to Mauritian textile products into the USA and Europe, Mauritian textile exporters now have to compete with emerging low-cost manufacturing countries such as China and India (Tandrayen-Ragoobur & Kasseeah, 2018:4). It is also apparent that the impact of the liberalised trading environment is felt more among the medium-sized textile manufacturing businesses, due to their specific organisational constraints in terms of size and available finance (Thee, 2012:263).

According to Enterprise Mauritius (2017:5), the Mauritian textile industry is recognised as a textile hub of excellence in South-Eastern Africa, which also presents export and growth opportunities for Mauritian-based textile manufacturing businesses. According to the Economic Development Board (EDB) (2018), South Africa is one such market that has emerged as an important export partner for Mauritius. South Africa is currently positioned as the third-largest export market for Mauritian apparel and textile products, with the total income from Mauritian exports to South Africa increasing from MUR² 3.2 billion in 2010 to MUR 5.10 billion in 2017. Similarly, the Mauritian memberships to different trading blocs also allow local businesses to enter new regional markets at lower costs through the reduction in tariff and non-tariff barriers. This provides opportunities for Mauritian textile manufacturers that have accumulated enough expertise, to compete with low-cost manufacturing countries like India and China, by transferring their manufacturing units to relatively low-labour-cost countries in the region, such as Madagascar.

1.2.2 Small and medium enterprises in Mauritius

SMEs refer to businesses operating in various sectors and industries, which are classified, as such, based on their size in terms of the number of their employees and their annual turnover (SMEDA Act, 2009:795). The SMEDA Act (2009:795) defines an enterprise as any form of trade or manufacture, craft by hand or foot, cultivation of fruits, vegetables or flowers, livestock

² The code for Mauritian rupees, the currency in Mauritius

breeding, or activity approved as such by the Authority. According to section 2(b) of the SMEDA Act (2009:796), a small enterprise is defined as an enterprise which has a turnover of less than Rs³10 million, while section 2(c) stipulates that a medium enterprise is an enterprise which has an annual turnover of more than Rs10 million and less than Rs50 million. SMEDA has since changed their name from the Small and Medium Enterprises Development Authority to SME Mauritius.

For authors such as Culkin and Smith (2000:145), Gerstenfeld and Roberts (2000:106), Fick (2007:235) and Schaper and Lee (2016:283), SMEs are important contributors to countries' economies, as they contribute significantly to wealth creation, employment generation, and poverty alleviation. Realising the importance of this sector to the socioeconomic development of a country, many governments around the globe have increasingly promoted and supported SME growth as part of their overall national development strategy (Abdullah & Bin Bakar, 2000:3; Muncherji *et al.*, 2009:457; Raworth *et al.*, 2008:23) – a trend also apparent in Mauritius.

According to Statistics Mauritius (2018), SMEs on the island contribute 40% to the GDP (compared to 20% in 2007), and produce some MUR 120 million worth of outputs annually. In 2018, the number of SMEs in Mauritius was estimated at around 172 200 and these were mainly engaged in the wholesale and retail trade, repair of motor vehicles and motorcycles (37%), transportation and storage (17%), manufacturing (12%), construction (10%), and accommodation and food service activities (8%). It was also revealed that for the same period, the total number of people employed by SMEs was estimated at 283 000 (197 000 males & 86,000 females), which is around 34% higher than the figure of 211 600 (156 800 males and 54 800 females) of 2007.

³ The sign for Mauritian rupees

To support the SME sector, the Mauritius government has set up various institutions, such as SME Mauritius, which is the main authority working for the growth of SMEs, and also the National Women Entrepreneur Council (NWECC) that has as its main objective to support women entrepreneurs. Other parastatal bodies include the Economic Development Board (formerly known as the Board of Investment – BOI) and the Mauritian Industrial Development Authority (MIDA), which collaborates closely with the Ministry of Business, Enterprise, and Cooperatives to develop policies for sustaining Mauritian SMEs. The support provided by these institutions is classified as either financial or non-financial. Financial support includes loans and monetary incentives, whereas non-financial support includes training programmes, seminars, and workshops to encourage people to start their own businesses. In addition, to support the creation of an environment that is conducive for building a strong base of vibrant and resilient SMEs, the Government has launched a 10-year SME Master Plan in 2018. This master plan aims to set the foundation for the creation of entrepreneurial activities and to promote the growth potential of SMEs (MBEC, 2018:4).

1.2.3 Medium-sized textile manufacturing enterprises in Mauritius

In Mauritius, medium-sized textile manufacturing enterprises are businesses with annual turnovers between MUR10 and MUR50 million (SMEDA Act, 2009:795), which are involved in the transformation of fabric, such as denim and cotton, into finished products including shirts, trousers, pullovers, and T-shirts (Karthik & Gopalakrishnan, 2018:155). According to Jaklič and Svetličič (2017:132), the size of the business, as determined by its financial, physical or human size, plays a crucial role in its intention and ability to internationalise. Compared to small businesses, the internationalisation process of medium-sized businesses is arguably easier, since they have better access to resources (Jaklič & Svetličič, 2017:132). Moreover, Coe and Jones (2010:157) believe that medium-sized businesses have more national and international outreach than smaller businesses, with Dominguez and Mayrhofer (2018:66) arguing that medium-sized businesses internationalise at a faster pace than small businesses.

Since existing literature on the internationalisation of SMEs does not seem to demarcate between the internationalisation of medium-sized businesses and small-sized businesses, except for size-related attributes that differ significantly, this study, which focuses only on medium-sized textile manufacturing businesses, will refer to the existing literature on the internationalisation of SMEs to achieve the objectives set for this study.

1.2.4 An overview of small island developing state economies

At the Earth Summit held in Rio de Janeiro in 1992, small island developing states (SIDS) were recognised as a distinct group of developing countries facing specific social, economic and environmental vulnerabilities (UN, 2008). Fifty-two countries and territories (38 UN members and 14 non-UN members) are currently classified as SIDS by the United Nations Office of the High Representative (UN-OHRLLS, 2019). Examples of countries classified as SIDS are Antigua, Bahamas, Cape Verde, Cook Island, Guyana, Maldives, Fiji, Mauritius, Singapore, St. Vincent, Solomon Islands, Trinidad and Tobago, Seychelles, Suriname, and Vanuatu. SIDS are spread over several geographical regions, namely the Caribbean, the Pacific and the Atlantic oceans, the Indian ocean, the Mediterranean and the South China Sea (AIMS) (UN-OHRLLS, 2019).

The common challenges faced by SIDS include limited land area depriving them of benefits of economies of scale, small domestic markets, heavy dependency on a few external and remote markets, high energy costs, transport limitations, limited infrastructure, vulnerability to climate change, rising sea levels, and growing populations (Bush, 2018:xii; UN-OHRLLS, 2019). According to the World Bank (2019), SIDS' economies share a number of characteristics that can potentially pose unusual developmental challenges, such as:

- Remoteness and isolation: The majority of the islands are geographically remote, and therefore, far from major markets.
- Openness: Changes in the global markets are more likely to influence these islands. Moreover, the reduction of tariffs poses serious budgetary constraints for these islands' economies, which tend to rely heavily on importation taxes as a major source of revenue.
- Susceptibility to natural disasters and environmental change: Located in regions prone to natural disasters including cyclones, drought, and volcanic eruptions, islands also face environmental changes such as rising sea levels caused by global warming.
- Limited diversification: Small domestic markets limit the islands' scope to diversify their production and exports, which makes them more susceptible to changes in the external environment.
- Poverty: Compared to larger states, poverty levels in SIDS tend to be higher due to the high concentration of the economic power in the hands of a few.
- Limited capacity: Most of the resources are used to provide public services to citizens who are geographically dispersed. SIDS governments also find it difficult to participate

fully in international negotiations due to a lack of sufficient knowledge on technical issues. On the other hand, the private sectors are held back by factors such as lack of domestic competition and lack of diversification in their production and exports.

- Income volatility: Fluctuations in world market prices and undiversified production lead to high volatility in the income of citizens.
- Access to external capital: SIDS rely largely on FDI to finance their economic development. On the other hand, in-land private businesses tend to see small islands as risky and less attractive, thus limiting the flow of investments to SIDS.

1.2.5 Opportunities for the Mauritian medium-sized textile manufacturing businesses

Although several opportunities exist for Mauritian medium-sized textile manufacturing businesses to be sustainable, the most apparent opportunity would be to expand the export of textile products from the traditional European markets to new emerging markets, such as the African markets. Likewise, opportunities also exist in potential memberships of Mauritius to major regional trading blocs, such as the South African Development Community (SADC) and the Common Market for Eastern and Southern Africa (COMESA). These memberships present opportunities for medium-sized textile manufacturing businesses to develop competitive strategies by means of free movement cross-borders. The African continent, in particular, represents great potential for Mauritian medium-sized textile manufacturing businesses in terms of growth and sustainability (par. 1.2.1).

1.3 PROBLEM STATEMENT AND SIGNIFICANCE OF THE STUDY

Internationalisation presents various opportunities for businesses, such as access to new markets, economies of scale and access to valuable production factors (Lenihan *et al.*, 2010:5). These opportunities have prompted SMEs from both the developed and developing economies to increase their international presence at the turn of the century (Van Tulder *et al.*, 2018:177). However, internationalisation also poses various challenges arising from the shortage of capital (Rundh, 2007:181), lack of managerial time, skills and knowledge (Suh *et al.*, 2008:18; Vivekanandan & Rajendran, 2006:27), inability to contact potential overseas customers (Barnes *et al.*, 2006:209), problems in familiarising themselves with international trading rules and procedures (OECD, 2009:2), and external forces such as the unfavourable foreign market conditions and changes in international rules and regulations (OECD, 2009:2). In particular, the challenges faced by a small island developing state like Mauritius (par. 1.2.4) have a greater limiting effect on the scope for international expansion of SMEs, compared to large businesses

from developed countries, which have a different set of resources and experiences (World Bank, 2019).

Although SMEs play an important role in the socioeconomic development of Mauritius, only a few medium-sized textile manufacturing businesses have successfully turned into truly global businesses, with the majority having been less successful in their international ventures. Notwithstanding all the barriers and the developmental challenges that smaller less developed economies face, international markets remain an option for medium-sized businesses to grow, to be sustainable and to generate additional revenue (par. 1.2.4). Against this backdrop, the problem statement formulated for this study follows in the next paragraphs.

The global economy presents a number of opportunities for SMEs. This is also true for the Mauritian medium-sized textile manufacturing businesses that have an important role in transforming Mauritius into a high-income economy (par. 1.1). However, failure to adopt a suitable internationalisation strategy may result in SMEs failing to capitalise on the opportunities posed by internationalisation, especially when they lack resources and experience developmental challenges (Word Bank, 2019).

Given the specificities of SMEs, competitive business environments and the vulnerabilities of SIDS economies, it is not deemed appropriate to apply existing internationalisation frameworks, which are mainly applicable to large businesses in mature markets, to analyse the internationalisation processes of SMEs in SIDS contexts (Kim & Aguilera, 2015:114). Keeping this in mind, it becomes essential to investigate the international growth strategies of Mauritian medium-sized textile manufacturing businesses in the context they operate in, since each country is unique in that it operates within specific political, economic, social and technological parameters. Similarly, the dynamics vary from industry to industry and so do the challenges faced by SMEs vary from country to country.

1.4 CONTRIBUTION OF THIS STUDY

The contribution of this study can be presented from two perspectives. Firstly, from a theoretical perspective, by examining why and how SMEs in smaller, less developed economies like Mauritius expand their operations beyond their national boundaries. Based on the researchers' knowledge and investigation, no studies on the internationalisation of medium-sized textile manufacturing businesses in a SIDS have been undertaken yet, and current literature pertaining

to internationalisation is in many instances outdated (older than five years). This study will therefore contribute to current knowledge about internationalisation.

Secondly, the practical perspective, with the aid of the proposed internationalisation strategy for medium-sized textile manufacturing businesses aiming to expand their activities internationally. New empirical insights and the deeper understanding obtained from the study, about the reasons why SMEs internationalise their activities, their modes of entry into international markets, and finally the challenges they face when internationalising their business activities will assist medium-sized textile manufacturing businesses to make informed decisions about their future internationalisation ventures. Since most multinational enterprises (MNEs) had started as small businesses and had grown into global businesses by implementing effective internationalisation strategies, this could also be true for SMEs in a smaller, less developed economy like Mauritius that are striving to penetrate international markets with or without the support of the government.

1.5 OBJECTIVES OF THE RESEARCH

The following objectives have been set for this study.

1.5.1 Primary objective

The primary objective of this study is to develop an internationalisation strategy for medium-sized textile manufacturers in Mauritius as a SIDS.

1.5.2 Secondary objectives

To achieve the primary objective, the following secondary objectives were developed:

- Secondary objective 1: To conceptualise internationalisation pertaining to SMEs.
- Secondary objective 2: To analyse the approaches to internationalisation, applicable to SMEs.
- Secondary objective 3: To identify the motives for internationalisation, the modes of entry and the internationalisation barriers applicable to SMEs in general and in Mauritius.
- Secondary objective 4: To determine the consideration factors influencing Mauritian medium-sized textile manufacturers' decisions to internationalise.
- Secondary objective 5: To develop an internationalisation strategy for medium-sized textile manufacturers in Mauritius as a small island developing state.

1.6 LITERATURE REVIEW

The literature review in this study is presented in Chapters 2 and 3. According to Stack (2017:60), a literature review is a structured discussion from a critical and comparative perspective of the important research, relevant to the research topic. Therefore, to address some of the research objectives of this study, the extant literature was explored to provide a critical and comparative representation of the knowledge in Chapter 2, relating to the concept of internationalisation, and the various internationalisation approaches, models and theories (secondary objectives 1 and 2). Chapter 3 expands on Chapter 2 with theoretical discussions about the reasons why businesses internationalise their activities, the modes of entry used by businesses to enter international markets, and the problems they are likely to face during their internationalisation ventures (secondary objectives 3 and 4). The aim of the literature review was to extract and evaluate pertinent findings and issues that have emerged from previous work by other authors and researchers. The literature study was conducted by using scholarly journal articles, relevant books, subject-specific journals and websites, such as the *Business Journal*, SAGA dictionary and research methodology sites.

Articles and journals were obtained from different databases such as EbscoHost, Emerald, Nexus, ELSEVIER, Pergamon and ProQuest. Internet search engines such as Google and Google Scholar (www.google.com) were used to familiarise the researcher with current informal trends regarding the relevant concepts. Books that were used covered a wide range of fields that are specific to this research. These books included fields such as International Business, International Business Management, Business Strategy, International Marketing, SMEs and Internationalisation, International Entrepreneurship, and Research Methodology.

1.7 METHOD OF INVESTIGATION

1.7.1 Research design

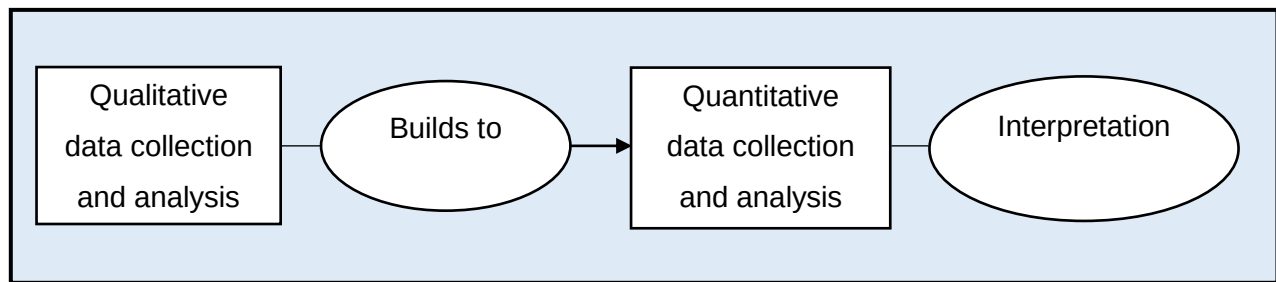
To achieve secondary objectives 3, 4 and 5 (applicable to the context of Mauritian medium-sized textile manufacturers), and ultimately the primary objective, a mixed-method research approach (QUAL/quant) was used to gather primary data to contribute to the development of an internationalisation strategy for medium-sized textile manufacturers in Mauritius. Several authors such as Creswell and Creswell (2018:70), Creswell and Plano Clark (2017:19), De Vos *et al.* (2014:439) and Stack (2017:82) argue that research by means of mixed-methods has emerged as a third research paradigm to bridge the schism between quantitative and qualitative

research. According to Guest *et al.* (2013:16), the basic premise behind using a mixed-method research design is that the combination of both approaches provides a better understanding of the research problem than either approach could alone. Moreover, Creswell and Plano Clark (2017:108) argue that integrating methodological approaches strengthens the overall research design, as the strengths of the one approach offset the weaknesses of the other and can provide more comprehensive and convincing evidence than mono-method studies. Creswell and Creswell (2018:15-16) classify the different mixed-method approaches, as convergent parallel, explanatory sequential and exploratory sequential.

In the *convergent parallel design*, the researcher uses both quantitative and qualitative methods simultaneously in order to develop a more complete and valid understanding of the phenomenon of interest (Plano Clark & Ivankova, 2016:318). The *explanatory sequential design* is a two-phase mixed-method approach in which the researcher starts with the collection and analysis of the quantitative data, followed by the collection and analysis of the qualitative data to help explain the initial quantitative results (Creswell & Plano Clark, 2017:77). The *exploratory sequential design* implies that the researcher first explores a phenomenon by identifying qualitative themes and then uses that information to guide a subsequent quantitative examination of the initial qualitative results, by developing a measurement instrument based on the qualitative results (De Vos *et al.*, 2014:44).

In this study, the researcher applied an exploratory sequential mixed-method approach (Figure 1.2) in which the qualitative approach was used as the main approach to investigate the internationalisation phenomenon of medium-sized textile manufacturers. This data was then used to develop the measuring instrument to gather data quantitatively. According to Creswell and Plano Clark (2017:84), in an exploratory sequential mixed-method approach, the methods are implemented sequentially starting with the qualitative data collection and analysis in phase one, followed by the quantitative data collection and analysis in phase two, which builds on phase one.

Figure 1.2: Research methods design (QUAL/quant)



Source: Creswell & Plano Clark (2017:84)

1.7.2 The research instruments and data collection

Primary data collection for the qualitative study entailed in-depth interviews with the participants, using a semi-structured interview guide. The purpose of these interviews was to gain new insights and information about their internationalisation, such as the processes used to internationalise, the factors influencing their businesses' internationalisation processes, as well as the most preferred modes of entry into foreign markets. In preparation of the semi-structured interviews, a list of open-ended questions was drawn up based on the findings from reviewing the literature. The researcher ensured that the questions were all aligned with the objectives of this research and structured the questions in such a way that it would allow flexibility during the data collection phase.

For the quantitative study, a survey method was used to collect data from the managers/owners of medium-sized textile manufacturing businesses in Mauritius. The purpose of the quantitative survey was firstly to gauge more information from a larger number of participants, and secondly to use all the applicable information to develop an internationalisation strategy for medium-sized textile manufacturing businesses in Mauritius. The researcher used a self-administered questionnaire comprising primarily of close-ended questions, with a five-point Likert scale to collect data from the respondents.

1.7.2.1 Qualitative research instrument

Given that this phase of the study was exploratory and qualitative in nature, the researcher used an interview guide to collect relevant data from the participants. According to Adler and Clark (2014:255), an interview guide consists of a list of topics that need to be covered in a suggested order and it is primarily used to guide less structured interviews. The rationale for using an interview guide in the qualitative study was to provide the participants with the opportunity to

respond freely to questions pertaining to the research objectives (Churchill *et al.*, 2013:84). Moreover, it allowed the researcher the flexibility to ask probing questions based on participants' responses. Furthermore, developing a list of questions ensures that full coverage is given to all the issues surrounding the research topic (Adler & Clark, 2014:236). The topics and questions in the interview guide were identified and developed from the comprehensive literature study. The identified topics were arranged according to the sections below, which are elaborated on in Chapter 4 (research methodology).

- The first section of the interview guide consisted of questions that were aimed at obtaining information about the businesses' background, as well as their internationalisation process.
- In the second section, the questions were set to determine the businesses' financial status at the start of their internationalisation and to determine whether finance was easy to obtain (internally or externally) to fund their internationalisation.
- In the subsequent sections, the questions were aimed at establishing whether business-specific factors such as the size, international experience/orientation, networking as well as the competencies that played a role in their internationalisation.
- In the last section, the researcher set questions that were aimed at identifying the modes of entry into foreign markets and to earmark the main challenges they faced in exporting their products.

Participants in the semi-structured interviews were informed that their participation in the study was entirely voluntary and that they could withdraw from it at any time for any reason whatsoever. They were also informed that any data recorded that could compromise their anonymity, would be automatically withdrawn from the research.

1.7.2.2 Quantitative research instrument

The research instrument used to gather the quantitative data was developed in the form of a self-administered questionnaire with predetermined questions arranged in a fixed order. The purpose of the quantitative survey was to gauge more information from a larger number of participants. Embedded in the design of the questionnaire were the themes identified from the qualitative data. The questionnaire comprised an introduction in which the purpose of the study was explained as well as aspects such as the objectives of the study, the measures taken to protect the identity of the respondents, information on their voluntary participation in the survey,

and the measures set in place to preserve the confidentiality of data. This was followed by the following sections, which are elaborated on in Chapter 4 (research methodology):

Section A: Demographical data and patronage habits

Section B: Internationalisation consideration factors

Section C: Entrepreneurial actions

Section D: Modes of entry

Section E: Internationalisation barriers

Section F: Institutional support

1.7.3 Sampling

Sampling is one of the most important aspects of a research design. Sampling refers to the process of selecting a subset of items (people, organisations, departments, groups, events or places, among others) from a defined population for inclusion into a study (Grove & Gray, 2019:482). According to Guest *et al.* (2013:41), the “*degree of generalisation (or not) of findings and their representativeness relative to the larger population (or not) are dependent on (or constrained by) one’s sampling strategy*”. Indeed, the validity of a study’s findings is related to the sampling, since unknowledgeable selected participants and/or respondents may result in data which would not be particularly informative.

According to Maree and Pietersen (2016:145), a researcher can make use of two sampling methods, namely probability sampling and non-probability sampling. Probability sampling is based on randomisation, where each element in the population has a known, non-zero chance of being included in the sample (Maree & Pietersen, 2016:145). On the other hand, non-probability sampling does not involve any random selection (Trochim *et al.*, 2015:86). With a non-probability sampling technique, members of the population are not chosen by chance procedures and they do not have a known probability of being included in the sample (Ary *et al.*, 2019:172).

In this study, the researcher used non-probability sampling to identify the participants for qualitative data gathering. The participants were selected through a purposive sampling method. Commonly used in qualitative research, purposive sampling involves identifying and selecting participants that are especially knowledgeable about or experienced with the topic under study (Creswell & Plano Clark, 2017:176).

Determining the required sample size in non-probability sampling is entirely based on the subjective judgement of the researcher. According to Guest *et al.* (2006:63), existing literature has not reached a consensus on the sample size for non-probability sampling. Although previous authors such as Morse (1994:225) recommends 30 to 50 participants and Fuggard and Potts (2015:671) propose six to eight interviews for a homogeneous sample, Creswell and Creswell (2018:236) suggest that the sample size for qualitative purposes depends on the type of research being conducted. They (Creswell & Creswell, 2018:236) recommend that narrative research should include one or two participants, while an investigation into a phenomenon should include a range of three to ten participants, and 20-30 participants are recommended for grounded theory research. In addition to these recommendations, they further argue that an adequate sample depends on data saturation. In this regard they state that once the researcher has collected sufficient information, in such a way that asking additional questions will not provide new information, it is assumed that the point of data saturation has been reached.

Since this study was exploratory in nature and investigated the internationalisation phenomenon of medium-sized textile manufacturers, non-probability sampling was used to identify ten internationalised medium-sized textile manufacturing businesses to gather qualitative data, by means of semi-structured in-depth interviews with their managers/owners.

In Table 1.1 below a summary is provided of the sample plan implemented for the qualitative approach in this study.

Table 1.1: Summary of the qualitative sample plan

Design elements	Application to empirical study
Target population	Mauritian medium-sized textile manufacturing businesses
Sample elements	Owners/managers/directors of medium-sized textile manufacturing businesses who are actively involved in conducting international transactions
Sampling unit	Medium-sized textile manufacturing businesses involved in the international markets
Time	2018
Extent	Mauritius
Sampling frame	No Sampling Frame/ Used contact details provided by SME Mauritius
Sampling procedure	Non-probability, purposive
Sample size	10 (or until data saturation)

For the quantitative study, no sampling was done, since the researcher used a census to gather data. According to Stimson (2014:103), when all the members of a population are included in the sample, the research makes use of a census. Due to the size of the target population, all the medium-sized textile manufacturing businesses in Mauritius that were registered with SME Mauritius, MEXA and the Ministry of Industry and Commerce in 2018 as serving international markets, were included in this research.

1.7.4 The target population

The target population refers to the total number of subjects that conform to specific requirements needed for inclusion in a study (Iacobucci & Churchill, 2018:258). According to Jawahir (2017:2), there are an estimated 172 200 SMEs operating in Mauritius. Only 1% of these SMEs, across all economic sectors, are medium-sized (approximately 1 722) with the small-sized businesses constituting 99%. Of these estimated 1 722 medium-sized businesses, only 9% (approximately 155) are operating in the textile manufacturing industry. During a site visit, the researcher discovered that only 90 of the estimated 155 medium-sized textile manufacturing businesses were registered with the Mauritian Ministry of Industry and Commerce as serving international markets in 2018. Further investigation on the databases of SME Mauritius, MEXA and the Ministry of Industry and Commerce revealed that only 56 of these 90 registered businesses were still in operation in 2018. Since this study followed a

census sampling method, the target population were all Mauritian medium-sized textile manufacturing businesses that were registered as serving foreign markets in 2018 (n = 56).

1.7.5 Data analysis

The purpose of data analysis is to organise, provide structure, and to elicit meaning from the data collected (Polit & Beck, 2012:507; Profetto-McGrath *et al.*, 2010:318). To Shazia (2014:141), data analysis is of great importance, since it makes raw data meaningful, and it enables the researcher to make conclusions and recommendations pertaining to the study.

1.7.5.1.1 The analysis of the qualitative data

In this study, the researcher adopted the data analysis process identified by Sekaran and Bougie (2016:333), which they based on research by Morse and Field (1996). This process entails three stages, namely data reduction, data display, and the drawing of conclusions. In the data reduction stage, the process developed by Morse and Field (1996:103) to analyse the collected qualitative data was adopted for this study, which entails the following four steps:

Step 1: Comprehend

Step 2: Synthesise

Step 3: Theorise

Step 4: Recontextualise

The first step of this process allows the researcher to make sense of the information and to learn “what is going on?” During step 1 (comprehend), the researcher closely reviewed the transcripts until no new themes emerged (data saturation). The data was then coded using the line-by-line analysis approach, as recommended by Morse and Field (1996:104). The ATLAS.ti qualitative data analysis software was used to assign codes to the data. In the second step (synthesise), data was integrated to generate common themes. Data synthesising facilitates the interpretation, description, analysis, and conclusion of the data (Ring *et al.*, 2011:3). In this study, the researcher used the inter-participant analysis to identify similarities and differences by comparing the interview transcripts of all the participants. By applying category analysis to the data synthesis, eight themes were identified with 19 interpretation categories based on the information drawn from the interview transcripts (par. 4.8.1.1). In the third step of the data reduction stage (theorise), the researcher compared the literature review (Chapters 2 and 3) to the empirical part of the study to identify alternative explanations pertaining to issues emerging

from the findings, such as the reasons for internationalisation, the factors affecting internationalisation, and the modes of entry employed by the participants. In the last step (recontextualise), the researcher integrated the categories and research results to demonstrate clearly how existing theoretical models support them. Following this stage of the data analysis, the data was then displayed (stage 2 of qualitative data analysis) using graphs and charts. The last stage (stage 3) of the qualitative data analysis entails the drawing of conclusions from the reduced and displayed data.

According to Maree (2016:239), the validity of an instrument refers to the extent to which it measures what it is supposed to measure, while reliability indicates the internal consistency of a measuring instrument (Babin & Zikmund, 2016:280). To Rolfe (2006:305), both reliability and validity in qualitative research are determined by the level of trustworthiness. In this study, the researcher applied Guba's (1981:75-91) criteria, namely credibility, transferability, dependability, and confirmability to ensure trustworthiness throughout the research process. Detailed explanation of the application of the Morse and Field's (1996:104) four key steps in the process of data reduction as well as the use of Guba's (1981:75-91) four criteria to ensure trustworthiness are presented in Chapter 4.

1.7.5.1.2 Analysis of the quantitative data

The data gathered by means of the self-administered questionnaire was analysed by the Statistical Package for the Social Science (SPSS) software version 25. The first part of the analysis provides a background of the business by presenting the frequencies for the variables concerned such as turnover, number of years in operation and main export markets, among others. Descriptive statistics (means and standard deviations) were calculated for each of the items measuring the main constructs of the study. The reliability of the measuring scales was assessed by means of reliability statistics (Cronbach's alphas). An exploratory factor analysis (EFA) was conducted to identify the factors that have affected or could potentially affect the internationalisation of medium-sized textile manufacturing businesses in Mauritius, and also to contribute towards the validity of the research instrument.

Since the qualitative approach was the main data gathering approach in this study and was supported by the quantitative data, additional complex inferential statistical analyses of the quantitative data were regarded as redundant and not within the scope of this study. Ultimately this study did not set out to accept or reject hypotheses by means of inferential statistics, but

rather to gather as much information as possible, by means of qualitative and quantitative methods (QUAL/quant), in order to constitute the proposed internationalisation strategy for medium-sized textile manufacturers in Mauritius.

1.8 CHAPTER OUTLINE

Chapter 1 – Background to the study

Chapter 1 details the contextual overview of the study by identifying the main reasons for undertaking the study and by presenting the research problem, research objectives, potential contribution of the research and the research methodology.

Chapter 2 – Theoretical framework of internationalisation

To support the theoretical foundation of this study, Chapter 2 provides a review of the various strands of literature that are relevant and pertinent to this research. The chapter begins with an analysis of the existing definitions of internationalisation from which a working definition of internationalisation applicable to this study is developed (secondary objective 1). The discussion in this chapter then continues with the discussion and analyses of the various applicable approaches to internationalisation to provide a theoretical framework for the study (secondary objective 2).

Chapter 3 – Internationalisation of small and medium-sized enterprises

In this chapter, the internationalisation of SMEs applicable to this study is discussed by focusing on the motives for internationalisation, the different modes of entering international markets as well as the factors influencing their decisions to internationalise (research objectives 3 and 4). This chapter further presents an examination of the internal and external barriers faced by SMEs when internationalising (secondary objective 3).

Chapter 4 – Research methodology

Chapter 4 discusses in detail the research methodology and the research process adopted in this study. It starts with a presentation and discussion of the research paradigms, where after the scientific stance taken by the researcher to achieve the objectives set for the study is described and justified. The chapter further provides a discussion on, and justification for, the selected research design, data collection methods, sampling design and methods used for data analysis.

Chapter 5 – Data analysis and results

In this chapter, the collected data from the qualitative and quantitative approaches are analysed and reported on. In the first part, the chapter presents a systematic analysis of the data collected during the in-depth interviews, followed by the quantitative analysis of the data collected from the questionnaire. Finally, the chapter provides a detailed explanation of the main findings of the qualitative and quantitative study (secondary objectives 3 and 4).

Chapter 6 – An internationalisation strategy for medium-sized textile manufacturers in Mauritius

In this chapter, the strategy for the facilitation and promotion of the internationalisation process of medium-sized textile manufacturing businesses in Mauritius as a SIDS (secondary objective 5) is presented.

Chapter 7 – Summary

This chapter provides a summary of the findings, conclusions and limitations of this study, and suggests further research initiatives.

1.9 CHAPTER SUMMARY

In this chapter, the study was introduced, the problem was stated, and the objectives were set. The research method followed was described, and the delimitations of the study were highlighted. The chapter concluded with a brief description of the structure of the remainder of the study.

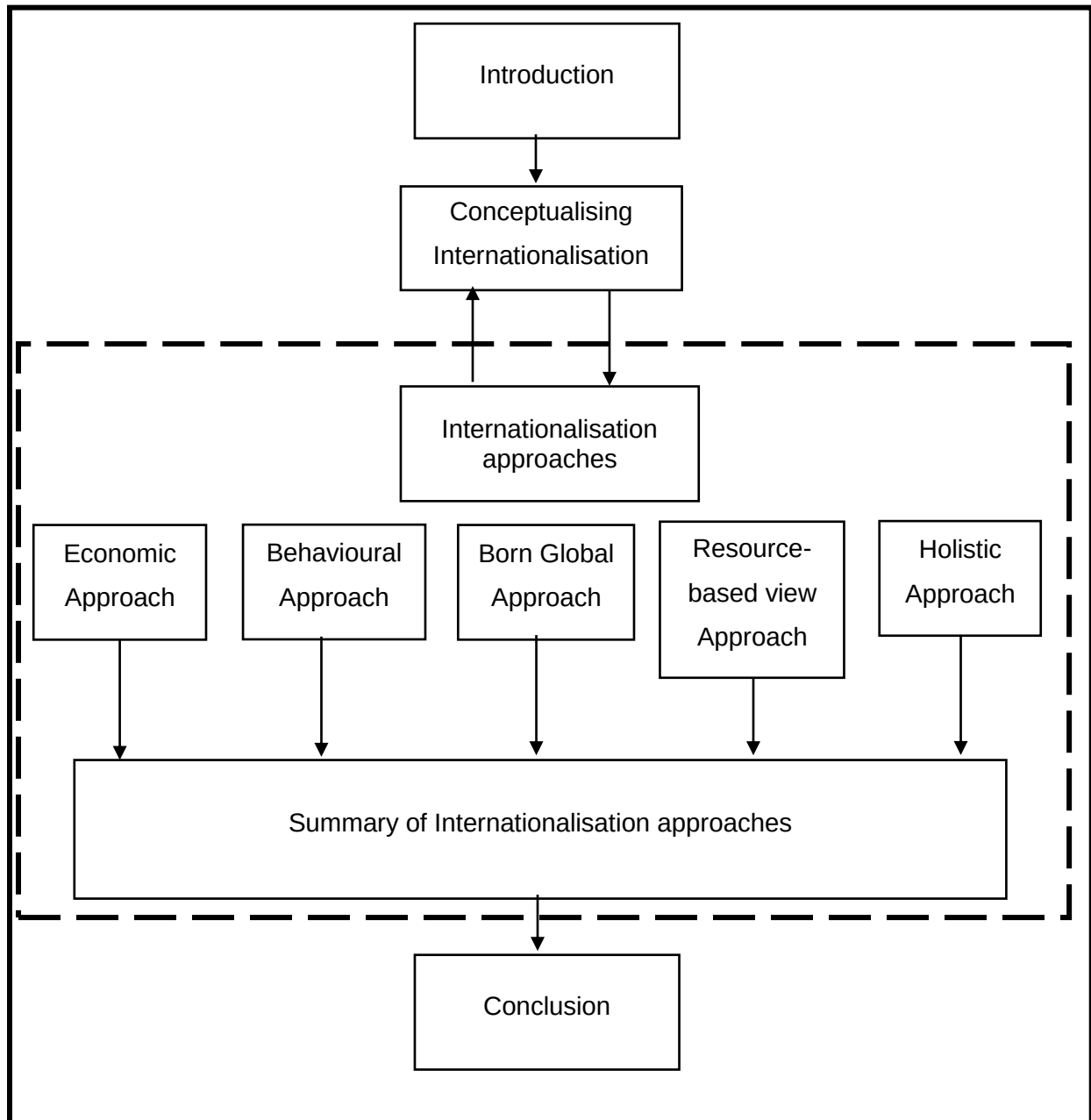
Since this study revolves around the internationalisation of businesses, Chapter 2 provides a theoretical framework, which firstly focuses on the concept of internationalisation, with an analysis of various definitions to enable the development of a working definition of internationalisation applicable to this study. Hereafter the various approaches to internationalisation, applicable to this study, are discussed and analysed to identify applicable elements that could be included in the internationalisation strategy for medium-sized textile manufacturers in Mauritius as a SIDS.

CHAPTER 2

THEORETICAL FRAMEWORK OF INTERNATIONALISATION

2.1 INTRODUCTION

Figure 2.1: Structure of Chapter 2



The previous chapter gave an outline of the study, the problem statement, research objectives and the research methods. Chapter 2 provides a theoretical framework for this study, with a critical review of the body of knowledge pertaining to the internationalisation of businesses. A thorough review of the existing literature and empirical studies underpinning the internationalisation of businesses will provide profound insights into the different features surrounding the research. The review of relevant literature will also identify any apparent gaps that might exist in the literature and empirical studies that need to be investigated in this study.

To design the theoretical framework applicable to this study (Figure 2.1), the review of the literature in this chapter commences with an analysis of existing definitions of internationalisation (par. 2.2). This analysis is aimed at identifying the common attributes among various definitions and descriptions of internationalisation, after which the attributes will be synthesised into a summarised whole to form the basis from where a working definition of internationalisation applicable to this study will be developed. This analysis will also assist in understanding internationalisation from the perspectives of SMEs.

Following this analysis, the various approaches to internationalisation applicable to this study will be discussed (par. 2.3 – 2.8). Over the years, several theories and models have been developed to explain various authors' ideas of the different aspects underpinning businesses' approaches to why and how they internationalise. Although the theories and models outlined in this chapter are all scientifically developed, they are all developed within different contexts, explaining internationalisation from different viewpoints. Therefore, since no single theory or model, in its true form, was developed within the context of a small island developing state, this chapter draws from various theories and models (constituting the broad approaches), to identify elements applicable to the development of an internationalisation strategy for medium-sized textile manufacturers in Mauritius.

2.2 CONCEPTUALISING INTERNATIONALISATION

Although internationalisation dates back to ancient times, with foods and spices traded between countries (Daszkiewicz & Wach, 2012:9), the term only emerged in the 1920s as a common spoken and written concept. However, this concept only became a popular research theme in the 1970s when the globalisation phenomenon started to emerge (Fillis, 2001:773; Gjellerup, 2000:16). While existing literature suggests a myriad of definitions of internationalisation, a single universally accepted definition of internationalisation remained elusive well into the late

20th century (Coviello & McAuley, 1999:248). Even in recent times, the context in which internationalisation takes place makes it difficult to provide a universally accepted definition of the concept (Daszkiewicz & Wach, 2012:9). According to Wach (2014:13), it is not possible to provide a universally accepted definition of internationalisation, since it is a continuously evolving process that cannot be pinned down in a single definition. Efforts by businesses intending to internationalise also differ tremendously to those of established internationalised businesses, which indicates that businesses define internationalisation according to the stages of internationalisation they operate in. Dewit (2002:115) mentions that even if there is no agreement on a universally accepted definition, internationalisation needs to have parameters. To this end, 22 definitions of internationalisation spanning almost 60 years of research were identified from various internationalisation approaches, models and theories (par. 2.3). These definitions were then analysed (Appendix A), to identify the key attributes relevant to the definition of internationalisation applicable to this study. From the analysis, three key attributes emerged. These attributes entail business growth in relation to expanding foreign operations (attribute 1), internationalisation as a process (attribute 2), and knowledge and access to international networks (attribute 3).

2.2.1 Businesses' growth in relation to expanding foreign operations

Pertaining to the first attribute, the term *business growth* is often associated with increased sales and revenue or decreased costs. When businesses expand their operations across national borders, their growth is related to internationalisation (Seifert *et al.*, 2012:478; Singh *et al.*, 2010:153). From the analysis of the 22 definitions of internationalisation, 15 definitions explicitly focus on business growth by referring to concepts such as “increase”, “invest”, and “expand”. Although some definitions do not directly refer to the relation between growth and internationalisation, the relation is embedded in the definitions, as reference is made to “higher exports”, “developing resource stock”, and “value creation” (Appendix A).

2.2.2 Internationalisation as a process

The second attribute, process, denotes that internationalisation is a continuous venture, that involves a set of incremental actions or steps taken before a business starts its activities in foreign markets (Knight, 2004:11; Lindstrand *et al.*, 2011:195; Ojo, 2017:118). According to Zhu (2012:1), a process should always lead to an intended result, which, according to Khojastehpour and Johns (2015:162), signifies the business's expansion into new markets. From the analysis of the 22 definitions of internationalisation, 16 definitions explicitly focus on internationalisation

as a process. Despite the common references to internationalisation as a process, some authors specifically state that the nature of the internationalisation process is seen as being “evolutionary”, “incremental”, “dynamic”, “gradual” or “sequential”. Despite these different views, the differences do not deter the single centralised idea of internationalisation as a process; that it entails movement and momentum to drive the business to be committed and involved in international markets (Appendix A).

2.2.3 Knowledge and access to international networks

Knowledge plays an important role in the internationalisation of businesses and is considered as one of a business’s most valuable assets for growth and sustainability in complex international business environments (Devinney, Pedersen & Tihanyi, 2010:119; Dominguez & Mayrhofer, 2018:52; Grigore *et al.*, 2009:100; Newburry & Gonzalez-Perez, 2016:186). Since relevant internationalisation knowledge is context-based, SME managers need to establish contextual international networks to ensure access to relevant knowledge. Khojastehpour and Johns (2015:164) further argue that market knowledge gained from the relationships with key partners in the international arena before SMEs enter into a foreign country (pre-internationalisation), is important for making informed international growth decisions. From the analysis of the 22 definitions of internationalisation, 15 definitions refer to knowledge concepts such as “policies”, “managerial capacity”, “awareness”, “development of relationships”, and “cognitive and attitudinal readiness”, among others (Appendix A).

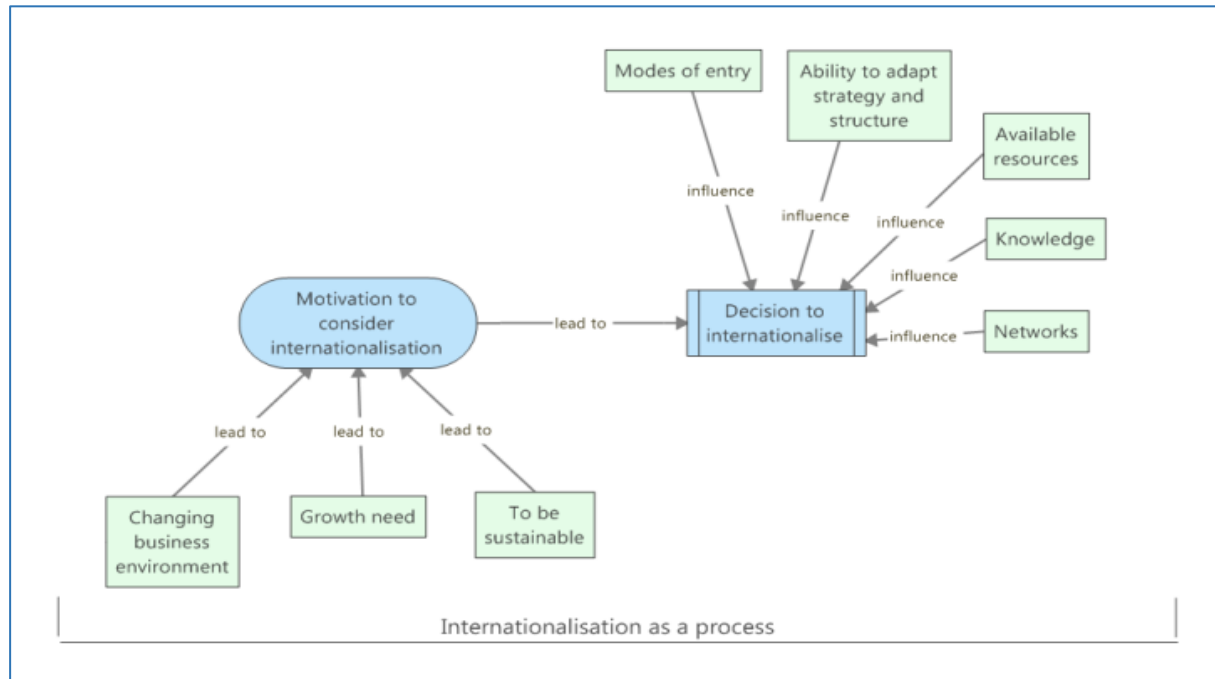
From the analysis of the various definitions of internationalisation, it can be concluded that the concept of internationalisation needs to be interfaced with the business’s growth, the internationalisation process as well as the importance of knowledge and access to international networks as key attributes. A working definition applicable to this study, which incorporates the three identified attributes as well other elements pertaining to SME internationalisation, is therefore stated as:

“Internationalisation is a process, which SMEs use when they are motivated to expand their operations across national borders, in response to the changing business environment and with the intention to ensure growth and sustainability for the business. This process is largely influenced by the business’s entry modes and the ability to adapt its strategy, structure, and resources to the international context, as well as the knowledge gained and relationships developed through its international presence” (Author, 2019).

In addition to the key attributes synthesised, the definition also refers to some variables applicable to internationalisation, including the motivation for SMEs’ internationalisation, as well as the modes of entry, which will be discussed in-depth in Chapter 3. The applicability of this definition is particularly relevant to this study since the internationalisation of businesses is an increasing trend for Mauritian businesses that are seeking opportunities for growth and sustainability (Hytti *et al.*, 2018:89).

Contributing to the development of the internationalisation strategy proposed in this study, Figure 2.2 depicts the variables revealed by the above working definition of internationalisation. These variables focus on internationalisation as a process (variable 1), which starts with the motives to internationalise (variable 2), and then the decision to internationalise (variable 3). The motives to internationalise emerge in response to the changing business environment and the need for growth and sustainability. The decision to internationalise is then influenced by aspects such as the modes of entry, the ability of the business to adapt its strategy, structure, available resources, knowledge pertaining to all aspects of the internationalisation process and available networks.

Figure 2.2: Variables contributing to the proposed internationalisation strategy

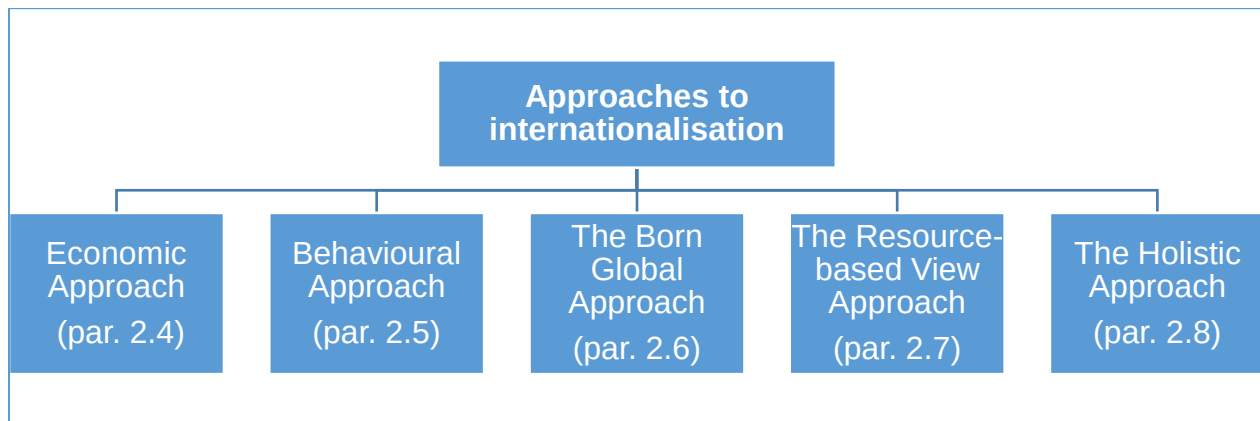


The internationalisation approaches, theories and models which assisted in the development of the working definition applicable to this study had evolved over several decades, to explain why and how businesses internationalise. Although the theories and models of internationalisation have all been scientifically developed, they have all been developed within different contexts, explaining internationalisation from different viewpoints. Since no single internationalisation approach, theory or model, in its true form, was developed within the context of a small island developing state, such as Mauritius, the various applicable approaches, theories and models available in the literature will be drawn, to identify, in addition to the depiction in Figure 2.2, the elements which could be applicable to the internationalisation strategy for medium-sized textile manufacturers in Mauritius proposed in this study (Chapter 6).

2.3 APPROACHES TO INTERNATIONALISATION

From the countless dispersed theories and models of internationalisation in the literature, the researcher organised these, for the purpose of this study, according to their corresponding focuses, into five distinct approaches of internationalisation. These five approaches include the economic approach, the behavioural approach, the born global approach, the resource-based view approach, and the holistic approach (Figure 2.3).

Figure 2.3: Approaches to internationalisation



From these approaches, the pertinent elements which contribute to the development of an international strategy for medium-sized textile manufacturers in Mauritius will be identified and discussed further in this chapter.

The theories and models explained within each of the approaches (Figure 2.3) are primarily aimed at explaining how and why businesses engage in internationalisation. In general, the economic approach sets out a framework to describe the internationalisation process of businesses to internationalise through foreign direct investment (FDI), which is primarily influenced by the cost, benefits, and constraints. The behavioural approach describes internationalisation as a gradual and incremental process that is driven by businesses' knowledge of foreign markets, whereas the born global approach posits that a business has a global orientation from the inception of its business activities. The resource-based view approach focuses on the role of business resources and networks for international business growth. The last approach, the holistic approach, is a contemporary approach combining elements from various other approaches, models and theories.

2.4 THE ECONOMIC APPROACH TO INTERNATIONALISATION

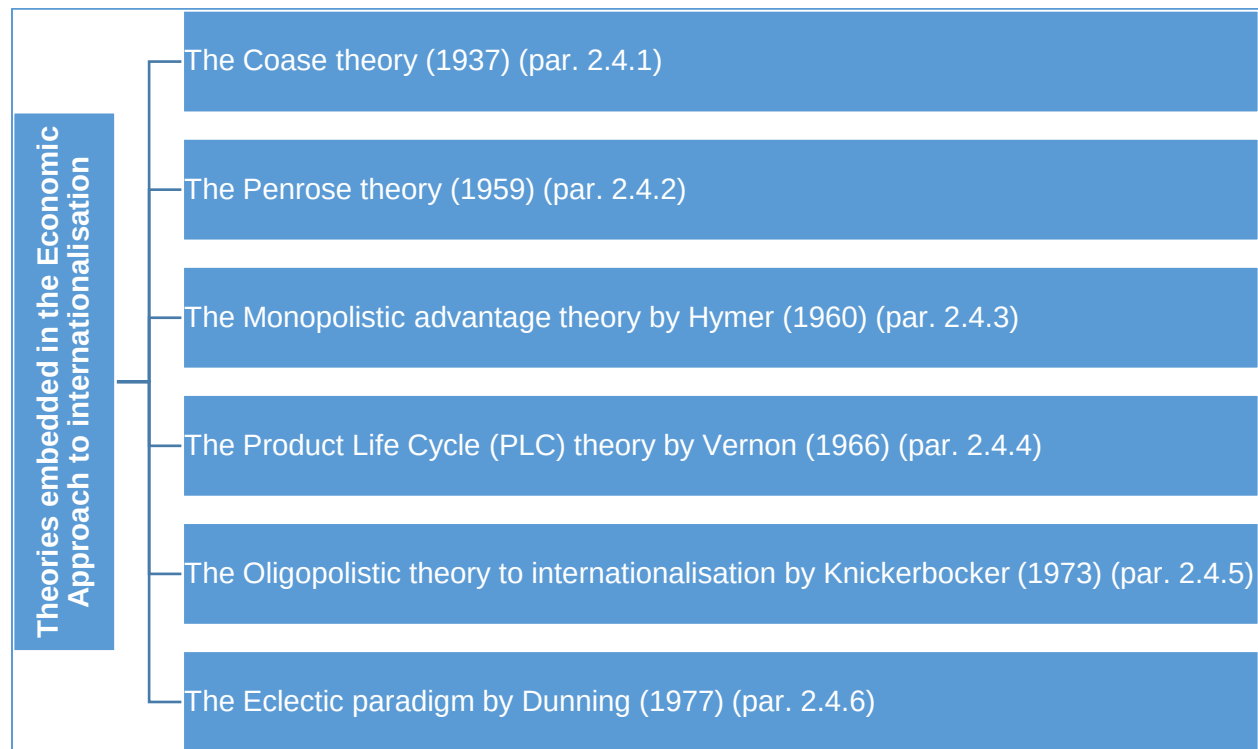
The economic approach to internationalisation emerged in the 1950s-1960s, following a growing interest of businesses in making international operations economically more effective and efficient. Focusing on multinational enterprises (MNEs) with an emphasis on foreign direct investment (FDI) activities, the stream of literature contributing to the economic approach to internationalisation, has its foundation in mainstream economics and finance (Andersson, 2000:63). The economic approach assumes that businesses constantly focus on minimising transaction costs, which can be achieved through organisational structures across national

borders (Benito & Gripsrud, 1992:466; Groth, 2013:9). The underlying principle of the economic approach, therefore, entails the consideration of individual investment decisions, where each investment opportunity is evaluated in terms of its cost, benefits, and constraints (Bryan, 2014:112; Clark *et al.*, 1997:605).

The economic approach posits that the decision to engage in foreign investments begins with the identification of the business's key success factors, such as production technology, trademarks and management, and organisational abilities, among others, which assist the business to compete against local businesses in foreign markets (Demirbag & Yaprak, 2015:117; Dunning, 2010:21; Hymer, 1960:38). This is then followed by identifying a location which provides the best production or sales conditions. Buckley *et al.* (2007:1070), Gluckler (2006:377) as well as Verbeke and Merchant (2012:116) argue that the choice of location for foreign investments is primarily determined by the profitability goals (i.e. the location that minimises total costs), coupled with asset seeking goals (i.e. acquiring assets that are not directly transferable through market transactions). Examples of location-specific advantages include availability, price and quality of natural resources, physical infrastructure that enables resources to be exploited, government restrictions, protectionist measures and investment incentives (Dunning, 2009:11; Peng, 2010:329; Peng, 2017:156). Similarly, in a study by Anyanwu (2011:5), he concluded that transport costs, differences in countries' natural endowments, macroeconomic stability, and cultural factors may influence the location choice for foreign investment. Later on, Shih-Kuan *et al.* (2015:127) also identified international experience and business size as key factors leading to the choice of location. Regarding the modes of entry used by MNEs to penetrate foreign markets, the economic approach acknowledges that businesses tend to adopt high-risk strategies, such as joint venture and wholly-owned production subsidiary (Brennan & Garvey, 2009:121; Dunning & Lundan, 2008:263; Sachse, 2011:2015; Shenkar *et al.*, 2015:369). However, Andersson (2000:65) and Buckley *et al.* (2007:1086) argue that since the economic approach to internationalisation is efficiency led, this leaves limited space for managers to participate and contribute to key strategic foreign investment decisions.

Various theories that infused this approach emerged in the previous century, of which the six theories depicted in Figure 2.4, are applicable to this study and are also most cited in economics and international business literature.

Figure 2.4: Theories constituting the Economic Approach to internationalisation



Overall, these authors' theories (Figure 2.4) explain the internationalisation process of MNEs in terms of how businesses economically increase their involvement in international operations. These theories aim to investigate the existence, development, and growth of MNEs, in particular the decision about “where” to invest and “how” to organise and manage investments in remote places. Although these theories primarily focus on large businesses' activities, many of the aspects portrayed in these theories are also applicable to the internationalisation process of medium-sized businesses.

2.4.1 Coase Theory (1937)

In his seminal paper, “The Nature of the business”, Coase (1937:386-405) presents his internationalisation theory, also known as the transaction cost theory. According to him, perfect market conditions such as free availability of information, rational decision-making and the existence of alternative suppliers and buyers, which would normally ensure zero transaction costs, seldom exist. With his theory, he argues that activities conducted on behalf of the business, by external parties in foreign markets, are costly and inefficient, and therefore he suggests that businesses would rather benefit from internalising (doing the work themselves) as

many activities as possible (Casson, 2013:114; Hennart, 1977:131). When businesses internalise, the internationalisation activities they perform are aimed at protecting their reputation and exercising control over foreign operations with a view to safeguard their investment (Du *et al.*, 2015:17; Verbeke & Merchant, 2012:98). Businesses will continue to internalise transactions until they reach a point where the marginal cost of internalisation exceeds the marginal revenue of internalisation (Teece, 2014:12). With internalised activities, businesses also bring under their control, both upstream⁴ and downstream⁵ industries that provide inputs into their production processes in one way or another, especially when the cost of continuing to do business with them exceeds the cost of owning them. According to Buckley and Ghauri (2015:60), a business can do business more efficiently if it follows a backward integration strategy, and owns all the suppliers of inputs that have to do with its production process. The motive behind the claim of backward integration stems from the idea that dealing with unrelated entities is more costly in terms of the frequency of transactions, the opportunistic behaviour of suppliers, and the business's own overheads associated with dealing with external suppliers.

Although Coase's transaction cost theory was already developed in 1937, Hennart (1977) was the first person to apply this theory in practice to study MNEs' activities during his PhD thesis. Thereafter, several authors such as Anderson and Gatignon (1986:1-26), Barney and Peteraf (2014:70-73), Fang-Yi (2015:2312-2316), Gatignon and Anderson (1988:305-336), Gomes-Casseres (1989:1-25), McCann *et al.* (2002:647-663) and Teece (1981:3-17), also used the theory to analyse the impact of transaction costs on the decision to engage in international markets, and the costs associated with the modes adopted by MNEs to enter foreign markets. From all these studies, the most prominent conclusion refers to the notion that businesses prefer a high-control entry mode, such as wholly-owned subsidiaries, since it is the most efficient way to exploit their knowledge or ownership advantage. For example, in studying the internationalisation of young technology-based businesses, Li *et al.* (2015:841) noted that these innovation-led businesses strive to protect their innovation by internationalising their operations to the least costly locations (Buckley & Casson, 2009:1572; Oortwijn, 2014:43; Yadav, 2018:36). Hennart (1982:141) and Onetti and Zucchella (2014:172) argue that the transfer of knowledge within a business with wholly-owned subsidiaries may be more efficient because the motive of

⁴ Upstream industries refer to industries in which businesses operate that process basic or raw materials into intermediary products, which is then converted into finished products by the downstream industries (Quain, 2019).

⁵ Downstream industries refer to industries in which businesses operate that process the outputs of other businesses into a finished or different products (Quain, 2019).

the transfer between the sender and receiver is to collaborate and not to disadvantage each other. The internal transfer of information also eliminates the problem of asymmetry of information Bondarouk (2014:10) which, according to Williamson (1975:49-50), leads to inefficiency due to the opportunistic behaviour of agents. Knowledge internalisation is also considered as a major force driving the internationalisation of small and newly established technology-based businesses (Li *et al.*, 2015:841).

In addition, the concept of transaction cost has been frequently used as a key determinant in the choice of methods for serving foreign markets in terms of exports, licensed sales or other institutional arrangements (Ladeira *et al.*, 2016:459; Noor *et al.*, 2017:447). The transaction cost approach postulates that MNEs' internationalisation starts in nearby markets due to the internalisation costs, such as administrative and risk-taking costs (Johanson & Mattsson, 1987:37; Larimo & Vissak, 2009:11). However, compared to MNEs, SMEs tend to adopt non-equity entry modes, such as partnerships when the environmental uncertainty is high. Non-equity entry modes enable SMEs to spread their risks and reduce their direct exposure to uncertainties in the foreign markets (Bruneel & De Cock, 2016:139).

Another factor that emerges from the transaction cost theory is the notion that the survival of businesses in international markets depends to a large extent on the entrepreneurial abilities of managers to reduce transaction costs (Coase, 1937:392). According to Coase (1937:393), businesses expand when entrepreneurs are able to acquire additional transactions, and therefore entrepreneurs are seen as the innovators contributing to sustainable internationalisation (Mishra & Zachary, 2013:433). Entrepreneurs' roles and characteristics in driving SMEs' internationalisation have also been tested empirically in several studies. For example, in analysing the factors related to the early internationalisation of new businesses in Chile (South America), Amoros *et al.* (2016:283) found that entrepreneurial managers contribute to a higher likelihood of early business internationalisation. Moreover, Vasilchenko and Morrish (2011:88) acknowledged that the entrepreneurs' business networks facilitate the exploitation of internationalisation opportunities, which is culminated by successful entry into foreign markets.

Apart from Coase's transaction cost theory, the economic approach to internationalisation also relies on Penrose's (1959) theory, which views the growth of a business as a process that is driven by the effective management of business resources, production opportunities, and diversification strategies. Although this theory was not intended to specifically address the

internationalisation of businesses, Penrose (1959:22) argues that a theoretical framework for the growth of businesses can be used to analyse international growth of all businesses, since the only aspect that distinguishes MNEs from other businesses, is the existence of different nation-states.

2.4.2 Penrose Theory (1959)

Unlike neoclassical economists who focused on the price, output and demand to explain the growth of businesses, Penrose (1959), in her book *The Theory of the Growth of the business*, paid more attention to the business as a whole (Wen & Liyun, 2015:45) which she termed as the “metaphorical black box”. To Penrose (1959:24), effective management of the resources, opportunities and diversification strategies influence the speed and scope of business growth. She provides three key arguments to support the linkages between the business’s resources, the manager’s competence in driving production opportunities, and profitable growth.

Firstly, Penrose (1959:78) argues that the business’s financial performance depends on how well the resources are creatively deployed among the various processes to create economic value.

Secondly, she notes that the productive opportunities for growth and innovation are largely dependent on the competencies of managers in ensuring the successful conversion of the resources into business capabilities and new product applications (Penrose, 1959:85).

Thirdly, Penrose (1959:76) explains that the business’s current knowledge bases and the underutilised resources affect the rate and direction of its growth. For instance, businesses’ distinctive knowledge leads to better use of the resources while underutilised resources are synonymous with inefficiencies and loss of competitive advantage. Subsequent studies (Abdul-Jalal *et al.*, 2013:150-157; Choo & Bontis, 2002:445; Goel *et al.*, 2010:104-116; Grant, 1996:111; Kogut & Zander, 1992:383; Lee *et al.*, 2015:1059; Mao *et al.*, 2016:1062; Pitelis, 2006:7) also concluded that the unique context-specific knowledge that is developed through experience, helps in building and sustaining competitive advantage.

Penrose’s theory has contributed both directly and indirectly to the development of the modern Resource-Based View (RBV) theory of strategic management (Mitomo *et al.*, 2015:24; Rugman & Verbeke, 2002: 775). The RBV focuses on the business’s internal resources from which are

derived services or core competencies that are difficult to imitate and that are the fundamental drivers of business performance, competitive advantage, and growth (Connell, 2008:170; Wirtz, 2019:44).

Moreover, Pitelis (2004:521) acknowledges Penrose's theory in the development of the resource-based theory of international business strategy and notes that the theory has serious implications for managerial practice. For example, applying Penrose's (1959) theory to analyse the international growth of SMEs in Sweden, Naldi & Davidsson (2014:687) as well as Campbell (2017:143) found that new knowledge acquired from international markets enhance entrepreneurship growth in domestic as well as foreign markets. In a similar vein, Narasinhham *et al.* (2015:146) note that managers accumulate advanced and specialised skills when the business moves through various stages of internationalisation. Furthermore, when examining the differences in the resource bundles between internationalised and non-internationalised Slovenian SMEs, Ruzzier *et al.* (2006:106) found that unique organisational resource bundles (such as organisational, financial, human and social resources) were critical for the internationalisation of Slovenian SMEs.

However, the application of Penrose's theory to analyse businesses' internationalisation has been challenged by Buckley and Casson (1976), Chaston (2017:129), Dunning (1988:5) as well as Hymer (1976), since the framework focuses primarily on the internal principles governing the business's growth rate. They also doubt its appropriateness, as it was intended to study businesses' growth in domestic markets only. Moreover, Connell (2008:171) claimed that the theory ignored location-specific advantages, including low cost of production, availability of skilled labour, market size and growth, level of technology and availability of raw materials among others, which are key in determining foreign direct investment decisions.

Despite the criticism of Penrose's theory to analyse businesses' internationalisation, various valuable elements, such as the RBV, and managerial competencies are relevant to business growth through internationalisation efforts.

2.4.3 Hymer's (1960) monopolistic advantage theory

Seen as the first modern theory of international operations by large businesses, Hymer (1960) developed his monopolistic advantage theory in addition to Coase and Penrose's theories to guide internationalisation decisions in the modern era. Hymer is regarded as a seminal figure in

the establishment of the theory of the multinational enterprises (MNEs) and the founder of the international business (IB) literature (Buckley, 2009:140; O'Brien, 2014:31). His thesis, which was written in 1960 and published years later (in 1976) focused on the reasons why United States of America (USA) corporations transferred and exploited proprietary resources outside the country, despite the various location disadvantages (including cultural and language barriers, lack of culture and market knowledge, difficulty to access specific network, expropriation risks and risks of exchange rate fluctuation, among others) that they faced *vis-à-vis* indigenous businesses in host countries.

Since traditional theories of foreign investment were based on differential interest rates to determine the international movement of capital between independent buyers and sellers, traditional theories could often not explain the motives for FDI (Hymer, 1960:37; Ietto-Gillies, 2012:51; Teece, 2006:126). Hymer (1960) was therefore the first to draw the line between financial investment and FDI, which led to the emergence of a new stream of literature on the theory of internationalisation (Fleury & Fleury, 2011:68). Unlike portfolio investments, which confer ownership of shares without control over the operations, FDI confers direct control over foreign productive activities while retaining property rights on the technology and knowledge transferred (Hymer, 1960:23). To Dunning and Rugman (1985:228), the unique feature of FDI is that MNEs maintain control of production in a foreign country, as well as a degree of monopolistic power relative to foreign competitors (Jager & Jepma, 2017:83).

Hymer (1960:47) explains the monopolistic advantage theory as having superior knowledge and economies of scale. This entails that businesses need to enter a foreign market with a superior product in which they have a monopolistic advantage (Cavusgil *et al.*, 2014:170). He further argues that FDI is the creator of market imperfections which allow exploitation of monopolistic advantages (Yadav, 2018:39). Later, Kindleberger (1969:11) also rejected the hypothesis that FDI occurs in perfectly competitive markets. According to Ietto-Gillies (2012:53), market imperfection stems from imperfections in the goods market (product differentiation, superior marketing, and distribution skills); imperfections in the factors market (preferential access to capital, restricted technology and superior managerial skills); internal and external economies of scale, and the government's interference with production and trade.

In addition, Hymer (1976:33) found that the decision to enter foreign markets by means of FDI is primarily motivated by two reasons. Firstly, the business's desire to control foreign enterprises,

which necessitates putting more investment in a foreign country. Having control over foreign operations leads to an increase in the business's market power and in the imperfection of the market as a whole which, in turn, removes competition (Ietto-Gillies, 2012:53; Liuhto *et al.*, 2016:156).

Secondly, the business's intention to fully appropriate the returns on skills and abilities, or special advantage such as product market power, and superior production techniques (Hymer, 1976:25). By exploiting these advantages in the foreign markets, the business will enhance its market position and increase the overall level of imperfection in the market. Moreover, Hymer (1960:21) notes that direct investment seems to be an effective way of safeguarding the special advantages (through internal transmission) and protecting the business from the competition.

Later, Hymer's theory was criticised by Dunning (1977:395-418) for failing to consider the location advantage that certain economies possess, which is key in determining the business's intention to have a foreign production facility. Moreover, Moosa (2002:32) and Dunning (2013:58) contend that Hymer's theory fails to explain why businesses choose to locate in country A rather than in country B. In a similar vein, Jovanović (2011:5) argues that the theory does not provide a workable hypothesis for international production, given that (i) it did not acknowledge the advantages which a particular location may or may not possess, and (ii) the sole reason for international production was to overcome tariff barriers. Despite the criticisms of Hymer's theory, he is acknowledged as an influential figure in the establishment of the theory of MNE and international business (Jovanović, 2011:5).

Continuing with the economic approach to internationalisation, Vernon's theory (1966:638-651) contributes to the research on internationalisation by focusing on the technology and the product life cycle (Heshmati, 2018:59). Although previous researchers such as Posner (1961:323-341) and Hirsch (1965:92-107) had assessed the effects of technology gaps and/or product life cycles on international trade, Vernon (1966:638-651) was the first researcher who analysed the impact of technology gaps and/or product life cycles on international production decisions (Ietto-Gillies, 2012:59).

2.4.4 Product Life Cycle (PLC) Theory – Vernon (1966)

Vernon's (1966:638-651) application of the microeconomic theory of the Product Life Cycle (PLC) to the theory of Foreign Direct Investment (FDI), in the 1960s, is another development in the theory of international production. He observed that the post- Second World War's patterns of trade and investment between countries with similar factor endowments, such as the USA and the European countries, did not follow the trend predicted by classical and neoclassical models of trade (Wells, 1968:1). Vernon (1966:643) observed that (i) some businesses took the leading role in terms of product innovation although rival businesses had equal access to scientific knowledge on which these innovations were based, and (ii) local businesses were in a better position than foreign businesses in developing products to satisfy local demands. Vernon's theory was focused holistically on the location of production, and described the business's internationalisation process as a sequential process in which the business moves from the innovation and production of the product locally, to export and finally to foreign production in locations where production costs are the lowest (Cherry, 2015:7). Using the example of USA FDI in Western European countries, he identified three phases in the life of a product, namely new, mature and standardised.

- In the first phase of the cycle (*new*), businesses manufacture products locally as proximity to the market and suppliers will ease the process of responding rapidly to customers' requests for design changes in the product (Karlsson *et al.*, 2018:103; Wells, 1968:2).
- In the next stage (*mature*), the product is known among wealthy consumers abroad and foreign unsolicited orders begin to arise. These markets are serviced by exports. The increase in local and foreign demand allows the business to derive economies of scale resulting from mass production, standard design, and technology (Cherry, 2015:7). However, the business relocates its manufacturing facilities in these developed economies when overseas production becomes economically feasible (O'Brien, 2014:24). International production also prevents other businesses from imitating the product (Vernon, 1966:47).
- As the product becomes more standardised, during the third stage, it requires a production process with high capital intensity and less skilled labour (Bhalla, 2013:53).

Later, in 1974, Vernon revised his theory to consider the increasing internationalisation of industries which were creating oligopolistic market structures, such that the businesses were creating barriers to entry to maintain their oligopolistic position (Cherry, 2015:7). In the amended

theory, the new, mature and standardised phases were renamed respectively as the innovation-based oligopoly, mature oligopoly, and senescent oligopoly (Li, 2013:296). While no modification was made to the first phase, Vernon (1974:113) argued that in the second phase in the new theory, the businesses' decisions to relocate manufacturing plants abroad are largely dependent on the actions of their rivals in the oligopolistic structure. In the last stage of the revised theory (senescent oligopoly), economies of scale do not represent a barrier to entry and the innovators' oligopolistic position is rather threatened by the emergence of new competitors (Cherry, 2015:8).

In 1979, Vernon analysed the applicability of the PLC theory in new international environments, in particular, European countries. He found that the overall delay between the appearance of a new product in the USA, and its introduction and spread in other locations, diminished (Reddy, 2010a:43). Moreover, Vernon (1979:257) noted that changes in the demographic factors such as per capita income, cost of labour and size of the market have significantly narrowed the gap between Europe and the USA. Furthermore, the geographical spread of the MNE's activities and the changes in the macro environment leading to product standardisation raised concerns on the application PLC theory to study businesses' internationalisation. To Ietto-Gillies (2012:68), the PLC has been the most misused theory in the study of international business, since there has been an over-concentration on the product and its life at the expense of other international diversification strategies. Similarly, Cantwell (1995:157) demonstrated that product life cycles are not effective predictors determining the mechanisms and geographical patterns of innovation activities. However, Cantwell (1995:157) does support the claim that innovation does not solely emerge from the home country, as the knowledge to develop innovative products may stem from the business's innovative activities/operations in a diversified international environment. Moreover, Hegge (2002:28) argues that Vernon's theory focused a lot on location-specific advantages and neglected business-specific advantages, which are more influential in determining internationalisation decisions. Furthermore, Buckley and Ghauri (2015:96) note that Vernon's (1966:638-651) theory failed to consider other modes of entry such as licensing as an alternative internationalisation strategy.

Due to the creation of oligopolistic market structures, which Vernon only recognised in 1974, new theories of internationalisation emerged. The most prominent of these is Knickerbocker's (1973) oligopolistic theory of internationalisation, which explains businesses' FDI decisions in an oligopoly market structure (Gammelgaard & Dörrenbächer, 2013:166).

2.4.5 Oligopolistic theory of internationalisation – Knickerbocker (1973)

Knickerbocker (1973), in his thesis, investigated the oligopolistic reaction to FDI, which entailed an investigation into the reasons why businesses would imitate their rivals and follow them into foreign markets. He also set out to discover empirically the extent to which such behaviour is related to the market structure, since businesses that expanded internationally by means of imitation often belonged to industries characterised by oligopolistic structures. An oligopoly is a market structure where a small number of businesses are controlling the market (Solomon *et al.*, 2013:60). Such market structures are characterised by few sellers, close substitutes and substantial market interdependence among competitive policies. In oligopoly market structures, businesses' behaviour leads to a pattern of actions and reactions and moves and counter moves so as to offset aggressive policies by opponents (Knickerbocker, 1973; Gwynne, 1979:315).

In analysing the international expansion of the USA's manufacturing businesses between 1966 and 1971, Knickerbocker (1973) aimed to demonstrate the significance of oligopolistic reactions within the USA's multinational corporations. Findings of his survey revealed that the defensive investment behaviour, which has been described as follow-the-leader, was prevalent in (i) industries producing heterogeneous products, such as electrical and transport equipment, and (ii) in vertically integrated industries, such as primary metal, paper, and petroleum. It was also found that the defensive investment reactions were common among the largest businesses of the oligopoly as the latter often pay little attention to scale considerations in overseas investments, compared to smaller businesses who would monitor these factors meticulously.

He thus concluded that international production is the result of a business's strategic reactions to the anticipated behaviour of its oligopolistic competitors (Buckley, 2012:17). In other words, it means that risk-avoiding businesses of an oligopolistic industry will follow one another into any foreign markets (Gwynne, 1979:317). The main reasons why oligopolistic businesses would engage in outward FDI, where rivals already exist, are according to Knickerbocker (1973), (i) to protect its ownership advantage; (ii) to threaten the corporate earning capabilities of rival businesses; and (iii) to acquire competitive assets in foreign markets in excess of those that it already owns and controls.

Knickerbocker's theory has been tested empirically in both the primary and the secondary sectors of developing countries (Barclay, 2005:27). For example, examining oligopolistic

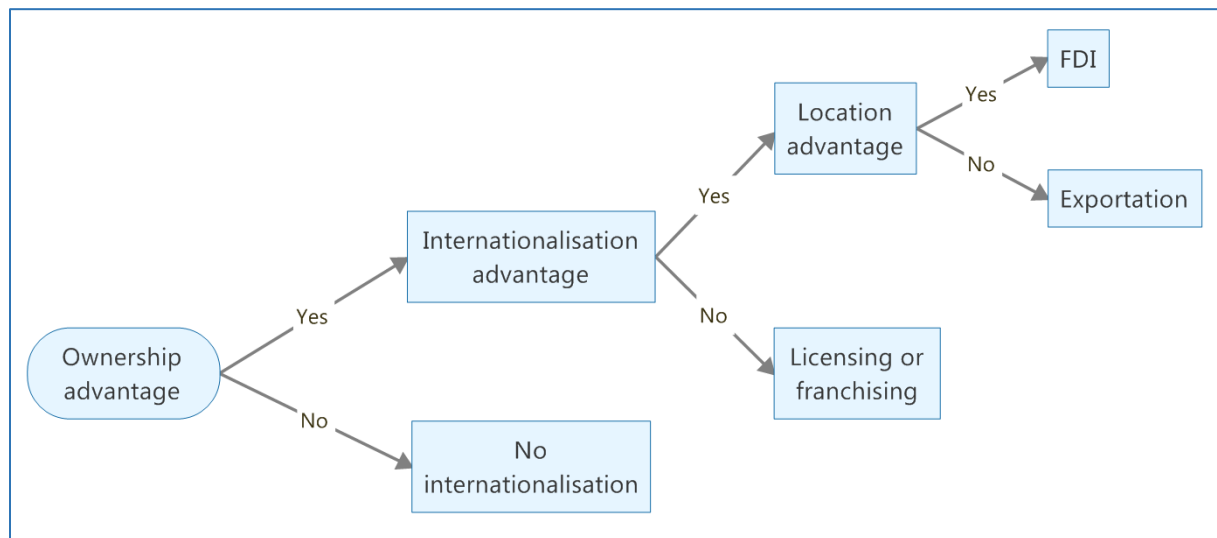
reactions among five US rubber tyre corporations, Rees (1978:331) as well as Yu and Ito (1988:455) confirmed Knickerbocker's conclusion that oligopolistic reactions were most common among industry leaders. This trend was also observed by Besanko and Braeutigam's (2013:127) and Free (2010:83). Moreover, Vernon (1983:190) also observed this reactive investment behaviour in the semi-conductor industries of South-East Asia and the raw materials industries of developing countries. The oligopolistic reaction has also been confirmed among Japanese businesses investing in the USA (Hennart & Park, 1994:427). However, Folkerts-Landau *et al.* (1991:73) argues that Knickerbocker's theory provides a partial explanation to FDI as it only prescribes the oligopolist's intention to invest defensively, to counter FDI of initiating businesses, and does not explain why the initiating business invests abroad in the first instance. It also fails to explain FDI of businesses having a wide dispersion of their investment.

Following Knickerbocker's oligopolistic theory of internationalisation, the last theory contributing to the economic approach to internationalisation, applicable to this study, is the eclectic paradigm, which is an integration of classical theories of internationalisation production. This theory considers the locational factor which, although having a significant bearing on the decision to engage in international production, was missing in previous theories (Dunning, 1977:403).

2.4.6 Eclectic paradigm – Dunning (1977)

The eclectic paradigm, also known as the OLI (Ownership, Location, and Internalisation) approach, has been a major step forward in the search for an all-encompassing theory of FDI (Cherry, 2015:30-31), as earlier internationalisation theories were incomplete in explaining each kind of FDI (Dunning, 1977:407). Eclectic, which literally means "taken from various sources", is an integration of other classical theories of international production such as the trade theory, the organisational theory and the theory of businesses (Batalla, 2015:620). According to the eclectic paradigm, the pattern, structure, and degree of international involvement are determined by the configuration of three sets of advantages as perceived by businesses, namely ownership, internalisation and location advantages (Rowe, 2009:131). The development and identification of these advantages represent the conditions that businesses must consider prior to internationalising their activities through FDI (Dunning, 1977:407). To Batalla (2014:16), the eclectic framework projects internationalisation as a process of the three sets of advantages/conditions which must be achieved separately before moving to the next one (Figure 2.5).

Figure 2.5: The OLI paradigm



Source: Adapted from Batalla (2014:18)

Ownership advantage is the first condition that should be satisfied for foreign production (Singer & Prendergast, 2016:117). It answers the question “why go abroad?” (Zhang & Pearce, 2011:352). These advantages are business-specific competitive advantages that are developed in the home market and that are necessary to offset the costs of foreignness (Cherry, 2015:171). Examples of ownership advantages include manpower, capital, knowledge, brands, economies of scale and organisational skills (Cavusgil *et al.*, 2014:171), which can stem from the exclusive and privileged possession of intangible assets or access to particular income-generating tangible assets (Dunning, 1988:2).

The second condition for international production is that it must be in the business’s interest to transfer the ownership-specific advantages across national boundaries within their own organisation rather than sell them through license or franchise contracts (Batalla, 2014:19; Cantwell, 2016:52). This condition answers the “how” or “by which route” questions. Elements such as cost and the protection of businesses’ exclusive property rights (Dunning, 1988:3) can influence MNEs to exploit their competitive advantages through international production rather than through contractual agreements with foreign businesses. For instance, businesses may opt to enter foreign markets through jointly shared equities if the costs of operating production facilities abroad are high (Panibratov, 2017:20).

The third condition outlined by the eclectic paradigm considers the location of production (Singer & Prendergast, 2016:118), which was not addressed by other internationalisation theories (Jovanovich, 2011:6). It answers the question “where” or “why do businesses prefer a particular location to another”. A business will engage in international production in a given location if it perceives it to be in its interest to combine ownership advantages with some immobile factor endowments or other products in another country (Dunning, 1988:9; Dunning, 2015:44). Factors prompting the choice of the location include the imposition of trade barriers, reduction in transport costs and the formation of customs unions or regional trading blocs. Thus, if foreign location conditions are ideal, the business will carry out the FDI; otherwise, it may decide to service the foreign markets through exports (Batalla, 2014:17).

Although the OLI paradigm has played an important role in international business literature, it has also been subject to a number of criticisms (Dunning, 2014:253; Jovanovich, 2011:7). For example, Cantwell (2016:119) notes that the paradigm ignores international business activities which are organised more efficiently in cooperative inter-business networks and alliances. Furthermore, the paradigm neglects all forms of inter-business cooperation, which are important for the internationalisation of SMEs (Hegge, 2002:32). Batalla (2014:21) considers that the paradigm focuses too much on ownership advantages, and therefore ignore managers’ roles in managing the dynamic evolution of MNEs. He also notes that the paradigm fails to consider other modes of entry that businesses may use to enter foreign markets.

Due to the growing importance of networking for businesses’ internationalisation, Dunning (2002:10) extended the ownership advantages by including a concept he labeled as the relational asset (Chidlow *et al.*, 2019:33). This represents businesses’ abilities to develop and engage in relationships both within the business and with other businesses and agents. In addition, Batalla (2015:616) suggested the addition of M (“modes of entry”, which considers other forms of FDI such as international mergers and international joint ventures) to the existing OLI paradigm. With the general acceptance of this addition, the OLI paradigm is currently known as the OLIM model.

2.4.7 Overview of MNEs economic internationalisation activities

During the post- Second World War era, an increase in outward FDI from developed countries was apparent. According to Hopt (1982:9), the value of the accumulated FDI stakes of developed countries in 1978 was \$369.3 billion, representing a 44% increase compared to

1967. However, while MNEs were considered as USA and European phenomena in the 1970s, the 1980s witnessed the emergence of MNEs from several developing countries (Hopt, 1982:9). Moreover, there has also been a shift in FDI composition of the USA and European MNEs, which were characterised by moving from the industrial activities towards more advanced technology industries and service activities (such as banking, insurance, and tourism). The start of the globalisation era in the mid-1990s was yet another milestone in the development of MNEs, as they tend to view foreign activities as part of their regional or global strategy. According to the World Investment Report (1992:5), the total number of transnational corporations exceeded 35,000 by 1990 with a total stock of FDI flows amounting to \$1.7 trillion (out of which \$32 billion was injected in developing countries). The notable spread of MNEs around the different regions of the world has been facilitated by the neoliberal trade policies adopted by former communist countries, the improvement in Information and Communication Technologies (ICT), and transport and the emergence of regional trading blocs. According to Al-Aali and Teece (2013:22), the evolving international business environment has further facilitated global operations and investments in multiple jurisdictions. For instance, Athukorala (2007:20) notes that the major economic reforms in China contributed a great deal to the increase in FDI such that in 2011 China was the world's second-largest economy and continued to grow (Henderson & Nadvi, 2011:288). The years since 2000 also registered uninterrupted growth in global FDI flows, except in 2008 when FDI flows fell moderately in large parts of the world, due to the global and economic crisis (World Investment Report, 2016:iii). However, the World Investment Report (2016: x) notes a 38% increase in global FDI to \$1.7 trillion, the highest level since the global economic and financial crisis of 2008-2009. These figures demonstrate the extent to which MNEs are playing a vital role in world economic development.

Furthermore, Dunning (2003:109) notes that the form of growth of the MNEs has undergone major changes over the years. Where businesses traditionally expanded their territorial horizons by using and protecting their existing ownership-specific advantages more effectively through equity mode of entry (i.e. wholly owned subsidiary), Dunning (2003:110) observed that this growth has also occurred through cross-border mergers and acquisitions or by means of the formation of non-equity alliances with foreign businesses. This form of growth has gathered pace such that cross-border mergers and acquisitions increased to \$721 billion in 2016, compared to \$432 billion in 2014 (World Investment Report, 2016:x). Similarly, contractual modes of entry such as licensing and franchising agreements have become quite popular in the last two decades, such that the output of franchise establishments was valued at \$802 billion in

the year 2012 (Gaille, 2017). These agreements allow greater access to the foreign markets while ensuring that business ownership advantages are protected by well-defined and binding contractual clauses.

On the other hand, competitive pressures and falling transaction costs have prompted many businesses to outsource some of their non-core activities, which have led to the “global factory” phenomenon. This phenomenon enables MNEs to offshore some activities over which they may exert control (Verbeke *et al.*, 2014:6). According to Buckley (2009:131), a global factory is a structure through which MNEs integrate their global strategies by combining innovation and distribution of goods and services. Thus, MNEs are shifting part of their activities to distant locations to reduce production costs and transaction costs, which is in line with the transaction cost approach (par. 2.4.1).

Therefore, given that the monopolistic advantage theory focused mainly on the internationalisation of MNEs in developed and industrialised economies such as the USA and Japan, it may not provide an adequate explanation for FDI undertaken in developing countries (Barclay, 2005:23). Similarly, it is not appropriate to assume that SMEs will have the same monopolistic advantages as MNEs to compete with indigenous businesses in the foreign markets. Although the theories constituting the economic approach to internationalisation are directly related to the study of MNEs, it provides certain indications about factors that may facilitate the internationalisation of SMEs, such as the costs and risks involved in penetrating the foreign market, ability to innovate and produce new products, management and financial skills, location-specific advantages and knowledge of the market, among others. Seifert and Machado-da-Silva (2007:42) summarised the main internal and external variables that influence the internationalisation process of businesses following the economic approach (Table 2.1):

Table 2.1: Internal and external variables influencing the internationalisation process of businesses under the economic approach

Internal variables	External variables
• Ownership advantage	• Location advantages
• Tacit knowledge	• Comparative advantages
• Product characteristics	• Industry characteristics
• Communication ability	• Uncertainty
• Resources	• Government intervention
	• Opportunism

Source: Seifert & Machado-da-Silva (2007:42)

Despite the contribution of the economic approach to SMEs' internationalisation, there have been criticisms against this approach. Welch and Luostarinen (1988:162) consider this approach as too static, due to its limited application pertaining to FDI decisions by MNEs only, while Fitzgerald (2015:62) notes that it pays little attention to the management aspects of the businesses and the industry-specific difference. Ghanatabadi (2005:25) argues that the economic approach fails to consider the development process that preceded the internationalisation.

For the purpose of this study, the economic approach to internationalisation provides valuable information which can be made applicable to the SMEs' internationalisation. For this reason, Table 2.2 provides a summary of the motives for internationalisation, the modes of entry into foreign markets, as well as the internal and external factors influencing the internationalisation from the different theories constituting the economic approach, which will be drawn upon during the development of the internationalisation strategy for medium-sized textile manufacturers in a small island developing state.

Table 2.2: Summary of theories constituting the economic approach

Theory	Motives for internationalisation	Modes of entry	Factors affecting businesses' internationalisation	
			Internal	External
Coase (1937)	To exploit business's specific advantage in foreign markets and to achieve efficiency by establishing operations in low-cost foreign locations	Starts with low-risk entry mode such as export and move to high-risk entry mode such as (FDI)	Entrepreneurs': • skills • educational levels • business network	Transaction cost
Penrose (1959)	Business's growth	Not addressed: no distinction was made between the business and its subsidiary in foreign markets	Manager's experience & competence	Market opportunities
Hymer (1960)	To benefit from broader exploitation of the business's specific advantage	Foreign Direct Investment	Desire to control foreign enterprises & to fully appropriate the return; ownership advantage	Market opportunities
Vernon (1966)	To tap overseas market opportunities, to increase the business's competitiveness & to reduce production costs	Varies from export to FDI depending on the maturity of the foreign market (i.e. exports for small markets and FDI for large markets)	Efficiency Proprietorship of the new product	Production costs advantages Market size
Knickerbocker (1973)	To follow rivals' moves into the international markets	Foreign Direct Investment to overcome tariff and non-tariff barriers	Economies of scale, knowledge & experience acquired from previous foreign investment	Industry characteristics
Dunning (1977)	To tap new markets, to increase efficiency & to access resources	Foreign Direct Investment	Ownership advantage Economies of scale	Locational advantages

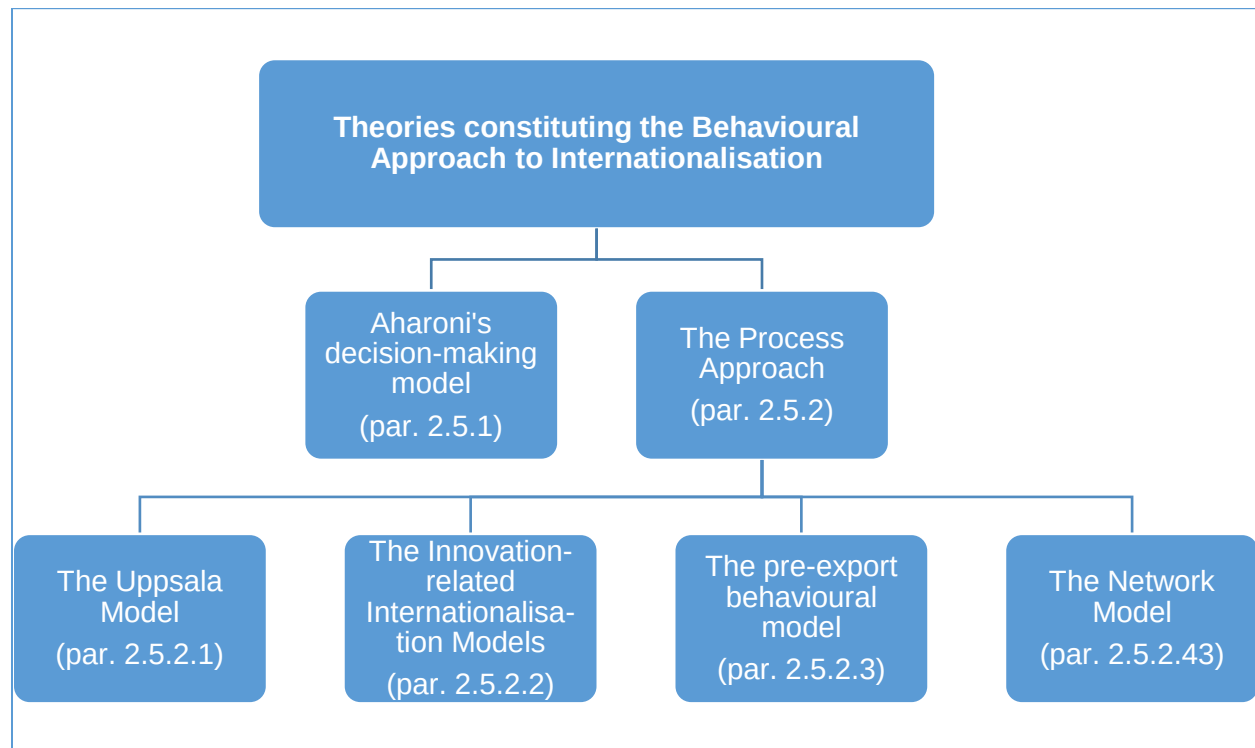
After having reviewed the theories constituting the economic approach to internationalisation, the next section explains an alternative approach to internationalisation, which is the behavioural approach. Unlike the economic approach that focuses on production facilities during the later stages of international production, the behavioural approach considers the process aspects of internationalisation (Andersson, 2000:64). The fundamental models that constitute the behavioural approach to internationalisation, which will be discussed consecutively, include the Aharoni's decision-making model, the Uppsala model, and the Innovation-Related Internationalisation models.

2.5 THE BEHAVIOURAL APPROACH TO INTERNATIONALISATION

The behavioural approach emerged in the 1960s as a new school of thought on foreign operations and has been greatly influenced by the works of Cyert and March (1963) and Aharoni (1966). In addition to the economic approach, this approach focuses on behavioural elements, rather than economic elements in the pursuit of internationalisation. In this approach, individual learning and top managers' behaviour are presented as important features in developing an understanding of the businesses' international behaviour (Andersson, 2000:65; Hermannsdottir, 2008:14; Ramady, 2012:158). To Seifert and Machado-da-Silva (2007:42) and Teixeira *et al.* (2019:470), the behavioural approach presents internationalisation as a sequence of steps by which businesses acquire experience and knowledge about external markets through a gradual commitment of resources, and learning by doing. In a nutshell, knowledge about foreign markets or lack thereof, allows decision-makers to develop perceptions, opinions, beliefs, and attitudes towards deeper international commitment (Sindakis & Theodorou, 2017:125).

As with the economic approach, various theories and models led to the development of this approach, of which the theories depicted in Figure 2.6 below are applicable to this study.

Figure 2.6: Theories constituting the Behavioural Approach to internationalisation



2.5.1 Aharoni's (1966) Decision-Making Model

The work of Aharoni (1966) is one of the earliest studies which departed from the economic rationality approach and applied the behavioural theory to the study of FDI. According to Hermannsdottir (2008:15), Aharoni's (1966) study laid the groundwork for future studies on MNEs' internationalisation decision-making process. Aharoni used the behavioural theory of the business to introduce the role of management and their decision-making process in the explanations of the internationalisation of businesses (Oesterle *et al.*, 2016:1115). From a behavioural perspective, an entity learns if its information-processing activities have led to a change in the range of its actual or potential behaviour (Huber, 1991:89). Aharoni's study aimed at identifying the reasons behind FDI, examining the way this activity is managed as well as exploring the organisational and environmental factors that can influence the decision-making process of MNEs. According to him, the business's internationalisation process is strongly influenced by the attitudes, opinions and social relationships both within and outside the business.

According to Aharoni (1966:14-48), the following elements influence the decision-making process:

- *The organisation and the environment in which the decision takes place:* Buckley and Ghauri (2015:10) define an organisation as a system of individuals grouped in subsystems according to their role definitions, mutually influencing each other through a continual process of interactions. The organisation as a whole is connected to a wider variety of other systems which they form part of, such as the community and the cultural environment in which they operate. On the other hand, the organisation's operations are based on an established "way of doing things" which influences the behaviour of its members and their reactions to the environment. Therefore, the interactions of its members with various people in and outside the organisation will have an impact on the decision-making process.
- *Time dimension:* This element plays an important role in the way decisions are made (Buckley & Gauri, 2015:14). For example, the length of the decision-making process is determined by the number of people involved in different echelons of the organisation who influence the final outcome of the process. The process may be further spread over a considerable period of time if numerous shifts in the environment occur within the decision-making process.
- *Uncertainty:* Organisations operate in a world of uncertainty and risk, which create anxiety among its members (Ramamurti & Hashai, 2011:144). The level of risks and uncertainty is even higher for a person or organisation unfamiliar with foreign investment. In general, entrepreneurs avoid uncertainty by imposing plans, standard operating practices, and well defined contractual obligations. Given that uncertainty implies a few known variables with precision which are also subject to change during the decision-making process, the decision-maker has to acquire more relevant information (Brush, 2013:15). According to Liesch *et al.* (2011:854), the importance for risk-taking is much higher when businesses engage in new activities such as entering new markets, using different modes of operation or changing internationalisation strategies. In the early stages of internationalisation, many businesses have been found to be lacking in information and knowledge about, and experience in, foreign markets and the practicalities of international activity, accentuating perceptions of risk and uncertainty. Furthermore, the importance of risk-taking is reduced when businesses are able to network with existing exporters, when they obtain more relevant information, when they increase their international knowledge and skills and expand their networks.

- *Goals:* The decision-maker's behaviour is to a large extent influenced by the goals to be achieved. Thus, the interaction between the various goals of the organisation's members and that of the organisation as a whole may make the decision-making process complex and time-consuming.
- *Constraints:* The decision to operate a plant in a foreign country depends to a large extent on a comprehensive evaluation of the foreign country's environment, including the political environment, the fiscal and monetary policies, the legal framework, the wage rate, trade unions' behaviour and attitude, economic rent and also the social and economic background, among others (Chidlow *et al.*, 2019:53). In general, these elements determine the location of production, the size of the plant as well as the method of production to be used. Given that information on these elements are scarce and subject to change, the decision-maker has to act on the available information or search for additional information. However, very often decision-makers assume some variables to remain constant or consider slight incremental changes to finalise the decision.

Based on the empirical study of 38 USA companies, Aharoni (1966:76-121) identified four steps in the direct investment decision-making process, namely the initial interest phase; the evaluation phase; the investment decision phase; and the final review and negotiation phase. These consecutive phases are seen as favourable steps to follow by businesses with little international experience that wish to invest for the first time in a foreign country (Geppert, 2008:45).

According to Aharoni (1966:76), the first phase, that is the decision of whether or not to invest in a foreign country, is the most important one. Similarly, Buckley and Ghauri (2015:15) point out that the first foreign investment decision is complex, particularly in a situation where there are enough profitable opportunities in the home country. Aharoni describes an organisation's first attempt to invest in a foreign country as a trip to the unknown and describes this initiative as an innovation and development of a new dimension and a major breakthrough in the normal course of events. To him, the decision to take the first step into the international market is often triggered by some strong forces which led the decision-maker to conclude that the foreign investment may help him/her to solve urgent problems or fulfil some important needs in the future (Buckley & Ghauri, 2015:16). The forces leading an organisation to consider the possibility of foreign investment can be categorised into two sections, that is, those arising from

within the organisation and those stemming from its environment (Aharoni, 1966:83). The first category denotes the strong desire of senior executives to invest abroad, while the second category include changes in the external environment which may pose a threat or an opportunity to the business such as an outside proposal that cannot be easily ignored, fear of losing a market, international success of competing businesses in the same line of business, as well as strong competition in the home market from foreign businesses (Buckley & Ghauri, 2015:16). However, the decision for foreign investment is generally influenced by an interaction of both the internal and environmental forces and lays the foundation for further actions related to the execution of this decision (Aharoni, 1966). Nevertheless, the knowledge of the foreign country's language and culture available either internally (that is, from manager's own experience and circle of friends) or externally (through suggestions of customers, distribution and sales personnel) is also considered as key in triggering the need to invest abroad (Aharoni, 1966).

Following the decision to invest abroad, the business then makes a careful assessment of the possible investment opportunities by gathering relevant information (Aharoni, 1966:85). The investigation process implies a proper assessment of the impact of the initiating forces to find the most appropriate way to execute the earlier decision. For instance, the impact of the initiating forces may be strong enough to lead to an immediate decision to invest, while in some other cases the investigation may stop due to the low impact of the initiating force. Aharoni (1966:86) considers that the order of the investigation has crucial importance as it helps to make a proper assessment of the risks, more particularly, in developing countries which are faced with serious problems such as political instability, unfriendly attitude of the foreign country's government, expropriation risks, lack of adequate basic facilities, and currency risks, among others. These problems coupled with the lack of knowledge of the country increase the probability of making mistakes (Aharoni, 1966:89). The investigation process thus provides deeper insights into the level of risks and uncertainty that, in turn, determines the evolution of cross-border operations. To Aharoni (1966:91), the length of the investigation process is largely influenced by the changes both inside and in its environment, which in general drive the need for more information. He further argues that new commitments are created from the moment the organisation starts making an investigation on an investment opportunity. These commitments are created by both the financial investment and the psychic or social investment. Financial investments represent the money and time spent on the investigation process which decision-makers find hard to treat as sunk cost. On the other hand, the psychic or social investments

represent the efforts put in by people from inside or outside the organisation throughout the investigation process, which creates a feeling of commitment. According to Aharoni, the investigator may take, on behalf of the organisation, additional commitments with prospective partners or with a financial institution to avoid any failure, which would be perceived as psychologically and socially undesirable. In general, the investigator resists the idea of abandoning the project and finds ways to overcome any difficulties. The final decision to invest in a foreign country continues into the third phase as the investment decision has to be validated by other members of the organisation. In the final phase, there may be a need to undertake further negotiations or the decision may have to be modified in case a consensus has not been reached (Aharoni, 1966:95).

The experience gained from the first decision-making process helps when a decision is sought regarding a second foreign investment. Over time, the organisation gains wider experience in foreign operations and more resources are allocated to create an international division that devotes time and energy to drive the organisation towards increasing foreign expansion. Thus, this learning by doing makes internationalisation a gradual and incremental process which comprises several stages (Fina & Rugman, 1996 209; Frynas & Mellahi, 2015:158). However, ill-defined and messy stages in real life lead to difficulty in determining the scale and timing of engaging internationally (Buckley & Ghauri 2015:6).

Furthermore, Aharoni (1966:98) classifies the long-term internationalisation process into four phases. In the first phase, the business concentrates on the existing market and may respond to export on request. At a later stage, the business may appoint an export agent with a view to expanding the export activities. In the second phase, the growing interest of managers may lead to the establishment of an export department within the business. In the third phase, FDI takes place, and finally, as the number of FDI increases, the business sets up an international division to monitor and coordinate the foreign operations. Nevertheless, the transition from one phase to another depends to a large extent on the business's learning capabilities that facilitate the incremental movement from nearby markets (geographically, culturally and commercially) to other foreign markets.

The next section reviews the process approach to internationalisation which has its foundation in Aharoni's (1966) model, and posits that internationalisation occurs in an incremental and gradual manner in markets close to the home market.

2.5.2 The process approach to internationalisation

The process approach, also referred to as the stage approach, posits that internationalisation occurs gradually in an incremental manner through a series of evolutionary “stages”, in markets close to the home market (Hynes, 2010:89; Uner *et al.*, 2013:805; Welch *et al.*, 2016:788; Zapletalová, 2013:175). There are four overarching models that describe the internationalisation of businesses under the process approach (Figure 2.3), namely the Uppsala model (U-model) (par. 2.5.2.1), the Innovation-Related Internationalisation models (IRI-models) (par. 2.5.2.2), the pre-export model (par. 2.5.2.3), and the network model (par. 2.5.2.4).

In earlier years of internationalisation research, Johanson and Wiedersheim-Paul (1975:307) described the internationalisation process as an interlinking chain comprising pre-defined steps towards the gradual increase in the business’s international involvement. During the same time period, Johanson and Vahlne (1977:29) also determined that a direct link exists between the business’s gradual learning curve and its commitment to the international market. More recently, Buckley and Ghauri (2015:49), Mauricio and Godinez (2015:230) and Swift (2016:154) confirmed this link and further proclaim that an increase in a business’s international involvement is directly linked to the business’s knowledge and market commitment.

However, the internationalisation process does not always follow an absolute path of development for reasons such as the business’s market offering, personnel, and structure (De Liso & Leoncini, 2010:191; Shen & Edwards, 2006:25; Welch & Luostarinen, 1988:157). Likewise, Anghel (2012:223), Fortanier and Tudler (2009:234) and Rahman *et al.* (2019:2) argue that a process that is highly context-dependent, dynamic and complex impacts directly on the manner in which businesses enter foreign markets as well as their international success. Factors such as the psychical distance between markets, networking, and relationships between suppliers and clients, as well as the levels of risk, all together form part of the businesses’ intrinsic features that determine the pattern and process of international decisions.

2.5.2.1 The Uppsala Model of Internationalisation (U-Model)

The internationalisation process of individual businesses is most closely associated with the research of Johanson and Wiedersheim-Paul (1975:305-322) and Johanson and Vahlne (1977:23-32) (Hadjikhani *et al.*, 2012:211). The Uppsala model, named as such due to these authors’ association with the Swedish-based Uppsala University, emerged from studying the international operations of Swedish businesses. The model was developed in two stages. The

first Uppsala model, which was developed in 1975 by Johanson and Wiedersheim-Paul (1975:305-322), was revised two years later by Johanson and Vahlne (1977:23-32) (Borch *et al.*, 2011:193). Their pioneering studies (Andersen, 1993:210) did not only shed light on businesses' internationalisation processes and patterns but also on the dynamic factors that contribute to international growth (Welch & Luostarinen, 1988:158; Röber, 2017:122).

2.5.2.1.1 The initial U-model by Johanson and Wiedersheim-Paul's (1975)

According to Johanson and Wiedersheim-Paul (1975:307), businesses will gradually engage in international markets through a series of incremental stages, also known as the chain of establishment. Each of the four stages represents a higher degree of international involvement, which evolves in accordance with available and learnt market knowledge (Teixeira *et al.*, 2019:497). The four stages (Figure 2.7) are:

Stage 1: No regular export (sporadic exports) – exports are done at irregular intervals

Stage 2: Export via independent representatives/agents

Stage 3: Establishment of overseas sales subsidiaries

Stage 4: Overseas production/manufacturing operations

Figure 2.7: Stages of Internationalisation

Market/ Country	Modes of entry	FDI (Foreign Direct Investment)		
		No regular export (sporadic exports) Stage 2	Independent representatives (export modes) Stage 2	Foreign sales subsidiary Stage 3 Foreign production and sales subsidiary Stage 4
Market A				
Market B				
Market C				
Market D				
Market N				

Increasing market commitment →

↑ Increasing geographic diversification

↘ Increasing internationalisation

Source: Johanson & Wiedersheim-Paul (1975:307)

As illustrated in Figure 2.7, businesses do not export on a regular/fixed basis in the first stage (Sindakis & Theodorou, 2017:125). In the second stage, businesses export through an agent or a representative (Lee & Carter, 2012:225). This represents the first step towards internationalisation and entails a strategy of low commitment and low risk. In the third stage, businesses increase their commitment by establishing sales subsidiaries (Mannherz, 2018:3). In the fourth stage, businesses launch a manufacturing or production plant in a foreign country to have full control of the operations (Frynas & Mellahi, 2015:176).

Since information and market knowledge play a pivotal role in the degree of international involvement, Johanson and Wiedersheim-Paul (1975:309) invoked the concept of psychic distance of internationalisation. According to Johanson and Vahlne (1977:24), psychic distance represents a “combination of factors inhibiting or disturbing the flow of information between the business and its market, including language, culture, political systems, education and industrial development level, which disturb the flow of information between the home and the import/host

countries”. Later, Buckley and Ghauri (2015:8) revised this definition by stating that the psychic distance pertaining to internationalisation, is basically the sum of all the factors which prevent the flow of information from and to the market. Inexperienced businesses tend to enter new markets with successively greater psychic distance to reduce the degree of perceived risks (Gnepa, 2000:41; Johanson & Vahlne, 1977:25; Johanson & Wiedersheim-Paul, 1975:311; Jones-Evans & Klofsten, 2016:304; O’Grady & Lane, 1996:309; Peh & Low, 2013:94). However, the lack of market information makes it difficult to understand the foreign environment. According to Johanson and Vahlne (2009:1412), the larger the psychic distance, the larger the liability of foreignness. Psychic distance, therefore, influences international expansion decisions to a large extent and also determines the speed and scope of the internationalisation process (Johanson & Vahlne, 1977:24; Bryan 2014:113; Sanya, 2016:124). Each time the business acquires more knowledge about the market from the successive internationalisation stages, it increases its commitment to the foreign market (Johanson & Wiedersheim-Paul, 1975:307; Shenkar *et al.*, 2015:90).

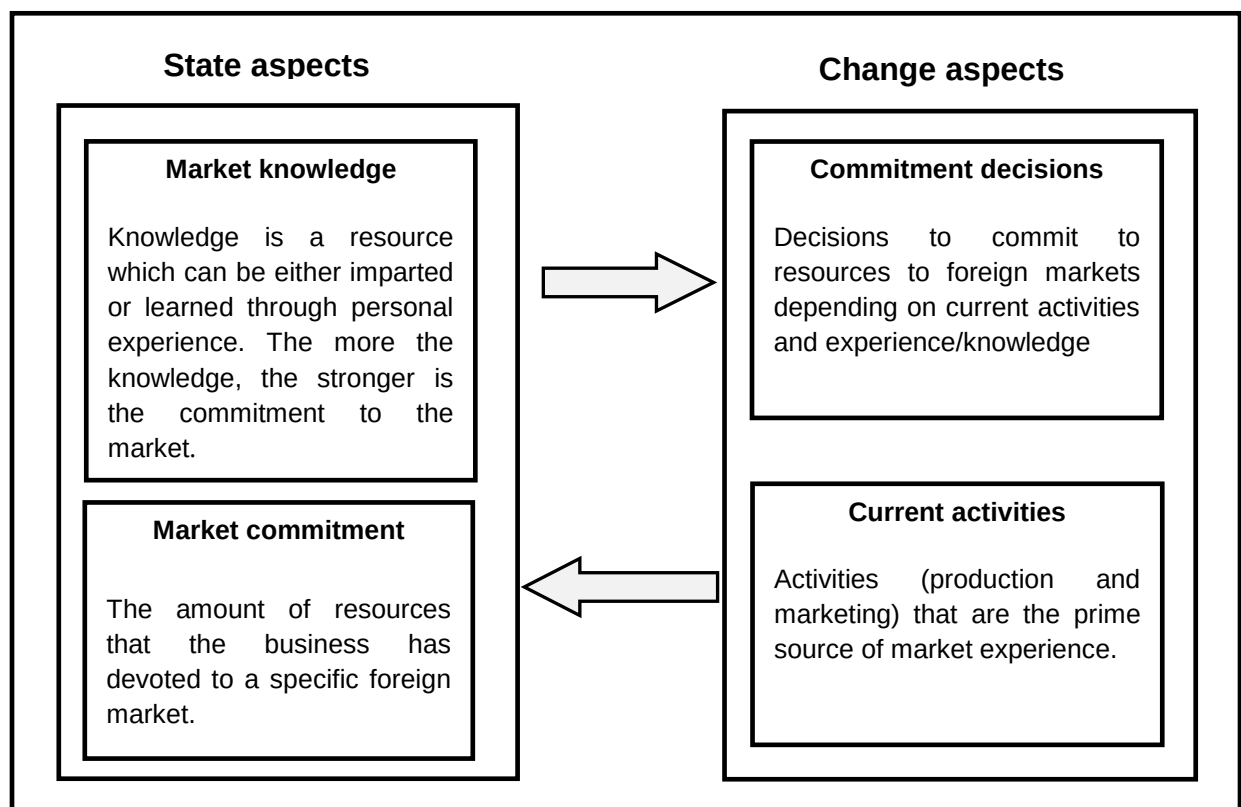
2.5.2.1.2 The revised U-model by Johanson and Vahlne (1977)

Johanson and Vahlne (1977:23-32) revised and further developed the initial U-model to explain the successive and incremental character of internationalisation (Johanson & Vahlne, 1990:23). In this regard, Johanson and Vahlne (1977:23-32) presented a dynamic model of internationalisation in which the outcome of one cycle constitutes the input of the other (Frynas & Mellahi, 2015:158). The main structure of the model distinguishes between state aspects and change aspects of internationalisation (Figure 2.8). The state aspects, which include market knowledge and market commitment decisions (Turnbull & Paliwoda, 2013:146) impact on the change aspects comprising the current activities of the business and the decisions to commit resources in the foreign markets (Dymitrowski, 2014:51).

This dynamic model which has its theoretical base in the behavioural theory of the business (Aharoni, 1966; Cyert & March, 1963) and the theory of business growth (Penrose, 1959), became the most widely used model in studying the internationalisation process of businesses (Burns, 2016:332; Melén & Nordman, 2009:243). While the behavioural theory of business views foreign investment decisions as a social process in which the business gradually increases its international involvement, the theory of business growth (Penrose, 1959) describes the business’s growth as a dynamic process of management interacting with resources for ensuring continuous growth. The main assumptions underlying Johanson and Vahlne’s

(1977:23-32) model can be summarised as follows. Firstly, the model presents internationalisation as a long, slow and incremental process (Carvalho, 2017:461). Secondly, experiential knowledge (learning-by-doing) assists in identifying business opportunities which accelerates the internationalisation process (Ciravegna *et al.*, 2013:281). Thirdly, gradual acquisition of knowledge on the foreign country helps in managing the market risks and uncertainty (Dominguez & Mayrhofer, 2018:178). Finally, due to uncertainty and lack of knowledge about foreign countries, businesses start by exporting to the neighbouring countries that might be more familiar to them. According to Melén and Nordman (2009:243), this knowledge-based internationalisation process characterises internationalisation as a process that evolves from the interplay between the development of market knowledge and market commitment, as illustrated in Figure 2.8.

Figure 2.8: The internationalisation process of businesses



Source: Johanson & Vahlne (1977:26)

- **Market knowledge**

To Johanson and Vahlne (1977:26) and Newburry *et al.* (2018:14), market knowledge on the business environment, culture or market systems that determines the degree of internationalisation, is usually gained either from the business's own past experience in a foreign market (experiential knowledge) or from available information (objective/tacit knowledge). To Johanson and Vahlne (1977:28), experiential knowledge makes it possible to perceive concrete opportunities and to have a feeling about how these fit into present and future activities, while objective knowledge makes it possible to formulate theoretical opportunities.

- **Market commitment**

Market commitment is demonstrated by the actual amount of resources (investment in the marketing, human resources, infrastructure and other areas of the business) that the business has devoted to a specific foreign market (Nabyla, 2014:103). According to Johanson and Vahlne (1977:27), a market commitment which is determined procedurally makes it difficult to find an alternative use for these resources.

- **Current activities**

Current activities undertaken by a business in a foreign market include production and marketing (Nabyla, 2014:104). However, the lag between most current activities and their consequences may require an additional investment, which increases market commitment such that it becomes difficult to retrieve the investment from the market (Johanson & Vahlne, 1977:28). Nevertheless, the business's current activities remain the prime source of market experience which is gained through either the staff or any other related parties (Fonfara, 2012:26; Johanson & Vahlne, 1977:28).

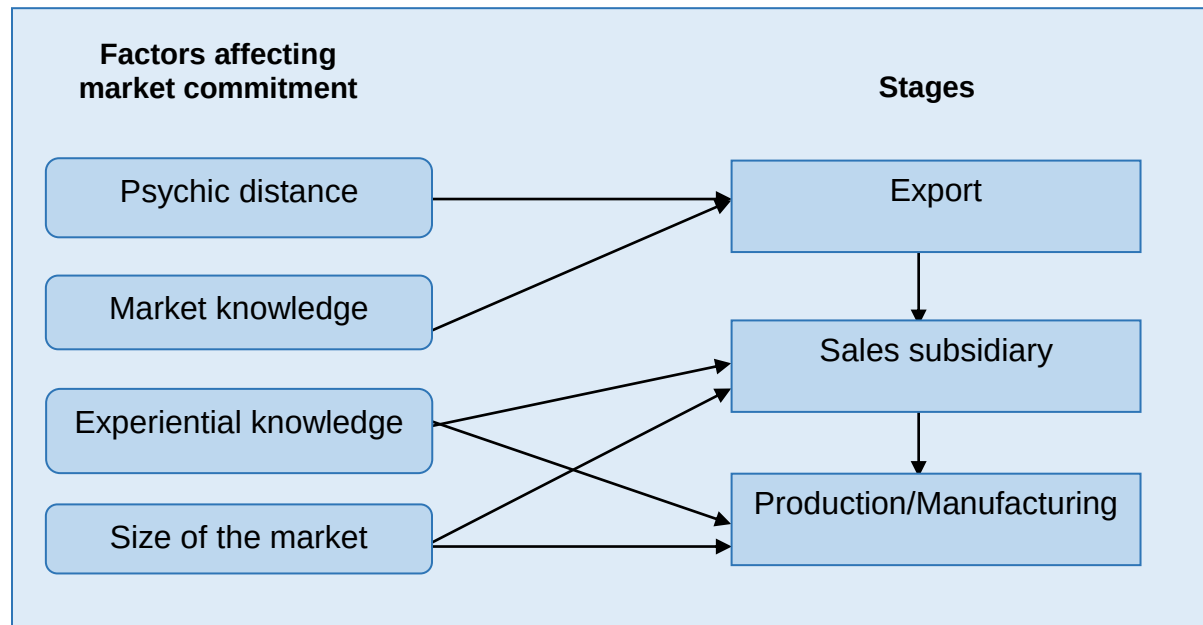
- **The decision to commit resources**

The decision to commit resources is generally dependent on the awareness of existing problems, uncertainties, risks, and opportunities associated with that market (Dymitrowski, 2014:51; Johanson & Vahlne, 1977:23-32). For instance, any opportunities identified in the foreign market will lead to an extension of the existing operations (Johanson & Vahlne, 1977:29). In essence, this model denotes that market knowledge and market commitment are assumed to affect both commitment decisions and the way current activities are performed, and these, in turn, increase knowledge and commitment (Johanson & Vahlne, 1990:33).

The internationalisation process has been described as a causal cycle by Johanson and Vahlne (1990) such that the more information (market knowledge) a business obtained from its presence in the foreign market (market commitment), the more likely it would be for the business to increase its commitment to that market (commitment decision) by further investing in its current activities (Faroque & Takahashi, 2012:27). Subsequently, the increased involvement (commitment decision) followed by a rise in investment in current activities will increase market commitment and market knowledge.

It can, therefore, be argued that the incremental model of internationalisation posits that the business envisages moving from export via an independent agent, to the establishment of a sales subsidiary, and then to the establishment of a production or manufacturing business in the foreign country. This process is largely dependent on the psychic distance (Swift, 2016:149), market knowledge, experiential knowledge and size of the market. Figure 2.9 presents the different stages of internationalisation based on the psychic distance, market and experiential knowledge (Oakey *et al.*, 2012: 90) and size of the market (Morrison, 2009:55). According to Morrison (2009:55), export remains the most appropriate strategy for entering foreign markets when the psychic distance is high and market knowledge is low. On the other hand, the size of the market and the experiential knowledge significantly influence the decision to set up a sales subsidiary or a production facility abroad.

Figure 2.9: Relationship between the psychic distance, market knowledge, experiential knowledge and size of the market and the internationalisation process



Source: Morrison (2009:54)

In addition to the Uppsala Model, which describes the internationalisation of businesses under the process approach, the innovation-related internationalisation models (IRI-models) also posit that a business gradually internationalises in an incremental manner through a series of evolutionary “stages” (Zapletalová, 2013:175).

2.5.2.2 Innovation-Related Internationalisation Models (IRI-Models)

The various internationalisation models which are characterised as innovation-related internationalisation models were developed on the basis of the Uppsala model (Andersen 1993:2013; Ramady, 2012:159; Reid, 1981:101-112). Although the model initially proposed by Bilkey and Tesar (1977:97) was viewed as the first IRI-model, this model was further developed by Cavusgil (1980; 1982) and Reid (1981:101-112), and their versions were subsequently applied by other authors including Coviello and Munro (1997:49-61), Dana (2001:57-62), Gankhema *et al.* (2000:15-27), Hardley and Wilson (2003:701), as well as Mort and Weerawardena (2006:557) to study businesses’ internationalisation. Unlike the U-models which view internationalisation as a dynamic process, all the IRI-models present the internationalisation process as a step-by-step development (Andersen, 1993:213; Khan, 2016:158; Lin, 2010:117), based on two principles which portray internationalisation as

comparatively long and incremental (Thai & Turkina, 2014:100). Firstly, internationalisation is viewed as an innovative strategy, in terms of new and creative ideas and products, as well as innovative and cost-efficient processes (Zhang *et al.*, 2009:297). Secondly, internationalisation activities are portrayed as a learning process, whereby businesses gradually become familiar with overseas markets and operations (Bilkey & Tesar, 1977:94; Thai & Turkina, 2014:100). According to Reid (1981:103), the notion of internationalisation being innovative provides businesses with unique insights into how internationalisation is initiated and how it develops. Being the most cited IRI models in the literature on internationalisation processes, Bilkey and Tesar (1977:95), Cavusgil (1980:275), and Reid (1981:101-112) view each consecutive step of the business's internationalisation as innovative. However, the number of internationalisation stages varies among these models, as summarised by Andersen (1993:213) in Table 2.3 below.

Table 2.3: Innovation-related internationalisation models

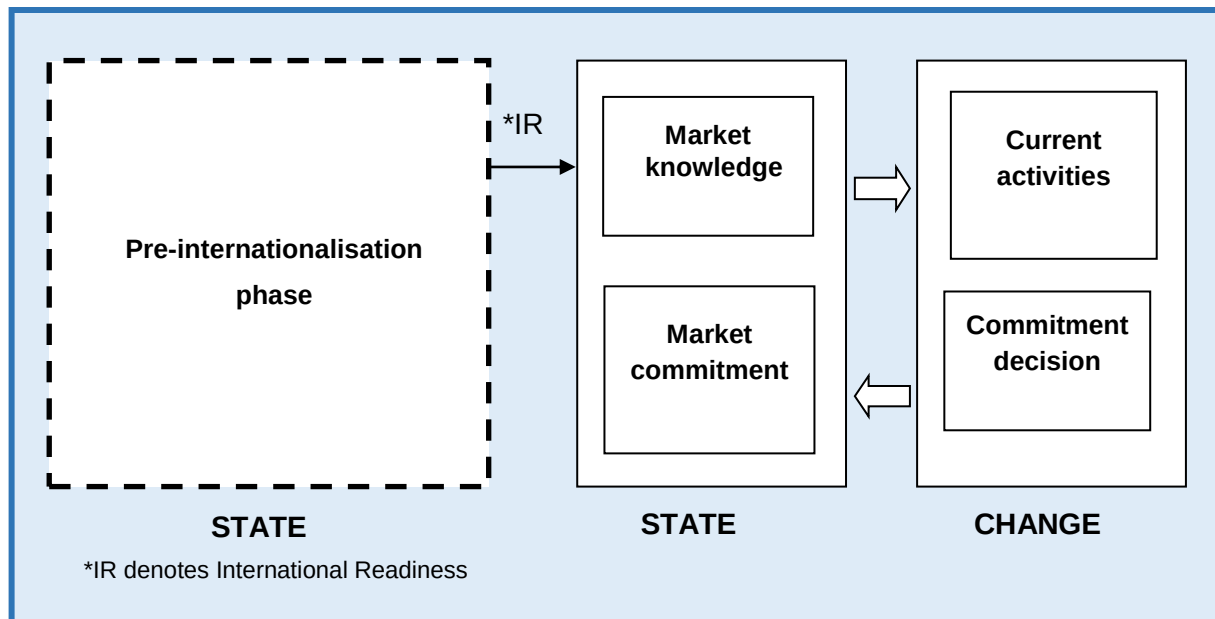
	Bilkey and Tesar (1977)	Cavusgil (1980)	Reid (1981)
Stage 1	Management is not interested in internationalisation.	Domestic marketing The business sells only to the home market.	Awareness The problem of opportunity recognition, arousal of need.
Stage 2	Management is willing to fill unsolicited orders but makes no effort to explore the feasibility of active internationalisation.	Pre-export stage The business searches for information & evaluates the feasibility of internationalisation.	Intention Motivation, attitude, beliefs, and expectancy about internationalisation.
Stage 3	Management actively explores the feasibility of active internationalisation.	Experimental involvement The business starts with limited internationalisation to some psychologically close countries.	Trial Personal experience from limited internationalisation.
Stage 4	The business internationalises on an experimental basis to some psychologically close country.	Active involvement internationalising to more new countries; direct exporting, increase in sales volume.	Evaluation Results from engaging in internationalisation.
Stage 5	The business has sufficient internationalisation experience.	Committed involvement Management constantly makes choices in allocating limited resources between domestic and foreign markets.	Acceptance Adoption of internationalisation / rejection of internationalisation.
Stage 6	Management explores the feasibility of internationalising to other more psychologically distant countries.		

Source: Adapted from Andersen (1993:213)

While Bilkey and Tesar (1977:95) describe the business's internationalisation as an incremental process comprising six stages, both Cavusgil (1980:273-281) and Reid (1981) describe the internationalisation process as consisting of five stages (Table 2.3). Despite the differences between these models, the greatest collective contributions of these Innovation-Related Internationalisation models are their explanations of how the internationalisation process starts, and the role of key decision-makers and the variables that influence their decisions (Collinson & Houlden, 2005:422). All the IRI-models regard internationalisation attitudes, knowledge of foreign entry methods, choice of foreign country, and potential opportunities, as the major elements to consider when they choose to internationalise. In addition, the IRI-models also view the decision-makers' attitudes, experiences, motivation, and expectations as primary determinants when businesses are aiming to internationalise (Reid, 1981:107), which is why internationalisation is viewed by the IRI-models as business innovation.

Although the internationalisation processes outlined by the Uppsala and IRI models start with low resource commitment and a low-risk strategy, and then move incrementally towards a higher resource commitment and high-risk strategy at subsequent stages of internationalisation, most of these models fail to consider the business's pre-internationalisation activities. In this regard, Wiedersheim-Paul *et al.* (1978:47-58) developed an internationalisation model that stresses the role of business's activities and "pre-export" behaviour. More recently, the importance of the activities prior to the first step towards internationalisation has also been acknowledged by Tan *et al.* (2007:295), who further refined the Uppsala model by introducing a pre-internationalisation phase to it. The concept of international readiness was also introduced to the Uppsala model as a point of decision assessment, which links the pre-internationalisation phase to the initial international commitment phase, as shown in Figure 2.10.

Figure 2.10: Positioning of the pre-internationalisation phase in the 1977's Uppsala Model



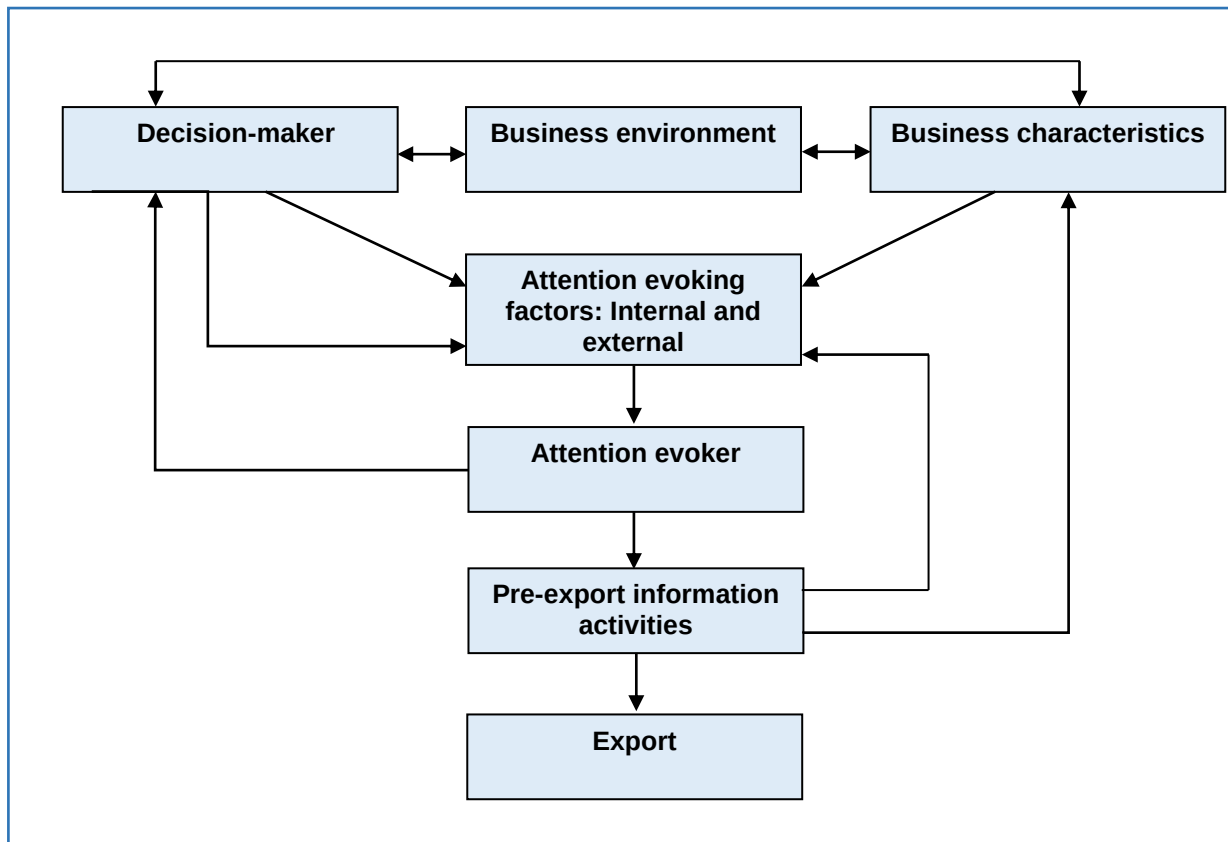
Source: Tan *et al.* (2007:297)

The next section reviews the “pre-export” model developed by Wiedersheim-Paul *et al.* (1978:47-58). This model identifies the factors influencing the business’s first step towards exportation. These factors include the available information, the characteristics of the decision-makers, the business environments and the extra-regional expansion of businesses.

2.5.2.3 Pre-Export Behaviour Model

Wiedersheim-Paul *et al.* (1978:48) developed the pre-export behaviour model to analyse the role of business’s activities and pre-export behaviour. To Wiedersheim-Paul *et al.* (1978:49), an understanding of the factors influencing the first step towards export is critical as it lays the foundation for subsequent international development. Based on a study of Australian-based manufacturing businesses, the model focuses on the characteristics of the decision-makers (their perceptions of the stimulus factors and their attitudes towards internationalisation), the business environment (location), the business characteristics, attention-evoking factors and information as prime factors initiating the business’s first move towards foreign market expansion. The pre-export behaviour model is based on two major assumptions; firstly, most businesses are rather small when they are involved in their first exports activities, and secondly, only one decision-maker (manager, owner, CEO, etc.) makes all the important decisions (Wiedersheim-Paul *et al.*, 1978:47). The model is schematically illustrated in Figure 2.11.

Figure 2.11: Factors affecting the Pre-Export Activities of the business



Source: Wiedersheim-Paul *et al.* (1978:48)

According to Simic (2011:4), the decision-maker is exposed to different kinds of attention-evoking factors (i.e. triggering factors) emerging from the decision-maker, the business's environment, and the business. The interaction of these factors, in turn, influences the decision-maker's perception and attention in initiating the first move towards exporting. Elaborating on the pre-export behaviour model, the next sections will provide an in-depth discussion of the factors affecting the pre-export activities (the decision-maker, the business environment, and the business) (par. 2.5.2.3.1), as well as the attention-evoking factors (par. 2.5.2.3.2).

2.5.2.3.1 Factors affecting the Pre-Export Activities of the business

- **Decision-maker's characteristics**

Wiedersheim-Paul *et al.* (1978:48) as well as other authors such as Bilkey and Tesar (1977:95); Caughey and Chetty (1994:62-68), Leonidou (1995:7) as well as Capatina and Rancati (2017:215), contend that the decision-maker's characteristics are key in the process of determining the decision to export, since they not only influence other factors but also impact on the decision-maker's own perceptions. For example, Caughey and Chetty (1994:65), Collinson and Houlden (2005:421) as well as Reid (1981:107) argue that the decision-maker's past history, experience, international background and orientation, and personal characteristics are likely to impact on the behavioural pattern of the business, as they are more exposed to the attention-evoking factors. Similarly, Acedo and Galán (2011:648) found that the decision-maker's perception of risks and opportunities in exports as well as his/her proactiveness determines the export stimuli which in turn affect the international behaviour of the business. To Wiedersheim-Paul *et al.* (1978:48), the decision-maker's international experience is valuable when developing contacts and identifying relevant export market opportunities. Similarly, a strong relationship has been found between the decision-maker's level of education and the two phases of international strategic decision-making (namely the international market selection and the entry mode selection) among Italian SMEs (Musso & Francioni, 2015:334). In addition, studies by Man *et al.* (2002:127), Wu and Wu (2008:763) and Zhang *et al.* (2014:627) further reveal that the decision-makers' levels of education are key in determining their entrepreneurial intention to internationalise. Furthermore, Kyvik *et al.* (2013:187) observed that exposure to the international markets is also a key element in forming a Global Mindset (GM) among decision-makers.

- **Business environment**

In this context, the business environment refers to the location of the business, which, according to Wiedersheim-Paul *et al.* (1978:49), is considered an important explanatory factor in the pre-export model, since a high efficiency is achieved in regions where a large number of businesses are concentrated in a small area. In the case of information production and exchange, the proximity of businesses provides for high face to face contact, which is an efficient and effective means of communication. Furthermore, direct personal contacts allow for new information exchange in situations of uncertainty. In a similar vein, Wiedersheim-Paul *et al.* (1978:49) argue that the export process is heavily dependent on face to face contact and that businesses located far from the information

centres, such as in large cities, tend to suffer from a spatial bias in information flow, which makes them less likely to be exposed to the exogenous export stimuli. This bias is even more accentuated if the information centre has good communications with other countries. Hence, Wiedersheim-Paul *et al.* (1978:49-50) concluded that it is in the best interest of businesses with export intentions to be located near information centres; face to face contacts are more significant in changing decision-makers' attitudes, and finally an environment consisting of exporting businesses is more likely to create a positive attitude towards exporting among non-exporters.

However, a review of the literature provided the researcher sufficient grounds to argue that in the current digital world, proximity with information centres is not as prominent as advocated by Wiedersheim-Paul *et al.* (1978:51). Access to information, irrespective of the business's location, is much easier to obtain than 30 years ago. Moreover, it is observed that the roles of "information centres" have been gradually taken over by networking. This shift has further waived the need to be located in geographically concentrated regions to benefit from the exchange of information. The importance of networking in supporting and enhancing the internationalisation process of SMEs' has been widely discussed in extant literature (Coviello & Munro, 1997:53; Wincent, 2005:437), and will also be elaborated on thoroughly in par. 2.5.3 with the discussion of the network model, as indicated in Figure 2.3.

- **Characteristics of businesses**

Wiedersheim-Paul *et al.* (1978:50) identified three main characteristics of the business which influence its pre-export behaviour, namely the business's goals, its past history, and the extra-regional expansion. The business's goals and its degree of realisation may trigger the first step towards export. For example, the need to grow further may be one of the prime reasons to develop an initial interest for exporting (if there is no scope for growth in the local market). Referring to the past history of a business, Wiedersheim-Paul *et al.* (1978:50) are of the opinion that a business's capabilities are constrained by its past behaviour and actions, which implies that previously failed attempts to internationalise would most probably influence pre-export behaviour. Pertaining to the business's extra-regional expansion, Wiedersheim-Paul *et al.* (1978:51) argue that as a business expands its operations into more distant locations within the home market (for example, interstate), it acquires new skills and develops new techniques that could be important in preparing for exporting. Moreover, its contact with the extended (more regions) networks will also contribute to the exposure of attention-evoking factors.

2.5.2.3.2 Attention-evoking factors

Wiedersheim-Paul *et al.* (1978:51) define attention evokers as all the factors or influences that cause decision-makers (business managers) to consider exporting as a possible growth strategy. They further argue that the attention-evoking factors have a real impact on the process of the pre-export model, although the effects of the attention-evoking factors are based on how they are perceived by the decision-maker. Wiedersheim-Paul *et al.* (1978:52) classifies the attention evokers as being either internal or external. This classification is important as it helps to determine whether the business's decision to start exporting was stimulated by factors within the businesses or by factors in its environment.

- **Internal attention-evoking factors**

Wiedersheim-Paul *et al.* (1978:52) grouped the internal attention-evoking factors into two categories, namely the unique competence and the excess capacity in the resources of management, marketing, production and/or finance. Unique competence that is the result of an investment in research and development induces businesses to seek the exploitation of the world market through trade or investment. The main reason to exploit this advantage in foreign markets is to maximise returns on the investment by focusing on foreign markets where demands for such competence arise. The second category of internal attention-evoking factors is concerned with excess capacity, that is, the present or anticipated free capacity in the business's resources, which motivates the business to examine international expansion possibilities. According to Tan *et al.* (2007:298), the importance of internal attention-evoking factors to stimulate exporting has been extensively discussed in the literature. Vernon's (1966:638-651) theory was among the first theories suggesting that the nature of a product in terms of its uniqueness had an impact on the decision to export the product.

- **External attention-evoking factors**

In the group of external attention-evoking factors, Wiedersheim-Paul *et al.* (1978:52) classify the factors into four categories, namely unsolicited orders from foreign customers; revealing market opportunities; competitive pressures among domestic businesses; and government stimulation measures.

Although both the internal and the external evoking factors influence decision-makers to consider exporting as a possible growth strategy, the factors do not all have the same motivational impact. In this regard, Table 2.4 below presents a summary of the impact of internal and external evoking factors on the decision to start exporting, as proposed by Leonidou *et al.* (2007:740).

Table 2.4: Impact of internal and external evoking factors on export initiation

Internal evoking factors – Proactive (i.e. factors associated with a business’s own initiative to exploit its internal resources/capabilities)			
	Classification	Examples	Impact
Proactive	Human Resource	Special managerial interest/urge/aspirations	High
		Utilisation of special managerial talent/skills/time	Moderate
		Management trips overseas	Very low
	Financial	Potential for extra sales/profits from exporting	Very high
	Production	Achievement of economies of scale	High
	Research and Development	Possession of proprietary technical knowledge	High
		Possession of a unique/patented product	Very high
		Extending life cycle of domestic products	Very low
	Marketing	Possession of a marketing competitive advantage	Moderate
		Ability to easily adapt marketing for foreign markets	Low
Internal evoking factors – Reactive (i.e. factors reflecting a business’s response to pressures from its internal environment)			
	Classification	Examples	Impact
Reactive	Financial	Offsetting sales of a seasonal product	Low
	Production	Accumulation of unsold inventory/overproduction	Low
		Availability of unutilised production capacity	High
		Smoothing production of a seasonal product	Moderate
External evoking factors – Proactive (i.e. factors suggesting active exploitation of market possibilities by a business)			
	Classification	Examples	Impact
Proactive	Domestic market	Possibility of reducing the power of domestic customers	Very low
		Special managerial interest/urge	High
	Foreign market	Possession of exclusive information on foreign markets	Moderate
		Identification of better opportunities abroad	High
		Potential for growth from exporting	Very high
		Potential for extra sales/profits from exporting	Very high
		Close physical proximity to foreign markets	Low
	Home government	Government export assistance/incentives	Low
	Miscellaneous	Patriotic duty of local businesses	Low

External evoking factors- Reactive (i.e. factors reflecting a business's reaction to factors from the external environment)			
	Classification	Examples	Impact
Reactive	Domestic market	Saturation/shrinkage of the domestic market	High
		Need to reduce dependence on and risk of the domestic market	Very high
		Unfavourable state of the domestic economy	Very low
		Stagnation/Decline in domestic sales/profit	Moderate
		Favourable foreign exchange rates	Low
		Availability of unutilised production capacity	High
	Home government	Ministry of Commerce/trade mission activity	Low
		Encouragement by government agencies	Very low
	Foreign government	Relaxation of foreign rules and regulations in certain foreign markets	Very low
		Reduction of tariffs/non-tariffs in certain overseas countries	Very low
	Intermediaries	Encouragement by industry, trade, and other associations	Moderate
		Encouragement by banks/financial institutions	Moderate
		Encouragement by brokers/agents/distributors	Moderate
	Competition	Intense domestic competition	Low
		Initiation of exports by domestic competitors	Low
		The entry of a foreign competitor in the home market	Very low
	Customer	Receipt of unsolicited orders from foreign customers	Moderate
		Receipt of orders after participation in trade fairs	Moderate
	Miscellaneous	Proximity to international ports/airports	Moderate

Source: Leonidou *et al.* (2007:740)

It can be deduced from the above table that proactive internal evoking factors have a high impact on the business's decision to initiate and/or expand exports. For instance, by engaging in exports, businesses are able to materialise their desire to generate more sales and profits. Realising the contribution of export to the expansion possibilities, the business may position

exporting as a strategic means to achieve its sales and profit goals. Of all the attention-evoking factors, *“Potential for extra sales/profits from exporting”* has been considered as the one having the greatest stimulating impact on exporting (Leonidou, 1998:43; Tzokas *et al.*, 2000:103; Westhead *et al.*, 2002:57). Nevertheless, any decision to export should be based on the business’s financial status, as exports may require additional costs such as promotional campaigns in foreign countries. Moreover, the potential for extra growth from exporting is considered as one of the main factors influencing export decisions. While the previous stimulus is based on the business’s desire to achieve sales and profits goals, Leonidou *et al.* (2007:741) argue that the business’s wish to become larger and to play a serious role in the marketplace (*“Potential for extra growth from exporting”*) may also be a source of motivation to engage in exports. Foreign markets represent an extension to the domestic market and provide opportunities to achieve growth goals, particularly in cases where the home market growth is restricted and subjected to competitive pressures. Another factor inducing businesses to engage in exports is the *“Possession of a unique/patented product”*. Having distinct features, unique products are more likely to attract the attention of foreign customers and to create a competitive advantage in the foreign markets.

Exporting motivated by saturated domestic markets are seen as one of the greatest external evoking factors. Saturated domestic markets are evident when the market size is small; the local economic conditions deteriorate; the level of competition intensifies; and the customers’ demands change drastically. Although not all countries and businesses face the same problem at the same time, a strategic approach in managing these risks is to diversify into foreign markets (Albaum *et al.*, 2016:276). From the experience and knowledge gained with the first export, the process can then be replicated in other countries at varying extent, depending on the conditions of the foreign markets.

Following Aharoni’s decision-making model (par. 2.5.1) and the process approach (par. 2.5.2), the last model pertaining to the Behavioural Approach to internationalisation is the network model. This model provides a framework for understanding businesses embedded in business networks, which significantly determine the scope and speed of internationalisation. In this respect, Johanson and Mattsson’s (2015:1-19) network model and the social network model are presented in par. 2.5.3.

2.5.3 Network model

With the network model, Johanson and Mattsson (2015:5) argue that internationalisation networks form through the dependency of individual businesses on the exchange relationships with other businesses and stakeholders. Knowledge gained from international networks has tremendous impacts on the international growth and expansion of businesses, especially if the networks develop from relationships with key partners in both the local context and the international arena (Benson *et al.*, 2016:336; Burns, 2016:209; Johanson & Mattsson, 1993:303; Lehtinen & Penttinen, 1999:7). According to Musso and Francioni (2015:334), business networks consist of trading partners, customers, agents, distributors, sales subsidiaries and local chain dealers, among others (Soldberg & Durrieu, 2006:58). Although the network exchange relationships require effort and time to establish and develop, Johanson and Mattsson (2015:7) opined that businesses create and maintain network relationships to obtain shared benefits, reduce uncertainty and to increase stability by either exploiting the complementarities of individual partners or by exploiting the network access. Furthermore, the network exchange relationships are directly and indirectly connected, to form dynamic market networks which enable businesses to have access to reliable market knowledge (Johanson & Kao, 2010:127). In addition, Johanson and Vahlne (2009:1411), Kiril (2014:381) and Child (2015:322) state that if SMEs fail to form part of appropriate networks, it will lead to uncertainty, which would limit the internationalisation scope of the businesses. Ultimately, SMEs would face difficult challenges, such as limited foreign market knowledge and essential business contracts for international development (Tang, 2011:382; Zaheer, 1995:343; Zahra, 2005:23).

According to Johanson and Mattsson (2015:10), relationship building in itself is an incremental process which develops through experiential learning; businesses learn interactively about their partners and their capabilities, and then gradually increase their commitment to the relationship to benefit from it. As businesses start to internationalise, their presence in international markets expands due to increasing levels of international extension, international penetration, and international integration. The businesses' levels of extension, penetration and integration enable businesses, according to Gebert-Persson *et al.* (2014:14), to be classified, based on their own degree of internationalisation and the degree of internationalisation of the businesses' networks, as an early starter, a lonely international, a late starter or an international among others (Figure 2.12).

Figure 2.12: The business's position in the network and the internationalisation process

		Degree of internationalisation of the network	
		Low	High
Degree of internationalisation of the business	Low	<i>The early starter</i>	<i>The late starter</i>
	High	<i>The lonely international</i>	<i>The international among others</i>

Source: Johanson & Mattsson (2015:9)

- The early starter** is characterised by a low degree of internationalisation of the network and a low degree of internationalisation of the business. The main factor influencing the internationalisation process of an early starter is the lack of experiential knowledge about the foreign market and unimportant relationships with the local and foreign businesses (Johanson & Mattsson, 2015:7; Onetti & Zucchella, 2014:171). This is mainly due to the business's low international exposure and its size (Hardley & Wilson, 2003:697). As an early starter, the business seeks a balance between the internal resources and external demands in the target market (Johanson & Mattsson, 2015:8). Therefore, to complement the lack of knowledge about the foreign market and the difficulty in using domestic relationships to gain knowledge, the early starter can deal with intermediaries, often agents who may represent the local businesses in the foreign market (Hinrichs, 2013:3). For example, if the business has no valuable partner, it may opt for a market where it might be easy to connect with a new business (i.e. a middleman such as an agent or a distributor) that already has a position in the foreign market. This approach to internationalisation can reduce the need for investment and risk and is considered by Hollensen (2011:75) as the beginning of establishing own sales and manufacturing subsidiaries in foreign markets.
- The lonely international** is characterised by a high degree of internationalisation of the business itself and a low degree of internationalisation of the network (Mauricio & Godinez, 2015:230). A high degree of internationalisation of the business implies that the business has sufficient experience and knowledge to internationalise its activities, compared to its competitors (Johanson & Mattsson, 2015:12). However, the suppliers, competitors, and other cooperative stakeholders may not facilitate the internationalisation process of the lonely international business as they do not have access to international markets. In these conditions, it becomes difficult for the lonely international business to coordinate international activities.

- **The late starter** is characterised by a low degree of internationalisation of the business, with a high degree of network internationalisation. The late starter, therefore, does not have enough own knowledge and experience about the foreign markets, compared to its suppliers and co-operators who have widespread international relationships. This lack of experiential knowledge about the foreign market makes the late starter weaker against its competitors. Also, the heavy dependence on the relationships with other businesses makes it difficult for the late starter to establish networks in new markets. According to Hollensen (2011:124), the business's customers or complementary suppliers are the motivating factors to internationalise. This happens mainly when businesses have already established indirect relationships to foreign networks through suppliers, customers and competitors (Johanson & Mattsson, 2015:7), which could accelerate the internationalisation process. In this instance, businesses make use of their domestic market assets to penetrate foreign markets. Therefore, to exert better control and to ensure good coordination in foreign markets, businesses tend to establish sales subsidiaries (Johanson & Mattsson, 2015:7).
- **The international among others** refers to the business and its environment, which both are highly internationalised. According to this classification, businesses have a high degree of internationalisation and a high degree of business and network internationalisation. This position facilitates the business's integration capabilities as both the business and its networks have enough knowledge about the foreign market. According to Hollensen (2011:73), increased internationalisation for the international among others could occur by means of marginal extension or penetration. Businesses can indeed use their positions in their networks to build new positions in new markets. For example, a business can use its surplus production capacity to expand sales in other markets. Similarly, given the high level of international knowledge about foreign markets, it becomes easier for businesses to set up their own subsidiaries, which could discourage competitors.

In recent years, the concept of social networking has become an increasingly prominent aspect of international networking, especially for SMEs, whose international success is often dependent on the resources and information possessed by other businesses and stakeholders, such as customers, suppliers, government agencies and research institutes (Pinto & Pinheiro, 2015:555; Salavisa & Fontes, 2012:90; Van Tulder *et al.*, 2018:394). According to Pinto and Prange (2016:392), social networks in a business context refer to the ability of businesses to

benefit from the social structures, connections and memberships, which are mostly established in an online technological environment comprising different stakeholders connected by direct or indirect social relationships (Fornahl, 2007:136).

Due to the growing availability of social network research in international business, the impact of both inter-personal and inter-organisational dynamics in the formulation of internationalisation strategies are more apparent (Pinto & Pinheiro, 2015:554). Social network relationships arising from professional and personal contacts represent an important and valuable resource to SMEs that are relatively small and resource-constrained (Musteen *et al.*, 2014:751). Existing literature reveals that social networks, more particularly international contacts, are crucial for SMEs to enhance their performance in the early stages of internationalisation, as it provides foreign market knowledge, enables entrepreneurs to identify new business opportunities, provides access to cheaper resources, and secures legitimacy from external stakeholders (Stam *et al.*, 2014:152).

In reference to the behavioural process approach to internationalisation, Table 2.5 provides a summary of the motives for internationalisation, modes of entry into foreign markets, and the internal and external factors influencing the internationalisation process applicable to this study.

Table 2.5: Summary of models constituting the behavioural process approach

Theory	Motives for internationalisation	Modes of entry	Variables affecting internationalisation of business	
			Internal	External
Aharoni (1966)	To tap international opportunities & counter threats of competing businesses	From export (to close markets) to the setup of international division and subsequently FDI	International experience gained from “learning by doing” & strong desire of senior executives to invest abroad	Favourable market conditions & strong local competition
Uppsala Model – Johanson and Wiedersheim-Paul (1975)	To tap foreign market opportunities & to counter threats of competing businesses	Incremental process “From no-export” to “FDI”	Knowledge	Psychic distance such as language and cultural barriers
Uppsala Model – Johanson and Vahlne (1977)	To tap foreign market opportunities	Gradual involvement (starting with exports to (known) neighbouring countries)	Knowledge of the market & resources already committed to specific markets	Psychic distance
IRI Model (Bilkey & Tesar, 1977; Cavusgil, 1980; Reid, 1981)	Increase international sales	Step-by-step development; incremental process	Decision-maker’s foreign experience, business’s legal form; information, business’s reputation	Competitive domestic, economic risks, cultural distance

Theory	Motives for internationalisation	Modes of entry	Variables affecting internationalisation of business	
			Internal	External
Pre-Export Behaviour Model (Wiedersheim-Paul <i>et al.</i> , 1978)	Increase international sales	Exports	Decision-maker's characteristics, business's resources and capabilities	Extra-regional expansion
Network Model (Johanson & Mattsson, 1987), and social networking	Increase international sales	Exports through agents to wholly owned subsidiary, depending on the relationships with the local and foreign businesses	Knowledge acquired through the development of network relationship	Size of the market

Source: Author's Compilation (2018)

In addition to the behavioural process approach to internationalisation, the next section explains a more contemporary approach to internationalisation, namely the born global approach. Unlike the incremental processes to internationalisation portrayed by the behavioural process approach, the born global approach explains internationalisation as a rapid occurrence from the establishment of the business. Although businesses following the born global approach face many limitations and challenges, this approach is arguably one of the most prominent internationalisation approaches that SMEs can follow to adapt to the rapidly changing business environment in terms of technology and internationalisation.

2.6 THE BORN GLOBAL APPROACH TO INTERNATIONALISATION

Since the early 1990s, there has been an abrupt increase in research on international entrepreneurship, which – according to McDougall and Oviatt (2000:903) – is defined as a “managerial value creation process, which entails an entrepreneur engaging in innovative, proactive, calculated risk-taking behaviour with the purpose of capitalising on foreign business opportunities”. This increase in research has given rise to a greater focus on the internationalisation of SMEs and subsequently the adoption of the concept and approach of Born Globals (BGs), which is defined by Oviatt and McDougall (1994:49) as businesses that seek from their establishment “to derive significant competitive advantage from the use of resources and the sales of outputs in multiple countries”. This would refer to businesses that are globally orientated from the onset of their business activities, with export sales immediately exceeding domestic sales (Hynes, 2010:91).

More than two decades ago, Knight and Cavusgil (1996:13) envisioned that the traditional gradual process of internationalisation will be replaced by the BG approach, with further research discovering that many businesses were, in fact, side-lining the traditional incremental (process) models of exporting by engaging in foreign markets from their creation (McDougall & Oviatt, 1996:27; Shrader *et al.*, 2000:139; Moen, 2002:159). This internationalisation behaviour was mostly prevalent among SMEs that strove to achieve a competitive advantage in multiple international markets through the use of technology, and by satisfying the needs of customers in a global niche (Knight & Cavusgil, 1996:11). Termed as International New Ventures (INVs), these SMEs internationalised at or near their inception, despite their limited financial and human resources, insufficient economies of scale and inexperience in international business (Oviatt & McDougall, 1994; 1995). According to OECD (2018:8) and Cavusgil and Knight (2009:27), INVs (including smaller, resource-poor businesses), started to emerge in sizable numbers worldwide.

INVs have since greatly contributed to the economic development of several advanced economies such as the European Union (EU), Australia and the United Kingdom (Mandl & Celikel-Esser, 2013; OECD, 2018:11) by fostering innovation, creating skills and knowledge, supporting economic growth and promoting high value-adding activities. The growing number of successful INVs over the past two decades has caught the attention of many researchers from several countries around the world (Coviello *et al.*, 2011:627; Knight & Liesch, 2016:93; Zhang *et al.*, 2009:299), as evidenced by the numerous empirical studies on INVs in different countries, as follows:

- in large economies like the United Kingdom (Burgel & Murray, 2000:33-62) and the USA (Zahra *et al.*, 2000:925-950)
- in developing and emerging economies like Vietnam (Thai & Chong, 2008:72-100), India (Daekwan *et al.*, 2011:879-886), Malaysia (Sulina & Sing, 2014:101-136), Chile (Rehman, 2016:204-224) and Costa Rica (Lopez *et al.*, 2009:1228-1238)
- (iii) in small open economies such as New Zealand (Ng & Hamilton, 2016:901-915) and Finland (Bell, 1995:60-75)

Traditional internationalisation theories such as the Uppsala model (U-model) and the Innovation-Related Internationalisation model (IRI-model) could not explain the precocious internationalisation process of INVs (Knight & Cavusgil, 1996:13; Meneses & Brito, 2012; Naude & Rossouw, 2010:93; Oviatt & McDougall, 2005). The new stream of literature which combined the elements of entrepreneurship theory, international business theory and strategic management theory, became associated with “international entrepreneurship”, which is described by Oviatt and McDougall (2005:7) as the discovery, enactment, evaluation, and exploitation of opportunities across national borders, in pursuit of competitive advantages. To Daszkiewicz (2014:15), international entrepreneurship prioritises the entrepreneur’s role as a key factor in the business’s internationalisation process, especially in SMEs. Entrepreneurs act on their knowledge of the market and/or are driven by their willingness to explore unknown or unexplored markets (Allen, 2016:100). Although the lack of the entrepreneur’s international experience is considered as social and human capital constraints to the business’s internationalisation scope, these constraints are often surpassed by the opportunities beyond national borders, which can only be driven by an entrepreneurial action (Nowinski & Rialp, 2013:221).

Although “INVs” is the term mostly used to describe SMEs which internationalise at or near their creation, the term is synonymous to “Born Global” and “global start-up” (McDougall, 1989:387; Cavusgil & Knight, 2009:27), “Instant International” (Preece *et al.*, 1999:273), “Instant Exporters”

(McAuley, 1999:561), “Infant multinationals” (Rasmussen & Madsen, 2002:6), and “Early Internationalising Businesses” (Knight *et al.*, 2004). However, in this study SMEs that are classified as Born Globals, will be referred to as International New Ventures (INVs).

2.6.1 Key features of INVs

INVs have proactive international strategies from their creation and view the world as their marketplace (Cavusgil & Knight, 2015:7). Despite their often limited financial resources and assets in the foreign markets, they tend to create strategic alliances to obtain foreign resources for manufacturing or marketing, and therefore they are likely to adapt to new changing environments (Knight & Cavusgil, 2004:137). This explains why INVs tend to be small in size, yet profitable (Autio *et al.*, 2000:916; Knight & Liesch, 2016:95). Although INVs are classified as such based on their age when they start to internationalise, there is no consensus on the time frame within which international transactions need to take place for a business to be classified as an INV (Freeman *et al.*, 2006:39; Vesper, 1990:97). Zander *et al.* (2015:29) consider an INV as a “young business”, while Oviatt and McDougall (1994:49) use the “time of inception” as a baseline to define INVs. To Knight and Liesch (2016:97), INVs usually take three or fewer years to internationalise, while Chetty and Campbell-Hunt (2004:63) provide for two to eight years to start foreign transactions. Due to the inconsistency pertaining to the time frame within which international transactions need to take place for a business to be classified as an INV, three types of INVs which are labeled based on the time frame of their international transactions can be distinguished. Firstly, “born-again globals” are INVs that have internationalised rapidly after focusing a large amount of time on the domestic market. These businesses may have made an initial attempt to internationalise but due to limited resources, international knowledge and exposure, they may have turned to rather building support from the domestic market. Once they had developed sufficient capabilities, they later internationalised again by means of great leaps and a global vision (Teixeira *et al.*, 2019:422-423). Secondly, “born regionals” are INVs which internationalise usually within the first year after creation, and mainly to neighbouring countries. They then start to gradually expand their geographic footprint farther away from domestic and regional areas, usually within eight years (Gabrielsson & Kirpalani, 2012:54). Finally, the “born globals” are viewed as pure INVs, since they have an initial international orientation, and they internationalise their activities rapidly at/or near their creation (Teixeira *et al.*, 2019:422-423).

Although INVs generate foreign sales, there is no consensus as to the export-to-domestic sales ratio. Arguably Cavusgil (1994:4), Gabrielsson and Gabrielsson (2003:124) and Knight *et al.*

(2004:654) suggest that a business must have an export-to-domestic sales ratio of 25% (born regionals), 50% (born-again globals) and 76% (born globals) respectively, to be classified as INVs. Another key feature of INVs is that they are innovative and highly technologically orientated (Knight & Cavusgil, 2004:137; Jones & Coviello, 2005:286; Luostarinen & Gabrielsson, 2006:773; Mudambi & Zahra, 2007:339; Prange & Verdier, 2011:133; Rennie, 1993:49). INV managers have proactive mindsets and are willing to take risks and be innovative in order to be present in the international market (Tanev, 2012:6-7).

In summary, INVs tend to internationalise instantly or at least early after their creation. They view the world as boundless and interconnected, and although they might face several challenges and limitations in comparison to traditional MNCs, they tend to make good use of factors such as innovative and pro-active management, international vision, technology, international strategic alliances, and networks. Although it is hard to find a single definition of an INV in the BG approach, the key features mentioned above are generally found among INVs.

Since this study aims to propose an internationalisation strategy for medium-sized textile manufacturing businesses in Mauritius, the literature on BG is of particular relevance to this study. Firstly, internationalisation fuelled by the free mobility of resources, people and capital, improvement in communication, information technology and transport has accelerated the internationalisation of businesses. Businesses will, therefore, have to internationalise at a more rapid pace if they want to have fast growth and greater profit margins. While extant literature on studies pertaining to BGs is based on businesses that have witnessed rapid internationalisation, the lessons learnt from these studies can be used in the context of the present study. For example, an assessment of the pertinence of the factors influencing rapid internationalisation of medium-sized textile manufacturing businesses in Mauritius will provide solid grounds on the appropriate measures that should be taken and the areas that should be prioritised to promote early internationalisation. These measures would coincide with the recent announcement by the government of Mauritius which placed the internationalisation of SMEs in the African continent as a priority, with a view to upgrade the status of the economy from a low income economy to a high income economy (Ancharaz & Kasseeah, 2016:44; MBEC, 2018:48).

Moreover, since traditional theories and internationalisation models neglect the role of managers and decision-makers, the BG approach analyses internationalisation from an entrepreneurial perspective, which could further benefit medium-sized textile manufacturing businesses in

Mauritius. Finally, since INVs and SMEs share similar characteristics such as the size of the businesses, the lack of resources and the foreignness, among others, BG theory entails a great body of knowledge that medium-sized textile manufacturing businesses in Mauritius can benefit from.

Following the Born Global approach to internationalisation, the following overarching approach applicable to this study is the Resource-Based View approach.

2.7 RESOURCE-BASED VIEW (RBV) APPROACH

The resource-based view (RBV) approach is one of the most influential perspectives in organisational sciences (Kellermanns *et al.*, 2016:26) and a promising theoretical framework for the study of businesses' internationalisation (Lakew, 2015:107). Having its intellectual roots in Penrose's (1959) theory (par. 2.4.2), the RBV approach was later conceptualised by Barney's (1991) theory of businesses' resources and sustained competitive advantage, which focuses on the role of resources in enabling or constraining organisational growth. Although the RBV approach emerged in the field of strategic management, entrepreneurship researchers have also, according to Brouthers *et al.* (2015:1162), over the years increasingly leveraged the RBV's tenets to understand the determinants of entrepreneurial ventures' performance.

2.7.1 Barney's (1991) Theory

Barney (1991) examined the link between the strategic resources of a business and its sustained competitive advantage. According to Barney (1991:99), a single framework has been used since the 1960s to look into the sources of sustained competitive advantage. This framework suggests that businesses' sustained competitive advantage is achieved by implementing strategies that exploit their strengths, by responding to the environmental opportunities while neutralising internal weaknesses and avoiding or countering external threats. To achieve sustained competitiveness, businesses must, therefore, develop strategies to employ their strengths to capitalise on opportunities, to counter or avoid threats, and to address their weaknesses.

Barney's (1991) model is based on two main assumptions. Firstly, it assumes that businesses within an industry may have control over heterogeneous strategic resources, which assist them in developing competitive advantages. Secondly, it assumes that strategic resources may not be perfectly mobile, which is likely to be a source of sustained competitive advantage, due to the inability of competing businesses to obtain resources from other businesses.

The RBV approach further posits that resources such as assets, capabilities, organisational processes, business attributes, information and knowledge controlled by the business, enable them to conceive and implement strategies to improve their efficiency and effectiveness (Barney, 1991:101; Leonidou, 1998:45; Michael *et al.*, 2016:202). Subsequent studies (Davidsson & Honig, 2003:301-331; Manolova *et al.*, 2009:257; Walter *et al.*, 2006:541) emphasised the importance of especially intangible relational assets in the development of sustainable competitive advantage, since intangible assets are difficult to identify, understand and replicate. Also known as social capital, the intangible assets provide businesses with strategic resources to compete in the foreign markets (Lages *et al.*, 2009:344).

2.7.2 Resource-Based View and SME internationalisation

The optimum use of strategic capabilities allows businesses to capitalise on opportunities arising from the advent of globalisation and the knowledge economy (Joensuu-Salo *et al.*, 2017:5). RBV has been one of the most commonly used frameworks in internationalisation research (Ferreira *et al.*, 2014:53; Peng, 2001:803), and several researchers, such as Praschantham and Dhanaraj (2010:379), Wach (2014:13) and Yamakawa *et al.* (2013:184), have used the RBV framework to identify the resources leveraging for internationalisation. However, while most researchers focus on large businesses' strategies, the application of the RBV to the study of SMEs' internationalisation is limited (Kazlauskaite *et al.*, 2015:54).

Studies by Alvarez (2004:383-402), Maumbe and Okello (2013:29-44), Singh (2009:321-330) and Tang (2011:374-398) present size-related attributes as one of the most significant factors limiting SMEs' ability to develop international business. The smallness of SMEs poses challenges in terms of scarcity of capital, technology, know-how and human resources (Das, 2015:34). Strategic alliances (Lu & Beamish, 2001:565) as well as mobilising resources from other agents or inter-organisational networks (Johanson & Vahlne, 2009:1419; Tolstoy & Agndal, 2010:29), do assist in overcoming these challenges. To Kalinic and Forza (2012:697), SMEs must rely on intangible assets such as the entrepreneur's knowledge and networking skills to develop competitive advantages in the home and foreign markets. For example, a business's existing body of international market knowledge is one of the most valuable, rare and difficult-to-imitate intangible resources that new ventures can use to leverage in their international endeavours. This knowledge as well as their negotiation skills, which are gained through the entrepreneur's international experience in the form of education or work experience, enables the business to reduce the search and negotiation costs associated with foreign transactions (Peng & York, 2001:330).

2.7.3 Criticisms of RBV

Despite its growing popularity offering important insights into the entrepreneur and entrepreneurial ventures, the RBV has been criticised for failing to provide a consistent definition of the term “resources” (Priem & Butler, 2001:27). To Kraaijenbrink *et al.* (2010:349), a concise and unanimous definition of resource and its dimensions are not provided in the extant literature, so the term has been contradictorily used in several studies. Moreover, given that strategic management researchers focused their studies on the resources that are relevant to large and established businesses, its relevance to the study of younger and smaller ventures that are in pursuit of international growth has been questioned (Hitt *et al.*, 2002:4; Ireland *et al.*, 2005:117).

In response to developments in the international environment, the 21st century has witnessed an evolution in the form of businesses’ international behaviour (Fletcher, 2001:29). Environmental changes have led to a new approach that embraces a more holistic view of internationalisation.

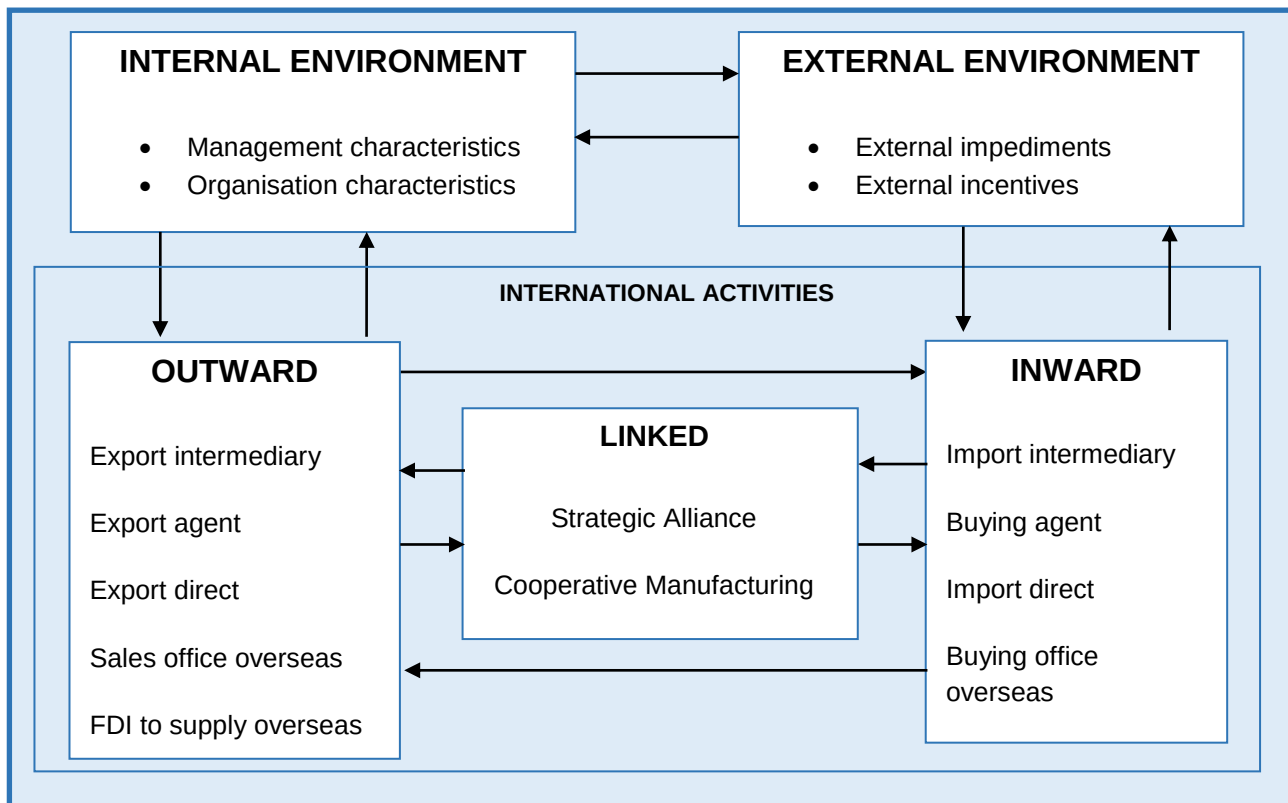
2.8 HOLISTIC APPROACH TO INTERNATIONALISATION

The 21st century has witnessed the development of a new internationalisation model that provides a holistic approach to the study of businesses’ internationalisation. Named as the holistic approach to internationalisation, it was intended to project a full picture of a business’s internationalisation (Mejri & Umemoto, 2010:156; Van Tulder, 2015:41). This holistic perspective was essential due to the complexity of internationalisation, as well as the notion that previous models analyse internationalisation from different perspectives (Mejri & Umemoto, 2010:158). Moreover, existing models provide only a partial and sometimes a misleading explanation of the export development process (Leonidou & Katsikeas, 1996:518), and cannot readily explain small businesses’ internationalisation behaviours (Fillis, 2001:771). According to Fillis (2001:772), internationalisation behaviours must rather be seen holistically as a process based on insights from a variety of models such as the process models and theories, FDI theories and network theory. Fletcher (2001:30) also argues that the changes in the international business environment made several of the previously accepted internationalisation approaches irrelevant. He also states that the holistic approach to internationalisation is better able to mirror the more sophisticated forms of international involvement that characterise many businesses’ international activities at the threshold of the new millennium.

While previous models and theories demonstrate that internationalisation is a phenomenon which is influenced by a number of independent factors (including the decision-maker, network, the business’s characteristics, culture and environment, among others), the holistic approach of

internationalisation integrates different factors that make internationalisation possible. The idea to better understand internationalisation through an integration of different perspectives can be traced back to the late 1990s. For example, reviewing the empirical studies on SMEs' internationalisation between 1989 and 1998, Coviello and McAuley (1999:252) concluded that the holistic approach includes the integration of three theoretical approaches, namely the process approaches, the network model, and the foreign direct investment theory. However, Ruzzier *et al.* (2006:106) suggested the integration of five perspectives in order to better understand SMEs' internationalisation, namely the process approach, the innovation model of the born globals, the network model, the resource-based view approach and the international entrepreneurship theory. Despite the differences between researchers about the building blocks of the holistic approach to internationalisation, the proposed conceptual framework of the holistic approach to internationalisation as developed by Fletcher (2001:25-49) is still relevant (Van Tulder, 2015:42). This framework (Figure 2.13) proposes that internationalisation is no longer just an outward-driven activity and that businesses can also internationalise by undertaking import-led activities and activities in which the inward and outward activities are linked.

Figure 2.13: A holistic approach to internationalisation



Source: Fletcher (2001:30)

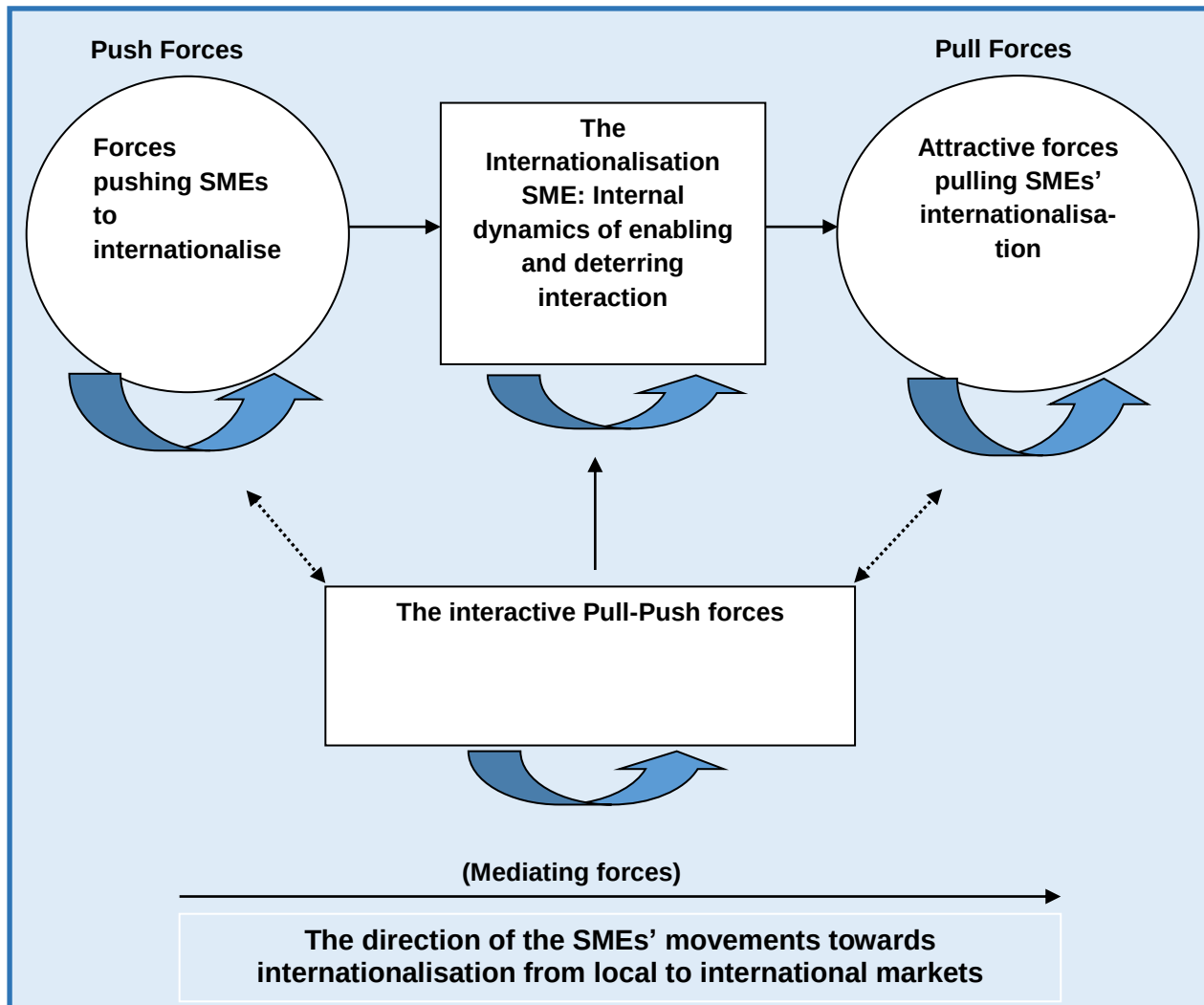
According to Fletcher (2001:29), the holistic approach to internationalisation contemplates that businesses can also become internationalised by inward activities such as indirect importing, becoming a licensee for a foreign business in its domestic market, or manufacturing abroad to supply the domestic market. Furthermore, outward internationalisation can lead to inward internationalisation, and vice versa (for example, when the franchisee or licensee in one country becomes the franchisor or licensee in another country). Similarly, internationalisation often requires more complex forms of internationalisation behaviours rather than established steps as prescribed by earlier theories. International behaviour is frequently linked by the inward and outward international activities as it happens with strategic alliances, counter-trade, and manufacturing businesses. And finally, internationalisation should be viewed as a global activity rather than as an activity with respect to a business's involvement in a given foreign country.

Fletcher (2001:43) furthermore suggests that internationalisation should be viewed in a holistic way rather than focus on the form it takes, since the extent of the business's internationalisation depends to a large extent on the interaction between the inward and the linked forms of

internationalisation behaviour. The holistic approach was found to be more appropriate to the study of small and medium-sized businesses that are born globals, since born globals do not follow the sequential process of internationalisation and the nature of their operations in the home market often determines their foreign expansion. For example, if the business is skilled in franchising, this will most probably be its mode of entry into foreign markets.

Later, Bell *et al.* (2003:350) presented an integrated model of small businesses' internationalisation, which focuses on the uniqueness and situation-specific aspects of individual businesses. This model identifies a number of different stereotypical "pathways" that small businesses may follow when internationalising their activities, namely the traditional pathway (the business penetrates the foreign market incrementally after having established in the home market); the born global pathway (internationalisation is very fast and is mainly visible among businesses operating in the high technology sector); and finally, *the born-again global pathway* (the business enters into the foreign markets at first like the "traditional" businesses but due to some improvements in the product and/or process the pace of penetration increases). In this model, knowledge as a source of competitiveness is crucial for born global businesses, such that the greater the knowledge of products, processes, and markets, the faster the internationalisation pace will be (Bell *et al.*, 2003:351). Other factors such as the managers' characteristics and their mental state may also have a direct influence on the pathway to choose (Mejri & Umemoto, 2010:159). In 2004, Etemad developed a competitive framework for internationally-oriented SMEs in light of the impressive and rapid success of SMEs in international markets. Etemad's (2004:5) integrated framework consists of three theoretical constructs, each housing a cluster of forces and influences with respective bilateral and multi-lateral interrelations (Figure 2.14).

Figure 2.14: Schematic depiction of Push, Pull and Mediating Forces in the internationalisation process



Source: Etemad (2004:5)

The first construct entails the pushing forces of internationalisation (forces which are entrepreneurial in nature and internal to the business, for example, innovation, the combination of products, services or processes). The second construct entails the attractive forces pulling internationalisation (forces which are external to the business and which attract the business by providing incentives). The third construct is the mediating forces to internationalisation, which result from the interaction between the pull and the push forces exerting influence on the business. These interactions magnify conditions that may stimulate/accelerate or deter/decelerate internationalisation. A list of push and pull forces is presented in Table 2.6 and Table 2.7 respectively.

Table 2.6: List of push forces

Founder/ Manager characteristics	Economies of operations
• International/Global vision • International experience • Education & exposure	• Achieving economies of scale • Achieving lower cost and prices • Attaining added economies of higher quality at lower prices • Avoiding dis-economies of the small domestic market
Economics of research and development, innovation and technological change	Characteristics of competition and strategy
• Faster technological obsolescence compels presence in large international markets • Continuous innovation requires larger international markets • Higher research and development cost require larger international markets	• Rapid response to competitors' initiative worldwide • Rapid response to customers' needs worldwide • Pre-empt competition • Avoid intense domestic competition • Avoid competition in narrowly defined segments
Strategic logic of international operations	Characteristics of high technology products and markets
• Constrained resources at home forces SMEs to access other resources • International partners provide additional resources • Interdependent operations leverage the network's strength	• Larger fixed cost dictates larger sales volumes in international markets • A faster pace of change requires faster and larger returns from international markets • Shorter PLC requires larger international markets

Source: Etemad (2004:8)

Table 2.7: List of pull forces

The liberalisation of International Market (IM)	Advances in Information and Communication and Transportation Technologies (ICTTs)
• Facilitates exporting in IM • Allows for specialisation and division of labour • Permits easier achievement of economies of scale • Avoids direct and intense competition • Provides expanded opportunities	• Facilitate IM operations • Mitigate against limited resources • Override the impact of time and distance for SMEs • Facilitate network operations • Reduce cost
The attraction of serving current buyers' and suppliers' international needs	Attraction and resource partners
• Respond to needs of previous domestic customers • Save established relations with internationalising buyers and sellers • Pre-empt competitors from getting previously domestic customers and suppliers	• Mitigate against the limitation of size • Shorten internationalisation process • Increase the speed of internationalisation • Allow for survival in competitive markets

Source: Etemad (2004:8)

The holistic approach has provided valuable insights into the variables and the process of internationalisation. For instance, Fletcher's (2001) model includes the different modes of entry that business may opt for to enter foreign markets; Bell *et al.* (2003:351) present the different pathways to internationalisation, while Etemad (2004:8) explains the interactions between the pull and push forces that lead to an internationalisation decision.

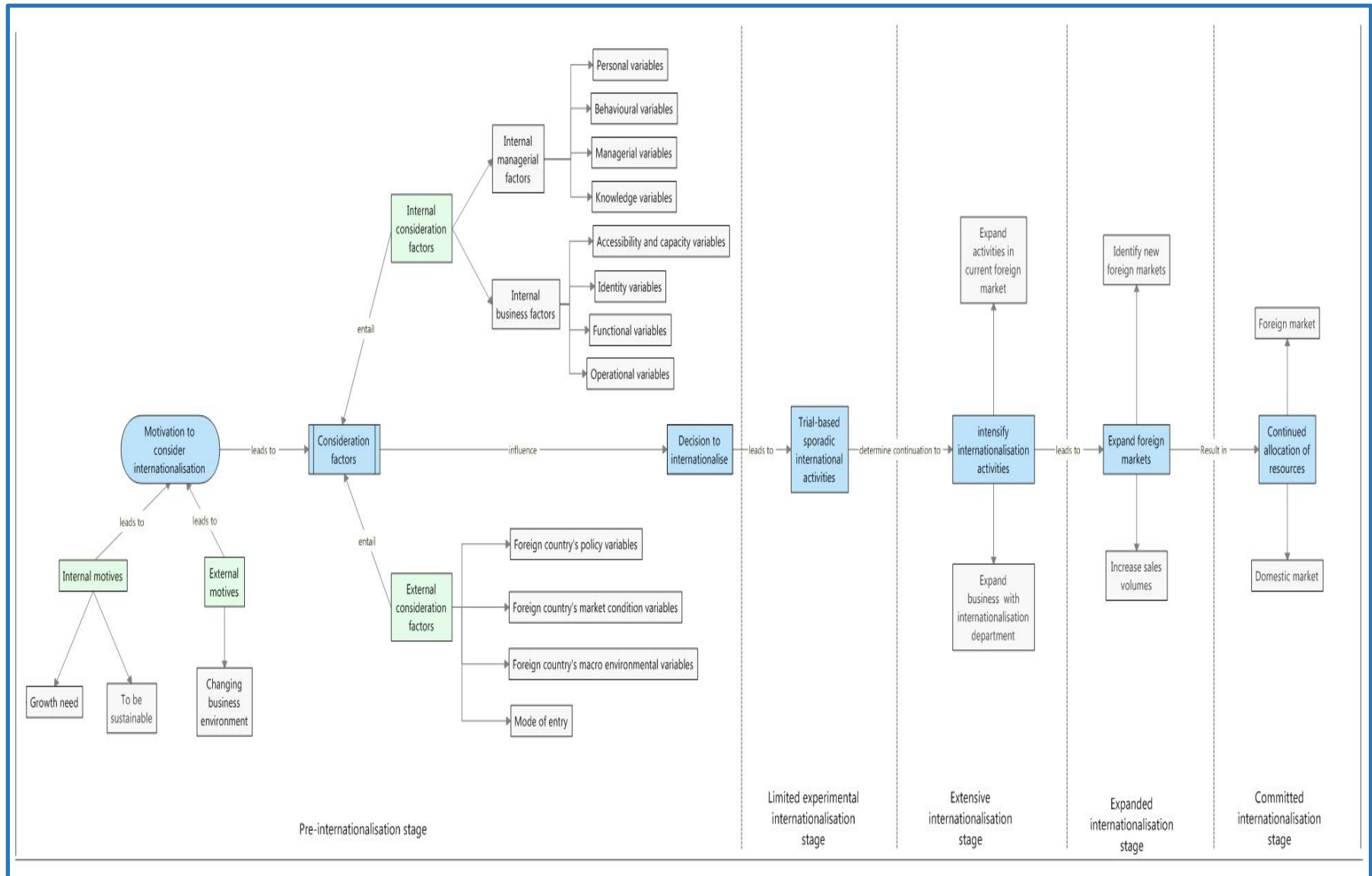
2.9 CHAPTER CONCLUSION

This chapter commenced with the analysis of various definitions of internationalisation and ultimately led to the development of a new and working definition of internationalisation applicable to this study. With this section of the chapter, secondary objective 1 of this study was achieved,

which focuses on the conceptualisation of internationalisation pertaining to SMEs (par. 1.5.2). From the definition, three variables contributing to the development of the internationalisation strategy proposed in this study emerged (Figure 2.2). These variables revealed that internationalisation is a process (variable 1), which first starts with the motives to internationalise (variable 2), and then the decision to internationalise (variable 3). Furthermore, variable 2 shows that the motives to internationalise emerge in response to the changing business environment, growth needs and the need to be sustainable. The decision to internationalise is then influenced by aspects such as the modes of entry, the ability of the business to adapt its strategy, structure, available resources, knowledge pertaining to all aspects of the internationalisation process, and available networks.

Following the development of the working definition applicable to this study, the various models and theories of internationalisation, which constitute the five approaches to internationalisation, were discussed. From these approaches and the associated models and theories, it became clear that no single approach could be made applicable to the internationalisation of medium-sized manufacturing businesses in Mauritius, but applicable elements from the different approaches need to be identified and synthesised into an internationalisation strategy that would guide the internationalisation decisions of managers. Pertaining to the contribution of this study in terms of a proposed internationalisation strategy for medium-sized textile manufacturing businesses in Mauritius, the approaches to internationalisation were analysed and synthesised with the variables identified from the definition of internationalisation. This resulted in a more comprehensive view of the internationalisation process as well as all the variables which impact on the decision to internationalise (Figure 2.3). In this regard the analysis of the different internationalisation processes discussed in the process approach to internationalisation (par. 2.5.2) revealed various stages applicable to this study. After combining and reducing the various stages in the different internationalisation processes and identifying the stages applicable to this study, it was concluded that the internationalisation process, based on the literature review, consists of five stages as depicted in Figure 2.15.

Figure 2.15: Literature-based proposed internationalisation process



To contribute to the internationalisation process depicted in Figure 2.15, the various variables which were identified from the literature to contextualise each stage within the context of this study are discussed in the following paragraphs.

2.9.1 Stage 1: Pre-internationalisation

Although the business is operating only in the domestic market in this stage, the intention to internationalise is starting to emerge. This intention develops from motives to internationalise and lead to the consideration of factors, which need to be analysed before the decision to internationalise can be made.

2.9.1.1 Motives for internationalisation

The motives entail the reasons why businesses have the intention to pursue internationalisation as a strategy. The motives which emerged from the analysis of the different approaches to internationalisation reveal that all the motives can be classified as originating in either the internal or the external business environments. In accordance with the working definition developed for this study, the need for growth and sustainability would refer to internal motives, whereas the changing business environment is an external motive. However, from the analysis of the different approaches to internationalisation, additional motives for internationalisation were subsequently identified as reasons why businesses have the intention to pursue internationalisation.

2.9.1.1.1 Internal motives

The need for growth as an internal motive develops from the business's desire to increase sales and revenue (par. 2.2.1) beyond market penetration strategies which focus only on the domestic market. Growth by means of internationalisation implies supplying products to new consumers across international borders. Furthermore, sustainability as another internal motive is linked to the need for growth since the sustainability of a business ensures that it continues to exist (par. 2.2.3), and without growth, businesses might struggle to continue their operations for long periods. Although several triggers may lead to the need for international growth and sustainability, the most prominent trigger entails limited scope for business growth in the domestic market due to market saturation (par. 2.5.2.3.1).

2.9.1.1.2 External motives

From the working definition developed for this study, the changing business environment was identified as an external motive to pursue internationalisation (par. 2.5.3). However, the changing

business environment is a broad concept which entails various triggers from both the market and the macro environments. From the analysis of the various approaches to internationalisation, the following triggers were identified as reasons for the changing businesses' environment which lead to the intention to internationalise.

- **External triggers in the market environment**

Although the market environment exists beyond the borders of the business it has a profound impact on business operations. According to David and David (2017:229), there are five forces in the market environment which impact on business operations and managers' motives to consider internationalisation, namely entry barriers, bargaining power of customers, bargaining power of suppliers, availability of substitute products, and the overall competition among businesses. Ultimately the competitiveness of a business in the market will depend on the degree of influence that entry barriers, customers, suppliers and substitute products have on the business. Therefore the most prominent external triggers in the market environment leading to changes in the external environment and ultimately businesses' motives to internationalise are the competitive pressures among domestic businesses due to saturated domestic markets (par. 2.5.2.3.2). Other triggers entail changing customer needs (par. 2.6) and the response rates to adhere to those needs (par. 2.8), international opportunities for growth (par. 2.5.1), decline in domestic sales due to an unfavourable domestic economy (par. 2.5.2), and encouragement from intermediaries such as trade associations, financial institutions and agents (par. 2.5.2.3.2).

- **External triggers in the macro environment**

The macro environment borders beyond the market environment and impacts the market environment and business operations. According to David and David (2017:221), the macro environment consists of seven forces which impact on business operations and managers' motives to consider internationalisation. These forces include political and governmental forces, economic forces, socioeconomic forces, technological forces, environmental forces, and legal forces. Although the degree of impact from these forces on businesses may differ, it is concluded that the technological environment has the largest impact on the changes in the external environment in the context of this study (par's. 2.4, 2.6 & 2.8). Other triggers include domestic and foreign economies (par. 2.4), the political environment and the legal frameworks in the foreign country (par. 2.5.1), and government incentives to internationalise (par. 2.5.2).

2.9.1.2 Consideration factors

These factors include all the variables which need to be considered and analysed before the decision is made to internationalise. The impact of these consideration factors on the business as a whole should then be determined to identify whether these are enablers for internationalisation or barriers which would counter the decision to internationalise. From the analysis of the different approaches to internationalisation, a myriad of variables were identified. These variables were then reduced by grouping corresponding variables together, omitting similar repeated variables, and then the groups of variables (factors) were labelled as internal consideration factors and external consideration factors. The internal consideration factors were then further divided into internal managerial factors and internal business factors. The external considerations were also further divided into market factors and macro factors.

2.9.1.2.1 Internal consideration factors

- **Internal managerial factors**

The analysed variables in the internal managerial factors were organised into personal variables, behavioural variables, managerial variables and knowledge variables. These variables need to be analysed to determine the impact thereof on the decision to internationalise.

- **Personal variables**

- Proficiency in the language of the foreign market (par. 2.5.1)
- Risk-taking behaviour (par. 2.6)
- Proactiveness (par. 2.6.1)
- Level of education (par. 2.5.2.3.1)

- **Behavioural variables**

- Attitude towards internationalisation (par. 2.5.2.3.1)
- Motivation to internationalise (par. 2.5.2)

- **Managerial variables**

- Abilities of managers to participate and contribute to key strategic foreign investment decisions (par. 2.4)
- Managers' expectations (par. 2.5.2.2)
- Communication abilities (par. 2.4.7)
- Entrepreneurial intention (par. 2.5.2)
- Ability to adapt strategy and structure (par. 2.4)

- **Knowledge variables**
 - Awareness and knowledge of culture of the foreign market (par. 2.5.1)
 - Market knowledge (par. 2.5.2.1.1)
 - Knowledge of foreign entry methods (par. 2.5.2.2)
 - Access to networks (par. 2.4.1 & 2.5.3)
 - International exposure and experiences (par. 2.5.2)

- **Internal business factors**

For the internal business factors, the analysed variables were organised into capacity variables, identity variables, functional variables and operational variables. These variables need to be analysed to determine the impact thereof on the decision to internationalise.

- **Capacity variables**
 - The size of the business (par. 2.7.2)
 - Production capacity (par. 2.5.3)
 - Proximity of the business to large cities for easy access to resources and knowledge (par. 2.5.2.3.1)
- **Identity variables**
 - Trademarks (par. 2.4)
 - Reputation (par. 2.5.3)
 - Business goals (par. 2.5.2.3.1)
- **Functional variables**
 - Human resources (par. 2.6)
 - Availability of financial resources and capital (par. 2.6.1)
 - Research and development (par. 2.5.2.3.2)
 - Administrative costs (par. 2.4.1)
- **Operational variables**
 - Technology (par. 2.6)
 - Production techniques (par. 2.4.3)
 - Production technology (par. 2.4)

2.9.1.2.2 External consideration factors

The analysed variables in the external consideration factors were organised into foreign country's market condition variables, foreign country's macro environmental variables, and modes of entry variables. These variables need to be analysed to determine the impact thereof on the decision to internationalise.

- **Foreign country's market condition variables**

- Production or sales conditions in the foreign market (par. 2.4.6)
- Price and quality of natural resources in the foreign market (par. 2.4)
- Physical infrastructure to exploit resources in the foreign market (par. 2.4)
- Transport costs (par. 2.4)
- Competition (emergence of new competitors) (par. 2.4.4)
- Proximity of foreign markets to domestic market (par. 2.5.2)
- Investment incentives in the foreign market (par. 2.4)
- Foreign country expropriation policies (par. 2.4.3)
- Fiscal and monetary policies of foreign country (par. 2.5.1)

- **Foreign country's macro environmental variables**

- Political environment (par. 2.5.1)
- The legal framework (par. 2.5.1)
- Trade unions' behaviour and attitude (par. 2.5.1)
- Exchange rate fluctuation (par. 2.4.3)
- Social background (par. 2.5.1)
- Economic stability (par. 2.5.1)
- Cultural factors (par. 2.5.1)
- Government restrictions and protectionist measures (par. 2.4)
- The wage rate of foreign country (par. 2.5.1)

- **Modes of entry variables**

Managers need to analyse each of the modes of entry to determine which mode of entry to use when internationalising.

- Wholly-owned subsidiaries (par. 2.4.7)
- Partnerships (par. 2.4.1)
- Exportations (par. 2.4.1)
- Licencing (par. 2.4.1)
- Franchising (par. 2.4.6)
- FDI (par. 2.4.3)
- Mergers (par. 2.4.6)
- Acquisitions (par. 2.4.7)
- Joint venture (par. 2.4.6)
- Strategic alliances (par. 2.6.1)

2.9.2 Stage 2: Limited experimental internationalisation

After the decision has been made to internationalise, based on the analysis of the consideration factors in stage 1, the business would start their internationalisation activities based on the mode of entry chosen. In this stage the business would only experiment with internationalisation by means of limited sporadic international involvement (par. 2.5.2.2). Businesses would most probably base their internationalisation involvement in this stage on requests from international customers who are in close proximity to the domestic market. The business would also continuously evaluate their international involvement to ultimately decide whether it would be feasible to pursue internationalisation further, or to avoid any further effort towards internationalisation (par. 2.5.2.2).

If managers decide to pursue internationalisation further, they would enter the next stage in the internationalisation process, which refers to extensive internationalisation.

2.9.3 Stage 3: Extensive internationalisation

In this stage the business develops as an experienced international business and will increase their presence in their current foreign markets through market penetration strategies. Three distinct methods could be used to expand their internationalisation activities, including the use of agents (par. 2.5.3), the development of internationalisation departments in their business to manage their internationalisation activities (par. 2.5.1), FDI (par. 2.4.3), and the establishment of overseas sales subsidiaries (par. 2.5.3).

2.9.4 Stage 4: Expanded internationalisation

In this stage the businesses would explore markets further from their home country and start to internationalise to more countries. They would also consider increasing their sales volumes by establishing production/manufacturing operations in foreign countries (par. 2.5.2.2). In this stage the success of the businesses' internationalisation will depend to a large extent on the effective management of the business resources, opportunities in the market, the ability to diversify, and the knowledge bases developed (par. 2.4.2).

2.9.5 Stage 5: Committed internationalisation

In this stage, the businesses would continue to increase their presence in international markets and managers will constantly focus on the allocation of resources between domestic and foreign markets.

With this section of the chapter, secondary objective 2 of this study was achieved, which focuses on the analysis of the approaches to internationalisation.

2.10 CHAPTER SUMMARY

From the analysis of various authors' definitions of internationalisation available in the literature, it became evident that the concept of internationalisation needs to be interfaced with three key attributes, namely the business's growth, the internationalisation process, and the importance of knowledge about and access to international networks. In addition, the definition would also have been incomplete without a focus on the motivation for SMEs' internationalisation, as well as the modes of entry. This definition forms the foundation, not only for the following sections in this chapter but for the whole study.

Following the development of the working definition, the discussion of the applicable approaches to internationalisation commenced. In this discussion, it became clear that at different points in time, several models and theories have been proposed and developed to explain businesses' internationalisation. While the first economic theories such as Smith (1776) and Ricardo (1817) explain the international trade between nations, the mid-20th century has witnessed the emergence of a new stream of literature focusing on businesses. This stream of literature was based on the economic approach and studied more precisely the internationalisation of Multinational Enterprises (MNEs). According to the economic approach, internationalisation is the independent and rational decision to maximise profits. In the mid-1960s, new explanations of businesses' internationalisation were proposed based on the behavioural approach of the business, which regards internationalisation as a path-dependent learning process. Thereafter, models and theories based on the diffusion of innovation, that is, the Innovation-Related Internationalisation models were proposed. The same era also witnessed the development of a different stream of literature which analysed the pre-export and export phases to explain businesses' internationalisation. In the 1980s, studies began to use the network theory as a framework to analyse the international behaviour of businesses. In the late 1980s and early 1990s, the growing number of small entrepreneurial businesses that internationalised from their inception – also referred to as international new ventures (INVs) or Born Globals (BGs) – received a lot of attention from researchers, and led to a new research field labelled international entrepreneurship. At the beginning of this century, some models which merge perspectives from other models and theories (such as the Foreign Direct Investment, the process approach, and the network theory) were used to understand and explain SMEs' internationalisation. Labelled the holistic approach to

internationalisation, this approach considers the inward and outward operations as well as the impact of the external environment on the internationalisation of businesses. The 21st century has also seen the emergence of internationalisation models-based networks, that provide knowledge-related factors contributing to the speed and scope of internationalisation.

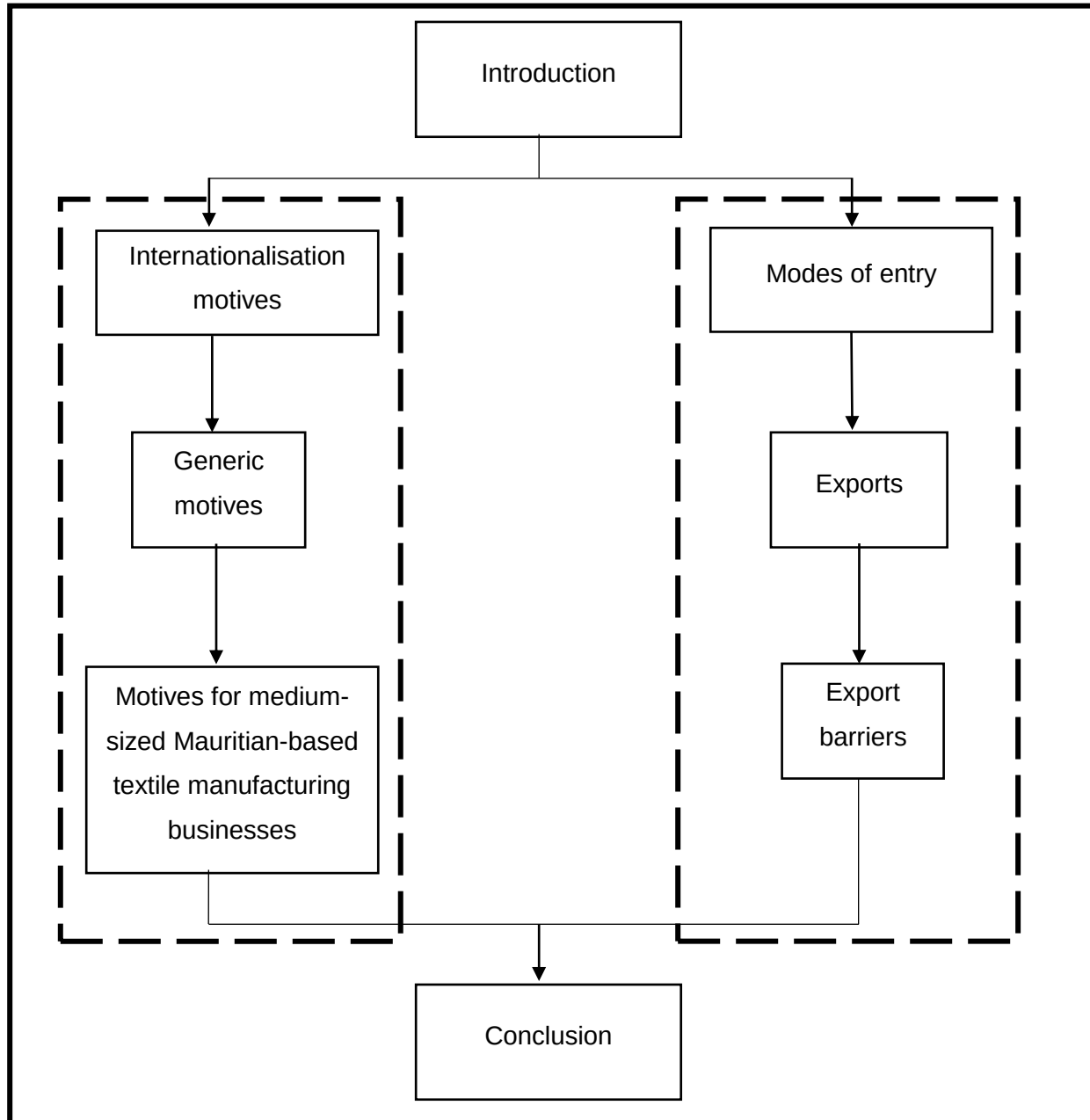
In the next chapter the focus of the discussion shifts to SMEs in particular by focusing on the aspects pertaining to SME internationalisation applicable to the Mauritian context. Chapter 3, therefore, contributes extensively to this study, since it builds on the theoretical framework of Chapter 2 and identifies the components applicable to the internationalisation strategy proposed in this study for medium-sized textile manufacturing businesses.

CHAPTER 3

INTERNATIONALISATION OF SMALL AND MEDIUM-SIZED ENTERPRISES

3.1 INTRODUCTION

Figure 3.1: Structure of Chapter 3



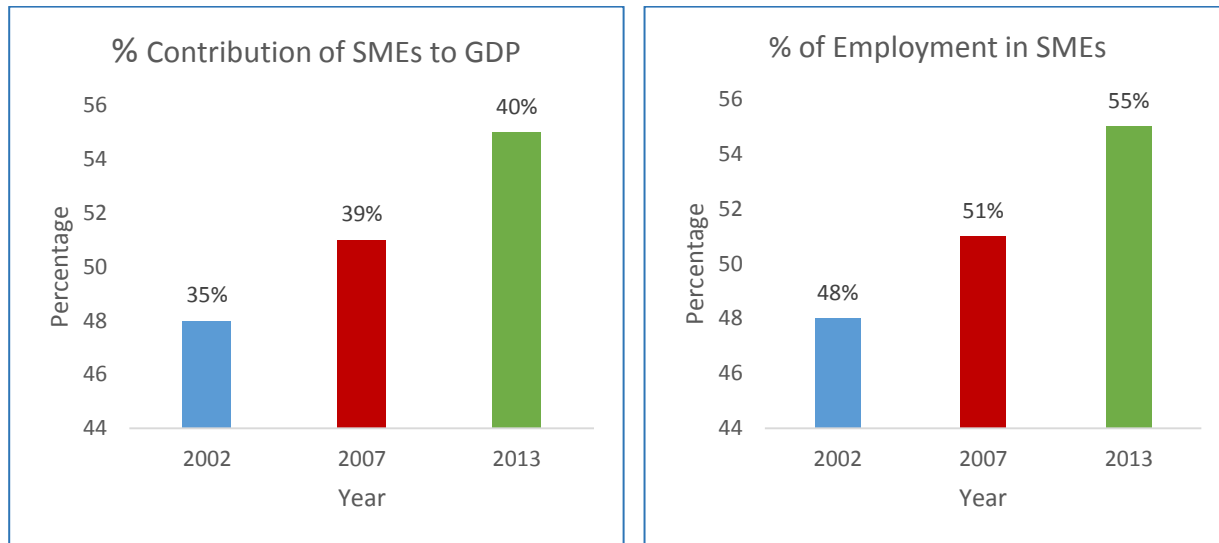
In Chapter 2, internationalisation was conceptualised with the development of a working definition applicable to this study (par. 2.2). This definition is particularly relevant to this study since the

internationalisation of businesses is an increasing trend for Mauritian-based businesses that are seeking opportunities to create sustainability and competitive advantages in foreign markets. Due to expanding global markets, the availability of modern information, advantages in communications technology and globe-spanning transportation systems, internationalisation opportunities are increasingly capitalised on, not only by large businesses but SMEs as well (Bryson & Daniels, 2015: 235; Cavusgil & Knight, 2009:5).

In addition to the applicability of the working definition developed in the previous chapter, the various approaches to internationalisation were also discussed by analysing the models and theories constituting these approaches (par. 2.3 – 2.8). The value of internationalisation for SMEs is especially evident in the increased exports and investments from 2006 to 2016. During this time, global exports of commercial services have increased from \$2.9 trillion in 2006 to \$4.8 trillion in 2016 (WTO, 2017:11), while global FDI in both developed and developing countries were \$1.8 trillion in 2017 (World Investment Report, 2017:vii). Also, in the emerging internationalisation initiatives at the turn of the century among developing countries such as Africa, Latin America, and Mexico, SME manufacturers contributed 25% to 35% of the global exports of manufacturers (Andersson *et al.*, 2004:22). At that time, the internationalisation of small businesses also attracted a growing interest in the research of international business, entrepreneurship and small business growth, since internationalisation of SMEs are seen as a key contributor to the economic growth, innovation, and development, especially in developing economies (Luísa, 2015:494; Nikolova *et al.*, 2012; Oviatte & McDougall, 2004:543; Tran & Harvie, 2008:149;).

Within the Mauritian context of this study, the value of SMEs' contribution to the island's economy is significant. Since Mauritius is classified by the World Bank (2019), as having a developing economy with limited natural resources, the island especially relies on SMEs as engines of growth and employment. Although the information in Figure 3.2 dates back to 2013, these statistics show the most recently available information pertaining to SMEs' contribution to the Mauritian economy in terms of the GDP and employment (MBEC, 2018:4). More important, however, is the visible trend of increased contributions by SMEs in Mauritius to the GDP and employment.

Figure 3.2: SMEs' contribution to Mauritian GDP and employment opportunities



Source: MBEC (2018:4)

The progression shown in the contribution of Mauritian SMEs to the GDP and employment (Figure 3.2) indicates that SMEs constitute the backbone of the Mauritian economy. SMEs, furthermore, need to realise (as per the definition of internationalisation, applicable to this study) that their own growth and sustainability can, to a great extent, be established if they are motivated to capitalise on foreign business opportunities, which will, in turn, also contribute to the economic development of the island as a whole.

According to Dominguez and Mayrhofer (2018:227) and Kubíčková *et al.* (2014:321), not all businesses are motivated to internationalise, but those that are motivated to expand their operations across borders, are largely influenced by the selection of markets, the organisational structures of the businesses, and the foreign market modes of entry (Wilson, 2006:47). This chapter, therefore, sets out to discuss the internationalisation of SMEs in general and also specifically within the context of medium-sized textile manufacturers in Mauritius. Drawing from the various approaches of internationalisation discussed in Chapter 2, this chapter distinguishes between the “why” and the “how” of internationalisation for SMEs. Regarding the “why”, various motives for SMEs’ internationalisation will be discussed in this chapter (par. 3.2 – 3.3), whereas the various modes of entry into foreign markets will elucidate the “how” (par. 3.4 – 3.6).

3.2 GENERIC MOTIVES FOR INTERNATIONALISATION

Internationalisation motives are in general the compulsion business managers have to expand their business operations across borders, due to internal and/or external motives. Relating to the push factors of internationalisation (par. 2.8), internal motives represent the internal strengths or weaknesses within businesses, such as available resources and financial stability, whereas external motives, relating to the pull factor of internationalisation, are the opportunities or threats that emerge from businesses' external environments on which they can capitalise or which they should avoid (Dominguez & Mayrhofer, 2018:226; Rodtook & Altinay, 2013:95). Although internal and external motives are seen as the overarching driving forces for decisions to internationalise, SMEs are also driven by proactive and reactive internationalisation motives (Czinkota & Ronkainen, 2012:21; Hollensen, 2008:35; Huber *et al.*, 2015:110). Hollensen (2014:54) explains proactive motives as the business's interests in utilising some unique internal competencies to capitalise on foreign market opportunities. These unique internal competencies include profit and growth objectives, managerial initiatives, uniqueness of products, market information, economies of scale, and technological capabilities (Hollensen, 2014:55). Reactive motives, on the other hand, reflect the business's passive behaviour due to pressure or threats in the domestic or foreign markets. The pressure or threats are usually due to local competitive pressures, smallness of the local markets, lack of demand in the local markets, unsolicited foreign orders, proximity to international customers, overproduction, as well as the possibility to extend seasonal products (Cavusgil *et al.*, 2014:17; Hollensen, 2014:55).

Since internationalisation motives are multifaceted (Morschett *et al.*, 2015:79), Dunning and Lundan (2008:63) arranged the motives into four broad categories in their taxonomy, known as the taxonomy for foreign direct investment (FDI) motivation. According to Kubíčková *et al.* (2014: 321) as well as Oberoi and Halsall (2018:152), these motivation categories are, in general, the dimensions on which businesses' internationalisation strategies are based, and include market-seeking motives (par. 3.2.1), resource-seeking motives (par. 3.2.2), efficiency-seeking motives (par. 3.2.3), and strategic asset-seeking motives (par. 3.2.4).

3.2.1 Market-seeking motives

Market-seeking motives are the primary motives for initiating international activities when domestic markets are saturated, and businesses seek to exploit opportunities in foreign markets (Morschett *et al.* 2015:80; Panibratov, 2017:12). If the motive is market seeking, businesses tend to choose foreign markets that present substantial growth potential, which is determined by the market size,

market growth, the presence of attractive market segments, and the demand for the business's products (Bilgin *et al.*, 2016:142). These businesses need to consider the aspects that could influence the success of their internationalisation strategies, such as the need and availability of potential customers and suppliers in the foreign market, foreign tastes that create needs, potential competitors in the foreign markets, and the cost of serving a market from a distance (Franco *et al.*, 2008:8; IRMA, 2018:426).

3.2.2 Resource-seeking motives

Businesses that internationalise due to resource-seeking motives, are capitalising on opportunities across borders to acquire either specific resources that are not locally available (such as natural resources and raw materials), or they want to reduce cost when the domestically available resources are costlier than those available in other countries (Bryan, 2014:5; Castellani *et al.*, 2018:266; Cuervo-Cazurra *et al.*, 2015:25; Panibratov, 2017:12; Sauvant, 2008:113). Although businesses might have resource-seeking motives for their own benefit and sustainability, Sindzingre (2013:38) found that in some instances businesses' resource-seeking motives are also encouraged by national endorsements. For example, one of the driving forces for growth in a country such as China is their nationally endorsed resource-seeking motives, especially in developing countries. Nationally endorsed resource-seeking motives ultimately create various opportunities for businesses, since they are able to benefit from governmental contractual agreements between countries.

3.2.3 Strategic asset-seeking motives

According to Aagaard (2018:173), strategic asset-seeking motives stem from the idea that the businesses' international presence (through their networks) provide them with major information advantages over other businesses which, in turn, enhances their innovation capability. Elia and Santagelo (2017:855) and Reddy (2010b:233) state that businesses which are engaged in strategic asset-seeking acquisitions are essentially compensating for inadequate innovation systems in their own countries. They therefore internationalise to create, sustain and maintain their competitive positions by seeking access to foreign knowledge, capabilities, technological resources and innovations. In the 1990s strategic asset-seeking motives for internationalisation were especially evident among Japanese and South Korean businesses which invested in other Asian countries to overcome the rise in local wages (Deyo *et al.*, 2002:93). More recently, strategic asset-seeking motives were also guiding the internationalisation of various Indian software companies to gain talent around the globe (Kumar *et al.*, 2009:647). When the notion of strategic asset-seeking

motives for internationalisation was initially put forward by Dunning and Lundan (2008:72), the purpose was to acquire and complement existing knowledge and technology-based expertise in foreign countries that could allow businesses to participate fully in the new product development. Ayub (2016:59), Morschett *et al.* (2015:79), Sauvant (2008:114) and Yadav (2018:32), furthermore, encourage businesses that want to internationalise by seeking strategic assets, to base their decisions on the benefits presented by the host country in terms of their overall innovativeness, sophistication of demand, and the availability of related and supporting industries.

3.2.4 Efficiency-seeking motives

Businesses following efficiency-seeking motives invest abroad to ensure lower-cost locations for their operations and production activities, research and development, communication, administration, and distribution (Distler, 2017:180). According to Dunning and Lundan (2008:72), businesses would follow efficiency-seeking motives if they can financially benefit from the availability and cost of traditional factor endowments in the foreign country, or if they can take advantage of the economies of scale and the consumer tastes and supply capabilities. Efficiency seekers are, therefore, creating competitiveness with cost-leadership strategies pertaining to economies of scale, economies of scope and endowment opportunities in foreign countries (Pananond, 2015:79).

Although the discussion thus far elucidated the four general motives of internationalisation, the specific internationalisation motives for Mauritian-based textile manufacturing SMEs remain elusive. However, no literature sources or research currently exist, which focus specifically on the internationalisation motives of Mauritian-based textile manufacturing SMEs. Therefore, in the following paragraphs, this chapter will draw from literature pertaining to the internationalisation motives of SMEs in general, to identify and discuss information applicable to this study. Due to the growing internationalisation interest of Mauritian-based textile manufacturing SMEs over the past two decades, it becomes increasingly relevant to understand their motives as part of the internationalisation strategy proposed in this study (Chapter 6).

3.3 INTERNATIONALISATION MOTIVES OF SMEs

Despite a myriad of research studies on the motives of SMEs' internationalisation in developed economies, research about the internationalisation motives of SMEs in developing countries, such as Mauritius, is still lacking (Senik *et al.*, 2014:25). According to Gabrielsson and Politis (2011:283), the internationalisation motives of SMEs in developing countries vary from country to country and

are predominantly dependent on the economic, educational, geographical and cultural characteristics of the country. Isaga *et al.* (2015:190) found, for example, that, compared to entrepreneurs in developed countries, the majority of SMEs in Africa are perceived to be motivated to internationalise out of economic necessity, rather than free choice. In this regard, Vazquez-Brust *et al.* (2013:11) state that SMEs from developed countries are primarily motivated by reactive approaches, such as global market opportunities and advances in research and development, whereas SMEs from developing countries are more proactive in their approaches to internationalise, which entail planning for long-term growth and profit, marketing advantages, economies of scale, risk diversification, unique products or technologies, and export promotion activities (Abdul Rashid & Tan, 2002:133; Senik *et al.*, 2014:26).

Mauritian-based textile manufacturing SMEs have been facing tremendous challenges over the last decade in terms of labour shortage to meet international orders, the increasing cost of labour, the introduction of the national minimum wage rate, as well as international rules and regulations. Therefore, empirical findings from this study pertaining to the internationalisation motives of Mauritian-based textile manufacturing SMEs will be beneficial for policymakers and entrepreneurs, since the Mauritian government proclaims that the economy should be transformed from a middle-income economy (with annual gross national income per capita between \$3,956 and \$12,235) to a high-income economy (with annual gross national income per capita more than \$12,235) (World Bank, 2019) (par. 1.3). Given that the internationalisation of SMEs could contribute significantly to the realisation of this goal, effective government policies aimed at facilitating the internationalisation of businesses need to be formulated and implemented. However, the effectiveness of such policies will depend to a large extent on the availability of appropriate knowledge regarding the internationalisation motives of Mauritian-based SMEs. Taking into account that Mauritian businesses are operating in a developing country, which, according to literature thus far, would be more prone to be motivated to internationalisation reactively out of economic necessity, it can be deduced that in this regard, the specific internationalisation motives applicable to Mauritian-based textile manufacturing SMEs might encompass profit and growth goals (par. 3.3.1), technology competence/unique product (par. 3.3.2), foreign market opportunities/market information (par. 3.3.3), economies of scale (par. 3.3.4), competitive pressures (par. 3.3.5), and unsolicited orders from foreign clients (par. 3.3.6).

3.3.1 Profit and growth goals

Although profit and growth goals are vital motives for SMEs' internationalisation, since profit and growth would ensure sustainability for SMEs in developing countries (Hollensen, 2014:52), Huber *et al.* (2018:104) mention that profit and growth goals are also being detected as the primary internationalisation motives among SMEs in European developed countries. This indicates that profit and growth goals are not only reserved for businesses in developing countries. Even though Hollensen (2014:54) argues that the profit gains of SMEs are low when they start to internationalise, businesses in developing countries such as Malaysia, Kenya, Ghana and Nigeria are not deterred, and are still predominantly motivated to internationalise for profit and growth reasons (Abdullah & Zain, 2011:321; Benzing *et al.*, 2009:60; Khalill, 2017:8). When businesses have well-planned profit and growth goals, international growth and profitability are achieved when they act on feedback received from past experiences (Hollensen, 2014:54). In Mauritius, the textile industry is very competitive, not only among local businesses but also from foreign businesses importing their products to Mauritius. It is, therefore, believed that due to the present market conditions, the need to ensure an increased profit and business growth, are important motivators for Mauritian-based textile manufacturing SMEs to internationalise.

3.3.2 Technology competence/unique product

Having unique products or technology provides a sustainable competitive edge for SMEs in exploring business opportunities in the global markets (Marinov & Marinova, 2011:115; United States International Trade Commission, 2010:7). In a similar vein, Carmo Farinha *et al.* (2015:448), Czinkota and Ronkainen (2012:281) as well as Hollensen (2014:56) found that businesses producing superior products are more likely to receive inquiries from foreign markets, and that the opportunity costs of providing their products to foreign markets are very low. Knight and Kim (2009:265), McDougall and Oviatt (2000:902) and Steinberg (2018:77) state that businesses which are technologically competent, and able to use their technology in the production of their products, are more prone to succeed at internationalisation. These businesses are seen by Anzengruber (2015:27) and Lin (2010:13), as having solid bases for internationalisation, since they are able to exploit their resources to identify and capitalise on new international market opportunities (Barney, 1986:656; Freiling, 2004:33; Hamel & Prahalad, 1990:77; United States International Trade Commission, 2010:16).

According to Dorozynski and Kuna-Marszalek (2017:322) and Senik *et al.* (2014:30), SMEs in developing countries such as China and Malaysia, which possess resources such as unique

products and technology, notably expand internationally. In addition, an overall competitive advantage and good reputations have also contributed to the success of these SMEs' internationalisation. Since Kazlauskaitė *et al.* (2015:53) argue that there is a direct relationship between the availability of resources and SMEs' internationalisation, the possession of unique products or technology can be a motive for Mauritian-based textile manufacturing SMEs to internationalise. However, the successful internationalisation of Mauritian-based SMEs depends to a large extent on their ability to overcome challenges in developing ownership advantages and overcoming financial, technological, and physical resource constraints.

3.3.3 Foreign market opportunities/market information

Opportunities in international markets are considered an important motive for SMEs' internationalisation, especially when the local market is saturated (Etemad, 2013:122; Hutchinson *et al.*, 2006:29; Senik *et al.*, 2014:31). According to Baporikar (2015:449), the awareness of international market opportunities is instrumental to the successful initiation of international entrepreneurial ventures, since businesses that act on market information can create a competitive advantage for themselves. Information on international market opportunities can be obtained by interacting with other businesses (Coviello & McAuley, 1999:247; Dominguez & Mayrhofer, 2018:86; Johanson & Mattsson, 2015:11; Panibratov, 2017:155), as well as from insights based on the business's international research. However, businesses that aim to internationalise by responding to international opportunities, should have or be in a position to secure resources (Bürgel, 2012:54; Hollensen, 2014:57). According to Musteen *et al.* (2014:750) as well as Suárez-Ortega *et al.* (2016:22), the key success factors for capitalising on foreign market opportunities are businesses' knowledge resources and networks. Recognising the importance of foreign market knowledge and networks in the internationalisation of SMEs, the government of Mauritius has entrusted different institutions, such as Enterprise Mauritius and SMEDA, with the responsibility to collect and disseminate key information pertinent to the internationalisation of Mauritian-based businesses. In this regard the Mauritian government cross-subsidises the participation of SMEs in international trade fairs, to enable them to gain access to, and interact with potential foreign partners. This initiative is evidently to promote knowledge resources and networks pertaining to foreign market opportunities, and will subsequently motivate the internationalisation of Mauritian-based textile manufacturing SMEs.

3.3.4 Economies of scale

The economies of scale motive for internationalisation is closely linked to the profit motive (par. 3.3.1), as both aim to maximise returns and minimise purchasing, production and sales cost. With economies of scale businesses aim to decrease marginal costs associated with the production of each additional product, enabling them to specialise and produce extra products with fewer input costs (Mpofu & Sauti, 2014:346; Png, 2013:340). Since economies of scale are easier to obtain in large markets, SMEs in small domestic markets in developing countries, often struggle to achieve economies of scale (Lejko & Bojnec, 2011:361; Zeng, 2012:417). On the other hand, internationalisation presents SMEs with the opportunities to (i) exploit economies of scale and volume (Carvalho *et al.*, 2018:158; De Maeseneire & Claeys, 2012:411), and to (ii) spread the fixed costs arising from administration, facilities, equipment and research and development across more units (Hollensen, 2014:56; Rensmann, 2017:167). According to Etemad (2013:11) and Mpofu and Sauti (2014:355), SMEs can benefit from economies of scale if they extend their operations into international markets, that would enable them to decrease costs as their production increases.

Although the smallness of the local market may limit the scope for the Mauritian-based textile manufacturing SMEs to benefit from economies of scale, SMEs can spread their fixed costs and increase their operational efficiency by increasing foreign orders both in existing and new emerging international markets. However, SMEs should be careful when planning their foreign growth. Given that their smallness and resource constraints may restrict their ability to produce in bulk, they might not be able to benefit from economies of scale (OECD, 2018:7).

3.3.5 Competitive pressures

According to Etemad (2013:260) and Timothy (2008:8), greater competitive pressure, which results in a decrease in profit, is one of the prime factors motivating SMEs to seek foreign market opportunities. Even for Mauritian-based SMEs, globalisation and the liberalisation of trade have intensified competition in the domestic market over the last two decades, especially from the influx of foreign businesses (Caiazza & Volp, 2013:407; Coskun, 2008:95; Shafaeddin, 2014:27). However, globalisation and the liberation of trade have also led to alternative growth strategies for Mauritian-based SMEs, in terms of new export opportunities (Carvalho *et al.*, 2018:158; Johansson & Pallmar, 2014:15; Mathew, 2003:119).

From exposure to and experience in the Mauritian textile industry, the researcher is of the opinion that trade liberalisation had a great influence on increased competition in this industry, especially

with the importing of textiles by export giants such as China and India (par. 1.2.1). In addition, Mauritian textile manufacturing businesses are also facing emerging challenges, such as increased labour cost, and shortages of skilled labour (par. 1.2.1). The competitive pressures from low-cost manufactures combined with labour-related issues are, therefore, seen as motivators for Mauritian-based textile manufacturing SMEs to consider internationalisation as a growth strategy.

3.3.6 Unsolicited orders from foreign clients

Unsolicited orders occur when potential clients approach businesses and place orders without the business's initial intention to approach the clients first (Cavusgil & Czinkota, 1990:179; Lohr, 2013:9). Many SMEs are motivated to internationalise in reaction to unsolicited orders from foreign businesses, making it one of the major internationalisation considerations for SMEs (Berry & Brock, 2004:187; Bilkey & Tesar, 1977:97; Brush, 2013:133; Dominguez & Mayrhofer 2018:198; Huber *et al.*, 2015:104; Welch & Wiedersheim-Paul, 1980:333). According to Hollensen (2014:59), many small businesses become aware of opportunities in foreign markets, because their products have generated inquiries from foreign clients. These inquiries mainly result from advertising, through exhibitions, information searches on the Internet, and word of mouth (Hollensen, 2012:47). Since SMEs in developing economies have limited resources, unsolicited orders are often one of the major factors influencing their decision to move into international markets (Cavusgil *et al.*, 2014:15). Osei-Bonsu (2014:175) also states that the international growth strategies of SMEs, especially in the manufacturing sectors of developing economies, developed to a large extent from unsolicited orders. However, unsolicited orders can also be restrictive if businesses do not grow and expand beyond such orders. Since manufacturing is then based on the requirements of the foreign clients, some businesses might only react to client specifications and not initiate innovative research to develop activities for further growth. Revindo and Gan (2016:200) found that, although unsolicited orders contribute to initial internationalisation initiatives and can accelerate the speed of internationalisation for SMEs, businesses should grow beyond unsolicited orders (Brooke & Buckley, 2016:118; Seifert *et al.*, 2012:484).

Although the discussion thus far referred to several motives for internationalisation that were identified from the literature, it is evident that the overarching motivator for internationalisation is the need for growth. It is therefore the opinion of the researcher that, if businesses have a need for growth, the motives discussed in par. 3.2 and 3.3, would likely represent the push and pull factors to internationalisation (par. 2.8). For example, the need to grow across borders might be pulled (pull factor) by the threat of saturated domestic markets (par. 3.2.1; 3.3.3), whereas the need to

grow across border might also be pushed (push factor) due to the business's technology or unique products (par. 3.3.2).

However, being motivated to internationalise is only one of the aspects to consider when businesses seek opportunities in foreign markets. If businesses have a need for growth and they are pushed or pulled towards international growth, they need to make strategic decisions regarding the modes of entry. According to Brouthers and Hennart (2007:395) and Peng (2017:161), businesses' modes of entry are basically the methods they use to enter foreign markets. Although businesses can use different entry modes to internationalise, such as exports, cross-border contracts, or FDI (Bruneel & De Cock, 2016:135; Panibratov, 2017:18), extant literature presents exports as the most common mode of entry for SMEs, due to its low resource commitment and high flexibility (Abor *et al.*, 2014:97; De Kluyver, 2010:106). Since this study focuses on Mauritian-based textile manufacturing SMEs, the following section will mainly focus on exports as a mode of entry.

3.4 MODES OF ENTRY

Businesses that are motivated to internationalise and decide to enter foreign markets, consequently need to make decisions on how to enter the foreign markets (Ferreira *et al.*, 2013:275; Olejnik, 2014:55). The choice of entry mode is regarded as a crucial determinant of businesses' strategies, since it determines the degree of their resource commitment to the foreign markets, the levels of risk that they are willing to undertake in the foreign markets, as well as the levels of control they intend to use on their foreign activities (Brouthers & Hennart, 2007:396; Laufs & Schwens, 2014:1109; Mukundhan & Nandakumar, 2016:63; Peng, 2017:161; Ripollés *et al.*, 2011:653).

Regarding internationalisation as a research area, the aspect of modes of entry has emerged as a popular research topic in international marketing and international business over the past three decades (Agarwal & Wu, 2018:55; Buckley, 2002:365; Codita, 2011:21; Dow & Larimo, 2009:79). An early reference to the modes of entry states that it entails the institutional arrangements that enable businesses to enter their products, technology, human skills, management or other resources into foreign countries (Root, 1987:5). Later on, Benito and Welch (1994:27) elaborated on this by stating that the modes of entry also entail all the arrangements for organising business activities in foreign markets. According to Hamilton and Webster (2015:130) and Laufs and Schwens (2014:1109), businesses can internationalise by following either an equity mode, a non-

equity mode, or a combination of these modes, as indicated in Coase's theory of internationalisation (par. 2.4.1 and par. 2.4.7). An equity mode of entry involves subsidiaries, alliances, joint ventures, acquisition, mergers, wholly-owned new ventures and FDI, whereas a non-equity mode of entry is executed by importing raw materials, exporting end products, and licensing (Adam, 2015:199; Laufs & Schwens, 2014:1109; Morschett *et al.*, 2015:14). These modes of entry are generally influenced by the structure and resources of the businesses, the nature, and dynamics of the foreign markets, and the levels of regulatory control in the target country (Bruneel & De Cock, 2016:140).

Although large multi-national enterprises (MNEs) are more likely to choose an equity mode to enter foreign markets, SMEs would rather follow a non-equity mode, especially during initial internationalisation ventures (Jones *et al.*, 2009:16; Kellermanns & Hoy, 2016:125; Ruzzier *et al.*, 2007:21). SMEs then need to decide whether to internationalise by means of non-equity inward and/or outward activities (Beamish, 1990:77; Perez-Urbe *et al.*, 2018:258). Inward activities are those activities relating to the importing of raw materials to be used in production processes, while outward activities are primarily concerned with production in foreign markets and/or the export of end products to foreign markets (Agndal, 2004:4). According to Buckley *et al.* (2016:467), Ghauri and Manek-Kirpalani (2015:421) and Gubik and Karajz (2014:50), SMEs are more prone to use exports as their non-equity mode of entry into foreign markets. For SMEs, the feasibility of exports is strengthened, since exports do not require large capital investments, and rather involves less financial and commercial risks than the other modes of entry into foreign markets (Lin & Ho, 2018:1; Narayanan, 2015:108). Since exports are viewed as the predominant entry mode among SMEs (Dominguez & Mayrhofer, 2018:167; Ghauri & Manek-Kirpalani, 2015:322), this study will consequently focus on exports as the acclaimed mode of entry for SMEs.

3.5 EXPORTS

Operating in a developing economy, Mauritian owned SMEs that aim to reduce financial and commercial risks with limited resources are likely to internationalise by means of exportation. In support of SMEs' export initiatives, the Mauritian government developed the National Export Strategy (NES) in 2017 with the aim of transforming the country into an export-driven economy. The timespan for the implementation of the NES is 2017 to 2021, and this strategy provides guidelines for the enhancement of export competitiveness, institutional support from both private and public institutions, and relevant and accessible trade support services (NES, 2017). Despite

this government initiative, SMEs still need to identify and make decisions regarding the factors that affect their efforts to internationalise.

Exportation is traditionally the most established mode of entry for businesses that operate in international markets (Fernández-Olmos & Díez-Vial, 2013:148; Hopkins, 2017:23). According to Hill (2017:256), exportation entails the domestic production of goods, which are then distributed across borders (by land, sea or air) to be sold in foreign markets. Since exportation is considered a minimum risk, feasible and convenient strategy in situations where businesses do not have sufficient knowledge of the foreign markets (Narayanan, 2015:107), it is frequently used in the initial stages of internationalisation (Julian, 2014:132; Karasavoglou & Polychronidou, 2017:89).

As discussed in par. 2.5.2, several representations depicting internationalisation processes of businesses emerged with early internationalisation research. The first model was developed by Bilkey and Tesar (1977:96), who described internationalisation as consisting of six incremental stages. In later research, Reid (1980:265-269) presented internationalisation as a five-stage hierarchy consisting of awareness, intention and motivation, trial, evaluation, and export acceptance.

In both Bilkey and Tesar (1977:93) and Reid's (1980:265-269) depictions of internationalisation, the phases preceding the actual internationalisation activities (i.e. the pre-internationalisation phases) are considered as crucial phases for deciding whether or not to internationalise. Currently, the most widely accepted exportation model is the pre-export behavioural model by Wiedersheim-Paul *et al.* (1978:47-58) (par. 2.5.2.3). This model is based on three forces that affect export decisions in all stages that lead up to the adopting of exportation as a growth strategy. These forces include the business managers' characteristics, the business's resources and capabilities, and the environment in which the business operates. Wiedersheim-Paul *et al.* (1978:51), state that these forces have an impact on all the factors (internal and external attention-evoking factors) (par. 2.5.2.3.2) that motivate businesses to consider exportation as a possible growth strategy. According to Baack *et al.* (2013:413), when businesses decide to adopt exportation as a growth strategy, decisions have to be taken pertaining to the modes of entry. Baack *et al.* (2013: 413) further stipulate that exportation, as a mode of entry into foreign markets, can be classified as being either direct or indirect. Direct exports entail situations where the businesses are managing their own marketing efforts towards foreign buyers, whereas indirect exports refer to situations when businesses use intermediaries to distribute and manage the sale of their products to foreign

buyers (Neelankavil & Rai, 2015:155). Since there is no evidence that SMEs favour either direct or indirect export as an initial mode of entry, the choice of export entry may be seen as being based on the advantages and disadvantages it presents for a specific business.

According to Li (2004:444) and Peng (2010:265), businesses that favour indirect exports use intermediaries to perform export functions, since the intermediaries are often more knowledgeable about the needs in the foreign markets, and they are more suitable to overcome some of the export barriers. Furthermore, Fernández-Olmos and Díez-Vial (2013:149) note that indirect export allows businesses to avoid not only export barriers such as direct trade costs, but also costs associated with information gathering, and enforcement of contracts. Nevertheless, when businesses are using intermediaries to distribute their products to foreign markets, they can potentially lose control over the manner in which their products are marketed and serviced in foreign countries (Blomstermo *et al.*, 2006:212; Kurtz *et al.*, 2009:209).

On the other hand, businesses that favour direct exports have greater control over foreign-marketing plans, greater concentration of marketing efforts, quicker information feedback on market competition and performance, and they can also protect their own intangible assets such as trademarks, patents, and goodwill (Walter & Murray, 1988:8). Compared to indirect exports, the barriers created by direct export that need to be overcome typically include the businesses' commitment in terms of time, the personnel and resources needed for market research, actual distribution, export documentation and pricing (Alkhafaji, 1995:152; Barnard *et al.*, 2012:115). Etemad (2013:140), as well as Laufs and Schwens (2014:1109), furthermore argue that SMEs encounter specific challenges that are associated with export activities, and which are likely to influence their international growth. These challenges are classified according to Dominguez and Mayrhofer (2018:179), Huber *et al.* (2015:105) and Zhu *et al.* (2011), as challenges stemming from internal and external barriers, which will be discussed in the following paragraph.

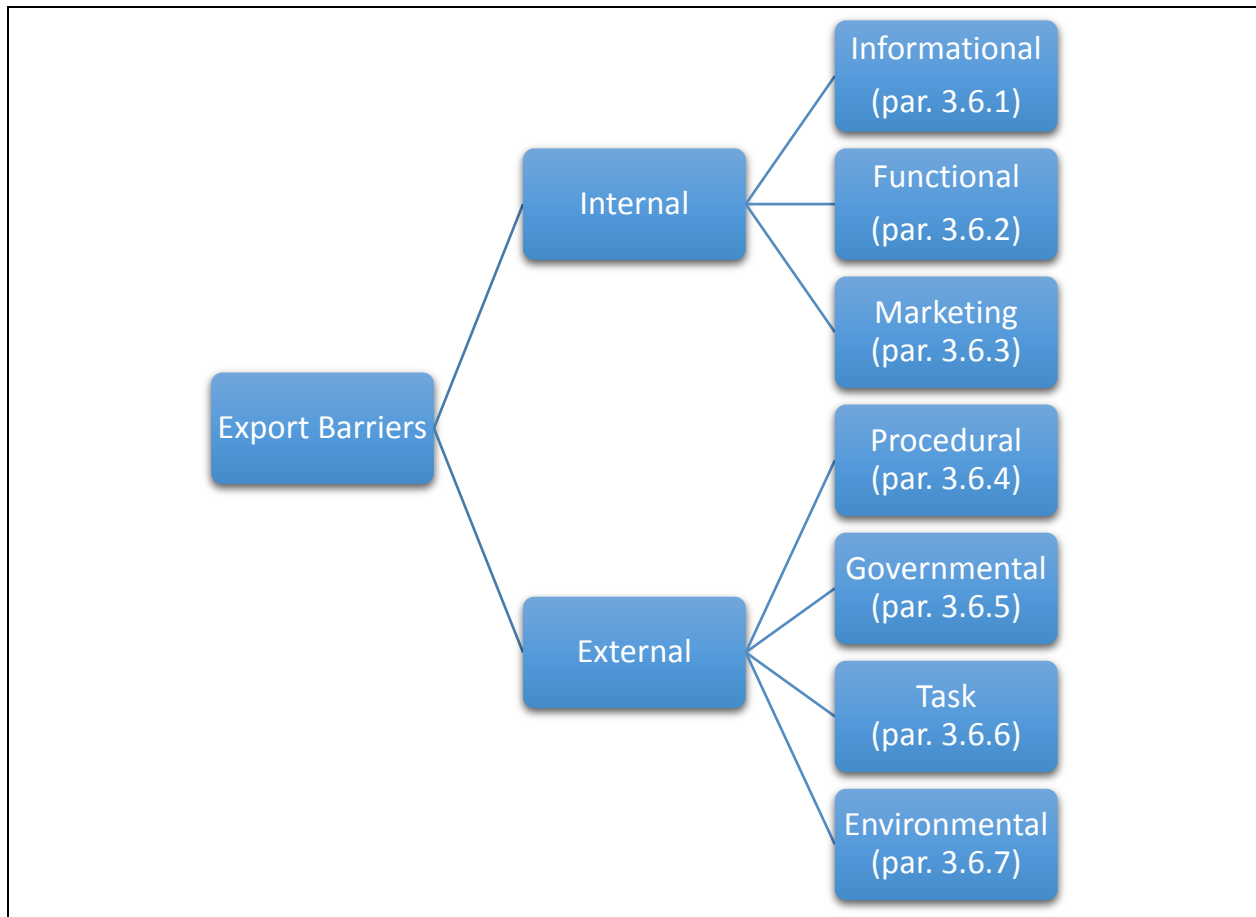
3.6 EXPORT BARRIERS

According to Leonidou (2004:281), businesses face export barriers at every stage of internationalisation, and therefore an understanding of the export barriers has become essential for both businesses and policymakers. On the one hand, knowledge about the export barriers allows businesses to adopt a more proactive approach towards their internationalisation, while on the other hand, it assists policymakers in developing evidence-based strategies aimed at supporting export-oriented businesses.

According to Leonidou (2004:281) and Narayanan (2015:111), the export barriers that SMEs are faced with can be divided into internal and external barriers (Figure 3.3). Internal barriers are associated with businesses' internal environments and include barriers relating to their resources, capabilities and their export approaches (Alam, 2016:1). These barriers can be broken down further into functional, information and marketing barriers, with the challenges stemming from internal barriers, encompassing aspects such as the availability of information on international markets, limited financial and personnel resources, ownership structure, and management characteristics (Helene *et al.*, 2010:3). External barriers, on the other hand, are associated with the external environments in which businesses operate, in both their home countries and the foreign countries they intend to export to. According to Leonidou (2004:281), external barriers can be further separated into procedural, governmental, task and environmental barriers, with the challenges stemming from these external barriers including aspects such as cultural differences, liability of foreignness (Johanson & Vahlne, 2009:1421; Parietti, 2017:49), poor network relationship (Fletcher & Harris, 2012:631), and difficulty in contacting potential overseas customers (Lasserre, 2017:149).

Although SMEs face these barriers and challenges, this should not deter SME managers in their efforts to internationalise; they should rather focus on effectively driving and managing the internationalisation process, which, if successfully executed, will ensure growth, sustainability and a competitive advantage (Andersson, 2000:65; Dimitratos *et al.*, 2016:1103; Ghanad & Andersson, 2012:141; Naldi & Davidsson, 2014:687; Penrose, 1959:43). All the above-mentioned barriers are discussed in the consecutive paragraphs (par. 3.6.1-3.6.7).

Figure 3.3: Internal and external export barriers



Source: Adapted from Leonidou (2004:283)

3.6.1 Internal informational barriers

According to Cannavale and Laurenza (2017:105), information sets the foundation for SMEs' decision-making on their engagement in foreign markets, and the lack of information pertaining to all aspects relevant to export initiatives would restrict SMEs' ability to successfully internationalise (Arteaga–Ortiz & Fernandez-Ortiz, 2010:414; Huber *et al.*, 2015:107; Uner *et al.* 2013:804). According to Wach (2014:14), businesses reach the stage of internationalisation at the point when they are able to convert the applicable information pertaining to internationalisation, into actionable knowledge. In countries with emerging economies, such as Mauritius, Al-Hyari *et al.* (2012:188), Bianchi *et al.* (2018:201), and Lakew and Chiloane-Tsoka (2015:68) have independently found that information barriers negatively influence SMEs' foreign market commitments, their overall export performance, and their ability to identify, select and interact with international markets. Since access to information is the most difficult asset to acquire for resource-constrained SMEs in developing countries (Dorozynski & Kuna-Marszalek, 2017:313), this is an important barrier that

needs to be realised by Mauritian-based textile manufacturing SMEs that intend to internationalise. Since the internationalisation of businesses benefits not only themselves but also the countries at large, the OEDC (2018:57) is of the opinion that governments have a responsibility to develop support programmes that address the issue of “limited information to locate/analyse foreign markets”. In Mauritius, however, the Mauritian government has several information dissemination schemes to increase exports among exporting SMEs, as well as to motivate non-exporting SMEs to start exporting (par.3.6.4). These schemes, which include the financing of SMEs’ participation in international buyers-seller meetings, as well as hosting buyers-seller meetings in Mauritius, are aimed at facilitating the initial stages of internationalisation by connecting Mauritian-based businesses with prospective international customers and suppliers, in efforts to overcome information barriers and increase international involvement.

3.6.2 Internal functional barriers

Functional barriers are associated with the functional operations of businesses, and according to Narayanan (2015:111), issues relating to finance, human resources, and production are considered as the main functional barriers to exportation.

3.6.2.1 Financial barriers

Although the OECD (2008:60) identified in early research the “shortage of working capital to finance exports” as one of the six most serious impediments to SMEs’ access to international markets, Abor *et al.* (2014:101) more recently noted in the same vein that limited financial resources continue to be one of the major functional barriers for SMEs’ internationalisation efforts. Financial constraints are likely to limit the internationalisation scope of SMEs in emerging countries due to the expenses relating to the gathering of information on foreign markets, increasing of product quality, changing packaging, and establishing marketing channels (Abor *et al.*, 2014:97). Therefore, to increase their involvement in the foreign markets, SMEs should have access to financial resources, to meet the expenses and costs associated with exporting their products. Despite government initiatives to provide financial support towards internationalisation, SMEs in developing countries such as Mauritius are to a large extent financially constrained, since the financial support provided by government needs to be allocated among the different sectors of the economy.

3.6.2.2 Human resources barriers

In a study by Fatoki (2011:193) it was determined that a significant positive relationship exists between human resources and SMEs' international performance. This relationship implies that barriers relating to human resources have a direct influence on SMEs' internationalisation efforts. According to Garavan *et al.* (2017:82), one of the main challenges SMEs in developing countries experience when internationalising, stemming from the limited availability of resources, is the ability to attract and retain talented employees, who are able to assist in managing internationalisation efforts. Businesses that do not possess such employees experience human resources as an export barrier since this constraint often leads to limited international exposure (Andersson & Florén, 2011; Antoldi *et al.*, 2011:9; Hilmersson, 2013:398). In support, Ruzzier *et al.* (2007:17) noted that businesses that are able to attract and retain internationally talented employees possess an irreplaceable resource, which results in a competitive advantage for businesses. Therefore, the international experience of managers enables businesses to be environmentally aware, and this enables them to identify new international market opportunities and to be conversant with international operations (Dymitrowski, 2014:60).

3.6.2.3 Production barriers

Production barriers occur when SMEs are unable to provide requested production volumes to international markets (Leonidou, 2004:283). SMEs with extra production capacity will not only be able to enhance their own export performance, but they are also more flexible to deliver foreign orders at short notice (Stevenson & Spring, 2007:686). However, SMEs with constraints regarding their resources and finances, which are evident in developing economies, often experience production barriers, especially with large foreign orders. In such instances, SMEs would be prone to outsource production in an attempt to overcome production barriers and to secure client relationships (Stevenson & Spring, 2007:686).

In a similar vein, Narayanan (2015:113) suggests that functional barriers as a whole can be limited by means of strategic alliances, networking, and entrepreneurial skills development. Rutashobya and Jaensson (2004:164) further argue that information obtained from strategic alliances provides SMEs with both the opportunities and the capabilities to extend their operations in foreign markets. According to Zhao (2014:887), SMEs' performance improves when resources and risks are shared through strategic alliances. For medium-sized textile manufacturing businesses in Mauritius, strategic alliances are possible considerations when they wish to extend and exploit their competitive advantages globally as well as overcome their internal deficiencies. However, Das

(2015:283) advised that medium-sized businesses from emerging countries should be cautious in opting for this internationalisation strategy, as they may not be skilled in the initiation and management of strategic alliance organisational structures.

Networking enables SMEs to overcome constraints such as limited access to capital, labour markets, information and technologies faced by them during internationalisation (Etemad, 2013:101). For instance, Hutchinson *et al.* (2009:263) found that networking with key organisations/partners helped UK SME retailers to overcome informational barriers associated with their foreign expansion. To Ramachandran and Ramnarayan (1993:515), networking is a means of raising required resources, while Groen *et al.* (2015:46) and Rauch (2001:1179) argue that the knowledge available to members of a network helps them to identify new business opportunities.

Moreover, it becomes essential that SME managers have the required skills when initiating and managing their businesses' internationalisation efforts (Narayanan, 2015:113). It is believed that having previous international exposure will be beneficial when expanding their operations across border, due to their abilities to attract and engage foreign partners (Reuber & Fischer, 1997:810). However, in cases where SME managers are not experienced in dealing with foreign transactions, they should consider recruiting employees who have had prior internationalisation exposure (Terziovski, 2003:81).

3.6.3 Internal marketing barriers

According to Dominguez and Mayrhofer (2018:179), marketing barriers relate mainly to businesses' products, pricing, distribution, logistics, and promotional activities across borders. To Leonidou (2004:283), product decisions pertaining to new product development for foreign markets, adapting export products' styles/designs, meeting export product quality standards, meeting export packaging/labelling standards, as well as offering technical and after-sales services, have extensive implications on SME managers' decisions to enter foreign markets. According to April and Reddy (2015:570), SMEs in developing economies are often unable to export superior quality products, since their limited financial resources restrict their abilities to meet the quality standards imposed by advanced countries, where customers are more demanding than their counterparts from developing economies.

Pricing decisions, such as offering an appropriate price, matching the price of competitors and granting credit to foreign buyers, seriously limit the scope of foreign expansion among SMEs

(Leonidou, 2004:284). For example, Lasserre (2017:149) rates the difficulty in matching the competitors' prices as an important impediment to SMEs' export decisions. In this regard, the Mauritian textile industry has for several years benefited from the MultiFibre Agreement (MFA), which governed the world trade in textiles from 1974 to 2005 (Enterprise Mauritius, 2017:5). This agreement imposed quotas on the number of textiles and garments that developing countries could export to developed countries, which eased the movement of textile products from Mauritius to Europe, in particular. However, the phasing out of the MFA in 2005 and the trading liberalisation over the last decade, have eroded the competitive advantages that Mauritian textile products had over the low cost producing countries such as China and India. The impact of this eroding is especially evident among SMEs that produce in small quantities compared to big businesses that benefit from economies of scale.

Moreover, distribution barriers such as difficulty in accessing export distribution channels, obtaining reliable foreign representation, maintaining control over foreign intermediaries, as well as supplying inventory abroad, are considered the most prominent distribution barriers when SMEs intend to internationalise (Leonidou, 2004:284; OECD, 2008:159; Zou & Fu, 2011:6). Foreign market entry is largely dependent on clearly defined distribution channels, as well as intermediaries that are able to contribute significantly in driving their internationalisation processes (Kotler & Keller, 2011:127). SMEs experience distribution as an internal export barrier, especially when they make inappropriate decisions to maintain excessive control over intermediaries in foreign markets, which lead to increased transaction costs. Moreover, logistic barriers, such as difficulty in finding adequate warehousing facilities in foreign markets, high warehousing fees charged in certain countries, as well as excessive transportation and insurance costs, also represent major export limitations (Leonidou, 2004:284). Ghauri and Manek-Kirpalani (2015:246) suggest that government agencies need to assist local exporters to identify proper warehouses in the foreign markets and to secure low warehousing costs.

Another marketing barrier affecting SMEs' export initiatives, is the difficulty in adjusting export promotional activities (OECD, 2008:159). According to Strydom (2007:139), promotion has three main objectives, namely to inform potential customers about the attributes of a product, to persuade them to buy the products, and to remind customers to continue to purchase their products. Promotion is considered as an important tool that SMEs operating in the clothing industry can use to make their brands known (Fransiska *et al.*, 2012:121). However, due to budgetary limitations and scarce resources, SMEs are reluctant to engage in promotional activities in foreign

countries (Ghauri & Manek-Kirpalani, 2015:246). Attempting to overcome this barrier, and to facilitate SMEs' internationalisation, the OECD (2012:175) suggests that the governments of developing countries should provide financial support for export promotion, market access strategies and the participation in trade fairs. In addition, governments should also initiate mentoring schemes, where large businesses support SMEs' internationalisation by providing networks and export information.

3.6.4 External procedural barriers

Businesses aiming to internationalise experience procedural barriers when they are confronted with unfamiliar exporting procedures/paperwork, problematic communication with overseas customers, and slow collection of payments from abroad (Franz *et al.*, 2018:251; Leonidou, 2004:284; OECD, 2009:95). In a study by Mithat *et al.* (2013:810), it was found that procedural barriers were the main export barrier among pre-exporting SMEs in the emerging markets of Turkey. More recently, Roy *et al.* (2016:513) found that manufacturing SMEs in India ranked procedural barriers as the highest obstacle in their pursuit of internationalisation. Similar findings were also reported from a survey by Crick and Barr (2007:237) on UK SMEs. While unfamiliar exporting procedures/paperwork and difficulties in communicating with foreign customers increase the cost of international transactions, problems associated with the collection of payments from foreign customers is likely to impact on the SMEs' cash flow.

Since the phasing out of the MFA in 2005 (par. 3.6.3), the Mauritian government has initiated various schemes and international agreements to support the expansion of textile businesses in emerging markets such as South Africa (Ancharaz & Kasseeah, 2016:44). Currently, Mauritius's membership to regional blocs, such as the Common Market for Eastern and Southern Africa (COMESA), the South African Development Community (SADC), as well as the African Union (AU), serves as a stepping stone in regional market development, which would ultimately lead to a decrease in procedural barriers.

3.6.5 External governmental barriers

Governmental barriers include the lack of government assistance/incentives, as well as unfavourable government-imposed rules and regulations (Antoldi *et al.*, 2011:10; Leonidou, 2004:283). In Mauritius, the government plays an important role in the development and promotion of sectors that are essential to the island's growth. Government support, in general, entails financial incentives such as subsidies and grants to SMEs, as well as the enactment of laws and regulations

to protect and sustain SMEs. Although SMEs in Mauritius are supported by clear government policies, SMEs in developing countries such as the Democratic Republic of Congo, Gabon, and Chad have encountered several governmental barriers due to social, economic and political issues (OECD, 2009:97). Over the past two decades, several researchers (Hutchinson *et al.*, 2006:53; Langwerden, 2017:10; Shamsuddoh *et al.*, 2009:408) have found that government support significantly contributed to the internationalisation of SMEs in countries such as Brazil, Bangladesh, Russia, and the United Kingdom. The support provided by these governments to facilitate SMEs' internationalisation include financial support, grant schemes and network support.

Realising the increasing socioeconomic importance of SMEs to the country's development, the Mauritian government has shown its determination in promoting the SME sector through various schemes. Several budgetary measures are initiated by the government to promote the development of the SME sector as a whole. Some of these include rebate facilities and fiscal incentives on the purchase of new equipment, and the deployment of unemployed graduates to SMEs at the cost of the government. These initiatives by the Mauritian government contribute extensively to the internationalisation efforts of Mauritian-based textile manufacturing SMEs.

3.6.6 External task barriers

According to Gulati *et al.* (2013:54) and Leonidou (2004:293), external task barriers include differences in foreign customer habits and attitudes, fierce competition in overseas markets, and the lack of acceptance of the product in the foreign markets which can have an immediate effect on the business's exportation. Since customer requirements vary worldwide, SMEs need to consider variables such as the topography, climatic conditions and the economy of the foreign country, as well as the tastes and habits of its people (Narayanan, 2015:115). These variables lead to different product requirements, which will ultimately increase SMEs' internationalisation expenses (Leonidou, 2004:292-293). Since global competition reduces the life cycle of products, SMEs need to deter from country- or region-specific products. The development of products that are globally applicable, is necessary to assist SMEs to overcome competition in international markets and to ensure a competitive advantage (Narayanan, 2015:116). To overcome task barriers, Narayanan (2015:116) and Wach and Wojciechowski (2014:146) recommend adapting the products or promotional messages to suit the global market, as well as the formation of strategic alliances to assist in decreasing distribution and logistics cost.

3.6.7 External macro environmental barriers

External macro environmental barriers pertaining to exports occur due to rapid changes in the economic, political-legal and sociocultural environments of the markets where businesses are exporting to, or in which they are planning to export (Leonidou, 2004:294; Srinivasan, 2016:5). The influences of the fluctuations in the macro environment on export businesses are discussed in the following paragraphs (par. 3.6.7.1 – 3.6.7.3).

3.6.7.1 Economic environmental barriers

Economic environmental barriers occur when export countries experience deteriorating economic conditions, such as high inflation and exchange rates coupled with high levels of unemployment (Leonidou, 2004:283, Liu, 2017: 706). These conditions are perceived to be unattractive by exporters, since consumers in deteriorating economies tend to have lower buying power, and to shift their spending to more economical products at less frequent intervals (Paul & Kapoor, 2008:242).

3.6.7.2 Political-legal environmental barriers

According to Leonidou (2004:293) and Kahiya and Dean (2015:78), the political-legal environmental barriers are created when exporters are confronted with political instability in the foreign markets, and restrictive foreign rules and regulations relating to exports. Political instability in foreign markets is frequently identified as a barrier for the internationalisation of businesses, since transactions are affected by low per-capita income, inflationary trends, large foreign debt, religious fundamentalism, ethnic tension, high degrees of corruption, authoritarian regimes, conflict with neighbouring countries and military control (Choudhri *et al.*, 2017:270; Samson *et al.*, 2018:154).

For exporting businesses, political instability and social tensions in a foreign market increase business risks and reduce the level of export confidence, since export operations could be undermined by actions such as the confiscation of property, suspension of activities, and the restriction or repatriation of profits (Peng, 2017:283). Poor business relations with foreign countries due to political instability have been evident in several countries over the last decade, for instance the confiscation of properties that occurred in countries such as Malawi (Fedderke & Garlick, 2010:493); Bangladesh and Peru (Zegarra, 2016:487), as well as civil wars and large scale violence in countries such as Syria, Malaysia and Thailand (Samson *et al.*, 2018:154).

In addition to the political instability in foreign markets, restrictive foreign rules and regulations relating to exports can also negatively affect the ease of exporting. According to Samson *et al.* (2018:155), each country has its own regulatory frameworks which govern local and foreign business transactions. However, barriers exist where differences in laws and regulations make the international exchange of goods challenging for businesses. While some of the frameworks aim to facilitate international transactions, others are intended to control foreign businesses that sell goods in their markets (Samson *et al.*, 2018:155). According to Leonidou (2004:294), international control that creates barriers can occur under four circumstances. These include (i) entry restrictions, which delay or restrict the flow of products into the market, (ii) price control, which limits exporting businesses' profitability, (iii) taxes, which increase the price of the products in the foreign markets, affecting the businesses' competitiveness, and (iv) exchange control, which creates difficulties in sales and profit repatriation. In addition, a more recent barrier experienced by many export businesses is the restriction on import quotas, which limit the number of products that are allowed to be imported into some countries (Peng, 2017:167). Restrictive foreign rules and regulations often result in tedious, expensive and prolonged export efforts, which discourage SMEs to initiate or even continue their exportation. According to Tan *et al.* (2018:46), Australian SMEs perceive quotas and administrative obstacles as the primary source for their reluctance to export to some developing countries. In another study, Arteaga-Ortiz and Fernández-Ortiz (2010:414) found that Spanish SMEs consider barriers relating to the standardisation and certification/approval of their products as the main impediments to their export operations. According to Kahiya *et al.* (2014:351), SMEs experiencing these barriers need to be continuously aware of the evolution in their export markets and scrutinise export procedures, and foreign restrictions and regulations to assess the feasibility of their export activities.

3.6.7.3 Sociocultural environmental barriers

Sociocultural environmental barriers are experienced by exporters when they enter into unfamiliar foreign business practices, when different sociocultural traits exist between countries, and also due to verbal and nonverbal language differences. (Leonidou, 2004:283; Panibratov, 2017:157).

According to Shenkar *et al.* (2015:138) and Villar *et al.* (2014:38), unfamiliar foreign business practices are experienced as barriers when businesses are lacking sufficient knowledge about foreign business practices. Since business practices vary from country to country, it might confuse or send distorted signals to other businesses that are unfamiliar with the formal and informal procedures in foreign markets. In addition, Peng (2017:16) mentions that knowledge of, and

familiarity with foreign business practices are necessary to avoid negative exposure in foreign markets.

Apart from unfamiliar business practices, the different social traits between countries are also creating export barriers. Consumers' social traits, which include religious beliefs, values, attitudes, customs and education systems, greatly influence the consumers' buying behaviours (Leonidou, 2004:283). According to Lantos (2011:182), businesses need to be familiar with the product-specific values buyers use when selecting among brands in a product category, since information in this regard will assist businesses to formulate accurate marketing strategies to attract customers. Vrontis and Thrassou (2007:8), furthermore, argue that the necessity to adapt strategies to meet the sociocultural differences of foreign markets may discourage SMEs to consider internationalisation as a growth strategy, due to their size and the financial impact thereof. To overcome the sociocultural barriers and avoid adaptation costs, Leonidou (2004:295) suggests that SMEs should appoint managers with international experience, invest in cross-cultural training, and also consider field trips to foreign markets to ensure the formulation of the best international growth strategies. In addition, Narayanan (2015:118) also recommends that SMEs should identify and target foreign markets that are similar to their home markets.

In addition to unfamiliar foreign business practices, and sociocultural traits between countries, the use of language (verbal or nonverbal) can also create sociocultural export barriers. According to Leonidou (2004:295), familiarity with the language of the foreign markets will enable export businesses to interpret foreign cultures, to precisely identify specific needs, to better understand the export procedures and other relevant information, and to effectively communicate with stakeholders in the foreign markets. Unfamiliarity with foreign languages creates a psychic distance and potential difficulty in international business activities (Johanson & Vahlne 1977:29; Neelankavil, 2015:15). In this regard, Leick (2011:164) found that SMEs in East Germany are dissuaded from collaborating across borders, mainly due to language barriers. Since familiarity with the native language of foreign countries can ease the process of understanding the market and ensure effective linkages with foreign partners, Jansson and Sandberg (2008:71) suggest the use of agents to overcome language barriers. According to these authors (Jansson & Sandberg, 2008:71), agents are well-positioned to provide information about foreign markets and to manage the communication with customers in their native languages.

3.7 CHAPTER CONCLUSION

This chapter progressed from the conceptual framework provided in Chapter 2 and focused on two broad attributes pertaining to the internationalisation of SMEs, namely the motives for internationalisation and the modes of entry. Both these attributes were elaborated on and made applicable to Mauritian-based textile manufacturing SMEs.

Although no single motive for internationalisation was identified as being specifically applicable to Mauritian-based textile manufacturing SMEs, it was discovered that the need for growth is the overarching internationalisation motive, as influenced by various push and/or pull factors. In addition, it was also revealed that the most applicable mode of entry for SMEs, and most likely also for Mauritian-based textile manufacturing SMEs, is a non-equity outward mode of entry, in terms of exportation. However, regardless of the benefits of exportation for SMEs, they need to be familiar with the export barriers, which have to be overcome for successful exportation. The contribution of this chapter is that internationalisation in terms of the motives, modes of entry and export barriers, which are some of the deliverables of an internationalisation strategy for medium-sized textile manufacturers in a small island developing state, is operationalised in this chapter. With this chapter, secondary objectives 3 and 4 were theoretically achieved, which focuses on the identification of the motives for internationalisation, the modes of entry, the internationalisation barriers applicable to SMEs in general as well as the consideration factors influencing Mauritian medium-sized textile manufacturers' decisions to internationalise.

3.8 SUMMARY

In this chapter, the internationalisation of SMEs was discussed. The conceptualisation of internationalisation and the working definition developed in Chapter 2 formed the theoretical frame for this chapter. In addition to the key attributes presented in the working definition of internationalisation other attributes also emerged, which include the motivation for SMEs' internationalisation and their modes of entry. These additional attributes then formed the overarching structure of Chapter 3; they were discussed and also made applicable to the context of Mauritian-based textile manufacturing SMEs.

Regarding the motives for internationalisation, a distinction is made between the generic motives for internationalisation and the internationalisation motives specifically applicable to Mauritian-based textile manufacturing SMEs. In this regard, the motives were identified as profit and growth

goals, technology competence/unique product, foreign market opportunities/market information, economies of scale, competitive pressures, and unsolicited orders from foreign clients. Following the motives for internationalisation, a discussion of the modes of entry into foreign markets followed. This chapter then concluded with the export barriers to be considered when SMEs are developing initiatives to internationalise.

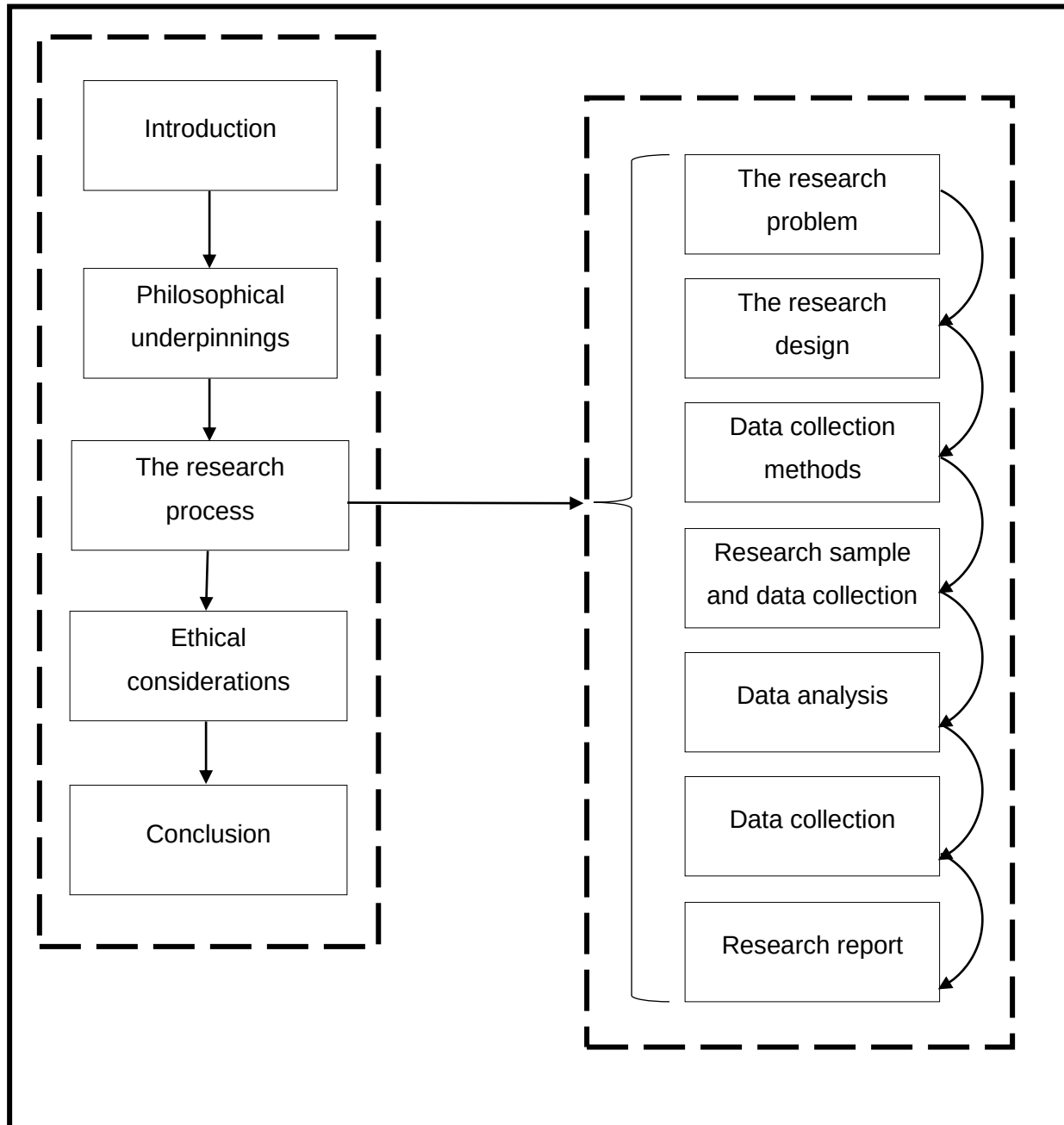
With the literature component of this study completed with this chapter, it is still unclear how medium-sized textile manufacturing businesses in Mauritius internationalise and also how those medium-sized textile manufacturing businesses operating domestically only can initiate internationalisation when they have a need for international growth. In this regard, the following chapter will elucidate the process used to gather data from medium-sized textile manufacturing businesses in Mauritius which operate across borders. The chapter also includes a thorough discussion of the way in which the data was analysed. The data analyses enabled the researcher to draw conclusions about the internationalisation of medium-sized textile manufacturing businesses in Mauritius (Chapter 5), which were then evaluated and synthesised to develop the proposed internationalisation strategy applicable to this study (Chapter 6).

CHAPTER 4

RESEARCH METHODOLOGY

4.1 INTRODUCTION

Figure 4.1: Structure of Chapter 4



While the previous chapters provided the theoretical basis for this study and supported the need to investigate the internationalisation processes followed, the motives of, the modes of entry chosen and any barriers encountered by medium-sized textile manufacturing businesses in Mauritius, this chapter aims to explain the research methodology applied to address the research problem of this study and to achieve the objectives that were formulated. According to Stack (2017:7), research methodology is a way to systematically solve the research problem, and it involves the various steps that are generally adopted by a researcher when studying and solving a research problem. In this regard, this chapter commences with a presentation and discussion of the philosophical underpinnings of research, which lead to the description and justification of the scientific stance taken by the researcher to achieve the objectives set for this study. Hereafter the research process used in this study will be framed and subsequently discussed. As the researcher's scientific positioning is key in selecting the appropriate research methods in the development of knowledge, the chapter further provides a discussion on, and justification for, the selected research design, data collection methods, and methods used for data analysis.

4.2 PHILOSOPHICAL UNDERPINNINGS

Since all research are conducted from a positivist and/or post-positivist perspective, which guides the selection of appropriate research paradigms in relation to ontology, epistemology, methodology and the methods of collecting and analysing the data (Salvador, 2016:4), this section will elaborate on the different philosophical underpinnings in which this study is rooted.

4.2.1 Positivism

The positivist perspective to research is seen by researchers as a traditional approach which has formed the fundamental research framework since the 19th century for objective scientific research (Babbie, 2001:44; Henning *et al.*, 2004:18; Peca, 2001:11). Also known as “realism” or “objectivism”, positivism is based on realism, and is driven by natural laws which are context-free (Killam, 2013:28). According to Aliyu *et al.* (2014:81), positivists believe that reality can only be measured with independent facts or data, with no room for emotions or subjectivity which can influence the research. Within this perspective, the most prominent paradigm which emerged was behaviourism. According to behaviourists, all behaviour results from the interaction between stimuli and responses, as proven by Ivan Petrovich Pavlov (1849-1936) with his theory of classical conditioning. Therefore, given that positivist investigators and researchers have realistic, independent and objective views of the universe, the methodologies frequently used by them

comprise confirmatory analyses, nomothetic experiments, quantitative analysis, laboratory experiments and deduction (Olesen, 2004; Ryan & Julia, 2007).

4.2.2 Post-positivism

Unlike positivism, post-positivism views reality as imperfect and full of contingencies. This perspective has developed in response to the criticism against positivism and the growing notion that reality is not only objective in nature (Killam, 2013:35). The emergence of post-positivism did not replace positivism but has rather developed as a parallel perspective; therefore, the paradigms constituting positivism and post-positivism are still relevant and used by researchers today (Evers & Lakomski, 1993:140; Nieuwenhuis, 2016:59). To Aliyu *et al.* (2014:83) post-positivist research implies a justification of the nature of scientific practice and focuses on a critical investigation and analysis in capturing the closest possible meaning of reality (Salvador, 2016:5). Within this perspective, the most prominent paradigm applicable to this study, which emerged with post-positivism, is pragmatism.

4.2.2.1 Pragmatism

According to Stack (2017:7), pragmatism is founded on the idea that researchers will use whatever works best to address a specific research problem. Since pragmatism is regarded as the philosophical base for the emergence of the mixed-method approach to research, it is not rooted in a single philosophy or approach but uses the research problem and the purpose of the research as a point of departure and adopts an applicable and relevant methodology to provide the best solution to a problem (Stack, 2017:7). Moreover, given that research is often multi-purposed, pragmatism allows more flexibility to the researcher who might otherwise use only a qualitative or a quantitative approach. Furthermore, by adopting a positive disposition towards both approaches, pragmatic researchers are in a better position to use qualitative research to inform the quantitative portion of their research studies, or vice versa (Onwuegbuzie & Collins, 2017:133). More than a decade ago Armitage (2007:4) already supported the adoption of pragmatism for social and management research, since the mixing of quantitative and qualitative methods aligns itself to the principles guiding “practitioner-based” research. Since then, pragmatism has been making a lot of headway in Economic and Management studies as a preferred research paradigm (Stack, 2017:7).

4.2.3 Philosophical paradigm underpinning the study

The researcher's ontological stance adopted for this study can be described as pragmatism since the research approach is guided by the purpose and the context of the study (reality). According to Aliyu *et al.* (2015:15), ontology answers the question: "What is the form and nature of reality and therefore, what is there that can be known about it?" In this regard, the reality of this study, which is independent of the researcher, is unique in context. Although there are several studies which have looked at the internationalisation phenomenon of SMEs, the parameters and environments under which medium-sized textile manufacturing businesses in Mauritius operate makes the context unique. Moreover, the history and evolution of the Mauritian textile manufacturing industry also distinguish the internationalisation process of these businesses from other SMEs in countries similar to Mauritius. With this context in mind, the need to reflect the absolute truth calls for a pragmatic approach so that the knowledge produced reflects the actual context. Pragmatism is also supported as the selected paradigm since this study intends to develop an understanding of the social world of the participants.

Furthermore, the pragmatic approach enables the researcher to be flexible in the use of different techniques that are deemed appropriate within the context of the study. Since pragmatism calls for a mixed-method approach instead of using only a quantitative approach which is based in positivism or only a qualitative approach which is based in post-positivism, this study followed a mixed-method approach to achieve the set objectives. Moreover, the mixed-method approach allows the researcher to use the findings from one method to inform the other method, thereby strengthening the trustworthiness and validity of the research (Onwuegbuzie & Collins, 2017:133).

Within the philosophical underpinnings applicable to this study and discussed in this paragraph, the research followed a specific process to achieve the objectives.

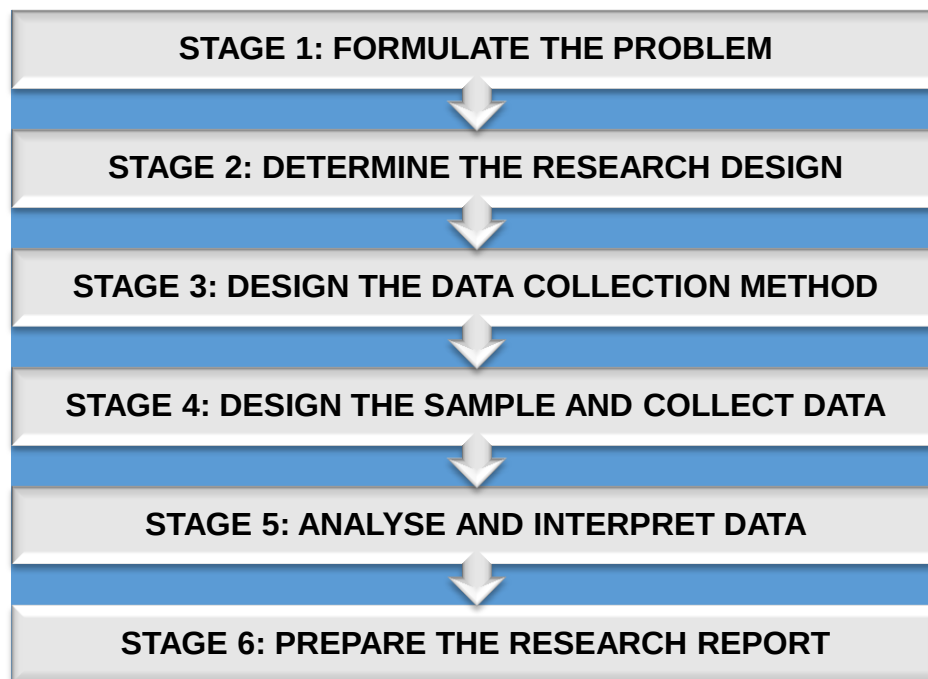
4.3 THE RESEARCH PROCESS

Jansen (2016:16) defines research as "*one of many different ways of knowing or understanding ... a process of systematic inquiry that is designed to collect, analyse, interpret and use data*". It aims to increase the body of knowledge that is used by the researcher and to devise new applications (Cazeaux, 2017:41). However, according to Sesay (2011:18), conducting research should not be a haphazard and unplanned process, based purely on past experience; it should rather be a well-planned, organised and systematic process. Since scientific researchers should become their own epistemologists by describing (in non-technical terms) the results and methods of their constructive

work (Poincare, 1952:xii), Figure 4.2 outlines the sequential stages proposed by Iacobucci and Churchill (2018:23).

As indicated in Figure 4.2 the first stage in the research process includes the formulation of the problem, followed by stage 2 which focuses on determining the research design. During the third stage, the data collection methods are designed, whereafter the sample needs to be designed, and data collection commences in stage 4. Stage 5 encompasses the data analysis and interpretation of the data, and stage 6 entails the preparation of the research report.

Figure 4.2: The research process



Source: Iacobucci & Churchill (2018:23)

The above six stages (Figure 4.2) were used to systematically organise the research in this study. In the subsequent paragraphs (par. 4.4 – 4.9), the different stages of this research process are explored and made applicable within the context of this study.

4.4 THE RESEARCH PROBLEM

According to Kumar (2011: 23), the first and most important step in the entire research process is the formulation of the research problem. According to McNabb (2015:31), a research problem consists of two key components, namely the formulating of the research problem as it is seen by the researcher, and secondly, the setting of research objectives or research questions which will be addressed by the research.

4.4.1 Formulating the research problem

A research problem is defined as an intellectual stimulus calling for a response in the form of a scientific inquiry (Frankfort-Nachmias & Nachmias, 1996:52). Chawla and Sodhi (2011:31) also suggest that a research problem should be viewed as a gap or uncertainty in the decision-makers' existing body of knowledge that may affect decision-making. Therefore, Wiid and Diggines (2010:42) opined that an accurate definition of the research problem should be seen as being more important than its solution. Failure to define the research problem correctly often leads to a waste of time since the reasons and the meaning of the data collected will be lost (McNabb, 2015:31). In a similar vein, Babin and Zikmund (2016:62) argue that a clearly defined research problem helps the researcher to determine the required information and it also assists with the proper formulation of a study's research objectives. However, the identification of the problem has never been simple since it consumes a lot of time and effort in terms of doing the preliminary work which includes reading and conducting discussions with experts regarding the proposed study (Rwegoshora, 2016:70). A research problem often consists of two key components, namely the statement of the problem as it is seen by the researcher, and secondly, the setting of research objectives that will be addressed by the study (McNabb, 2015:31).

In this study, the research problem has been presented and discussed in par. 1.3, which states, in general, that a gap exists in the extant literature on the internationalisation process of Small and Medium-Sized Enterprises (SMEs) in a SIDS like Mauritius, which is facing unique development challenges such as remoteness, isolation, poverty and limited diversification, among others. A comprehensive review of the literature further revealed that existing studies on SMEs' internationalisation have been primarily conducted in developed countries, while such studies in a SIDS context have not been found. It is therefore difficult to make evidence-based policies aimed at expanding SMEs internationally.

Since a research problem usually leads to the development of research questions which in turn lead to the identification of hypotheses to answer the research questions, this study did not necessitate any research questions or hypotheses. The aim of the study is not to accept or reject hypotheses, but rather to gather as much information as possible to constitute the proposed internationalisation strategy for medium-sized textile manufacturers in Mauritius. Therefore, the development of objectives to guide the study was deemed sufficient to achieve the primary objective of this study (par. 1.5.1).

4.4.2 Research objectives

After having clearly defined the problem that needs to be explored, the next part was to set the research objectives (Rios & Del Campo, 2013:41). Research objectives are defined as alternatives or supplementary forms of the research purpose statement that can be used alongside research questions or on its own, to express the purpose of the research (Stack, 2017:41). Neelankavil (2015:161) considers that research objectives are important as they provide the researcher with important clues on specific information requirements to make appropriate decisions. In setting the research objectives for a study, Polonsky and Waller (2011:92) stress the importance of ensuring that the objectives are clear and achievable and that they will directly assist in solving the problem statement. According to Berndt and Petzer (2011:29), it is important to set both primary and secondary research objectives for all research studies. A primary research objective pertains to the overall aim of the study and highlights the contribution of the study, whereas secondary research objectives cascade from the primary objective into supplementary or exploratory objectives to achieve the primary objective as a whole (Tietze, 2011:162).

From the research problem constituting this study, the primary objective was set and cascaded into the following secondary objectives were developed for this study (par. 1.5.1):

- Secondary objective 1: To conceptualise internationalisation pertaining to SMEs.
- Secondary objective 2: To analyse the approaches to internationalisation, applicable to SMEs.
- Secondary objective 3: To identify the motives for internationalisation, the modes of entry and the internationalisation barriers applicable to SMEs in general and in Mauritius.
- Secondary objective 4: To determine the consideration factors influencing Mauritian medium-sized textile manufacturers' decisions to internationalise.
- Secondary objective 5: To develop an internationalisation strategy for medium-sized textile manufacturers in Mauritius as a small island developing state.

As indicated in the literature review of this study (Chapters 2 and 3), secondary objectives 1 and 2 were achieved in Chapter 2. Since Chapter 3 provided only a theoretical foundation of the motives for internationalisation and the modes of entry applicable to SMEs, secondary objective 3 and 4 were only theoretically achieved in Chapter 3. However, further investigation into the motives for internationalisation and the modes of entry will be needed to contextualise it within the context of medium-sized textile manufacturers in Mauritius. Therefore, the empirical investigation which commenced with the discussion in this chapter (Chapter 4) and concludes in Chapter 5, will enable the researcher to achieve secondary objectives 3 and 4 as a whole. With the achieving of secondary objectives 1, 2, 3 and 4, it will then be possible to address and achieve secondary objective 5, which will be elucidated in Chapter 6 of this study.

4.5 DETERMINE THE RESEARCH DESIGN

During the second stage of the research process, as depicted in Figure 4.2, the researcher needs to determine the research design. A research design symbolises the framework that indicates the methods and procedures that will be used to collect data that is relevant to the research objectives (Feinberg *et al.*, 2013:54; Nieuwenhuis, 2016:72). In a similar vein, De Vos *et al.* (2014:171) state that the research design provides the guidelines, rules or blueprint that have to be followed when planning the research project, and that this is a crucial stage of the research process because it allows the researcher to arrive at valid findings, comparisons, and conclusion.

According to Babin and Zikmund (2016:53), there are three main types of research design that can be distinguished, namely exploratory research, descriptive research, and causal research.

- Exploratory research is used to gain background information on the research problem by means of informal research, and is also referred to as unstructured research (Burns *et al.*, 2017:94). Exploratory research is required when a researcher is in search of the general nature of the problem or when applicable variables need to be considered. Also called qualitative research, exploratory research employs a primary data collection technique to understand a participant's thoughts (Neelankavil, 2015:104). It is often used when the researcher does not have enough information and wants some kind of flexibility to explore the subject (Kolb, 2017:51). Methodologies include secondary data (literature review) and qualitative research such as interviews with experts and focus group interviews.
- Descriptive research can be defined as research that is collected to examine the characteristics of the respondents (Burns *et al.*, 2017:98). A descriptive research design is suitable when a clear problem statement can be formulated and when it is necessary to

gather specific information from the business environment (Bukve, 2019:205; Malhotra, 2010:106). According to Parent and Smith-Swan (2013:119), descriptive research provides answers to the who?, when?, what? where? and how? questions, and then provide answers which are factual, accurate, analytic and often statistical. Methodologies include surveys, diary panels, and observations.

- Causal research is designed to examine the cause and effect relationship of certain variables that affect the problem (Stack, 2017:90). According to Solomon *et al.* (2013:127), a causal research design is used when the researcher wants to know whether changes in something is responsible for the changes in something else. Given that the researchers test the relationship between variables it is vital that they have adequate knowledge of the variables and the issues being investigated.

In addition to the above-mentioned distinction between the three main types of research designs, Table 4.1 provides a summary of the main characteristics of these research designs.

Table 4.1: Summary of the characteristics of different research designs

	Exploratory research	Descriptive research	Causal research
Amount of uncertainty characterising decision situation	Highly ambiguous	Partially defined	Clearly defined
Key research Statement	Research questions and objectives	Research questions and objectives	Research hypothesis
When conducted?	Early stage of decision-making	Later stages of decision-making	Later stages of decision-making
Usual research structure	Unstructured	Structured	Highly structured
Nature of results	Discovery oriented, productive but still speculative. Often in need of future research.	Can be confirmatory although more research is sometimes still needed. Results can be managerially actionable.	Confirmatory oriented. Fairly conclusive, with managerially actionable results often obtained.

Source: Rios & Del Campo (2013:48)

The research design that was chosen to be used for this study was a combination of an exploratory research design and a descriptive research design. Since there is not an abundance of information available about the internationalisation processes of medium-sized textile manufacturers in Mauritius, exploratory research will be used to explore these processes in depth. Based on the information gained from exploratory research, the descriptive research design will enable the researcher to find answers to the who?, what?, where? and when? questions. Specifically, answers are required within the context of medium-sized textile manufacturers in Mauritius and to the following five questions:

- Who is responsible for initialising internationalisation?
- What processes, modes of entry and motives are applicable to internationalisation?
- Where do they internationalise to?
- What do they need to consider before they decide to internationalise?
- When (how soon after establishment) do they internationalise?”.

When selecting a research design, researchers should also make decisions about the approaches they should use to gather and analyse the data. In this regard, two main approaches are embedded in the exploratory and descriptive research designs, namely to use quantitative and/or qualitative research methods (Leavy, 2017:72).

4.5.1 Research approaches

The most common research approaches, also referred to as the strategies of inquiry, that are frequently used in the social sciences are quantitative (par. 4.5.1.1), qualitative (par. 4.5.1.2) and mixed-methods (par. 4.5.2.3) (Creswell & Creswell, 2018:6).

4.5.1.1 Quantitative research methods

Invoked by positivists in the late 19th and during the 20th century, quantitative research methods include (i) experimental (cause and effect) and (ii) non-experimental methods (Creswell & Creswell, 2018:41; Shah & Al-Bargi, 2013:260). Quantitative research which typically employs either research objectives, questions or hypotheses, relies on quantitative data (i.e. numerical data) to test the hypotheses (Leavy, 2017:92). It is distinguished from other research strategies as it focuses on the deductive component of the scientific method (aims at testing theory and hypothesis and secondly is confirmatory as researchers tend to confirm the hypotheses) (Daniel & Sam, 2011:46). Quantitative research relies a lot on literature at the beginning of the study to provide direction for the research objectives, questions and hypotheses (Creswell & Creswell, 2018:68). The main advantages and limitations of the quantitative research according to Daniel (2016:94-95), is presented in Table 4.2.

Table 4.2: Advantages and limitations of quantitative research

Advantages	Limitations
It is seen as being scientific in nature.	Researcher detachment from the participants makes it extremely difficult to provide an in-depth study of the phenomenon within its natural settings.
The use of statistical software for the calculation of data saves a lot of time.	The participants have no room to contribute to the study.
The use of scientific methods for data collection and analysis make generalisation possible.	It does not encourage imaginative, critical and creative thinking since it is characterised as being structured, with predetermined variables, hypotheses, and design.
It ensures replicability, i.e. the study can be repeated at any other time or place and still get the same results.	Can reveal what/to what extent, but cannot always explore why or how.
The objectivity of the researcher is not compromised when the researcher is not in direct contact with the participants.	
Statistical methods ensure that the analysis is often considered reliable.	

Source: Adapted from Daniel (2016:94-95)

4.5.1.2 Qualitative research methods

Compared to the quantitative research methods, qualitative research relies more on the inductive component of the scientific method and is used to come up with or to generate new hypotheses and theories (Daniel & Sam, 2011:47). Qualitative research is considered as an exploratory approach, as it is often used when little is known about a certain topic or when the researcher intends to learn more about a topic (Stack, 2017:100). According to Creswell and Creswell (2018:234), the main characteristics of qualitative research in comparison to quantitative research can be summarised as follow:

- *Natural Setting* – Compared to quantitative researchers who send out instruments for respondents to complete, qualitative researchers collect data (through face-to-face interaction) in the field at the site where participants experience the issue or problem under study.

- *Researcher as a key instrument* – Instead of using or relying on questionnaires or instruments developed by other researchers, qualitative researchers collect data themselves through examining documents, observing behaviour, or interviewing participants.
- *Multiple sources of data* – In contrast to quantitative research where the researcher relies on a single data source, qualitative researchers gather multiple forms of data including interviews, observations, documents, and audio-visual information.
- *Inductive and deductive data analysis* – The data analysis process integrates both the inductive and deductive approaches. The process begins inductively where the researcher works back and forth between the themes and the database until a comprehensive set of themes is established. Then deductively, where the researcher determines whether there is enough evidence to support the themes or whether additional information should be gathered.
- *Participants' meanings* – Throughout the qualitative research process, the researcher's aim is to learn the meaning that participants hold about the problem or issue, without being influenced by the meanings that other researchers have expressed in the literature.
- *Emergent design* – Qualitative researchers cannot prescribe an initial plan for the research, as some of the phases of the research process may require changes when the researcher enters the field to gather data. While studying the participants in a natural setting, emerging questions may change the forms of data collection.
- *Reflectivity* – Qualitative researchers reflect on how their role in the study and their personal background, culture, and experiences hold potential for shaping their interpretations. Indeed, the researchers' backgrounds may shape the direction of the study.
- *Holistic account* – By reporting multiple perspectives, identifying the many factors involved in a situation as well as sketching the larger picture that emerges, qualitative researchers provide a holistic picture of the problem or issue under study.

Table 4.3 provides a summary of the advantages and limitations of qualitative research, according to Daniel (2016:92-93).

Table 4.3: Advantages and limitations of qualitative research

Advantages	Limitations
It provides abundant data about real-life people and situations.	Findings are limited to a particular group of people being studied, instead of generalising. Moreover, small sample sizes and the subjective nature of the research make generalisation difficult.
It is well-suited for providing factual and descriptive information.	Replicability is a problem as it is perceived as an approach that does not use scientific methods and procedures of inquiry and investigation. Thus, the same results may not be obtained if the research is carried out by another researcher at another location.
Theory emerges from data generated – the emergent theory is based on the data collected by the researcher, instead of testing data generated elsewhere by other researchers.	It cannot give reliable and consistent data when compared to using quantifiable figures as it is characterised by feelings and personal reports, and secondly there is no means of verifying participants' statements as true.
It views human thought and behaviour in a social context and covers a wide range of phenomena in order to understand and appreciate them thoroughly.	Being subjective in nature, the approach may be wrong, inaccurate and misleading. Researchers may impose their meaning and understanding of a situation to a given time and place.
The close relationship that exists between the researcher and the participants makes it easy for a participant to contribute to shaping the research.	Given that explanations are based on the researchers' interpretations instead of on numbers, it becomes difficult and time-consuming to simplify findings and observations.
It is appropriate for situations in which detailed understanding is required.	
Events can be seen in the context they are taking place.	
It provides rich data and in-depth details can be explored.	

Source: Adapted from Daniel (2016:92-93)

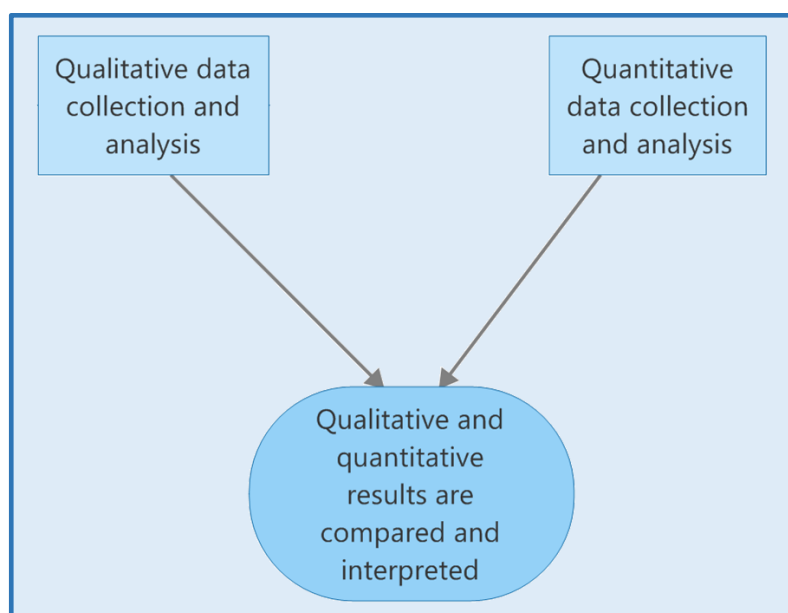
4.5.1.3 Mixed-method research methods

Mixed-method research is grounded in Campbell and Fiske's (1959:81) discussion of multitrait-multimethods, which stipulate that "in order to estimate the relative contributions of trait and method variance, more than one trait, as well as more than one method, should be employed". According to DeCuir-Gunby (2008:125), a phenomenon can best be viewed from various perspectives which are made possible with mixed-method research, since it combines qualitative and quantitative approaches within one study (Maree, 2016:312). There are various benefits to using mixed-method research. For instance, Thurmond (2001:254) notes that mixed-methods increase confidence in the research data, create innovative ways of understanding a phenomenon, reveal new findings, challenge or integrate theories and provide a clearer understanding of the problem (Thurmond, 2001:254). To Shah and Al-Bargi (2013:262), the validity and utility of findings are enhanced when a mixed-method approach (interviews and questionnaires) is employed. According to Creswell and Creswell (2018:15-16), various mixed-method approaches can be distinguished, which they classify as convergent parallel (par. 4.5.1.3.1), explanatory sequential (par. 4.5.1.3.2), and exploratory sequential (par. 4.5.1.3.3).

4.5.1.3.1 Convergent parallel mixed-method approach

According to Creswell and Plano Clark (2017:68), the convergent parallel approach is a well-known and popular approach where the researcher uses both quantitative and qualitative methods in order to develop a more complete and more valid understanding of the phenomenon of interest. It is most suitable when a researcher wants to collect both types of data at the same time about a single phenomenon, in order to merge the different results and then compare and contrast the results to produce well-validated conclusions. The outlay of this design is shown in Figure 4.3 below.

Figure 4.3: Convergent parallel design

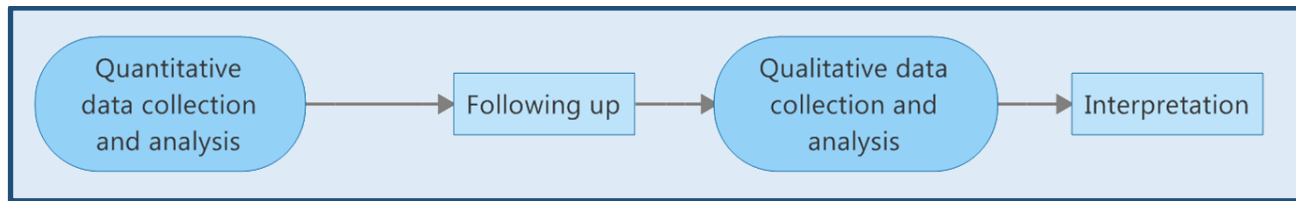


Source: Creswell & Plano Clark (2017:68)

4.5.1.3.2 Explanatory sequential mixed-method approach

The explanatory sequential approach is a two-phase mixed-method approach in which the researcher starts with the collection and analysis of the quantitative data, followed by the collection and analysis of the qualitative data to help explain the initial quantitative results (Creswell & Plano Clark, 2017:77). Priority is typically given to the quantitative data, and the two methods are integrated during the interpretation phase of the study (Tashakkori & Teddlie, 2003:226). The implementation of this approach is illustrated in Figure 4.4. The purpose of the explanatory approach is to assist in explaining and interpreting the findings of a quantitative study. According to Tashakkori and Teddlie (2003:227), several benefits are associated with this design. Firstly, it is straightforward in nature and easy to implement as the steps fall into two clear and distinct phases. Secondly, it allows quantitative researchers to further explore quantitative findings. However, the main weakness of this approach is the extensive duration it takes to implement the two phases of the study (Creswell & Plano Clark, 2017:80).

Figure 4.4: Explanatory sequential mixed-method approach

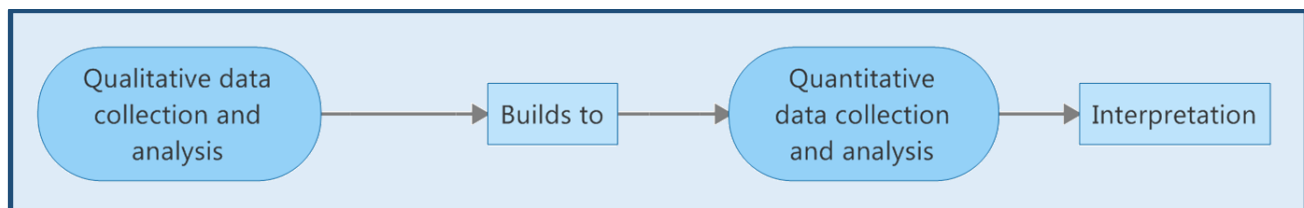


Source: Creswell & Plano Clark (2017:77)

4.5.1.3.3 Exploratory sequential mixed-method approach

Conducted in two phases, the exploratory sequential approach implies that the researcher first explores a phenomenon by identifying qualitative themes, and then uses this information to guide a subsequent quantitative examination of the initial qualitative results such as developing a measurement instrument based on the qualitative results (De Vos *et al.*, 2014:44). The implementation of this approach is illustrated in Figure 4.5. In this approach, priority is given to qualitative data and it may or may not be implemented within a theoretical perspective (Tashakkori & Teddlie, 2003:228). Designed to explore a phenomenon, the exploratory sequential approach uses the quantitative data and results to assist in the interpretation of qualitative findings. The main advantage of this design is that it can test elements of an emergent theory from the qualitative phase and secondly it can be used to generalise findings to different samples (Creswell & Plano Clark, 2017:89). It is also straightforward, easy to implement and convenient when building a new measuring instrument (Tashakkori & Teddlie, 2003:229). However, the implementation of the two phases are typically time-consuming and it may be difficult for the researcher to build from a qualitative analysis to the subsequent quantitative data collection (Creswell & Plano Clark, 2017:89).

Figure 4.5: Exploratory sequential and transformative mixed-method approach



Source: Creswell & Plano Clark (2017:84)

In summary, Table 4.4 below summarises the different mixed-method approaches.

Table 4.4: Summary of the different mixed-method approaches

Research design	Process	Purpose	Level of interaction	Priority
Convergent parallel (concurrent)	Qualitative Quantitative	To obtain different but complementary data to answer a single research question.	Data collected & analysed independently.	Equal (quan/qual, or QUAN/QUAL)
Explanatory sequential	QUANTITATIVE ► qualitative	Qualitative data is collected to explain the quantitative findings.	Quantitative data frames with qualitative data collection.	Quantitative dominant (QUAN/qual)
Exploratory sequential	QUALITATIVE ► quantitative	Quantitative data builds on qualitative findings to provide generalisability.	Qualitative data frames with quantitative data collection.	Qualitative dominant (QUAL/quan)

Source: Adapted from Halcomb & Hickman (2015:8)

4.5.1.4 Research approach applicable to this study

Within the combined exploratory and descriptive research designs applicable to this study (par. 4.5), the most suitable approach is an exploratory sequential, mixed-method (QUAL/quan) approach in which the qualitative approach is used as the main approach for data collection. The quantitative instrument is then developed, based on the findings of the qualitative data. The benefits of applying this approach in the context of this study are the following:

- Firstly, it provides a rich description of sequential events that contribute to the internationalisation of medium-sized textile manufacturing businesses in Mauritius. According to Miles and Huberman (1994:1), “with qualitative data, one can preserve the chronological flow, see precisely which events led to which consequences, and derive full explanations”.
- Secondly, the qualitative research provides for more detailed descriptions and explanations of experiences, behaviours, and beliefs by allowing the researcher to probe into responses or observations as needed. The internationalisation process is an evolving process which depends on the market knowledge (acquired through experiential learning) and the degree of internationalisation among other dynamic factors (par. 2.5.3). Hence, a qualitative

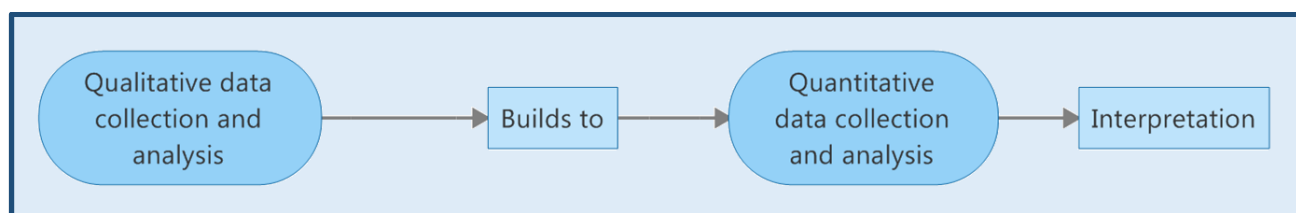
approach is considered more appropriate since a quantitative oriented approach would not allow the researcher to capture these detailed descriptions and explanations.

- Thirdly, the qualitative research allows the researcher to liaise with various stakeholders who may provide useful information about the study. The scope of businesses' internationalisation depends to a varying extent on the contribution of various stakeholders along the supply chain such as business development services, financial intermediaries, supply channels as well as the people involved in the design and implementation of the institutional and policy frameworks.
- Fourthly, the exploratory nature of gaining an in-depth understanding of the internationalisation process of the medium-sized textile manufacturing businesses favours qualitative research. By using a single method (for example, quantitative research), the researcher may fail to capture various dimensions such as psychological, familial, political, economic and cultural influences, among others.

On the other hand, the quantitative approach allows the researcher to test and validate already constructed theories, and provide precise quantitative numerical data. This numerical data may have higher credibility with many people in power, e.g. administrators, politicians, and financial institutions (Johnson & Onwuegbuzie, 2004:19). Thus, the credibility of the research is enhanced when both the qualitative data and the quantitative data are compared and integrated into either a coherent whole or two separate sets of coherent wholes. Therefore the exploratory sequential mixed-methods can be viewed as QUAL/quan, where the qualitative approach was used as the main method of data collection and interpretation, and with the quantitative approach as a method to support the claims made in the qualitative approach.

Figure 4.6 illustrates the research approach adopted for this study with an elaborate discussion of the manner in which this approach was executed in this study.

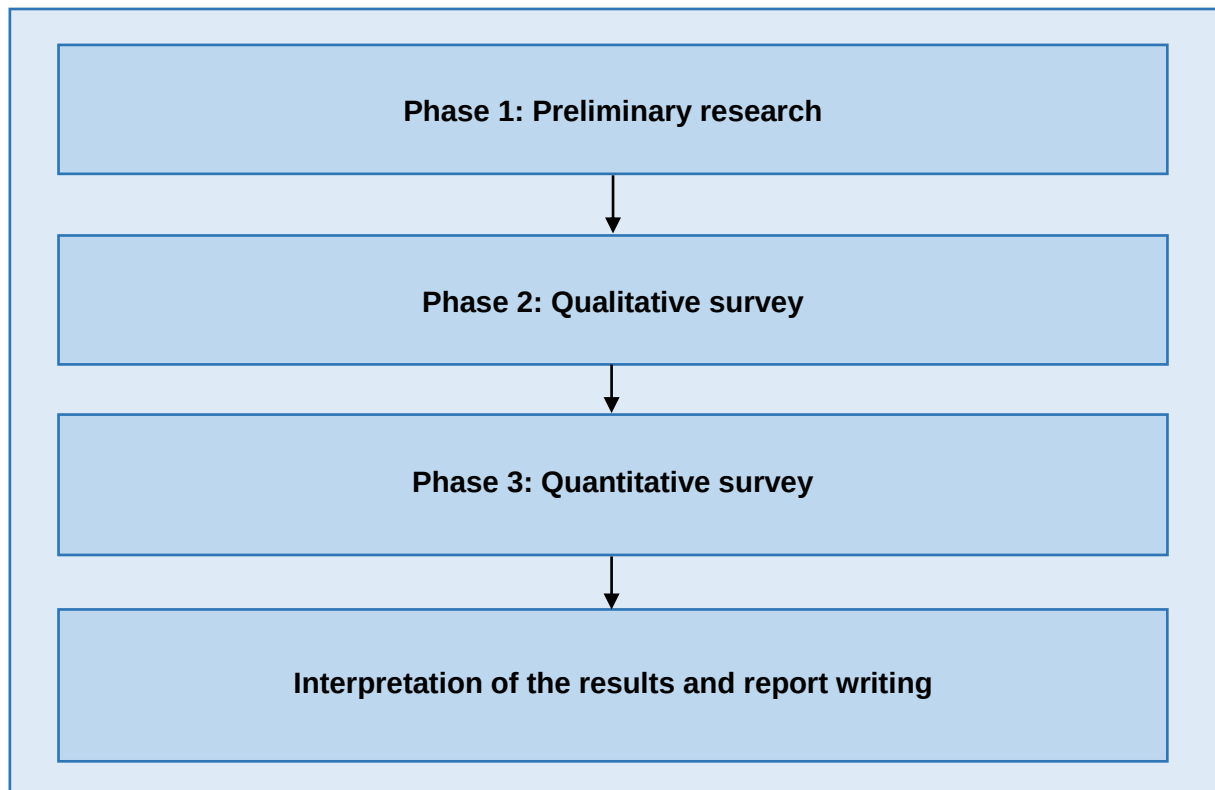
Figure 4.6: Research design adopted for this research



Within the exploratory sequential mixed-method approach adopted for this study, the research was executed in three distinct phases (Figure 4.7), which led to the interpretation of the results and

report writing, namely preliminary research (phase 1), qualitative survey (phase 2), and quantitative survey (phase 3).

Figure 4.7: Execution of the research design adopted for the research



Phase 1 – Preliminary research

Preliminary research was conducted to gather background information about the research topic from the literature and non-scientific collaborations with stakeholders. The outcomes of the preliminary research were used as inputs in the development of a list of questions covering several themes pertinent to the internationalisation of SMEs. This list of questions was administered for use in the semi-structured interview in phase 2.

Phase 2 – Qualitative survey

In the second phase, the researcher proceeded with the main data collection method applicable to this study within the exploratory sequential mixed-method (QUAL/quant) approach. The qualitative survey was used to understand the internationalisation process of medium-sized textile manufacturing businesses in Mauritius. Pursuant to the thematic areas identified in the literature

review and the objectives of the research, the list of questions set for the semi-structured interview covered the following themes:

- Internationalisation process
- Sources of capital for financing international activities
- Institutional support for SMEs' internationalisation
- Business-specific factors contributing to SMEs' internationalisation, such as the size of the business, international experience, business competencies and the business networks
- Managerial factors contributing to SMEs' internationalisation, such as the entrepreneurs' international orientation and their personal networks
- Environmental factors affecting SMEs' internationalisation
- Modes of entry
- Internationalisation barriers

From the data gathered in this phase, a measuring instrument was developed to be used in phase 3.

Phase 3 – Quantitative survey

To cover a larger number of participants in the research, the researcher conducted a quantitative survey during the third stage in support of the qualitative approach (QUAL/quant). The themes which emerged from the qualitative survey and which were considered during the development of the quantitative survey entailed:

- Internal and external factors influencing the internationalisation of medium-sized textile manufacturing businesses in Mauritius
- Entrepreneurial actions towards internationalisation
- Modes of entry into foreign markets
- Internationalisation barriers
- Importance of government initiatives to overcome barriers to SMEs' internationalisation

The results from the quantitative survey were used to group the “internationalisation barriers” and the “Government’s actions to support the SME’s internationalisation” using the exploratory factor analysis (EFA). Descriptive statistics were used to present the demographic information of the respondents and their business activities, as well as their motives to engage in international

markets. Being deductive and confirmatory in nature, the quantitative research allowed the researcher to be highly specific and to relate the findings to extant research.

Within the overarching research process applicable to this study (Figure 4.2), the conceptualisation of the research design (step 2) is followed by the design and data collection method (constructing an instrument for data collection) (step 3), which will be discussed in the following paragraph.

4.6 DESIGN DATA COLLECTION METHOD

After formulating the research problem (stage 1) and the identification of a suitable research design (stage 2), the third stage in the research process (as depicted in Figure 4.2) entails designing the data collection method. The data collection method involves the precise and systematic collection of information relevant to the research purpose or the objectives, questions or hypotheses of a study (Burns & Grove, 2010: 52). It is, therefore, imperative that the researcher appropriately and accurately selects the data collection method since the data will contribute towards the solving of a particular research problem. Furthermore, according to Sekaran and Bougie (2016:202), the scientific defensibility of a study depends to a large extent on the data collection method such that the data can be used to make valid inferences directly related to answering the specific research question or achieving the research objectives. Sahu (2013:63) further classifies data as being either secondary or primary, depending on the sources thereof.

4.6.1 Secondary data

Secondary data is data which has been collected by any person or institution other than the primary researcher, and which is used to support the context of a study (Sahu, 2013: 63). This data, published or unpublished, available either inside or outside an organisation, may be relevant in addressing a particular research problem. The main advantages and disadvantages of using secondary data in a study are summarised in Table 4.5 below.

Table 4.5: Advantages and disadvantages of using secondary data

Advantages	Disadvantages
Tends to be cheaper	May be outdated
Sample sizes tend to be greater	May not completely fit the problem
Tends to have more authority	There may be errors in the data
Is usually quick to access	Difficult to assess the quality of data
Is easier to compare to other research that uses the same data	Usually contains only factual data
Is sometimes more accurate	No control over data collection
	May not be reported in the required form

Source: Mooi & Sarstedt (2011:29)

In this study, the researcher used secondary data to develop a thorough theoretical understanding of the internationalisation phenomenon pertaining to SMEs and to acquire adequate knowledge of SMEs in general. From the secondary data, a comprehensive literature review was conducted to extract and evaluate pertinent findings and issues which emerged from previous works by other authors on the same issue. According to the Harvard Graduate School of Education (2015), a literature review is an assessment of a body of research that addresses a research problem. Hence it identifies only that which is already known about an field of study. To address the research problem and achieve the primary objective of this study, extant literature was explored to provide a comprehensive overview of the knowledge relating to the reasons why businesses internationalise their activities, the modes of entry used by businesses to enter the international markets, and the problems faced by businesses in their international ventures, among others. The literature study was conducted by using accredited and scholarly journal articles, relevant books, subject-specific journals and websites such as business journals and research methodology sites.

Scholarly articles and journals were obtained from different databases such as EbscoHost, Emerald, Nexus, ELSEVIER, Pergamon, ProQuest and the North-West University online library. Electronic search engines such as Google and Google Scholar (www.google.com) were used to familiarise the researcher with current informal trends regarding the concepts at hand. Books that were used by the researcher covered a wide range of subjects that are pertinent to this study, such as international business, international business management, business strategy, international business strategy, international marketing, SMEs and internationalisation, international

entrepreneurship, and research methods. Relevant and applicable conference proceedings were also referred to.

Secondary data was also retrieved from private and public agencies that are directly or indirectly involved in the development and promotion of the SMEs in Mauritius. These institutions include:

- The Mauritius Export Association (MEXA) which is responsible for supporting export activities of its members by extending valuable advice, facilitating logistics activities, and implementing training programmes
- Statistics Mauritius, which is the official organisation responsible for collection, compilation, analysis, and dissemination of the official statistical data relating to the economic and social activities of the country
- SME Mauritius which acts as a promoter and facilitator of SMEs in Mauritius
- The Mauritius Chamber of Commerce and Industry (MCCI), which is a platform to promote the interests of the business community at large
- Reports about SMEs developed by Commercial Banks and the Central Banks

4.6.2 Primary data

Salkind (2010:1095) defines primary data as data that is collected first-hand by the researcher for a specific research purpose. The main advantages and disadvantages of using primary data in a study are summarised in Table 4.6 below.

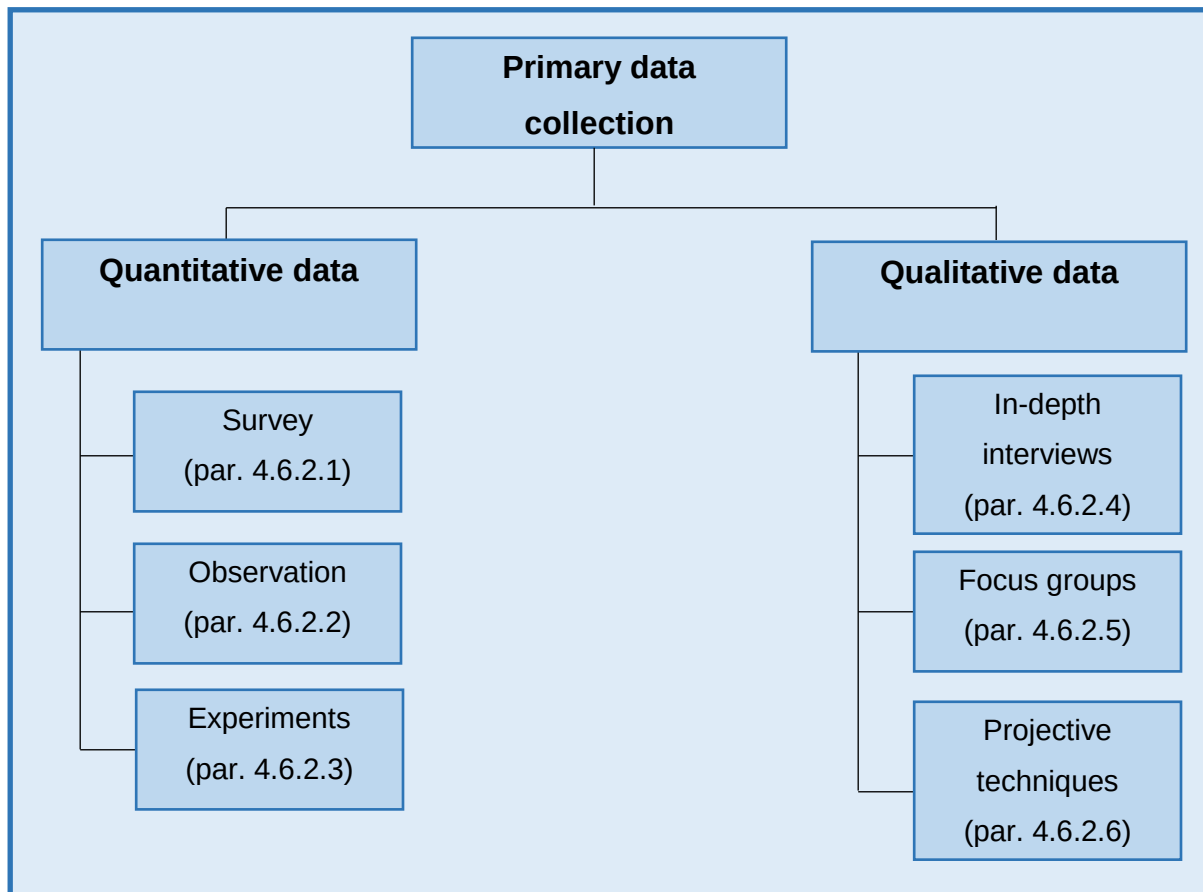
Table 4.6: Advantages and disadvantages of using primary data

Advantages	Disadvantages
Is recent	Is usually more expensive
Is specific for the purpose	Takes longer time to collect
Is proprietary	

Source: Mooi & Sarstedt (2011:29)

There are different techniques researchers can use to collect primary data and the selected techniques depend solely on the applicable research approach (i.e. qualitative, quantitative research or mixed-method approach) (Srivastava, 2011:6). In Figure 4.8 the various techniques pertaining to the qualitative and quantitative research approaches are illustrated and will be discussed in the subsequent paragraphs.

Figure 4.8: Primary data collection techniques



Source: Wiid & Diggines (2010:86)

4.6.2.1 Quantitative surveys

Surveys, which are the most frequently employed method of data collection, represent an excellent tool for gathering primary data (Dantzker & Hunter, 2012:122). According to Beamish *et al.* (2012:43), there are two ways of collecting primary data through surveys, namely self-completing questionnaire (the respondents complete the survey on their own) and interviews (the interviewer sets questions to a respondent). Common ways of distributing the questionnaires include mail, electronic or direct distribution, while interviews can be conducted in person, by telephone or via the Internet (Skype) (Dantzker & Hunter, 2012:122).

4.6.2.2 Quantitative observations

Observations entail the study of the social life in its natural setting, that is, observing people where they live, work and play (Sekaran & Bougie, 2016:282). It is mainly used in social sciences such as management research and consultations where a high degree of accuracy is required (Lancaster,

2007:97). The fact that observations allow researchers to see first-hand how and why something works makes them aware of unfamiliar aspects (Dantzker & Hunter, 2012:130).

4.6.2.3 Quantitative experiments

An experiment is a useful primary data collection technique which is widely used in exploratory research. Also known as the causal research design, experiments allow the researcher to specify the functional relationship between two or more variables (Neelankavil, 2015:52). In a similar vein, Cargan (2007:175) describes an experiment as observations under a controlled situation where researchers hope to establish a cause-and-effect relationship.

4.6.2.4 Qualitative in-depth interviews

In-depth interviews are defined as informal and unstructured interviews that explore a wide range of topics and may last for a long time, even days or weeks (Monette *et al.*, 2011:245).

The advantages and disadvantages of in-depth interviews are presented in Table 4.7.

Table 4.7: Advantages and disadvantages of in-depth interviews

Advantages	Disadvantages
Complex questions can be explored.	Cost is greater than with other techniques.
More in-depth responses are obtained.	Time for completion is longer.
Responses that might be viewed negatively by a group are easier to obtain.	The number of completed interviews is small.
Use of visual aids is very effective.	Aggregating information from individual interviews is rather difficult.
Medium skill level is required for interviewers and no interview facilities required.	Difficult to determine changes in attitudes over time.
Reactions can be observed.	Small sample size can make the drawing of inferences for a larger population inappropriate.
Participants are more likely to participate (than with focus group).	Nature of responses can make it difficult to analyse the results.

Source: Grigoroudis & Siskos (2010:173)

4.6.2.5 Qualitative focus groups

A focus group can be defined as an unstructured and interactive in-depth interview conducted by a proficient facilitator among a small group of research participants simultaneously (Brown *et al.*, 2014:30). Focus groups are being increasingly used by business and management researchers due to their potential of generating rich and in-depth insights into a phenomenon (Oates & Alevizou, 2017:1). According to Liamputtong (2011:5), focus groups are useful when exploring and examining what people think, how they think and why they think about the specific issues, without pressuring them to make decisions or reach a consensus. A focus group usually consists of at least one moderator and up to 10 respondents, and lasts for up to three hours (Vito & Higgins, 2014:41). Participants are generally selected on the basis of their usefulness in providing suitable data within the context of the research (Monette *et al.*, 2011:182). On the other hand, the moderator has an important role to facilitate the session by creating an informal and open conversation environment (Franz, 2012:32). While the selection of the moderator should be based on his or her personal characteristics, educational background as well as moderating experience, it is recommended that the strategy for conducting a focus group interview should be matched to the purpose of the research and the characteristics of the group (Stewart *et al.*, 2007:89). Table 4.8 summarises the main advantages and disadvantages of focus groups.

Table 4.8 Advantages and disadvantages of focus groups

Advantages	Disadvantages
A flexible technique that can be used on multiple topics.	Scheduling may be less flexible to accommodate participants' timetable.
It makes the observation of interactions among several people in a short period of time possible.	It requires keen observation skills to capture many responses at once.
More in-depth knowledge is gained than with individual interviews.	One cannot learn individual stories.
It facilitates synergy among participants as they react to and build upon the responses of others.	Responses from the participants are not independent of one another.
The data collection period may be much shorter.	Responses are more difficult to transcribe with numerous voices and potential overlap.
Participants do not need to be literate.	The moderator could (unknowingly) be biased towards the responses.
Results are easy to understand.	Limited generalisability.
It quickly provides direct information about the similarities and differences between individuals.	Transcription is more time-consuming due to multiple speakers on the recording.
It is less costly than other means of data collection.	Results could be biased by one loud and opinionated participant.
It provides large amounts of rich data in participants' own words.	The open nature of this technique could make summarising and interpreting data more difficult.
It may be more acceptable than individual interviews by vulnerable groups.	

Source: Beck (2013:309)

4.6.2.6 Qualitative projective techniques

Projective techniques are defined as unstructured and indirect forms of questioning which encourage participants to project their underlying motivations, beliefs, attitude, or feelings regarding the issue of concern (Neelankavil, 2015:119). Given that it is difficult to reveal participants' true feelings, opinions or beliefs about a particular topic, researchers can use projective techniques to penetrate the participants' psychological defence mechanism in order to gain their true feelings and attitude towards the topic under consideration (McDaniels & Gates, 2010:110). Advantages and disadvantages of projective techniques are summarised and presented in Table 4.9.

Table 4.9: Advantages and disadvantages of projective techniques

Advantages	Disadvantages
It helps researchers to obtain information that is not easily expressed under direct questioning.	It is difficult to execute direct questioning.
Lack of self-consciousness on the part of the respondents may help to reveal their genuine reactions.	It tends to be subjected to interpretation biases.
The respondents' reactions allow the researcher to formulate specific strategies.	In an international context, it becomes difficult to set up common coding due to cultural differences.
Information regarding personal matters is more apt to be revealed under projective techniques compared to focus group or in-depth interviews.	It may be expensive due to the technical capabilities required by the interviewer and interpreter.

Source: Neelankavil (2015:123)

4.6.2.7 Primary data collection techniques employed in this study

Since this study used the exploratory sequential mixed-method approach to achieve the research objectives, two data collection techniques were used to collect data in this study. For the qualitative approach, the researcher conducted semi-structured in-depth interviews with owners of medium-sized textile manufacturing businesses in Mauritius. By employing in-depth interviews, the researcher gained new insights and information on the internationalisation processes of medium-sized textile manufacturing businesses. Where necessary, probing questions were used to motivate the participants to elaborate on their answers. The researcher's proximity to the participants as well as the good rapport between the researcher and the participants led to several opportunities which were capitalised on in obtaining new information that could not have been obtained otherwise.

For the quantitative approach, a survey method was used for collecting data from the owners/managers of medium-sized textile manufacturing businesses. The purpose of the quantitative survey was firstly to gauge more information from a larger number of participants, and secondly to assist in explaining and interpreting the findings of the qualitative data.

In addition to the designing of the data collection methods depicted in the overarching research process employed in this study (Figure 4.2), step 3 of the process also entails the construction of

the instruments for data collection. This part of the research process is one of the most important aspects of any research process since it renders the data collection effective and efficient.

4.6.3 Constructing the data collection instruments

A research instrument represents the means of collecting data and takes several forms such as observation forms, questionnaires, interview schedules and interview guides (Kumar, 2011:24). In this study, the researcher used an interview guide to direct the interviews during the collection of qualitative data. From the qualitative data collected, the researcher designed and constructed a formal questionnaire with predetermined questions in a fixed order (par. 4.5.1.4). These instruments proved suitable to collect sufficient data to contribute towards the achievement of the research objectives of this study. In the following paragraphs (par. 4.6.3.1 and 4.6.3.2), the detail pertaining to the design and content of the interview guide and the questionnaire that were used for qualitative and quantitative data collection are discussed consecutively.

4.6.3.1 Qualitative interview guide

According to Adler and Clark (2014: 255), an interview guide consists of a list of topics that need to be covered in a suggested order, and it is primarily used to guide less structured interviews. The rationale for using an interview guide in the qualitative approach of this study was to provide the participants with the opportunity to respond freely to the questions pertaining to the research objectives (Churchill *et al.*, 2013:84). Moreover, it allowed the researcher the flexibility to ask probing questions based on the participants' responses to prior questions. Furthermore, by developing a list of questions pertaining to each topic it ensured that full coverage was given to all the issues surrounding the research topic (Adler & Clark, 2014: 236).

When developing an interview guide, the researcher can use open-ended and/or closed-ended questions under each topic, which may be supplemented by probing questions during the interview process (Griffin, 2015:90). Open-ended questions compel the participants to respond to questions in their own words, whereas closed-ended questions encourage the participants to choose from selected answers (Nehring & Lashley, 2010:410). However, to ensure an in-depth analysis, Adler and Clark (2014: 227) advise that an interview list should consist of both open-ended and closed-ended questions. In this study, the researcher conducted in-depth interviews by making use of the interview guide which encompassed both open-ended and closed-ended questions. Probing questions were asked when the researcher needed additional information to elucidate the research topic. To develop the interview guide, the researcher consulted the literature on the

internationalisation of SMEs (Chapter 2 & Chapter 3), as well as applicable secondary sources which proved applicable and relevant to the research topic. This is in line with the suggestion by Boeije (2010:23) that the researcher should consult the literature while developing the interview guide. The interview guide (Appendix B) consists of five sections, namely the background, financial situation, institutional support, business attributes, and modes of entry.

All the interviews were conducted by the researcher and commenced with an overview of the research (the aim and context), whereafter a copy of the topics and questions were given to the participant in preparation for the interview. Hereafter the various questions were asked sequentially in accordance with the five sections in the interview guide:

- Section A (Background): This section of the interview guide consists of questions aimed at obtaining detail about the businesses' background as well as their internationalisation process. Specific questions were set to understand how the businesses were established and how they had grown to ultimately internationalise. The questions also aimed to determine whether they intend to grow even further into other international markets. Questions were also aimed at assessing the extent to which innovation has been key in their internationalisation.
- Section B (Financial situation): In this section of the interview guide the questions were set to determine the business's financial status at the start of their internationalisation and whether finance was easy to obtain for financing their internationalisation.
- Section C (Institutional support): This section of the interview guide comprises questions relating to the institutional support that was made available to them to facilitate their internationalisation. The questions also aimed at determining the types and significance of the support as well as the effectiveness of the internationalisation process they employ(ed).
- Section D (Business attributes): In this section of the interview guide the questions were directed towards specific attributes which enabled them to internationalise, such as the business's size, international experience/orientation, networking as well as competencies. Questions were also set to determine the extent to which managerial factors such as management's international orientation as well as the entrepreneurs' networks have been instrumental in their internationalisation. Furthermore, questions pertaining to the external factors enabling the business to internationalise have also been included.
- Section E (Modes of entry): In this section, the questions are aimed at identifying and assessing the modes of entry employed by the businesses and in addition questions also

earmark the main challenges the participants encountered in exporting their products. Information on the evolution of their international performance was also sought.

Based on the flow of the interview guide, each in-depth interview lasted for around 45 to 60 minutes. Where required, the researcher also participated in the discussion and on several occasions the participants' words were repeated by the researcher to confirm the participants' responses. Throughout the interviews, the researcher focused on applying an objective approach to limit his personal contribution to the interview and to ensure that he did not influence the participants' responses.

To arrange the in-depth interviews with participants, the researcher applied the steps prescribed by Guba and Lincoln (1981:172-182), which entail:

- **Identification:** Details of the research participants were obtained from the official list of registered medium-sized textile manufacturing businesses in Mauritius compiled by the Small and Medium-Sized Development Authority. A total of 56 research participants were identified in the official list, from which participants were identified to be interviewed.
- **Invitation:** The research participants were contacted telephonically and following an invitation to take part in this research they were briefed on the purpose, context and their roles in the study.
- **Appointment:** An appointment was scheduled and the interviewer conducted the in-depth interview at the participant's premises on the agreed date and time.

4.6.3.2 Quantitative questionnaire

The research instrument for the quantitative approach of this study was in the form of a formal questionnaire with predetermined questions developed in a fixed order. The purpose of the quantitative survey was to gauge more information from a larger number of participants. The questionnaire consists of closed-ended questions and offered the respondents a choice between two or more alternatives in the form of dichotomous questions (Yes/No), multiple-choice questions, and scaled-response questions (Nehring & Lashley, 2010:410). The whole questionnaire (Appendix C) is divided into six sections, namely demographical data and patronage habits, internationalisation motives, entrepreneurial actions, modes of entry, internationalisation barriers, and institutional support.

The front page of the questionnaire provides an overview of the research as well as the objectives of the study. The respondents were informed that participation in the survey was entirely voluntary and that they could withdraw from it at any time without any reason. Following this overview, the respondents had the opportunity to respond to the questions in each of the six sections.

- **Section A** (Demographical data and patronage habits): This section consists of dichotomous questions (Yes/No) and multiple-choice questions to gather data about the respondents' demographic profiles. The questions relate mainly to their ages, educational backgrounds, job functions within the businesses as well as the number of years they have been working at the businesses. In addition, several closed-ended questions pertaining to the business patronage habits provided insight about the business profiles and the initial phase of internationalisation, with particular reference to the number of years in operation, the percentage of turnover generated by foreign sales, the number of countries in which the business is currently involved with, as well as the existing research and development team within the organisation. Questions pertaining to the respondents' (managers'/owners') patronage habits focused on obtaining information about the respondents' international experience, their motivation for internationalisation, and the managerial skills they possessed at the initial stage of internationalisation.
- **Section B** (Internationalisation consideration factors): In this section of the questionnaire, data pertaining to the importance of internal and external factors which need to be considered when the business is motivated to internationalise, was gathered. The importance of these factors to the businesses' internationalisation was measured by using a five-point Likert scale ranging from 1 (Least important) to 5 (Very important). The different items pertaining to the importance of internal and external factors influencing the business's internationalisation are presented in Appendix C.
- **Section C** (Entrepreneurial actions): In this section of the questionnaire, data was gathered about the entrepreneurial actions undertaken by the businesses in obtaining foreign orders. The importance of the actions to the businesses' internationalisation was measured also by means of a five-point Likert scale ranging from 1 (Least important) to 5 (Very important). Sample items include "collecting information on foreign market trends", "establishing good relationships with suppliers" and "attending international market trade fairs".
- **Section D** (Modes of entry): In this section of the questionnaire, data was gathered in two parts. The respondents firstly had to indicate their preferred mode of entry among four entry modes (exporting, own representative in the foreign country, joint ventures, and own investment (i.e. production plant in the foreign country)), as well as the benefits of their

chosen mode of entry as a means to service foreign markets. The items pertaining to the benefits of the chosen modes of entry were measured using a five-point Likert scale ranging from 1 (Strongly disagree) to 5 (Strongly agree). Sample items include “The chosen mode of entry is the safest strategy for servicing foreign markets”, “The chosen mode of entry is the best choice for entering foreign markets” and “The chosen mode of entry is less complex compared to other entry modes”.

- **Section E** (Internationalisation barriers): In this section of the questionnaire, questions were set to analyse the barriers that may potentially affect the business’s internationalisation. Their impact on the internationalisation process was measured in terms of the extent to which they represent obstacles to the initiation or growth of the business’s export activities. The items in this section were measured using a five-point Likert scale ranging from 1 (Minor obstacle) to 5 (Major obstacle). Sample items include “knowledge on export procedures/documentation”, “use of updated technology”, “rules and regulations in the foreign market (for e.g. Rule of Origin)”, “tariff and non-tariff barriers” and “Government restriction in the foreign markets”.
- **Section F** (Institutional support): In this section of the questionnaire the items were aimed at assessing the importance that respondents attached to the initiatives undertaken by the government in encouraging SMEs to overcome barriers and engage in foreign markets. The items were also measured using a five-point Likert scale ranging from 1 (Least important) to 5 (Very important). Sample items include “Government guaranteeing the loans under specific conditions”, “creating linkages with foreign clients through embassies”, “information on the facilitation of administrative procedures” and “information on low interest loans”. Respondents were also required to rate on a ten-point scale ranging from 1 (Least satisfied) to 10 (Most satisfied), their level of satisfaction to the existing government schemes aimed at encouraging SMEs internationalisation. The last question was set to seek respondents’ views on the impact of Brexit (withdrawal of the United Kingdom from the EU) on the businesses’ activities.

Following the third step (design/selection of an appropriate data collection method) of the research process depicted in Figure 4.2, which was discussed in this paragraph, the fourth step entails the selection of the research sample. The research sample applicable to this research will be discussed in detail in the following paragraph (par. 4.7).

4.7 RESEARCH SAMPLE DESIGN AND DATA COLLECTION

In research, the goal is to collect enough data to produce accurate and reliable results based on the information about the parameters of the population (Sekaran & Bougie, 2016:2; Sappleton, 2013:103). Population information can be gained by conducting a census or drawing a sample (Malhotra, 2010:370). A census includes the complete population (Babin & Zikmund, 2016:404), whereas sampling entails any procedure that draws conclusions based on measurements of a portion (subset) of the larger population (Babin & Zikmund, 2016:69). The sampling process is an important step of any research as it affects the reliability of the information (Hawtin & Percy-Smith, 2007:131; Kumar, 2011:177; Sekaran & Bougie, 2016:2). Sampling furthermore involves the selection of a relatively small number of elements from a larger defined group of elements, with the expectation that the information collected from the small group will allow accurate judgements or inferences about the larger group (Hair *et al.*, 2013:13).

4.7.1 Qualitative sampling

Since a small number of participants should be drawn from the population for the qualitative data collection, non-probability purposive sampling was used to identify the participants for interviews. With the non-probability sampling technique, members of a population are not chosen randomly, that is by chance procedures, and they do not have a known probability of being included in the sample (Ary *et al.*, 2019:172). Moreover, compared to probability sampling which uses a formal structure and statistical techniques to guide the selection of members of the sample, the non-probability method imposes less structure in the selection process but rather incorporates human judgement in the selection of the sample (Bickman & Rog, 1998:104). Some of the most widely used non-probability sampling techniques include quota sampling, purposive sampling, snowball sampling and convenience sampling (Schwester, 2015:181). In this study, purposive sampling was used to sample the participants for the interviews. Purposive sampling is a method where the researcher personally and intentionally selects a representative sample from the target population for analysis, based on specific criteria (Schwester, 2015:182). In this study, the following criteria were used to select the sample:

- **Location** – The sampling unit (medium-sized textile manufacturing businesses) from which the sampling element will be drawn, has to be located in Mauritius.
- **Status** – The sampling unit should be a registered company in accordance with the SMEDA/Companies Act, and should have an annual turnover of more than Rs10 million and less than Rs 50 million.

- **Position** – By virtue of the position held by the sampling unit, the business should be actively involved in conducting international transactions.
- **Agreement** – Verbal consent needs to be obtained from each business for voluntary participation in this study; anonymity is assured, as is the freedom to withdraw from the study at any point in time.

Determining the required sample size with non-probability sampling is entirely based on the nature, context and needs of the study (Hale & Napier, 2013:171). According to Patten and Newhart (2018:114), sample size has been a contentious issue since the acceptance of qualitative research methods and there has not yet been consensus about the sample size for non-probability sampling. For example, while Bertaux (1981) and Pendyala and Bhat (2012:141) argue more than three decades apart that a number of 15 is the smallest size in qualitative research, Bernard (2000:178) and, more recently, Pelto (2016:322) observe that most ethnographic studies are based on 30 to 60 interviews. Furthermore, Morse (1994:225) and Teddlie and Tashakkori (2009:184) recommend 30 to 50 participants, while Fuggard and Potts (2015:671) suggest six to ten interviews for a homogeneous sample. However, Creswell and Creswell (2018: 236) suggest that the sample size for qualitative purposes depends on the type of research being conducted. They (Creswell & Creswell, 2018: 236) recommend that narrative research should include one or two participants, while an investigation into a phenomenon should include a range of three to ten participants, and 20–30 participants are recommended for grounded theory research. In addition to these recommendations, they further argue that an adequate sample depends on data saturation. This argument supports similar claims by other authors (Sandelowski, 1995; Smith & Sparkes, 2016:30) that once the researcher has collected sufficient information, in such a way that asking additional questions do not provide new information, it is assumed that the point of data saturation has been reached (Fusch & Ness, 2015:1408). Based on the recommendation by Creswell and Creswell (2018: 236), 10 medium-sized textile manufacturing businesses were sampled for qualitative data collection. Although the saturation point was reached after the sixth interview, the researcher persisted and conducted four additional interviews in order to validate the point of diminishing returns.

4.7.2 Qualitative data collection

All the participants that were selected for qualitative data collection were personally contacted by the researcher. During the telephone conversations, the researcher introduced himself and gave the background of the study. The participants were then requested to take part in this study and if

they agreed, meetings were scheduled for the interviews. During the meetings, a clear and concise explanation of the purpose of the research, the different themes that would be addressed during the interview, and the manner in which the collected information would be used, disseminated and stored was conveyed to the participants. Moreover, they were informed that their participation in the interviews was completely voluntary and that they could withdraw from the research at any stage during the interview. They were also reassured that the information gathered would be treated in a strictly confidential manner. Presenting this information was crucial to gain informed consent from the participants (O'Keeffe *et al.*, 2016:1912).

4.7.3 Quantitative sampling

For the quantitative data collection, no sampling was necessary, since the study used a census whereby the whole population of medium-sized textile manufacturing businesses in Mauritius involved in foreign markets was included in this study. Although an estimated 155 medium-sized textile manufacturing businesses are operating in Mauritius, only 90 medium-sized textile manufacturing businesses were registered with the Mauritian Ministry of Industry and Commerce as serving international markets in 2018 (par. 1.7.5). Further investigation from the the databases of SME Mauritius, MEXA and the Ministry of Industry and Commerce revealed that only 56 of these 90 registered businesses were still in operation in 2018. Although all of these businesses ($n = 56$) were contacted to be included in this study, only 43 owners/managers (77%) reacted positively to the researcher's request for participation. The researcher has not been able to convince the remaining 13 owners to participate as they were either busy at work, they were on business trips/leave abroad during the timespan for data collection, or they (four owners) simply declined the request to participate in the survey without reason. Although the response rate of 77% is considered adequate and representative (Fincham, 2008:43; Sivo *et al.*, 2006:359), this single cohort of businesses was relatively small ($n = 43$), and the decision had to be made whether to extend the data collection to Mauritian medium-sized textile manufacturing businesses not serving foreign markets to target a larger population. Since such a decision would have fallen outside the parameters and purpose of this study (par. 1.5), it was decided to use the population as is. The use of a mixed-method design also validated the small population, since both qualitative and quantitative approaches support each other in this design (Johnson & Onwuegbuzie, 2004:20-22; Sekaran & Bougie, 2016:106, 241), and the one approach intercepts the shortcoming of the other approach (Bergman, 2008:14; Denzin, 1997:318; Sekaran & Bougie, 2016:106). Furthermore, this study did not focus on individual participants, but on businesses which are collections of people working together. Therefore, a population of businesses would, in general, yield a smaller cohort of

participants than a population of individual participants would have. In hindsight, the decision to include only Mauritian medium-sized textile manufacturing businesses serving foreign markets was upheld, since the data revealed conclusive results which could be generalised to the whole population of Mauritian medium-sized textile manufacturing businesses.

4.7.4 Quantitative data collection

To collect the quantitative data all the business owners/managers were first contacted by telephone. The researcher then presented the rationale of the study as well as their contribution to the study. An appointment was subsequently arranged and confirmed to administer the questionnaire at the business premises, and in some cases (as requested by the respondents) the questionnaire was sent by mail prior to the meeting. While some owners readily agreed to participate in the study, a few were reluctant to give their input to the study. In a few instances, the respondents requested to rather receive the questionnaire by mail with no personal contact. With the assistance of the business development officers employed by SME Mauritius, the researcher was able to get into contact with all 56 medium-sized textile manufacturing businesses. Their contribution was valuable in strengthening the relationship between the researcher and the respondents. While the majority of the owners/managers completed the questionnaire and returned it to the researcher the same day of the appointment, a few owners returned the completed questionnaire a few days later. By allowing these professionals sufficient time to complete the questionnaire they had more time to study the questions and it was also experienced as a method to reduce any biases which might be related to time restrictions.

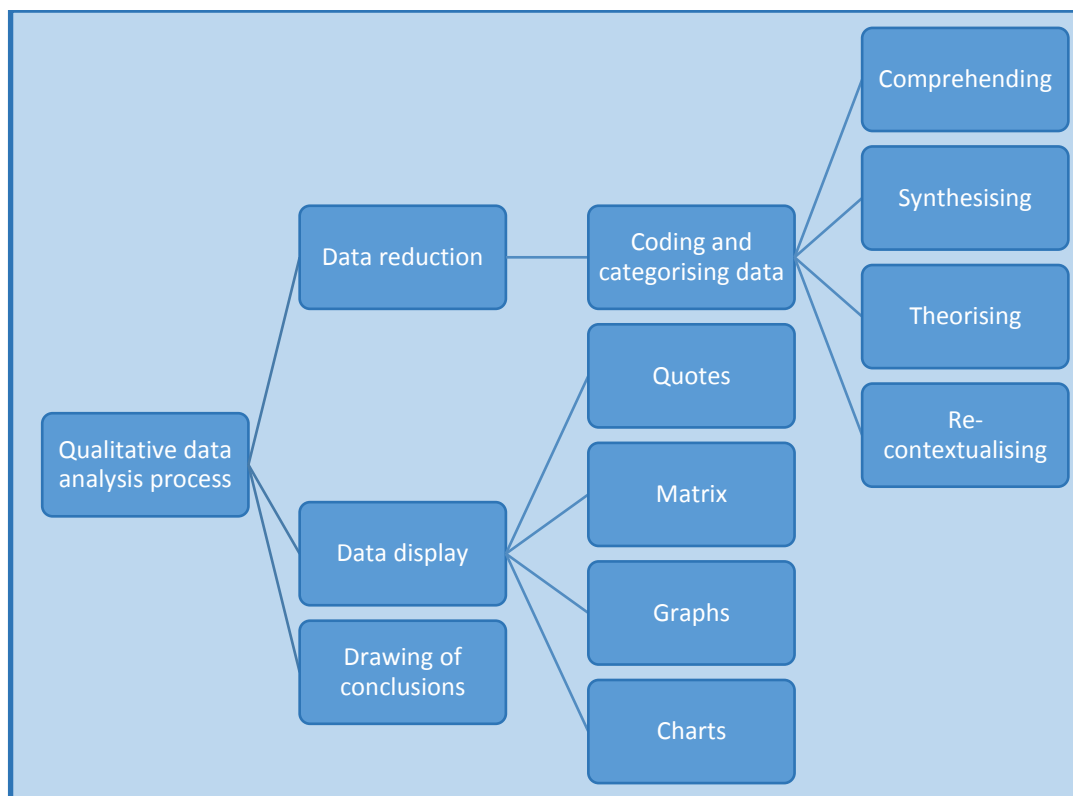
4.8 DATA ANALYSIS AND INTERPRETATION

After the completion of the data collection process, the following stage in the research process is the data analysis process (Figure 4.2). The purpose of data analysis is to organise, to provide structure, and to elicit meaning from the data collected (Polit & Beck, 2012:507; Profetto-McGrath *et al.*, 2010:318). To Shazia (2014:141), data analysis is of great importance since it makes raw data meaningful and enables the researcher to draw some results from the data. Since qualitative data and quantitative data are analysed differently, the following paragraphs will provide detail pertaining to the processes of analysing and interpreting both the qualitative (par. 4.8.1) and the quantitative (par. 4.8.2) data.

4.8.1 Analysis and interpretation of the qualitative data

According to Sekaran and Bougie (2016:332), the analysis of qualitative data is not easy, due to the relatively few well-established and commonly accepted rules and guidelines for analysing qualitative data. Over the years, however, some general approaches for qualitative data analysis have been developed, which Sekaran and Bougie (2016:333) differentiated into three stages (Figure 4.9), namely data reduction (par. 4.8.1.1), data display (par. 4.8.1.2), and the drawing of conclusions (par. 4.8.1.3). Data reduction refers to the process of coding and categorising the selected data. Data display refers to the manner in which the data is presented, such as a selection of quotes, matrices, graphs, or charts illustrating patterns in the data to assist the reader in understanding the data. Data displays also entail the tools to help with the drawing of conclusions based on patterns in the reduced set of data. However, qualitative data analysis is not a step-by-step, linear process but rather a continuous and iterative process. For instance, data coding may assist with the developing of ideas on how the data may be displayed, as well as the drawing of preliminary conclusions simultaneously. In a similar vein, preliminary conclusions may lead back to the way the raw data was coded, categorised, and displayed.

Figure 4.9: Qualitative data analysis process



Source: Sekaran & Bougie (2016:232)

4.8.1.1 Data reduction

Before the data can be analysed and interpreted it has to be reduced and prepared into suitable formats to make the analysis and interpretation possible. Since this study used interviews to collect qualitative data, the recordings of the interviews had to be transcribed for further analysis (Burns & Grove, 2010). According to Babione (2015:188) and Guest and MacQueen (2008:102), transcription refers to the process of developing written (text) records from audio or video recordings. To Cohen *et al.* (2013:426), qualitative researchers should be careful with the transcription of data as it involves a high potential for data loss, distortion and the reduction of complexity. In this regard Padgett (1998:75) recommends that a qualified expert should conduct the transcriptions of the interviews as soon as possible after the completion of the interviews. In this study, a qualified stenographer conducted all the transcriptions, which were then reviewed and validated by an independent expert for accuracy and completeness. The notes made by the researcher during the interviews were also transcribed and then used to supplement and elucidate the transcripts where necessary. All the qualitative data was transcribed in MS Word documents and then transferred to ATLAS.ti for analysis and coding. The analytical tools in ATLAS.ti made it possible to identify links between codes and to draw conclusions based on these links. This analysis was therefore done using a scientific analysis process (Kondracki *et al.*, 2002:224). To enable the researcher to reduce, code and categorise the data, he used the process steps of comprehending, synthesising, theorising and re-contextualising initially suggested by Morse (1994:25-26) and later elaborated on by Morse and Field (1996:104). Based on several authors' citations of this process over the past two decades with the latest references to this process by Arefi (2018:96) and Mayan (2016:91), the researcher found this process to be applicable to this study.

In the first step (comprehending), the researcher made sense of the data to learn “what is going on?” and to identify overall themes and categories, and coding each. The second step (synthesising) involved scrutinising the data and then inductively integrating the elements according to the themes and categories. During the second step, the researcher could already make general statements about the phenomenon and the participants. The third step (theorising) included a systematic sorting of the data which allowed the researcher to develop alternative explanations of the phenomenon and to determine the fit of these explanations to the data. The last step (re-contextualising) implies further development of the theory and the application thereof in other settings.

- **Step 1: Comprehend**

One of the key premises in qualitative data collection and analysis is the importance of staying “grounded” in the data, that is, staying true to what the participants are saying. According to Morse and Field (1996:104), it is easy for the researcher to make sense of the information if the data has been transcribed, checked, adjusted and coded. Most qualitative researchers assign meaning to data by some kind of content analysis through careful reading of the verbatim transcripts or textual materials to identify recurring topics or themes (Morse & Field, 1996:104). Comprehension is achieved when the researcher is able to identify all the key topics or themes relevant to the research question to “richly” describe “what is going on”. Morse and Field (1996:104) advised that in collecting as well as in analysing the qualitative data, the researcher should keep in mind the literature to avoid contaminating the data. In a similar vein, Boeije (2010:23) notes that by referring to the literature, the researcher is in a better position to comprehend “what is going on”.

Coding is considered as one of the central processes of the qualitative data analysis, since it facilitates comprehension and assists the researcher with the sorting of the data and also in uncovering the underlying meanings in the text (Morse & Field, 1996:104). To Sensing (2011:203), coding – which is the process of assigning units of meaning to descriptions, text or quotes – enhances the researcher’s ability to manage the data by keeping the complexity of the context in full view. According to Morse and Field (1996:104), the primary mechanism by which the coding process takes place is through the line-by-line coding (sometimes word by word) of an interview transcript. To Strauss (1987:267), the line-by-line analysis provides an answer to the question: “What does this line, or word, really mean?” By reading carefully each and every line of text in the interview transcript, the researcher is able to identify text units that express the same ideas, thereby creating the underpinning themes and concepts (Gough *et al.*, 2017:192). As a concept becomes apparent with the line-by-line analysis, a code is assigned to it (Goyal, 2010:173). According to Profetto-McGrath *et al.* (2010:320), comprehension is complete when saturation has been attained, that is, the researcher is able to prepare a thorough description of the phenomenon under study and new data does not add much to that description.

In this study, the literature review (in Chapters 2 and 3) endorsed the comprehension of the existing theories and models underpinning the internationalisation of businesses. According to Waltz (2005:31), an extensive literature review is helpful in allowing researchers to generate and then validate the ultimate choice of the concepts defining the attributes. In the empirical study, comprehension was achieved when the researcher closely reviewed the transcripts several times

during the data analysis stage until no new themes emerged (data saturation). Before the coding process commenced, the researcher identified common themes from the data. Comments considered irrelevant by the researcher since it did not align with the primary objective of the study, were deleted from the transcript. This refining process was iterated until the researcher was satisfied that the core information was suitably aligned with the primary objective of this study.

Following the refinement of the interview transcripts, data was coded using the line-by-line analysis approach as recommended by Morse and Field (1996:104). For coding purposes, the researcher used the ATLAS.ti qualitative data analysis software to assign codes to specific lines of text or keywords identified in the transcripts. The codebook detailing the assigned codes can be accessed with the following clickable link:

https://drive.google.com/file/d/1RAqnztRT_ybUo2dh83KxvfcltgPYZLWZ/view?usp=sharing.

Morse and Field (1996:126) advised that a reasonable level of comprehension must be reached before proceeding to the next step in the data reduction stage, which is, synthesising (making generalised statements about the participants).

- **Step 2: Synthesis**

Derived from the Greek word “syntithenai” which means “to put together” (Canham *et al.*, 2003:83), data synthesis implies the process of integrating data in order to generate common themes (Profetto-McGrath *et al.*, 2010:320). To Hall and Roussel (2014:90), synthesising is the process of identifying and describing regularities or patterns in the data set that are categorised and transformed into a coherent story. The main objective of data synthesising is to facilitate the interpretation, description, analysis, and conclusion of the research evidence (Ring *et al.*, 2011:3). According to Morse and Field (1996:105), qualitative data analysis can take on two forms, namely the inter-participant analysis and the category analysis. Inter-participant analysis implies the comparison of transcripts from several participants to identify similarities and differences, while category analysis entails analysing commonalities drawn from segments of transcripts or notes compiled from the transcripts of several participants.

In this study, the researcher used the inter-participant analysis to identify similarities and differences by comparing the interview transcripts of all the participants. By applying category analysis in the ATLAS.ti software, the data was synthesised into 8 themes with 19 interpretation categories (Table 4.10). Each of these categories was labelled using the reference acronyms

pertaining to the themes and categories. For example, the participant interpretation category in theme 1 would be labelled T1A, which refers to Theme 1 category A. In addition to the labels attached to the themes and categories, the questions from the interview guide (Appendix B) pertaining to each category are also included in the table below.

Table 4.10: Interpretation categories and themes

	Category (A)	Category (B)	Category (C)	Category (D)
Theme 1: <i>The company's general information</i>	Participant (T1A) Q. 1.1, Q. 14.4	Employees (T1B) Q. 1.2, Q. 1.3, Q. 1.4		
Theme 2: <i>The company's internationalisation process</i>	Process (T2A) Q. 2.1, Q. 2.2, Q. 2.6, Q. 2.7, Q. 2.8, Q. 14.1, Q. 14.2, Q. 14.3	Innovation (T2B) Q. 2.3, Q. 2.4, Q. 2.5, Q. 2.9, Q. 7.1, Q. 7.2	Countries (T2C) Q. 2.10, Q. 2.11, Q. 2.12	
Theme 3: <i>The company's source of capital for financing international activities</i>	Funding (T3A) Q. 3.1, Q. 3.2, Q. 3.3, Q. 3.4			
Theme 4: <i>Institutional support provided to the company during their internationalisation process</i>	Institution (T4A) Q. 4.2, Q. 4.3, Q. 4.4	Contribution (T4B) Q. 4.1, Q. 4.5, Q. 4.6		

	Category (A)	Category (B)	Category (C)	Category (D)
Theme 5: <i>Organisational factors</i> affecting the internationalisation process	Size (T5A) Q. 5.1, Q. 5.2, Q. 5.3, Q. 5.4	Experience (T5B) Q. 6.1, Q. 6.2, Q. 6.3, Q. 6.4	Competencies (T5C) Q. 7.3, Q. 7.4, Q. 7.5, Q. 7.6, Q. 7.7	Network (T5D) Q. 8.1, Q. 8.2, Q. 8.3, Q. 8.4, Q. 8.5
Theme 6: <i>Managerial factors</i> affecting the internationalisation process	Orientation (T6A) Q. 9.1, Q. 9.2, Q. 9.3, Q. 9.4, Q. 9.5, Q. 9.6	Contacts (T6B) Q. 10.1, Q. 10.2, Q. 10.3, Q. 10.4, Q. 10.5		
Theme 7: <i>Environmental factors</i> affecting the internationalisation process	External (T7A) Q. 11.1, Q. 11.2, Q. 11.3			
Theme 8: <i>The modes of entry</i> used during the internationalisation process	Inceptive (T8A) Q. 12.1, Q. 12.2, Q. 12.3, Q. 12.4, Q. 12.5	Knowledge (T8B) Q. 12.7, Q. 12.9	Strategy (T8C) Q. 12.6, Q. 12.8, Q. 12.10, Q. 12.11	Barriers (T8D) Q. 13.1, Q. 13.2, Q. 13.3

- **Step 3: Theorising**

Theorising is the third step according to Morse and Field's qualitative data analysis process and is considered a critical tool to all methods of inquiry. According to Morse and Field (1996:105), without theory, qualitative results would be without structure, without application, and it would be disconnected from the greater body of knowledge. During the theorising step, the researcher develops alternative explanations of the phenomenon being studied and then holds these explanations up to determine their "fit" with the data (Profetto-McGrath *et al.*, 2010:320). These explanations also confirm that the theory is applicable to other settings and populations. To Morse

and Field (1996:106), the theory which is the most important product of a qualitative study allows the theory to be generalised and re-contextualised in different settings.

During this step of the data analysis, the researcher compared the literature review (Chapters 2 and 3) to the empirical part of the study. This allowed for the various issues underpinning the internationalisation of businesses to be theorised such as the reasons for internationalisation, the factors affecting internationalisation and the modes of entry employed.

- **Step 4: Re-contextualising**

In this final step of Morse and Field's qualitative data analysis process, Profetto-McGrath *et al.* (2010:320) notes that re-contextualisation involves further development of the theory by exploring its applicability to other settings and groups. For the purpose of this study, the researcher related the different issues underpinning the internationalisation of businesses (identified in step 3) to the context of this study in order to identify the factors influencing the internationalisation process of medium-sized textile manufacturing businesses in Mauritius.

After the completion of the data reduction, the identified themes and categories need to be displayed in pictorial, diagrammatic or visual form to allow the researcher to conceptualise the data for interpretations and conclusions.

4.8.1.2 Data display

Sekaran and Bougie (2016:347) state that after the completion of the data reduction, the data display is the second major activity pertaining to the analysis of qualitative data. Data display involves taking the reduced data and displaying it in an organised and condensed manner by means of charts, matrices, diagrams, graphs and/or drawings. This will enable the research to not only organise the data, but also assists with the discovering of patterns and relationships in the data so that the drawing of conclusions is eventually facilitated. The selected data display technique depends on the researcher's preference, the type of data set, and the purpose of the display.

In this study the reduced data was displayed in graphs, diagrams and charts (Chapter 5), which made the drawing and verifying of conclusions possible.

4.8.1.3 Drawing and verifying conclusions

The drawing of conclusions is the final analytical activity in the process of qualitative data analysis. It is the essence of data analysis and the point where research questions are answered and objectives are achieved (Sekaran & Bougie, 2016:347).

This stage involves the activity of comparing or contrasting units of data to interpret and give meaning to it. In this regard, the themes and categories are scrutinised for patterns and regularities. Researchers then draw conclusions based on their knowledge of the research topics as well as any information that they might have discovered during the in-depth interviews. Data verification occurs when researchers review the stored field notes to confirm the results and also when the conclusions are verified by independent experts or other professional researchers (Sekaran & Bougie, 2016:347-348).

4.8.2 Reliability and validity of qualitative data

According to Maree (2016:239), the validity of an instrument refers to the extent to which it measures what it is supposed to measure, while reliability indicates the internal consistency of a measuring instrument (Babin & Zikmund 2016:280). Given that qualitative researchers use multiple methods and procedures to achieve the research objectives, it becomes difficult to standardise the research tools or the processes of qualitative studies (Kumar, 2011:177). However, according to Maree (2016:123), the reliability and validity of qualitative interview data depends on the trustworthiness of the data, the method as a whole and its execution. Maree (2016:123) further supports earlier claims by Bezuidenhout (2005:170) and Morse *et al.* (2002:4,5) that trustworthiness should be achieved by pursuing the credibility (par. 4.8.2.1), transferability (par. 4.8.2.2), dependability (par. 4.8.2.3) and confirmability (par. 4.8.2.4) of the data.

4.8.2.1 Credibility

The credibility of research contributes to the internal validity thereof (Tobin & Begley, 2004:391) and indicates the true value of the research (Poggenpoel & Myburg, 2004:421; Shenton, 2004:64). Credibility is, therefore, sought by answering the question: “How congruent are the findings with reality?” (Merriam & Grenier, 2019:25). According to Polit and Beck (2012:27), credibility indicates the “fit” between the information gathered from the participants and the researcher’s explanation or representation of this information. In a similar vein, Hammarberg *et al.* (2016:498) argue that a qualitative study is credible if its results, presented with adequate descriptions of context, are recognisable to people who share the experience and those who care for or treat them. Merriam

and Grenier (2019:28) further note that a researcher may defend the credibility of a study through triangulation, reflectivity, or with a substantial description of the interpretation process (by supplying verbatim quotations from the data to illustrate and support interpretations). Based on the provisions suggested by Shenton (2004:64) to ensure the credibility of qualitative research, this study obtained credibility through the following persons and actions (par. 4.8.2.1.1 – par. 4.8.2.7).

4.8.2.1.1 Background, qualifications and experience of the investigator

According to Patton (1990), researchers' credibility is especially important in qualitative research since they are instrumental in the processes of data collection and analyses. They are also accountable for the adequacy of the research procedures. Therefore, accounting for the researchers' values, beliefs and knowledge is a way of enhancing the accuracy of qualitative research as well as the credibility of the findings (Cutcliffe, 2003:137). In this study, the researcher has eight years of lecturing and research experience in the field of International Business and Entrepreneurship. This demonstrates that the researcher has a sound knowledge of several issues underpinning the internationalisation of businesses and in particular that of SMEs. His familiarity with the different research techniques also ensures that the right approach has been adopted throughout the research process. He has also acquired sufficient knowledge about the Mauritian SMEs by attending several workshops and seminars on SMEs.

4.8.2.1.2 Assessing the degree to which the project's results are congruent with those of past studies

According to Shenton (2004:69), the researcher's ability to relate his or her findings to an existing body of knowledge is a key criterion for evaluating works of qualitative inquiry. In analysing the qualitative data in this study, the researcher has consistently related the findings to existing theories and similar empirical studies. Furthermore, verbatim quotations from the data have been supplied to illustrate and support the interpretations. Information was also retrieved from multiple sources including the literature, to ensure completeness of data.

4.8.2.1.3 Random selection of individuals to serve as participants

A random selection approach is considered more appropriate in a qualitative study as it negates charges of researcher bias in the selection of participants (Shenton, 2004:65). One of the main advantages of using this approach is that it provides the greatest assurance that selected participants are a representative sample of the larger group (Bouma & Atkinson, 1995; Phillips, 2012:384; Tischler, 2010:36). However, the main constraint of a random selection method arises

from the notion that the researcher may find himself/herself with a participant who is quiet, uncooperative or hesitant, as the researcher has no control over the choice of participants. For this study, the researcher randomly contacted business owners from the list provided by SME Mauritius to eliminate any bias with regard to the choice of participants. These businesses were also situated in different locations of Mauritius.

4.8.2.1.4 The development of familiarity with the organisation/sector

Demonstrating familiarity with the organisation/sector is important in establishing a relationship of trust between the interviewer and the participant. In this study, an initial rapport between the interviewer and the participant was developed during the first point of contact through the telephone conversation. Knowledge gained by the researcher through his participation in various workshops and seminars on the eco system within which SMEs in Mauritius operate as well as the different processes surrounding their international activities also helped in strengthening the relationship between the researcher and the participants before and during the interviews. These enhanced relationships ensured that the information provided by participants reflected their true reality.

4.8.2.1.5 Peer scrutiny of the research project

Scrutiny of the research by peers, colleagues, professionals and academics is also a way of ensuring that the findings are congruent to the reality (Poggenpoel & Myburg, 2004:421). According to Shenton (2004:67), the researchers' closeness to their studies inhibit their mental ability to view the study phenomenon with real detachment. Therefore, feedback from multiple sources enables researchers to acquire fresh and deeper insights which allow them to refine the research methods and to strengthen their arguments. In this study, the researcher sought valuable feedback from different people including academics and researchers in the field of entrepreneurship and research methodology, business development officers as well as a former Chief Executive Officer from Enterprise Mauritius. Academics and researchers provided valuable insight on the research approach and techniques, business development officers ensured that considerations have been given to the main themes of the study, while the former Chief Executive Officer from Enterprise Mauritius furnished information on SMEs as well as on the findings of the study. Their feedback and inputs have been integrated throughout the different phases of the study.

4.8.2.1.6 The adoption of research methods well established in qualitative investigations

The importance of incorporating the correct operational measures for the concepts being studied has been recognised by Yin (1994). To ensure consistency in the research approach and methods, Shenton (2004:64) suggests that researchers should employ specific procedures including data collection and methods of data analysis from those that have been effectively utilised in previous comparable studies. With regard to this research, the researcher conducted a comprehensive literature review to confirm the purpose of the study (Kruger & Gericke, 2004:44) and to formulate interview questions and verify data (Shenton, 2004:69). Familiarity with the procedures used in similar research and with the research context has therefore allowed the researcher to justify in advance the motivation for the use of interviews as a qualitative research data collection method. In line with existing practices, the researcher also discussed the findings of the research with a few of the participants as part of the validation process.

4.8.2.1.7 The repeat of certain questions to confirm the answers of participants

During the interviews the researcher repeated certain questions to confirm the participants' answers. He paraphrased participants' statements which were repeated to them to confirm the correctness thereof (Reinke *et al.*, 2011:47; Shenton, 2004:67). At the end of each topic, the researcher also made a closing statement summarising some of the key words and gave the participants the opportunity to confirm their views or to add any additional information they thought was important.

4.8.2.2 Transferability

Transferability contributes to the external validity of the research and reflects the ability to transfer or apply the qualitative research findings to other contexts that are similar in nature, or to an alternative population with different research participants (Lichtman, 2010:228; Pandey & Patnaik, 2014:5746). Although the external validity entails the generalisability of the research (O'Leary, 2004:58; Tobin & Begley, 2004:391), the aim is not to generalise the results of this study, but rather the application value thereof in the setting of medium-sized textile manufacturers in Mauritius. This, according to Poggenpoel and Myburgh (2004:421) and Shenton (2004:64), also contributes to the transferability of the study.

To Lakew (2015:254), transferability relates to the question: “Has the researcher described the participants and the setting in enough detail to allow for comparisons with your population of interest?” In this study, transferability was obtained with the following:

- The setting of clear boundaries for the study (Shenton, 2004:70)
- Adequate information on the environmental setting and context of the study (Shenton, 2004:70)
- A thorough description of the manner in which the participants were selected for the interviews (Shenton, 2004:70)
- The provision of a thorough description of the results to ensure a full and purposeful account of the context, participants, research design, characteristics of the businesses and the limitations of the study, so that the readers can make their own decisions about transferability (Maree, 2016:124)
- Relevant direct quotations provided to confirm the results after an intensive data analysis was done

4.8.2.3 Dependability

Dependability contributes to the reliability of the research (O’Leary, 2004:58; Tobin & Begley, 2004:391) and emphasises the consistency thereof (Poggenpoel & Myburgh, 2004:421; Shenton, 2004:64). Polit and Beck (2012:492) describe dependability as the stability of the data over a period of time and in different varying conditions. In qualitative research, the researcher can attain dependability by accommodating changes in the research setting and in the research design itself (Toma, 2011:273). To Moon *et al.* (2016:2), dependability depends on the degree to which research procedures are documented, allowing others to follow, audit, and critique the research process.

To ensure the dependability of this study a series of steps have been undertaken by the researcher. The researcher has provided detailed coverage of the methodology and methods employed in the study to allow the reader to evaluate the extent to which effective research practices have been followed (Shenton, 2004:72). In addition, the research design and implementation, including the methodology and methods and the details of data collection, analysis and interpretation have been clearly documented by the researcher. Furthermore, the interview checklist allowed the researcher to maintain consistency in gathering data from all the participants, and the researcher has provided solid documentation so that the same study can be replicated in a different context. Moreover, data collection on the business premises allowed the researcher to

ensure that the most competent person participated in the data gathering, which strengthened the reliability of the data. The researcher also carried out a comprehensive process of verification such that all decisions from the literature were verified, especially sources on research methodology. Verification has also taken place through experienced academics and researchers in the field of International Business and Entrepreneurship (Morse *et al.*, 2002:9; O'Leary, 2004:58; Shenton, 2004:72). Reliability of the findings was also reinforced by involving more than one researcher (two independent and experienced academic researchers in the field of entrepreneurship and research methods) in the data analysis phase to apply rigorous and systematic data reduction procedures (Kruger & Gericke, 2004:44; Poggenpoel & Myburgh, 2004:421). Moreover, the themes emerging from the findings were discussed and confirmed with Business Development Officers in Mauritius.

4.8.2.4 Confirmability

Confirmation contributes to the objectivity and neutrality of the research and is an accurate means of verifying two basic goals of qualitative research: firstly to understand a phenomenon from the research participants' perspective, and secondly to understand the meaning people give to their experiences (Lakew, 2015:276). According to Guba (1981:80), confirmability in a qualitative study can be ascertained by asking the following question: *"How can one establish the degree to which the findings of an inquiry are a function solely of the subjects (respondents) and conditions of the inquiry and not of the biases, motivations, interests, perspectives and so on of the inquirer?"* There are several measures to confirm the neutrality of data and to limit the researcher's bias in qualitative research. One of these measures is to link the conclusions in such a way that it can be followed and replicated as a process (Moon *et al.*, 2016:2). An independent researcher can also be asked to verify whether the research process and the interpretation of the data are consistent with both the literature and the methodological levels. Furthermore, the researcher can ask selected participants to review the meaning-making process to ascertain that the researcher's interpretations are consistent with their perceptions. All these measures are aimed at ensuring that the results are based on the research participants' experiences and preferences rather than those of the researcher. In this study, the confirmation of the data has been obtained through the following steps:

- The research process has been made transparent by clearly describing how data was collected and analysed so that it can be replicated.
- The data was verified with the literature to minimise research bias (Poggenpoel & Myburgh, 2004:421; Shenton, 2004:72).

- In an attempt to reduce the researcher's bias, he objectively applied the research practices without being influenced by his own motives or interests.
- All constructs put forward were solely based on extant theories and empirical studies rather than on the researcher's experiences or perceptions.
- Limitations of the study were acknowledged and the potential effect thereof was analysed (Shenton, 2004:73).
- The researcher used direct quotations from the discussion of the results to confirm recurring themes that had emerged from different interviews.
- An independent expert assisted the researcher to ensure that the interpretation of the data is consistent with both the literature and methodological levels (Appendix F).

4.8.3 Analysis and interpretation of the quantitative data

Quantitative data analysis entails the systematic arranging and organising of raw data and the application of reasoning to understand the data that has been gathered (Cuesta & Kumar, 2016:7). In its simplest form, the analysis may involve determining consistent patterns and summarising the relevant details revealed in the investigation. The appropriate analytical techniques for data analysis will be determined by the purpose of the research, the characteristics of the research design and the nature of the data gathered. Statistical analysis may, therefore, range from portraying a simple frequency distribution to more complex multivariate analyses approaches, such as multiple regression and structural equation modelling (Babin & Zikmund, 2016:70).

In this study, the quantitative data was statistically analysed with the IBM SPSS (Statistical Package for the Social Sciences) program, version 25. The first part of the analysis provides the psychometric properties (validity and reliability) of the measuring instrument. In this regard, all the sections in the questionnaire (excluding section A: demographics and patronage habits) were subjected to validity and reliability testing (par. 4.8.4). Hereafter the descriptive statistics pertaining to all the sections of the questionnaire (sections A-F) (par. 4.6.3.2) were determined in the form of frequencies, cross-tabulations, means, and standard deviations, and portrayed in charts and tables. The descriptive statistics provide frequency summaries of the data pertaining to most items in section A (demographical data and patronage habits), such as the business turnover, number of years in operation and main export markets, among others. Cross-tabulations were also used to generate information about bivariate relationships in section A, which were then portrayed in tabular form. Cross-tabulations were calculated for "experience in current positions" (variables: job function/years), "education" (variables: job function/educational background) and "research and

development” (variables: R&D/regularity). The means and standard deviations were furthermore calculated (as a square root of the variance) for the remaining items in section A as well as all the items in sections B to F, to measure the dispersion of the dataset relative to its mean.

Finally, an overall correlation analysis was carried out, using Pearson’s product-moment correlation coefficient (*rho*) to measure the extent of the relationships between all the factors identified during the factor analysis of sections B to F. The demographical data and patronage habits were mainly used to provide an overall profile of the population. Due to the nature of this study it was not deemed viable to include all the information in this section into any further statistical analyses. Since correlations are not applicable to categorial variables, only two of the demographic variables, which were ordered variables, were correlated with the factors from the factor analysis, namely *“number of years in operation”* and *“the educational background of the managers”*.

- Small correlation = $\rho 0.1 > 0.29$
- Medium correlation = $\rho 0.3 > 0.49$
- Large correlation = $\rho 0.5 > 1$

This test was conducted to contribute to the development of the internationalisation strategy for medium-sized textile manufacturers in Mauritius in the way of identifying the possible connections and associations between the variables.

4.8.4 Psychometric properties (reliability and validity) of the measuring instrument

According to Heale and Twycross (2015:66), quantitative researchers should not give consideration only to the results of the study but also to the rigour of the research. Rigour refers to the extent to which the researchers work to enhance the quality of their studies. In quantitative studies, rigour is typically associated with the psychometric properties of the measuring instruments to determine how well the instrument actually measures what it intends to measure (Canata *et al.*, 2019:387). There are two major categories of psychometric properties (validity and reliability) for determining the accuracy of the instruments, data and research findings (Clayton *et al.*, 2013:41-42; Mertler, 2009:24). Bryman (2015:170) indicates that validity is concerned with the integrity of the conclusions that are generated from the research, while reliability refers to the extent to which the results obtained by a measurement and procedure can be replicated (Bolarinwa, 2018:195).

Table 4.11 below outlines the psychometric properties that can be used to measure the quality of measuring instruments.

Table 4.11: Psychometric properties of research instruments

Type	Description	Other names, subtypes	Measured by
RELIABILITY	The instrument produces consistent scores when measuring the same entity.	Consistency	Coefficient (numerical summary)
Test-retest reliability	The instrument has the ability to give similar scores of the same entity from one time to another.	Temporal consistency	Correlation coefficient
Internal consistency reliability	There is consistency of results across items within a measure.	Split-half reliability	Inter-item correlation, Cronbach's coefficient alpha
Interrater reliability	There is consistency for different observers using the same instrument, rating scales or rubric.	Scoring agreement, interobserver reliability	
VALIDITY	The instrument does a good job of measuring the concept it purports to measure. This refers to a specific purpose for the instrument with a specific group of people.	Meaningfulness	Varies
Construct validity	The instrument is measuring the desired construct because the obtained results or scores conform to theoretical predictions.	Convergent validity, discriminant validity, factor structure	Correlation coefficient, factor scores, other evidence of confirmation

Type	Description	Other names, subtypes	Measured by
Criterion-related validity	The instrument is associated with a criterion (e.g. future behaviour, scores on a behavioural index) that is implicated by the theory of the construct.	Concurrent validity, predictive validity	Correlation coefficient, regression analysis
Content validity	The instrument includes items or indicators that are representative of a clearly delineated conceptual domain.	Face validity	Ratings by independent reviewers

Source: Clayton *et al.* (2013:41-42)

4.8.4.1 The validity of the quantitative data

Validity in quantitative research is defined as the trustworthiness of the data (Elo *et al.*, 2014:8) which is established when a scale accurately assesses what it intends to assess (Rios & Del Campo, 2013:93) and when it is free from random and systematic errors (Malhotra, 2010:320). Bolarinwa (2018:195) and Trochim *et al.* (2015:56) distinguish between internal (credibility) and external validity (transferability).

4.8.4.1.1 Internal validity

Internal validity refers to the extent to which a study is free from bias, the statistical inferences (causal relationships between independent and dependent variables) are valid, and when the researcher can rule out alternative explanations for the findings (Carter & Lubinsky, 2016:76; Maree, 2016:169). Given that this study aims only at uncovering the factors which would contribute to the proposed internationalisation strategy for Mauritian medium-sized textile manufacturing businesses, and not the effectiveness of the implemented strategy in a real-world setting, it was not within the scope of the study to identify any causal relationships between variables. However, since internal validity precedes concerns about whether the strategy can be effective in a real-world setting, the researcher opted to increase the internal validity of the study by:

- constantly referring to the theories and the research objectives in developing the constructs

- drafting the questionnaire based on past empirical studies, results from exploratory studies, extant literature, as well as the results from the qualitative approach
- incorporating experts' opinions in developing construct measurements
- using existing measurement scales
- applying consistent and transparent coding methods.

4.8.4.1.2 External validity

External validity refers to the broader impact of the research, and deals with issues such as generalisation of results to the entire population, sampling, whether the constructs are defined such that they represent the real issues, and whether the measurement is accurate (Maree, 2016:169). To increase the overarching external validity of the results, the researcher:

- documented the whole research process including the context, participants, as well as the procedures
- administered the survey at the business premises
- gave due care in selecting the respondents (Bryman, 2015:48) and ensured that the respondents (owners, managers or any other designated persons) were conversant with the businesses' international activities and operations
- administered the survey to the whole population of medium-sized textile manufacturing businesses in Mauritius (census method). Although a 77% response rate was achieved, it could be concluded that the response rate was a valid representation of the whole population (par. 4.7.3).

In addition, Babin and Zikmund (2016:283), Clayton *et al.* (2013:41-42) as well as Heale and Twycross (2015:66) identify three categories of external validity, namely content validity, construct validity and criterion validity. Since this study did not focus on associating the results from the measuring instrument with future behaviour or scores on a behavioural index (Monette *et al.*, 2011:116), criterion validity which entails such associations is not applicable to this study and will not be elaborated on further. This study focused on establishing content and construct validity.

- **Content validity**

According to Zikmund *et al.* (2013:304), content validity refers to the degree to which a measure covers the breadth of the domain of interest without going beyond the scope of what is being measured. Since it is a non-statistical, subjective evaluation of how well the content of a scale represents the measurement task at hand, there are no agreed-on

criteria to ensure content validity. Monette *et al.* (2011:116) suggest a systematic evaluation of the measuring scales to strengthen confidence in the content validity by other investigators, especially those who are knowledgeable about the variables involved. Moreover, a study is said to be content valid if it consists of a sample that represents the research topic (Cooper & Schindler 2014:257).

In this study, content validity was strengthened with the use of researched theories, articles, and books as well as the data obtained from the qualitative study to identify the items being measured. Furthermore, the measuring instrument was evaluated by knowledgeable academics in the field of international business and entrepreneurship as well as Business Development officers who are actively involved in promoting and assisting the growth of SMEs in Mauritius. Subsequently, adequate evidence was obtained to conclude that the items measured and the measuring instrument as a whole contained sufficient evidence of strengthened content validity.

- **Construct validity**

Construct validity is a more objective method to determine the validity of the results obtained from a measuring instrument. It follows statistical processes to infer findings to a larger population and represents the degree to which the measure reflects the underlying construct it intends to measure (Chin & Lee, 2008:78; Heale & Twycross, 2015:67). According to Dwivedi and Clark (2013:136) and also Shukla (2010:26), construct validity can be classified into three categories, namely convergent, divergent and nomological validity.

- According to Shukla (2010:26), convergent validity focuses on how well the scale's measurement positively correlates with different measurements of the same scale. This implies that the different methods for researching the same construct should give a relatively high inter-correlation (Cohen *et al.*, 2011:189). To Chin and Lee (2008:78), establishing convergent validity requires showing that *"the measures that should be related are indeed related"*.
- On the other hand, Malhotra *et al.* (2013:319) define divergent validity as the degree of dissimilarity with other constructs from which it is theoretically inclined to differ. To Chin and Lee (2008:78), establishing divergent validity means demonstrating that measures *"that should not be related are indeed not related"*. According to Cohen *et al.* (2011:189), to demonstrate divergent validity in quantitative research, the

researcher can use statistics such as difference-testing (t-test, chi-square test and analysis of variance).

According to Cohen *et al.* (2011:189), convergent and divergent validity can be powerfully addressed by a mixed-method approach, as one can examine whether a set of data from one method accords with the data found by another method which focused on the same issues, variables or constructs.

- Moreover, derived from the Greek word “nomology” meaning lawful (Nestor & Schutt, 2012:122), nomological validity comes closest to what is generally meant by “understanding” a concept (or construct), and is primarily concerned with whether a measure behaves as expected (Smith & Albaum, 2005:363). To Shukla (2010:83), nomological validity is used to evaluate the extent to which one particular construct theoretically correlates with different, but related constructs. In nomological validity, the researcher attempts to relate the measurements to a theoretical model that leads to further deductions, interpretations and gradually building towards a nomological net, in which several constructs are systematically interrelated (Smith & Albaum, 2005:363). Since it was not the aim of this research to relate the measurements to a theoretical model, only convergent validity and divergent validity were focused on.

Convergent validity and divergent validity are best established by means of factor analyses, either a confirmatory factor analysis (CFA) or exploratory factor analysis (EFA) (Housden, 2010:232; Koob *et al.*, 2010:29; Trochim & Donnelly, 2007:56). Aguado *et al.* (2015:12) propose a higher cut-off value for factor loadings (suggesting eigenvalues >0.30) as a way to establish construct validity through factor analysis, stating that inter-factor correlations should be established as an accurate estimate of construct validity. EFA, which is the most commonly used technique to establish validity was used in this study. According to Malhotra (2010:739), EFA uncovers the underlying dimensions or constructs among a set of variables. On the other hand, in a CFA, the researcher pre-specifies the nature of the latent variables, that is, indicates which manifested variables they believe will be explained by which latent factors (Koob *et al.*, 2010:29).

However, not all measuring instruments and datasets are factorable, due to inconsistencies among questions/statements (positive and negative scales), and when the ratio of responses to the number of items measured exceeds 1:10. Pallant (2013:190), therefore, argues that researchers should firstly determine the factorability of the data, which can be measured using Bartlett’s test of Sphericity and the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy. Moreover,

factorability is established when the correlation matrix reveals many correlation values equal to or higher than 0.3, when the KMO-value is at least greater than 0.5 (KMO-values below 0.5 are unacceptable and values higher than 0.6 indicate good sample adequacy) and when the Bartlett's test of sphericity measures a value smaller than 0.05 ($p \leq 0.05$) (Sahiti, 2019:233).

In this study, the questionnaire was developed based on relevant information gathered from the literature review as well as the themes which emerged from the qualitative results. To test for elements of validity a series of EFAs, using SPSS version 25, were run on five of the six sections in the measuring instrument (excluding section A: Demographical data and patronage habits), which respectively focused on internationalisation consideration factors (section B), entrepreneurial actions (section C), modes of entry (section D), internationalisation barriers (section E), and institutional support (section F). Prior to the factor analyses, the suitability of the data for factor analysis was assessed by means of the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy (Kaiser, 1970:401-415) and Bartlett's Test of Sphericity (Bartlett, 1954).

After the factorability of the data was established, the factor analysis of the items in the different sections of the questionnaire was conducted. The basic two methods of extracting factors are the Common Factor Analysis (CFA) and the Principal Components Analysis (PCA) (Boslaugh & McNutt, 2008:377). The choice between these two methods depends on the objectives of the research (Ho, 2008:240). While CFA is considered most appropriate when the main objective is to identify theoretically meaningful underlying dimensions, PCA is deemed suitable when:

- the purpose is no more than to reduce the data to obtain the minimum number of factors needed to represent the original set of data; and
- the researcher works from the assumption that the factors extracted do not have any theoretical validity (Ho, 2008:240).

In this research, only PCA was used to extract factors (Pallant, 2013:189) since the objective was not to identify the theoretical meaningfulness of the underlying dimensions.

According to Babin and Zikmund (2016:557), the most common decision when employing PCA is to retain the number of factors that represent the proportion of the total variance of the variables explained by each factor. Te Fu (2010:304) advised researchers to (i) carefully examine the item communalities, (ii) consider deleting items with low communalities (below 0.3), and (iii) conclude the optimal number of factors that may be extracted to illustrate the interrelations between the

variables sets.

Another key issue when employing PCA is to determine the loading changes after the rotation when the majority of the variables are loaded onto a small number of factors (Hartas, 2010:408). Rotation allows the clustering of related variables, which is easier and convenient for the interpretation (Ronco & De Stéfani, 2011:83). There are two methods of factor rotation, namely orthogonal and oblique rotation (Rajaretnam, 2015:13). An orthogonal rotation produces factors that are uncorrelated, whereas the oblique rotation allows factors to correlate (Hartas, 2010:408). Commonly available methods of orthogonal rotation include quartimax, equamax and the varimax rotation methods, and for the oblique method, the methods used consist of the direct oblimin and promax rotation (Hartas, 2010:408). According to Ronco and De Stéfani (2011), varimax rotation remains by far the most frequently used rotation method since the oblique rotation implies that factors are correlated.

According to Hair *et al.* (2016:416), the number of factors that should be retained to effectively represent the variables is a key and complex decision. Different methods are used to determine the number of retained factors, including priori-criterion determination, eigenvalues, and the scree plot approach (Malhotra *et al.*, 2013:629). Priori-criterion determination entails specifying the number of factors to be retained based on the researcher's prior knowledge. When applying the eigenvalue method, only the factors exhibiting an eigenvalue greater than 1.0 are retained (Malhotra, 2010:643). Proposed by Cattell (1966), the scree plot is another procedure used in determining the number of factors to retain in factor analysis. In this procedure eigenvalues are plotted against their ordinal numbers, which are then examined to find where a break or a levelling of the slope of the plotted line occurs (Kanyongo, 2005:120). The number of factors to retain is indicated by the number of eigenvalues above the point of the break (that is the point where a line drawn through the points changes direction) (Kanyongo, 2005:120).

Considering the nature of this study, exploratory principal components analysis with varimax pairwise rotation, was used to determine the underlying factors of the measurement instrument. The number of factors retained was guided by Kaiser's criterion (eigenvalues above 1) and the scree plot with adequate factor loadings set at 0.3 and above (Pituch & Stevens, 2016:347).

In addition, correlations were lastly calculated by means of Pearson's product-moment correlation coefficient, to measure the extent of the relationships between the extracted factors as well as the

relationships between the retained factors and selected items from section A (theoretically based).

Hereafter, the reliability of the factors was calculated by means of Cronbach's alpha coefficients to determine the internal consistency of the measurement.

4.8.4.2 The reliability of quantitative study

Reliability is the second element that determines the quality of measuring instruments (Muijs, 2011:61). It refers to the consistency of a measure (Bryman, 2015:169) and is achieved when the results collected would be the same or similar, if the process were to be repeated later with the same data collection method and group of respondents (Bertram & Christiansen, 2014:186). In an attempt to address reliability, researchers should try to strengthen the stability of the measures across the unit of observation (Creswell & Creswell, 2018:251). One of the most important tests used to assess the reliability of a measuring instrument is by means of Cronbach's alpha coefficient. It is a measure of reliability that ranges from 0 to 1 (Field, 2005:640). Scales exhibiting Cronbach's alpha coefficients ≥ 0.70 are regarded as possessing good reliability. Scales with Cronbach's alpha coefficients < 0.60 indicate poor reliability (Babin & Zikmund, 2016:281). The formula for calculating Cronbach's alpha is:

$$R_n = \frac{k}{k-1} \left(1 - \frac{\sum V_i}{V_r} \right)$$

Where "k" is the amount of items on the scale, $\sum V_i$ is the total variances of items on the subscale, and V_r represents the variance of the subscale (Anastasi & Urbina, 1997:124; Schepers, 1992:64).

In this study, the following steps have been taken to ensure the reliability of the research instrument:

- The researcher adapted and integrated measurement scales that have been validated in previous similar studies. According to DeVellis (2012:187), the credibility of these scales is ensured given that they have already undergone peer review processes.
- Experts and academics familiar with the constructs were required to review the questionnaire items for readability, comprehensiveness, and clarity (Bolarinwa, 2018:197).
- In drafting the questionnaire, the researcher used understandable words that are meaningful and relevant to the respondents instead of using technical jargon.

- The researcher gave clear directions and instructions to the respondents on the completion of the questionnaire.
- At the analysis stage, the researcher calculated Cronbach's alpha coefficients to statistically analyse the reliability and internal consistency of the measuring instrument. Based on Cronbach's alpha coefficients obtained from SPSS, some items (statements) were removed before proceeding with further analysis of the data if "item deleted" revealed higher values. More details are provided in the next chapter of this study (par. 5.3.2).

4.9 WRITING THE RESEARCH REPORT

The last stage in the research process, as depicted in Figure 4.2, is the writing of the research report (Iacobucci & Churchill, 2018:23; Kumar, 2011:22). The research process culminates with the reporting of the research findings which, in this study, are presented in Chapters 5, 6 and 7 as the analyses of the findings (qualitative and quantitative), conclusions and recommendations (development of the proposed internationalisation strategy for medium-sized textile manufacturers in Mauritius), as well as the overall summary of the study.

4.10 ETHICAL CONSIDERATIONS

This study received ethics clearance from the research ethics committee of the North-West University after a thorough scrutiny of all material and procedures. The ethics number that was allocated is EMS15/07/16-01/01.

Ethical aspects that the researcher had to focus on were the identification of the participants, the measurement of the aspects that the participants were exposed to and the handling of the research results (Burns & Grove, 2010:195). The researcher continuously aimed to be objective and to report the data (quantitative and qualitative) just as it is. Due to possible bias of the researcher and the influence thereof on the research results, it was decided to involve various experts in the research to assist with the validation of the measuring instruments, data collection, transcriptions, and the qualitative and quantitative data analyses.

It was unfortunately not possible to ensure the absolute anonymity of participants and respondents in this research since all had to be contacted personally by the researcher. However, the reporting of the data is anonymous throughout, with no personal or business information revealed. The participants involved in the qualitative data collection and the respondents involved in quantitative

data collection were all assured that the data from this investigation will be treated confidentially and will be kept safely.

4.11 SUMMARY

In this chapter the research methodology that was used in this study was discussed. Based on the theoretical underpinnings applicable to this study and the nature of this study, an exploratory sequential mixed-method approach was identified as the most suitable approach to achieve the objectives set for this study. This approach was then systematically executed and organised according to the six-step process stipulated by Iacobucci and Churchill (2018:23).

Qualitative data was collected with semi-structured interviews and quantitative data was collected with a self-administered questionnaire. The qualitative data was analysed with ATLAS.ti by following a process of data reduction, data display and the drawing of conclusions. The quantitative data was statistically analysed using the IBM SPSS (Statistical Package for the Social Sciences) program, version 25. The statistical analyses carried out on the quantitative data included frequencies, means, standard deviations, exploratory factor analyses, Cronbach's alpha coefficients, and correlations. Since the data collection only aimed to retrieve as much information as possible to contribute to the internationalisation strategy of medium-sized textile manufacturing businesses, as proposed in this study, complex inferential statistics pertaining to causal relationships between variables, such as t-tests, multiple regression analyses, or structural equation modelling, were deemed redundant.

The reliability and validity of both approaches were continuously ensured by means of several mechanisms applicable to each data collection method. The discussion of this chapter was closed with an overview of the aspects that were recognised in terms of the ethical considerations of the investigation.

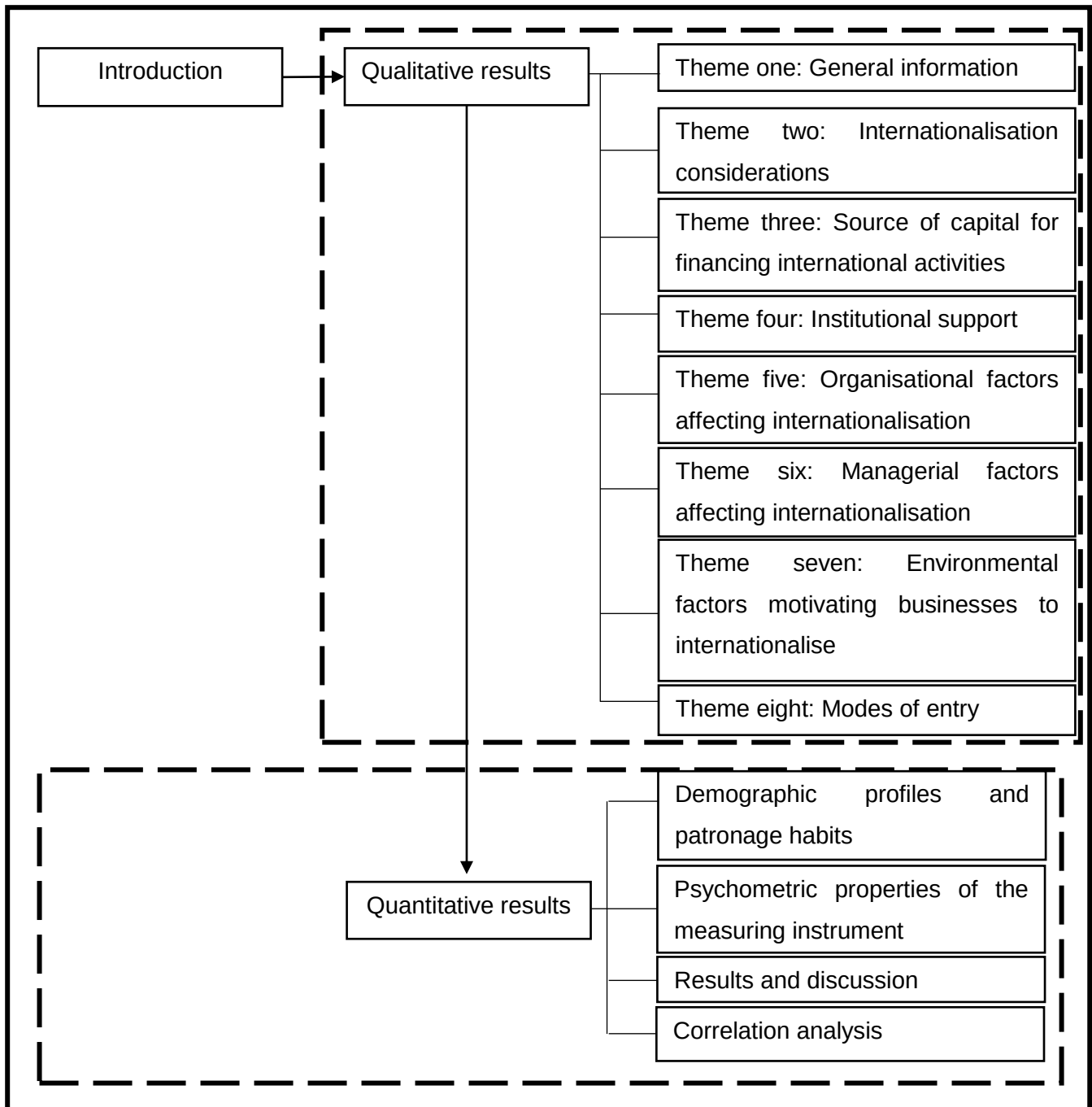
In conclusion, the research methodology has addressed important questions regarding the manner in which the research in this study was conducted. It furthermore clarifies the research process followed as well as the reasons for choosing the approaches and the methods used. Chapter 5 will present the results obtained from this research process.

CHAPTER 5

DATA ANALYSIS AND RESULTS

5.1 INTRODUCTION

Figure 5.1: Structure of Chapter 5



The theoretical underpinnings pertaining to the proposed internationalisation strategy for medium-sized textile manufacturers in Mauritius were discussed in Chapters 2 and 3, followed by the research methodology applicable to this study in Chapter 4. To contribute towards the development of the proposed internationalisation strategy for medium-sized textile manufacturers in Mauritius (Chapter 6), an exploratory sequential mixed-method approach was used to gather sufficient and applicable information (par. 4.8.3).

In this chapter the results and findings of the empirical study are presented. The chapter has been organised in two main parts. **Part I** focuses on the discussion of the qualitative data obtained from the semi-structured interviews. **Part II** deals with the empirical findings obtained from the questionnaires administered to the respondents.

Part I of the chapter, which reports on the results obtained from the qualitative approach, starts by reviewing the questions asked during the in-depth interviews. It is then followed by the presentation of the categories and themes identified in the second stage of the Morse and Field approach to analysing qualitative data (par. 4.8.1.1). The chapter continues by providing detailed descriptions of the results pertaining to each of the respective categories (par. 5.2.1 – 5.2.8). The main findings and conclusion of the qualitative results are then summarised and presented at the end of Part I (par. 5.2.9).

In **Part II**, tables, bar graphs and descriptive narrations have been used to present the quantitative data sets. This part of the chapter commences with the results from the demographic profiles and patronage habits of the respondents (par. 5.3.1), followed by the psychometric properties of the measuring instrument (par. 5.3.2). Hereafter the discussion of the descriptive results (par. 5.3.3) precedes the results from the correlation analyses (par. 5.3.4). The main findings and conclusion of the quantitative results are then summarised and presented at the end of Part II (par. 5.3.5).

5.2 PART I: QUALITATIVE RESULTS

This section presents the results of the qualitative approach. To ensure coherence between the in-depth interview questions (Appendix B), the research objectives (par. 1.5), the literature review (Chapters 2 & 3) and the qualitative themes, links were drawn to confirm focused and interfaced data reporting. These links are presented in Appendix D. From the analysis of the qualitative data, the myriad of data collected was reduced to 19 categories which were then grouped into eight themes (Table 4.10). In the following paragraphs (par. 5.2.1 – 5.2.8), the results from the qualitative

analysis are presented according to the identified themes and categories. The discussion of the data will be visually supported with graphs and charts. Furthermore, the direct words of the participants, which were recorded during the interviews, are also provided to validate the results and conclusions.

5.2.1 Theme one: The businesses' general information

From the interviews with the participants, two categories were identified pertaining to the general information theme, namely owners/managers (category: T1A) and employees (category: T1B). Data pertaining to these categories was collected to reveal the businesses' years in operation and the managerial levels (T1A) (par. 5.2.1.1), and also their influence on employee increases due to their growth nationally and internationally (T1B) (par. 5.2.1.2).

5.2.1.1 Category T1A: Owners/Managers

As shown in Figure 5.2 all the businesses (sampling units) had been in operation for more than eight years. Seven of the ten participants (sample elements) were managers, while three were also the owners (Figure 5.3). This indicates that these participants, by virtue of their positions held within the businesses, were conversant with the international operations of the businesses. Thus, their exposure to and their involvement with international transactions indicated that their responses reflected the reality of their experiences. Moreover, the participants considered SME Mauritius, the Development Bank of Mauritius (DBM), the Mauritius Export Association (MEXA) and the Mauritius Chamber of Commerce and Industry (MCCI) as local institutions or stakeholders from whom pertinent information on the internationalisation of businesses in Mauritius could be extracted.

Figure 5.2: Number of years in operation

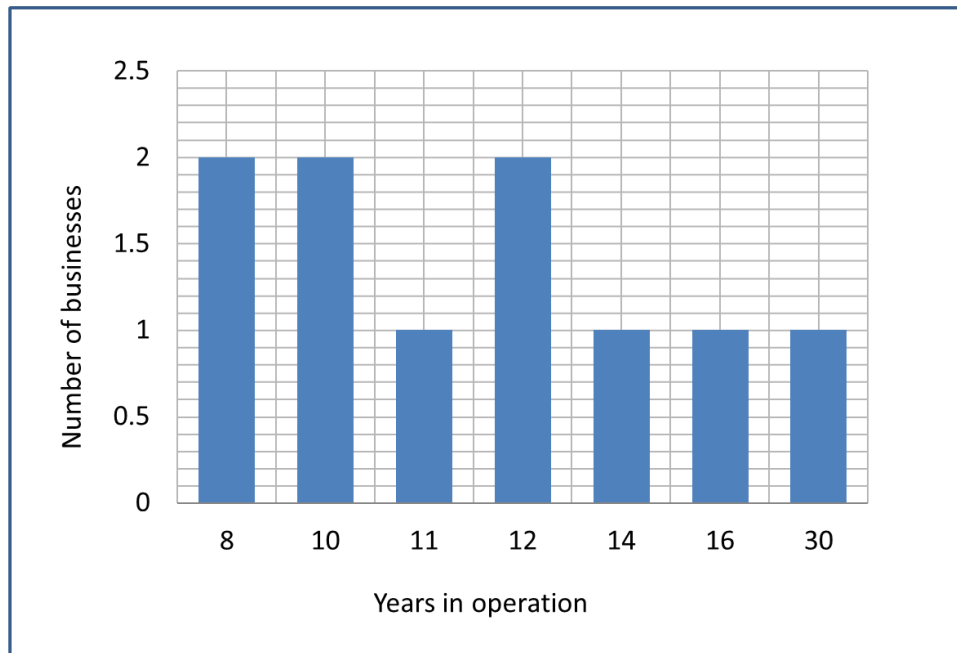
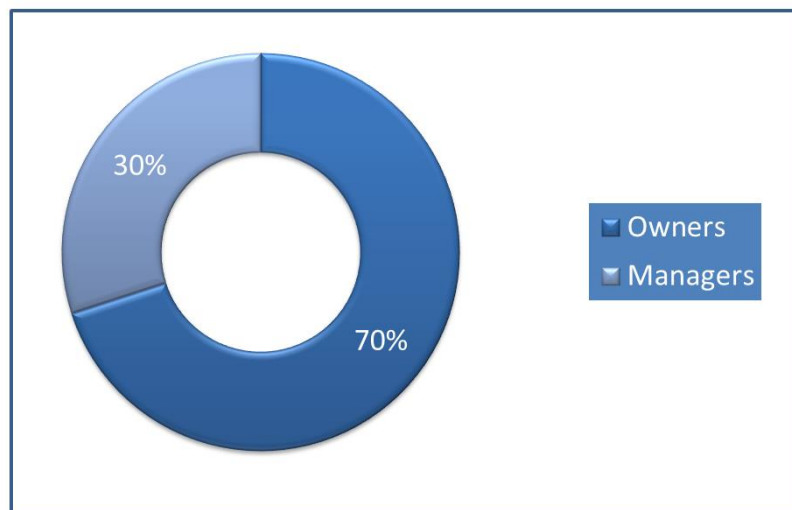


Figure 5.3: Position held



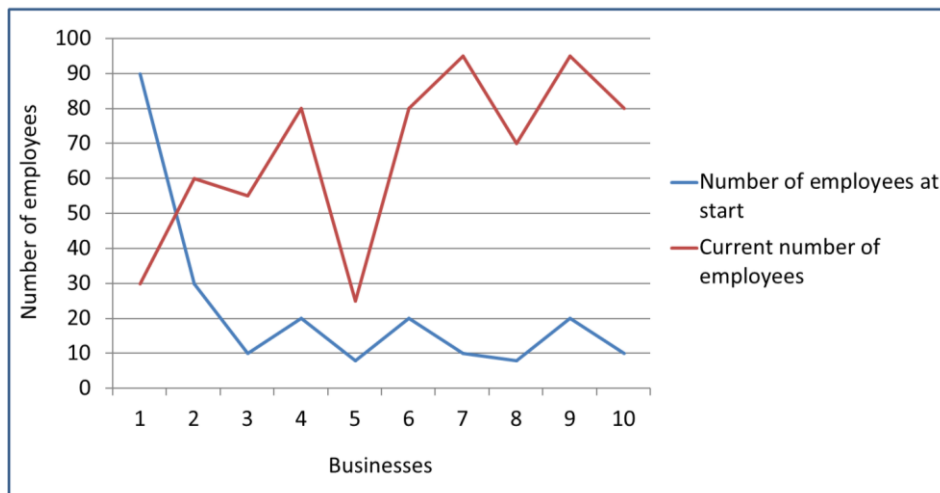
5.2.1.2 Category T1B: Employees

As indicated in Table 5.1 and Figure 5.4 below, the number of employees had increased in nine of the ten businesses, with only one business indicating a decrease in its workforce. It can therefore be deduced that the number of years in operation also led to an increase in employees, mostly due to expansions nationally and then internationally.

Table 5.1: Number of employees

Sampling units	Number of Employees at Start	Current Number of Employees
1	90	30
2	30	60
3	10	60
4	20	80
5	8	25
6	20	80
7	10	95
8	8	70
9	20	95
10	10	80

Figure 5.4: Number of employees



5.2.2 Theme two: The businesses' internationalisation considerations

In the literature the internationalisation considerations referred to in this paragraph are referred to as the internationalisation motives (par. 3.2; 3.3). However, from the interviews it was discovered that the overall motive for internationalisation was the need for growth, and the internationalisation motives in the literature are rather seen as the aspects managers need to consider after they have realised the need for growth and before the decision to internationalise is taken. For example, if managers are not motivated to grow their businesses across borders, aspects such as unsolicited orders, profit goals, technology and even foreign market opportunities (par. 3.3) would not necessarily lead to their internationalisation.

Within this context, the interviews with the participants revealed three categories pertaining to the businesses' internationalisation considerations, namely the process (category: T2A), innovation (category: T2B), and foreign markets (category: T2C).

With these categories in mind, data was collected to reveal the duration of the businesses' international operations, their initial motives to internationalise, their general perceptions of internationalisation, growth and expansion into other markets, their internationalisation concerns and issues, and suggestions to overcome or limit the impact of their concerns and issues (T2A) (par. 5.2.2.1). In addition, the participants also emphasised the importance of innovation in their internationalisation and revealed several suggestions on how internal and external innovation decisions could facilitate, support and sustain businesses' internationalisation (T2B) (par. 5.2.2.2). Furthermore, the participants revealed which foreign markets they initially internationalised into, the markets they are currently conducting business in, as well as the markets they intend to expand into in future (T2C) (par. 5.2.2.3).

5.2.2.1 Category T2A: Process

In this category the majority of the participants indicated that they had been involved with international markets for more than five years (Figure 5.5). Most of the participants further indicated that their participation in buyer-seller meetings such as SME Mauritius international trade fairs led to their first international orders, which ultimately motivated them to internationalise (Figure 5.6). Furthermore, due to the small Mauritian local market and the realised growth opportunities presented with internationalisation, these businesses continued to expand internationally, rather than nationally. From the participants' opinions, it can be deduced that they have a positive perception towards internationalisation, since they feel that they have much to gain in terms of exposure, revenue and market development. The information gained from the participants regarding their motives for internationalisation supports claims made in the literature that SMEs mainly internationalise to capitalise on foreign market opportunities (par. 3.3.3) (Figure 5.7).

Despite the majority of the businesses ($n = 9$) having been established after 2000, during the time when born globals were seen as the new way of internationalisation (par. 2.6), seven of the participants indicated that they did not have the intention to internationalise when they were established. Only two of the businesses indicated that they were globally orientated from the onset of their business activities (Figure 5.8). In terms of further growth and expansion into other markets, all the participants indicated the intent to expand further in future, and some participants identified

Africa as a potential market for further international growth (Figure 5.9). Their future expansion is mainly motivated by their improved international performance due to expanding client bases and the penetration of new foreign markets in previous years (Figure 5.10).

However, their internationalisation was not without concerns and issues. From the interviews, several issues and concerns were identified to impact on the businesses' internationalisation processes of which the main concerns and issues are depicted in Figure 5.11. To overcome or limit the impact of the identified concerns and issues, the participants felt that policy makers have a valuable role in facilitating their internationalisation, especially in terms of financial and institutional support, trade facilitation and marketing, and communication (Figure 5.12). The participants' suggestions in this regard are summarised in Table 5.2.

Figure 5.5: Number of years involved in international markets

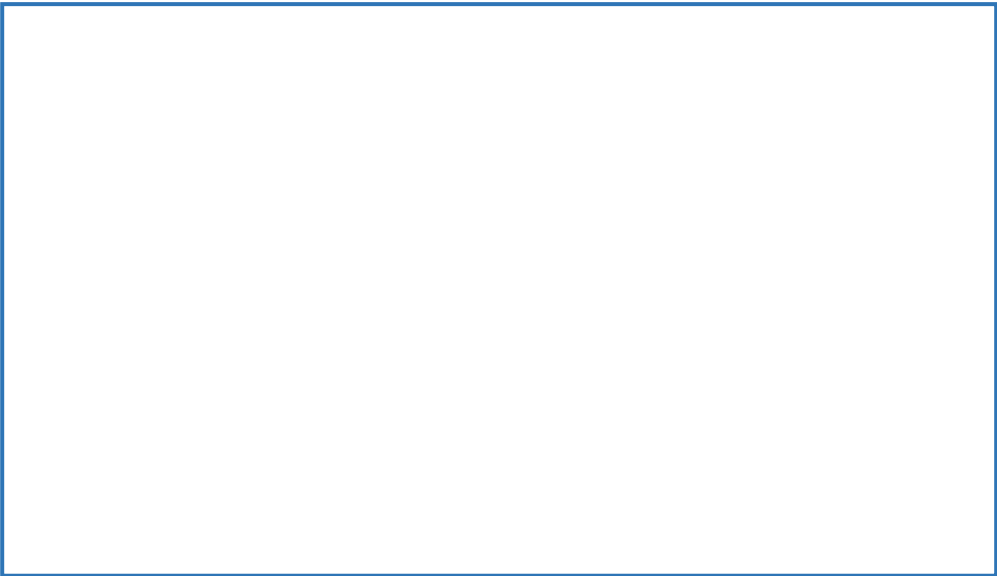


Figure 5.6: First orders

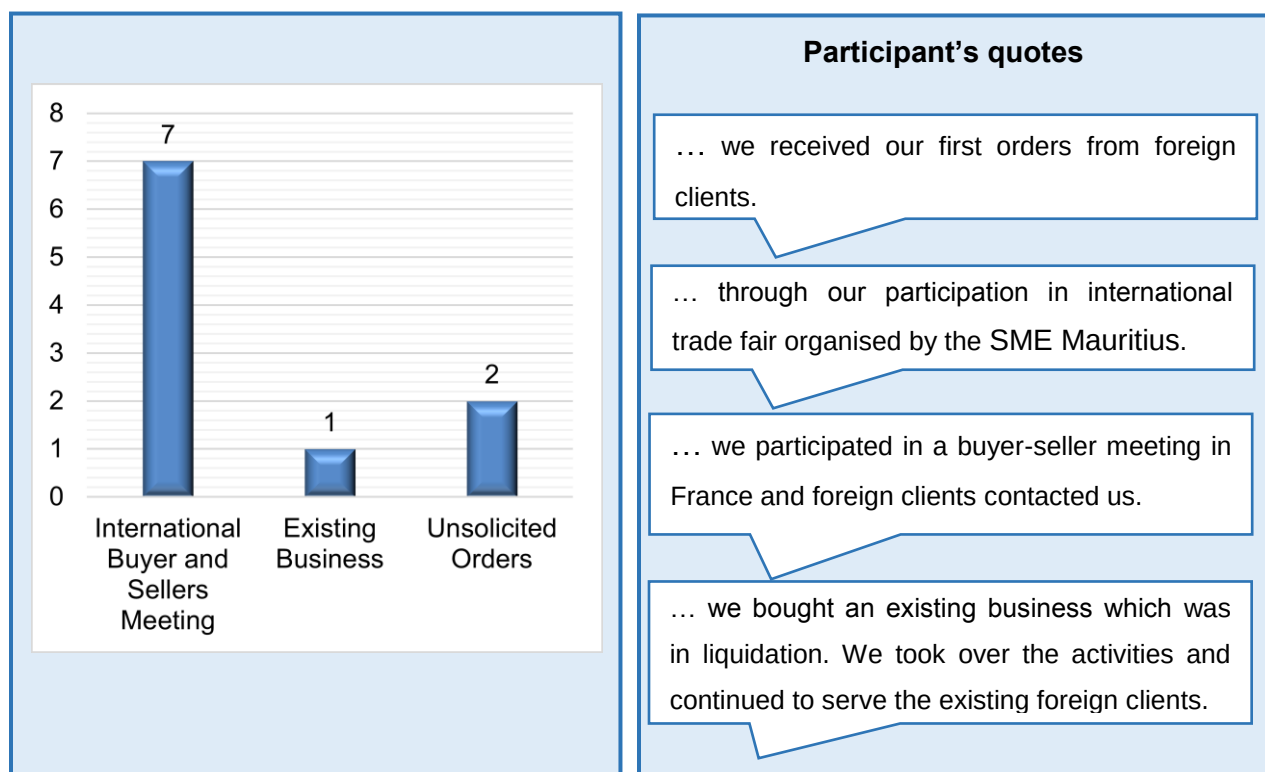


Figure 5.7: Motives for internationalisation

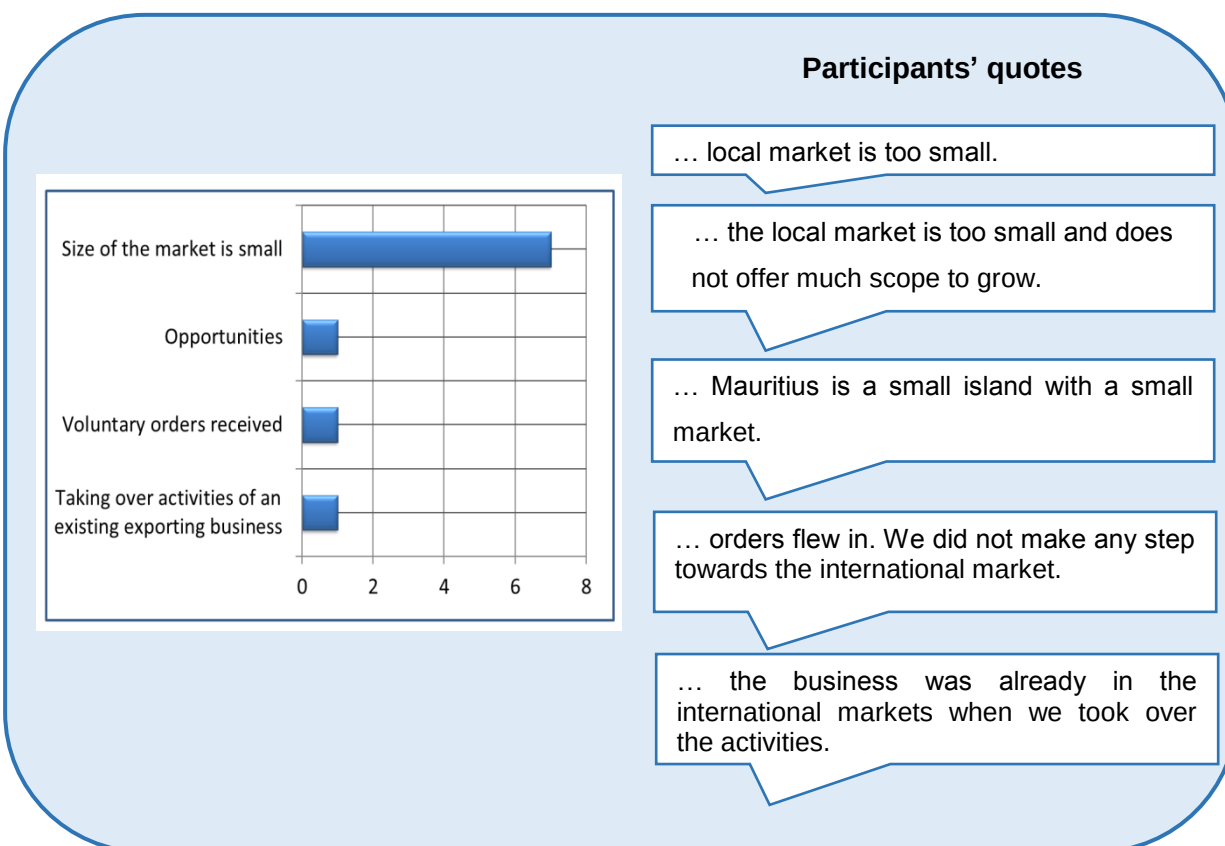


Figure 5.8: Intention to internationalise at inception

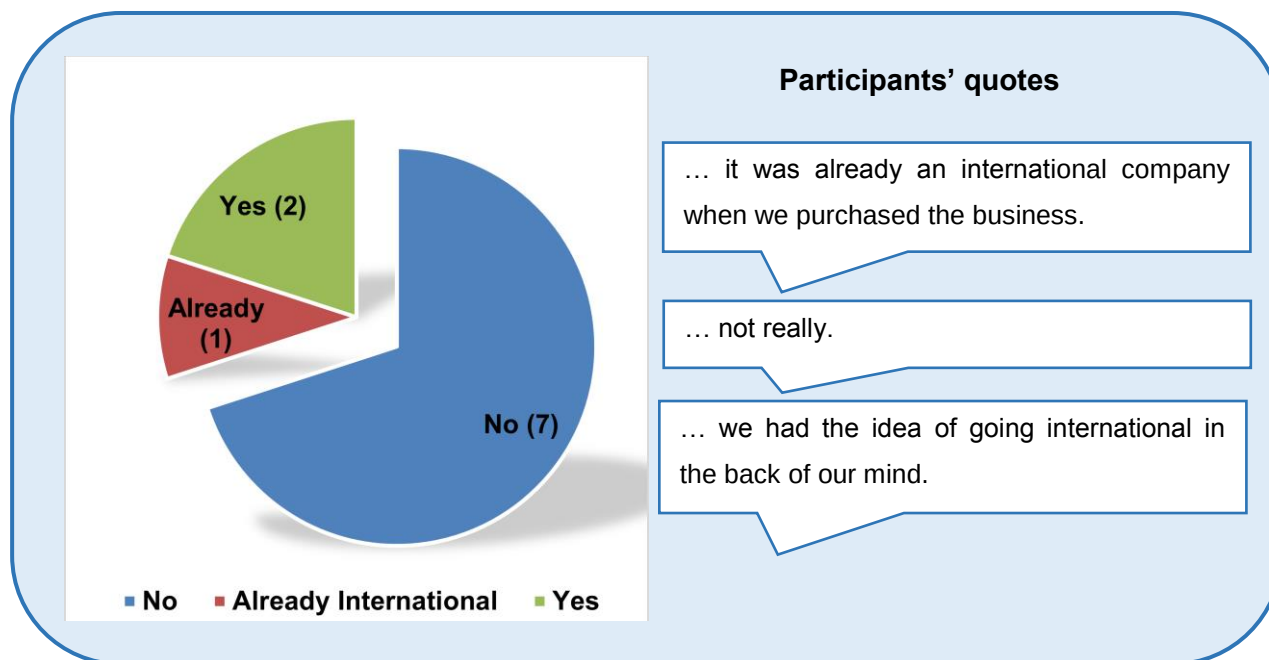


Figure 5.9: Plans for international growth and expansion into other markets



Figure 5.10: Evolution of the international performance

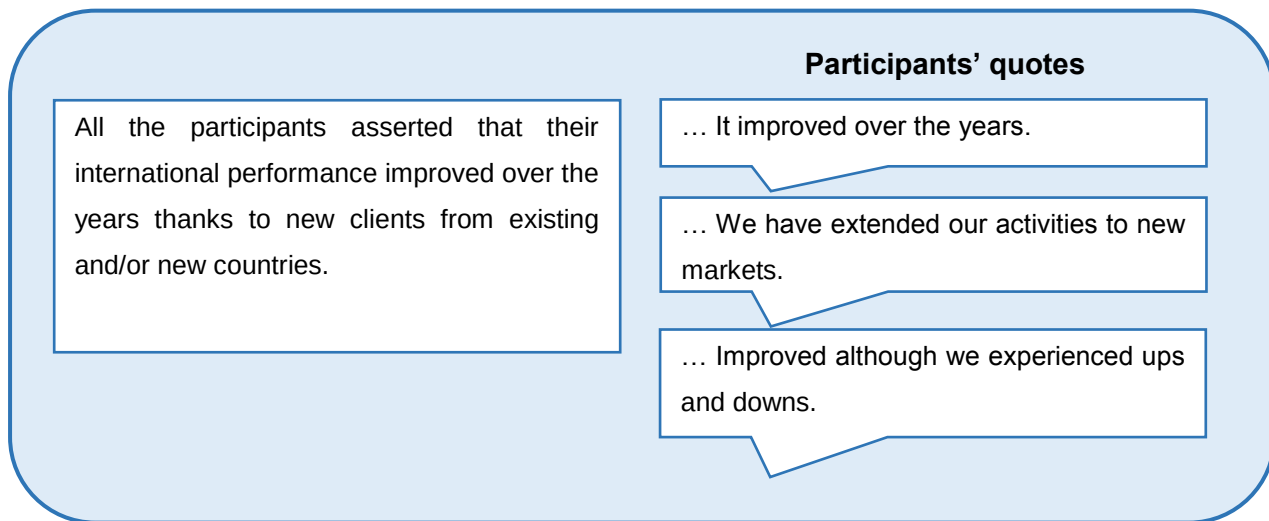


Figure 5.11: Concerns/issues regarding the internationalisation processes of the businesses

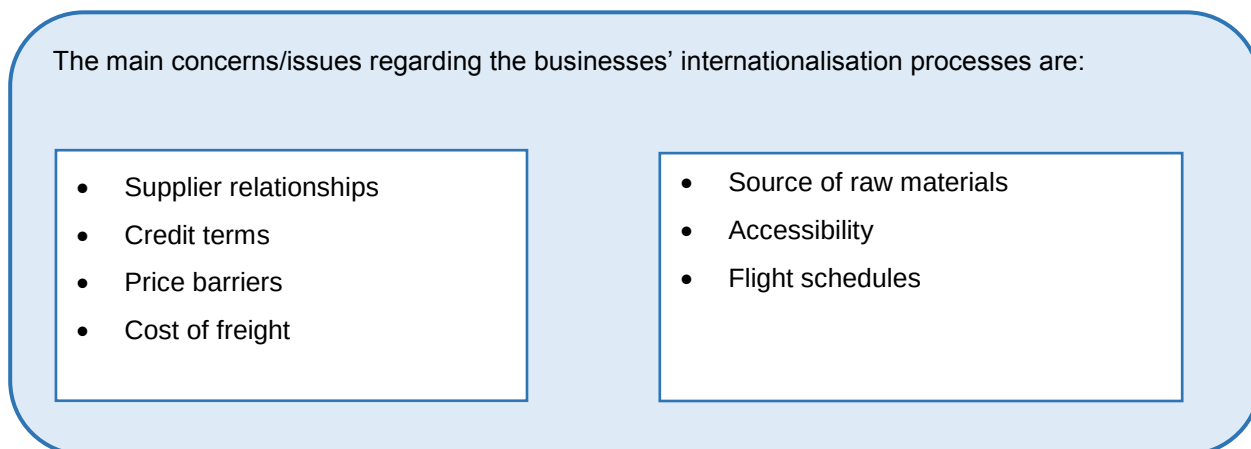


Figure 5.12: Policy measures to facilitate the internationalisation of medium-sized textile manufacturing businesses in Mauritius and other assistance they require

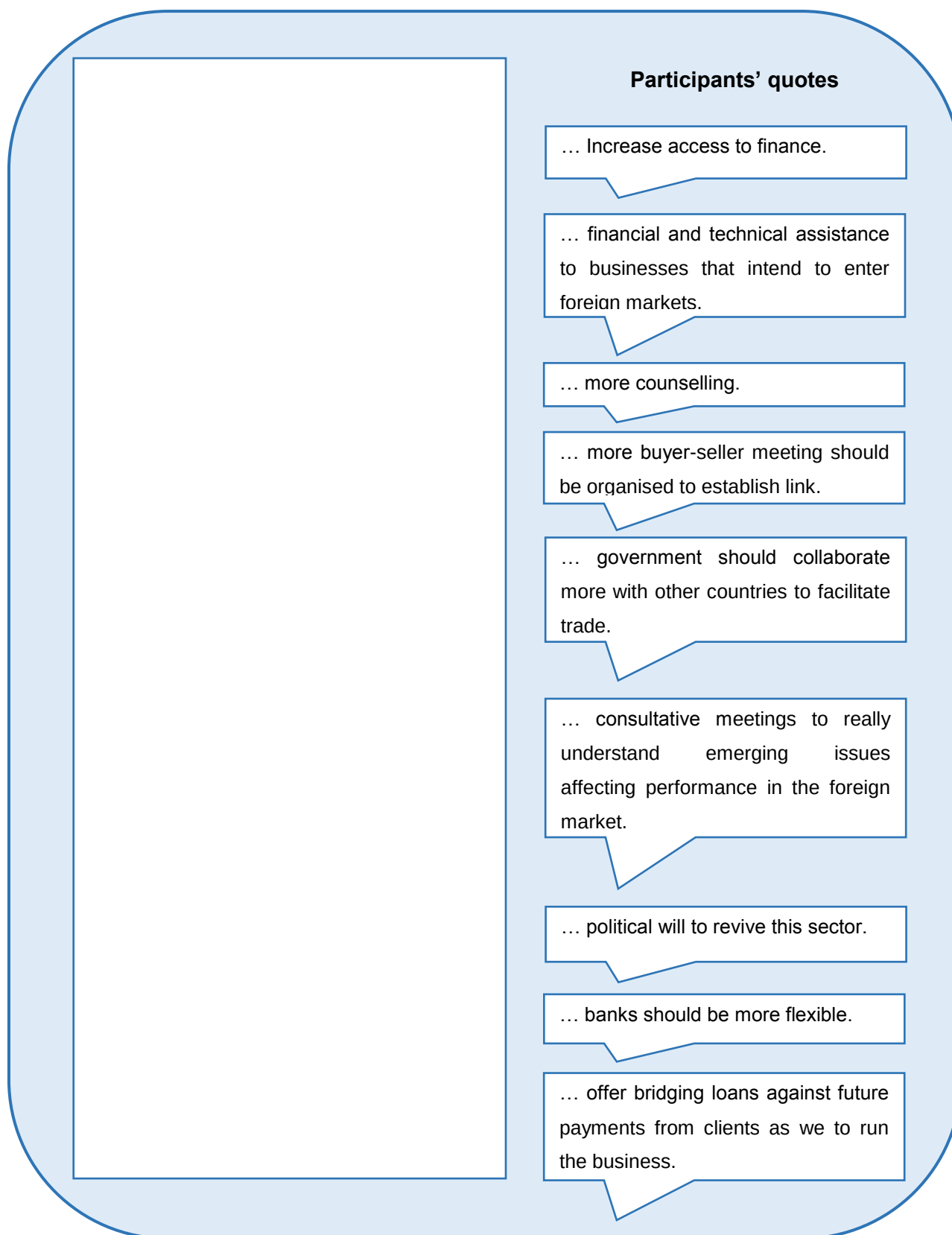


Table 5.2: Participants' proposed measures to promote/facilitate the internationalisation of medium-sized textile manufacturing business in Mauritius

	Category	Proposed measures
Government	Financial support	Financial assistance to: • new businesses that intend to enter foreign market, • businesses that are already in the foreign markets but who wish to expand further.
	Institutional support	More facilities to small businesses in finding new foreign markets.
		Organise more meetings to understand our problems.
		Organise buyer-seller meeting.
		Adequate counselling.
		Reduce bureaucratic hurdles.
	Trade facilitation	More bilateral and multilateral agreements to facilitate regional and international trade.
	Marketing & communication	Promote Mauritian textile products in international forums.
		Provide information on foreign market opportunities.
Banks	Financial support	Bridging loans without security to meet short-term financial constraints.

5.2.2.2 Category T2B: Innovation

The participants' responses suggest that innovation played a vital role in their internationalisation, both at the initial stage and during subsequent levels of increasing their involvement in foreign markets. Most of the participants brought innovations to the internal transformation processes as well as to the products, with the objective of retaining existing clients as well as getting hold of new customers in the increasingly competitive and globalised market. The majority of the participants also indicated that innovation engenders better performance in the foreign markets by keeping up to date with the fashion trends and the latest production techniques. It can be further deduced from the participants' responses that innovative activities were driven by both (i) the customers' requirements (some being very demanding on the use of modern production techniques and equipment), and (ii) the businesses' need for achieving efficiency in creating and introducing new and stylish models of clothing (Figure 5.13).

Furthermore, the participants also made several suggestions in which innovation can facilitate, support and sustain businesses' internationalisation. These suggestions were divided into internal and external innovation, where internal innovation focuses on the managerial considerations, functional considerations and value chain, and external innovation focuses on market considerations pertaining to clients and competitiveness, and macro considerations pertaining to socioeconomic trends (Figure 5.14).

The participants' opinions of the impact of innovation on the business's internationalisation process supports claims made in the literature to the effect that to operate effectively in foreign markets, they need to develop new, creative ideas and products and processes (par. 2.5.2.2).

Figure 5.13: Importance of innovation

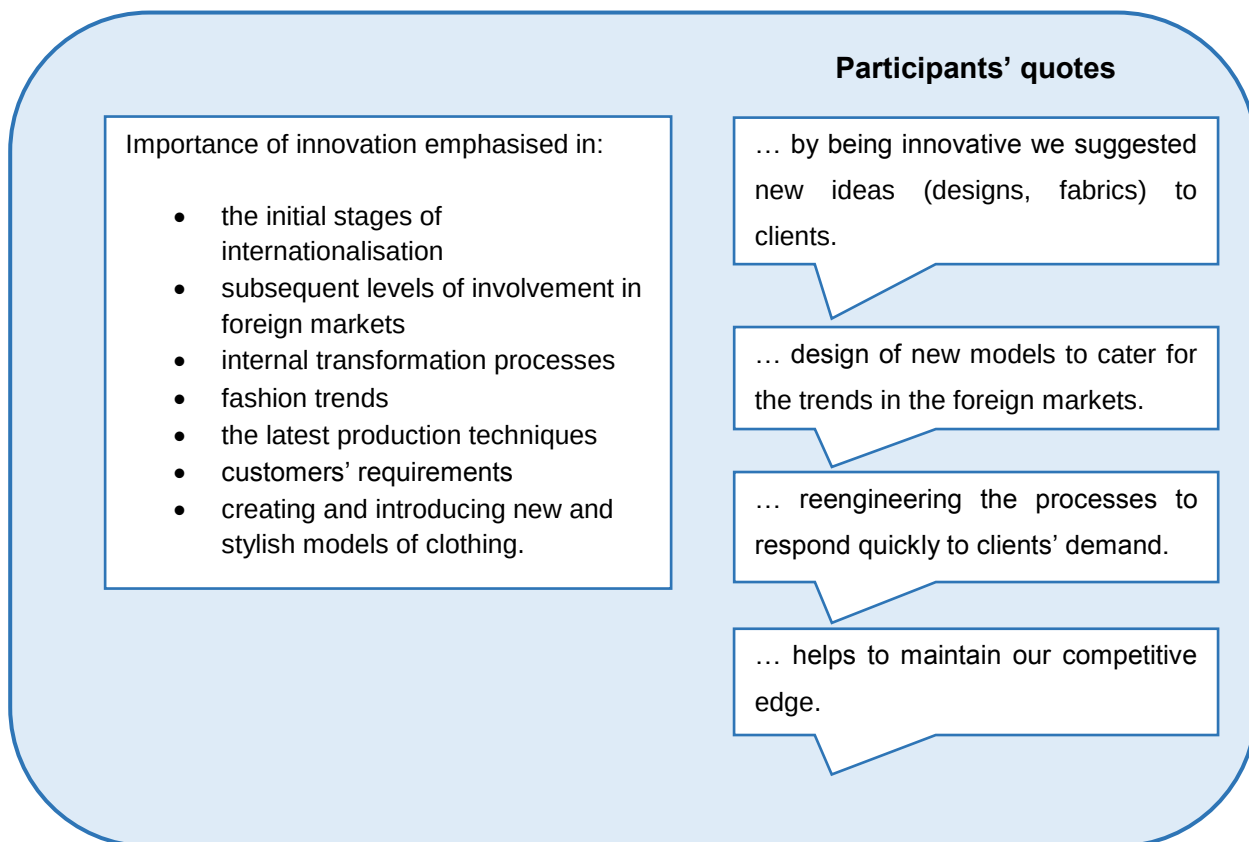
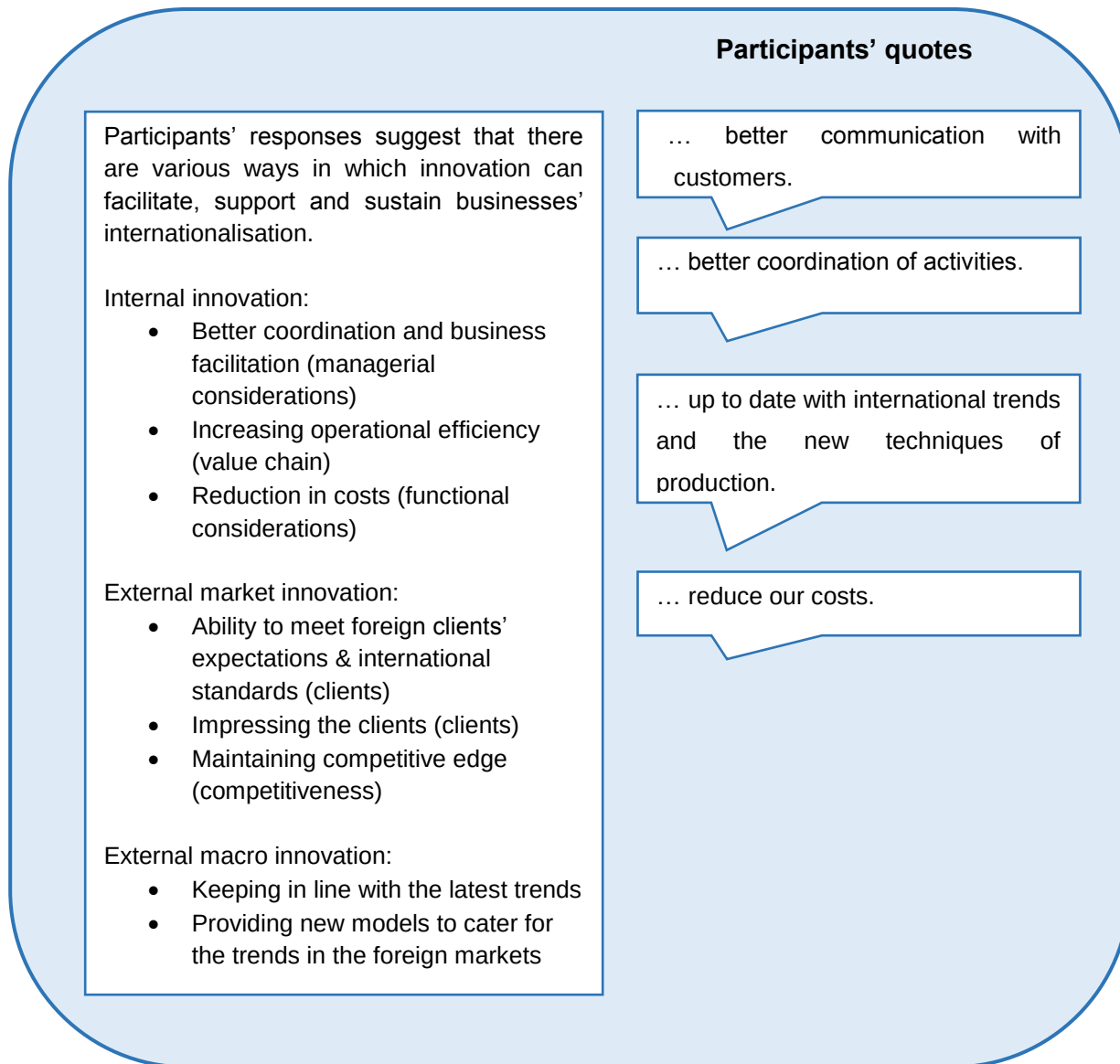


Figure 5.14: Suggestions for innovation



5.2.2.3 Category T2C: Foreign markets

In this category the participants indicated the specific foreign markets in which they are conducting business. The majority of the participants indicated that they entered European markets (French and United Kingdom markets) at the start of their internationalisation ventures (Figure 5.15). These markets have also been the major export markets for Mauritius since the emergence and development of the Mauritian textile industry (par. 1.2.5). From the participants' responses they did not deliberately choose to enter these markets during their internationalisation initiation, but instead, responded to foreign clients' orders (unsolicited orders) after their participation in

international buyer-seller meetings. These responses support the participants' motives for internationalisation depicted in Figure 5.7 (category: T2A).

Subsequently, as the businesses grew and became more familiar with international trade, they expanded into other markets, such as Germany, Switzerland, Seychelles, Australia and Italy (Table 5.3). The majority of the participants also indicated that they do plan to expand to other foreign markets in future, of which the South African and the United States of America (USA) markets are mostly targeted (Figure 5.16). From the participants' responses it can further be deduced that the main reason for expanding future activities into South Africa and the USA is trade facilitation. This stems from Mauritius's membership to the South African Development Community (SADC) and the Common Market for Southern and Eastern Africa (COMESA), which would ease the trading process within the South African market. Similarly, Mauritius also benefits from preferential access to the USA market due to the African Growth and Opportunity Act (AGOA) (Figure 5.17).

Figure 5.15: Initial international markets

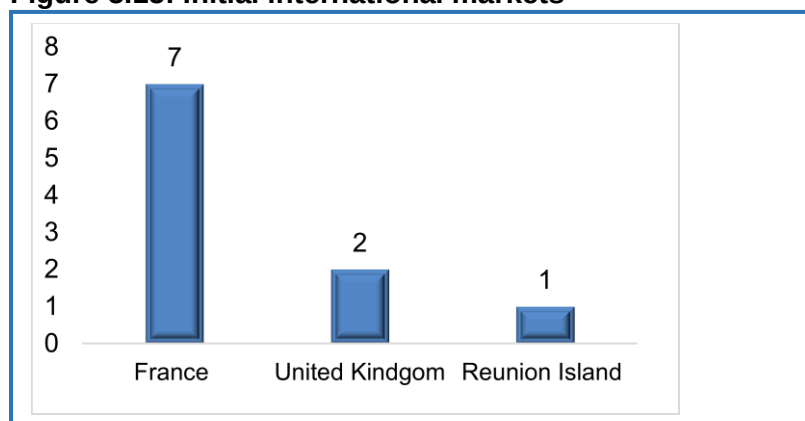


Table 5.3: Current international markets

Country	Frequency
France	9
Seychelles	5
Reunion Island	4
United Kingdom	2
Germany	2
Australia	1
Italy	1
Switzerland	1

Figure 5.16: Future target markets

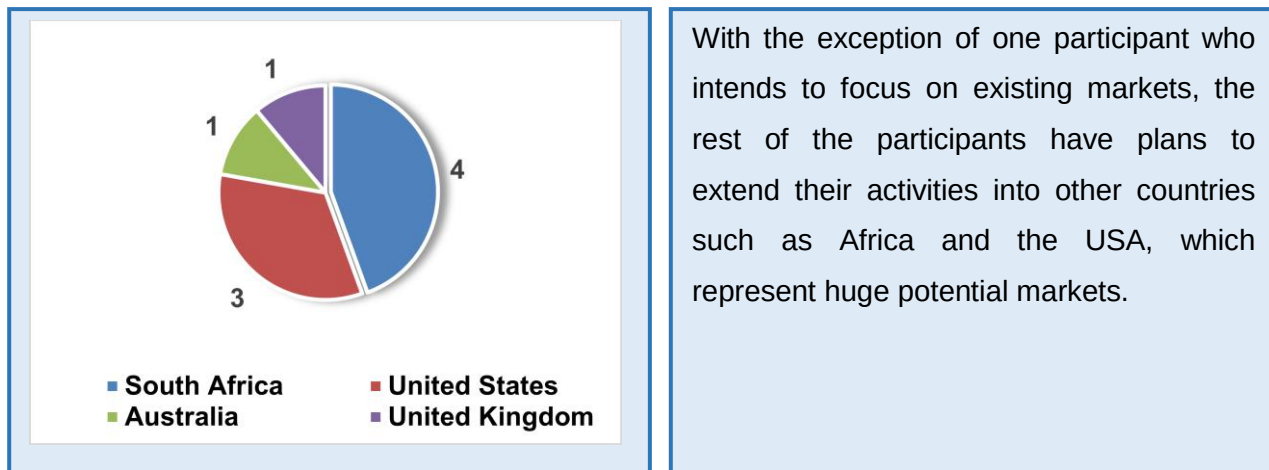
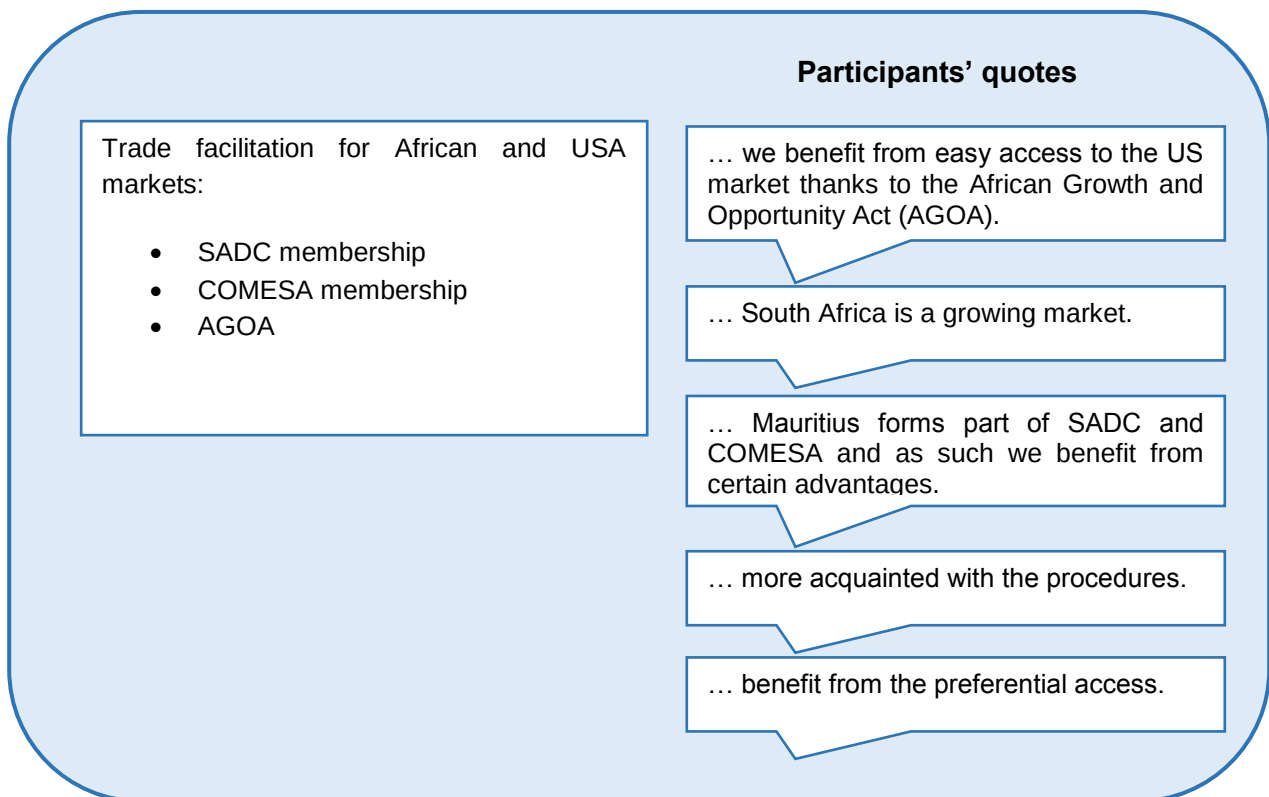


Figure 5.17: Motives for future expansion into Africa and the USA



5.2.2.4 Theme two: Conclusion

From the results pertaining to theme two, it is concluded that most of the businesses started operations as small businesses and increased their international involvement gradually due to unsolicited orders from foreign clients. This gradual development and international growth are similar to the Uppsala Internationalisation model's predictions, which state the businesses

gradually increase their commitment and involvement in international markets based on the experience gained from their exposure to foreign markets (par. 2.5.2.1.1). Although internationalisation models also posit that at the beginning of their international ventures, businesses usually enter foreign markets which are in close proximity to avoid the costs associated with the psychic distance (par. 2.5.2.1.1), most of the participants did not follow this route and initially entered the European markets. Moreover, prior knowledge in doing business with the European markets facilitated the internationalisation process of the medium-sized textile manufacturing businesses. Based on the participants' responses, it can further be concluded that word of mouth and international experience have been pivotal in determining their speed and degree of internationalisation. Furthermore, innovation played a vital role in their internationalisation, both at the initial stage and during subsequent levels of increased involvement in foreign markets. The main challenges they are facing, however, include financial support, cost of freight and sources of raw material. They also opined that policies should be developed to ensure financial and institutional support, trade facilitation and the marketing of products in foreign markets.

With regard to new markets, most of the participants considered the African and the USA markets as promising markets for business opportunities on the premise that Mauritius has trade facilitation agreements through its membership to regional trading blocs such as the South African Development Community (SADC) and the Common Market for Eastern and Southern Europe (COMESA), as well as through the African Growth and Opportunity Act (AGOA).

5.2.3 Theme three: The business's source of capital for financing international activities

From the interviews with the participants, only one category was identified pertaining to the businesses' source of capital for financing their initial international activities, which was labelled as funding (category: T3A) (par. 5.2.3.1). With this category, data was collected to reveal the financial stability of the businesses when they started to internationalise, their sources of funds to finance the initial stage of their internationalisation, the ease of access to funding, and the subsequent influence thereof.

5.2.3.1 Category T3A: Funding

Financial resources are crucial to initiate international transactions as well as to strengthen the business's position in existing markets. In this category the majority of the participants indicated that the availability of finance was a major factor influencing the initial stages of their businesses'

internationalisation. In addition, linking to financial barriers discussed in par. 3.6.2.1, most participants further indicated that account arrears and the time taken by clients to settle their accounts were the main contributing factors impacting on their available working capital (Figure 5.18). With the exception of one participant, all the participants sought financial assistance (in the form of long-term loans, overdrafts or short-term loans) from banks during the initial stages of their internationalisation. These loans were secured by fixed charges on collaterals. Moreover, on top of investing their savings, participants also used their profit to finance their internationalisation.

Furthermore, it can be deduced from the participants' responses that financial assistance was not difficult to obtain during the initial stages of their internationalisation. However, certain conditions had to be met before any assistance was granted to them. For example, they had to:

- Have sufficient collaterals to cover the amount of their loans
- Have repayment capacity (orders at hand to generate future streams of income)
- Meet the bank's requirements
- Have good working relationships with their banks (Figure 5.19).

The participants affirmed that financial resources not only allowed their businesses to match the gap in working capital but also allowed them to (i) sustain low seasons, (ii) honour financial obligations, and (iii) invest in new equipment. From the analysis of the participants' responses it was further revealed that the ease with which financial assistance was obtained, positively influenced their decisions to initiate international transactions. It was also found that participants were more motivated to start international transactions when they were financially supported. Since they knew that they could have easy access to financial resources when the need arose, they felt more confident to move forward and seek new orders (Figure 5.20).

Figure 5.18: Financial stability during initial internationalisation

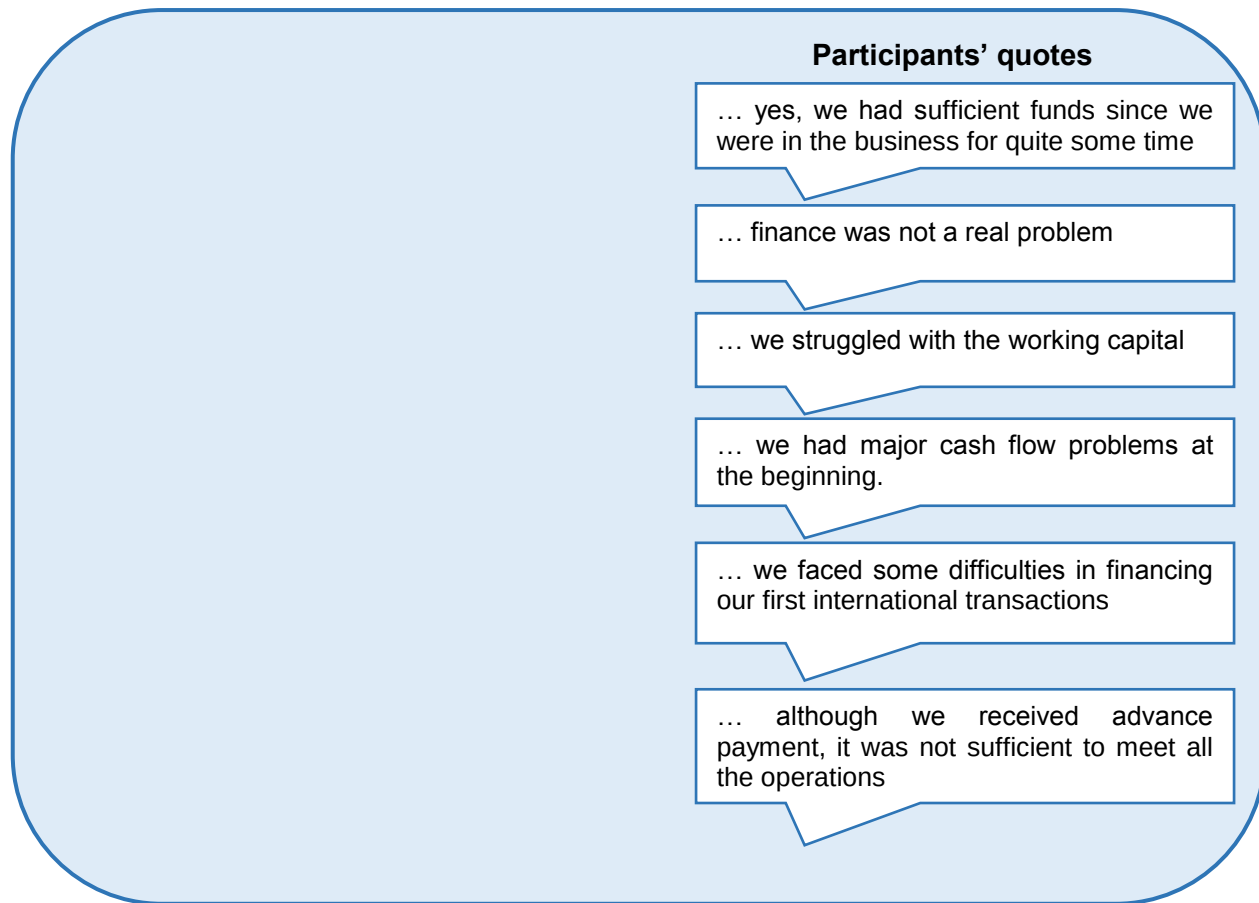


Figure 5.19: Ease of access to funding

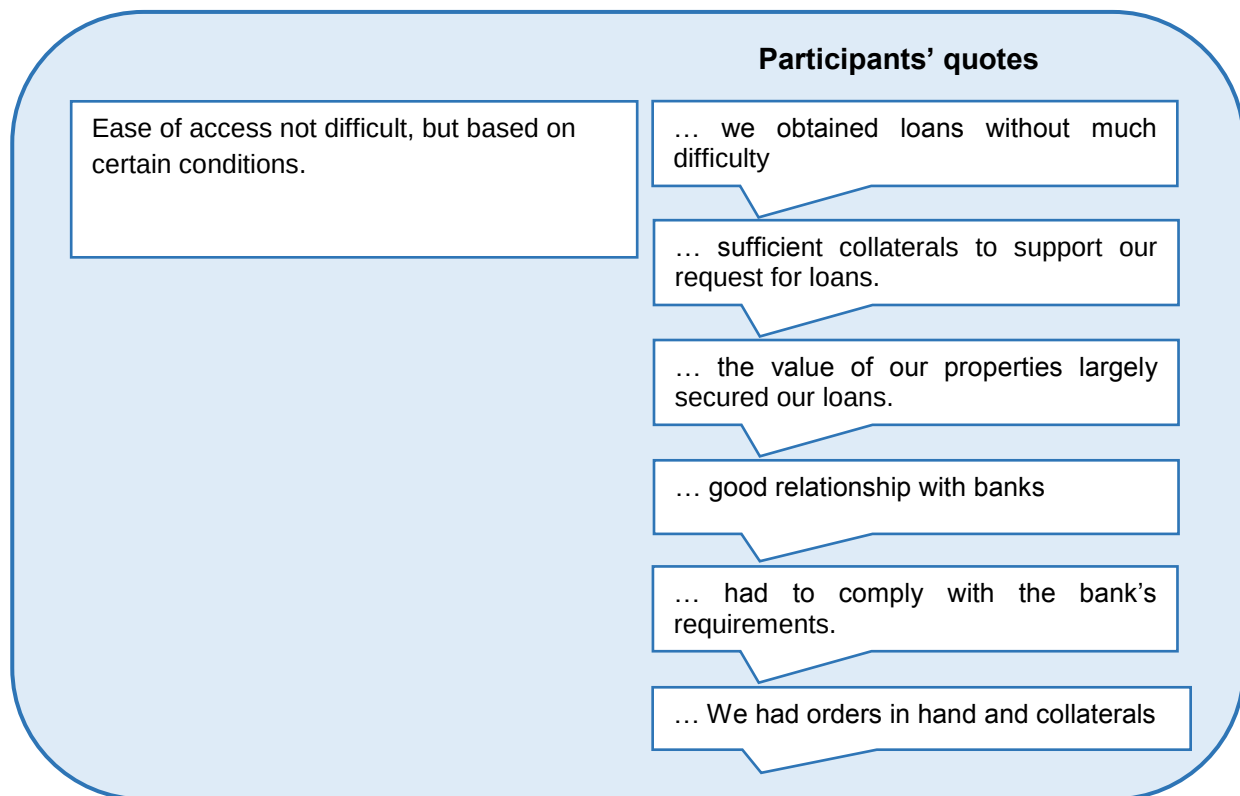
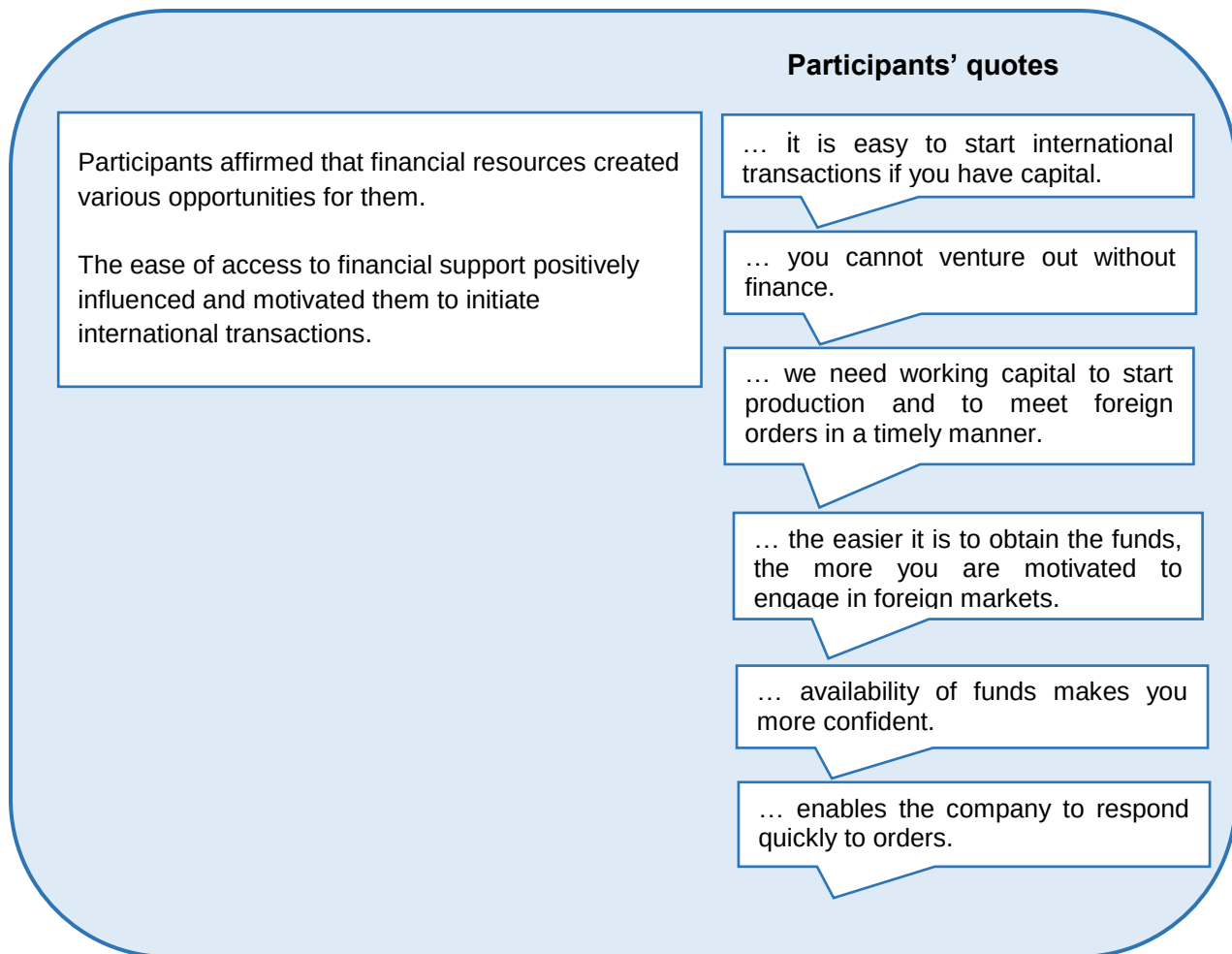


Figure 5.20: Influence of the ease with which financial support is obtained on the initiation of international transactions



5.2.3.2 Theme three: Conclusion

From the results pertaining to theme three, it is concluded that finance is one of the major factors influencing the initial stages of businesses' internationalisation as well as further involvement in the foreign markets. Linking to par. 2.5.2.3.2, financial resources enabled the businesses to respond quickly to orders and to purchase specialised and costly materials. Nevertheless, the majority of the participants pointed out that they faced financial problems and difficulties when they internationalised their activities. However, these financial constraints and difficulties were overcome with access to loans from banks, shareholders' funds as well as foreign customers who provided funds/materials to initiate production. From the participants' responses, it can also be concluded that, in general, banks are reluctant to offer credit to small businesses as they consider financing SMEs as high risk.

The information gained from the participants regarding the influence of finance on the businesses' internationalisation supports the claims made in the literature that finance has a very high impact in initiating exports among SMEs (par. 3.6.2.1).

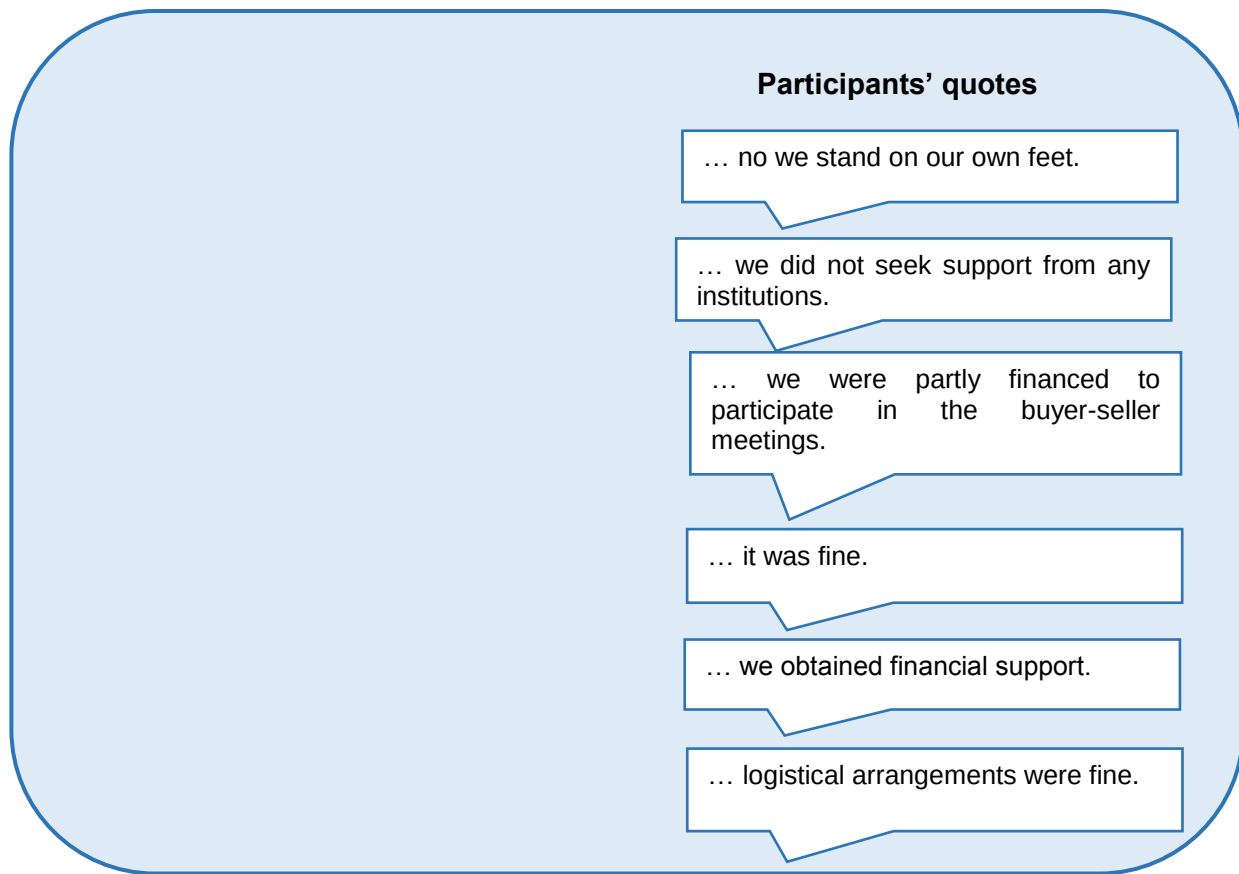
5.2.4 Theme four: Institutional support provided to the company during their internationalisation process

From the interviews with the participants, two categories were identified pertaining to the institutional support provided to the business during their internationalisation process, namely the institution (category: T4A) and contribution (category: T4B). Pertaining to these categories, data was collected to reveal whether the businesses sought institutional support during the initial stages of their internationalisation and from which institutions (T4A) (par. 5.2.4.1), and also how the support obtained contributed to their internationalisation (T4B) (par. 5.2.4.2).

5.2.4.1 Category T4A: Institution support

In this category most of the participants indicated that they did not seek any institutional support in extending their activities across borders during the initial stage of their internationalisation. They preferred to be self-reliant by self-financing their internationalisation. The few participants who did make use of institutional support, were assisted by SME Mauritius, which is an institution set up under the Small and Medium Enterprises Development Authority Act 2009 to support and facilitate the development of entrepreneurship and SMEs in Mauritius (Figure 5.21).

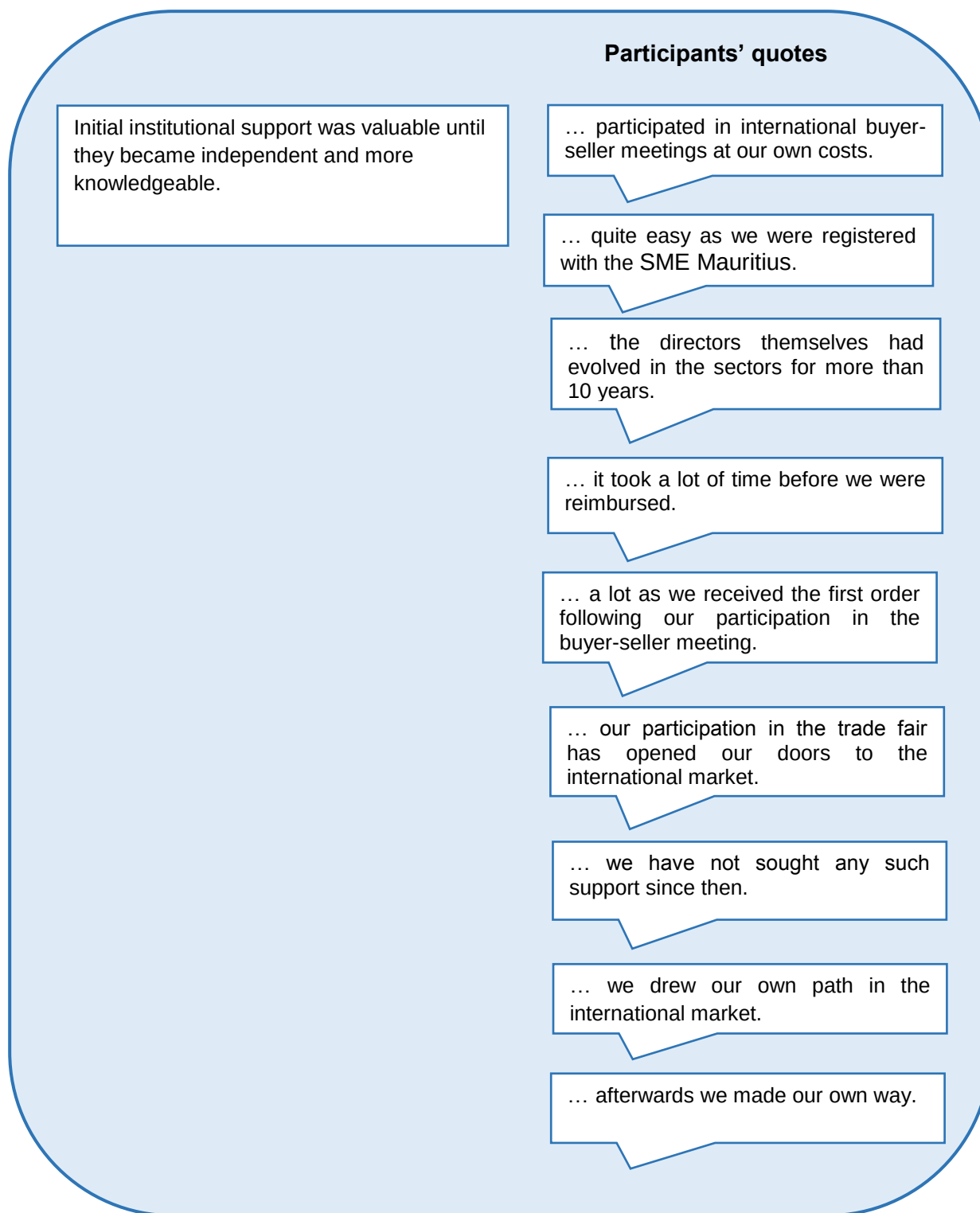
Figure 5.21: Institutional support during the initial stage of internationalisation



5.2.4.2 Category T4B: Contribution results

The support provided to the participants by SME Mauritius included the financing of their participation in buyer-seller meetings, financial support for exports and logistical support for exports. Although the participants indicated that the support was quite easy to obtain, they did raise their discontent about the administrative procedures at SME Mauritius which increased the lead time in the processing of their requests for support. The participants also indicated that the support was instrumental during the initial stages of their internationalisation as they received their first orders following their participation in the buyer-seller meetings sponsored by SME Mauritius. However, most of the participants claimed that institutional support as such did not assist in their international growth thereafter. It seems that as they became independent and more knowledgeable about the foreign markets they did not have to rely much on the institutional support anymore (Figure 5.22).

Figure 5.22: Contribution results from institutional support



5.2.4.3 Theme four: Conclusion

From the results of theme four, it is concluded that although not all businesses sought institutional support, those with limited financial resources might be motivated to seek institutional support to enable their initial internationalisation. Based on the participants' responses, institutional support was found to have positive influences on their businesses' internationalisation processes. The institutional support in the form of (i) information about foreign markets, (ii) funds for participating in international market fairs, (iii) marketing support for exports, (iv) the organising of buyer-seller meetings, as well as (v) administrative support, alleviated the constraints that businesses faced during the initial stages of their internationalisation. However, the majority of the participants deplored the administrative hurdles that discouraged them to benefit from the support provided under the government's funded schemes as they *"have not sought any such support since then"* and preferred to *"draw their own path in the international market thereafter"*.

5.2.5 Theme five: Organisational factors affecting internationalisation process

From the interviews with the participants, four categories were identified pertaining to the organisational factors affecting their internationalisation processes, namely size (category: T5A), experience (category: T5B), competencies (category: T5C), and foreign networks (category: T5D).

Data pertaining to these categories was collected to reveal the impact of the size of their businesses on their internationalisation. Although size (category: T5A) (par. 5.2.5.1) was a consideration whether to internationalise or not during the initial intent to internationalise, other factors also impacted on the businesses' decisions of which the internationalisation experiences of the managers/owners, the businesses' competencies and their networks also affected their internationalisation processes. The participants revealed that none of them had any experience of internationalisation when they decided to internationalise (category: T5B) (par. 5.2.5.2). Although this affected their internationalisation processes in terms of gradual rather than rapid internationalisation, they also outlined that the lack of certain business competencies during the initial stages of their internationalisation negatively impacted their decisions to internationalise (category: T5C) (par. 5.2.5.3). Furthermore, despite the advantages of networking in internationalisation discussed in par. 2.5.3, none of the participants internationalised due their networks (category: T5D) (par. 5.2.5.4). All of them were triggered to internationalise due to unsolicited orders which stemmed from buyer-seller meetings and trade shows.

5.2.5.1 Category T5A: Size

Since the size of the business, as determined by its financial, physical or human size, plays a crucial role in its intention and ability to internationalise (par. 1.2.3), this category focuses on the size-related constraints or possibilities which impacted on the participants' initial intentions to internationalise.

In this category the majority of the participants indicated that the businesses' smaller sizes did not affect their decisions to internationalise (Figure 5.23), stating that internationalisation is not only reserved for large businesses. However, although small businesses are often faced with resource constraints (financial, management and information) that can limit their scope for international expansion (par. 2.7.2), some participants considered the "orders at hand" as being equally important to the businesses' size in ensuring internationalisation success (Figure 5.24). From the participants' responses, it can be inferred that the business's size plays a pivotal role in determining the financial viability of its international transactions. This opinion stems from the participants' ideas that large businesses are better positioned to (i) participate in international market fairs, (ii) manage working capital (production capacity and equipment), (iii) vertically integrate their operations, and (iv) respond to the changing needs of foreign customers (Figure 5.24). In this regard the participants indicated that the business's size determines its production capacity which leads to the obtaining of international orders, since foreign customers need to trust that their orders would be available within the prescribed time frame. Moreover, participants' responses also revealed that the business's size has a significant impact on the business's propensity to invest in the latest production equipment and techniques. From an RBV perspective (par. 2.7), it can be deduced that the liability of the businesses' smallness acted as a major constraint to their initial internationalisation. Other features revealed by the participants which support the business's internationalisation include the quality of their products, investment in new equipment, knowledge of the markets, and expertise in the textile industry. One respondent, however, pointed out that being a medium-sized business represents advantages as the business *"is able to handle small orders with more varieties"* (Figure 5.24).

Since resource constraints in small businesses (financial, management and information) are often limiting their scope for internationalisation (par. 2.7.2), the majority of the participants agreed that a lack of financial resources posed challenges during their initial internationalisation, which they had to overcome either on their own or with loans from banks. In addition, the participants did not face major managerial constraints during their initial internationalisation due to their experience and the

managerial competencies they had acquired over the years. However, their decisions to internationalise posed some information constraints which they had to overcome by familiarising themselves with all the necessary rules, regulations and internationalisation procedures (Figure 5.25).

Although the participants indicated that they had limited resources due to their smallness when they initially internationalised, some available internal factors, however, did support their decisions to internationalise and motivated them to pursue international growth. These include (Figure 5.26):

- The quality of their products
- Their skilled labour force
- updated equipment
- innovation
- knowledge of the markets and expertise in the textile industry
- team spirit
- timely responses to international orders
- self-confidence and the desire to grow further
- production capacity

The information gathered from the participants regarding the impact of the business's size on its internationalisation process supports claims made in the literature that the size of businesses has an influence (positive or negative) on SMEs' performance in foreign markets (par. 1.2.3).

Figure 5.23: Size of the business as a determinant to internationalise

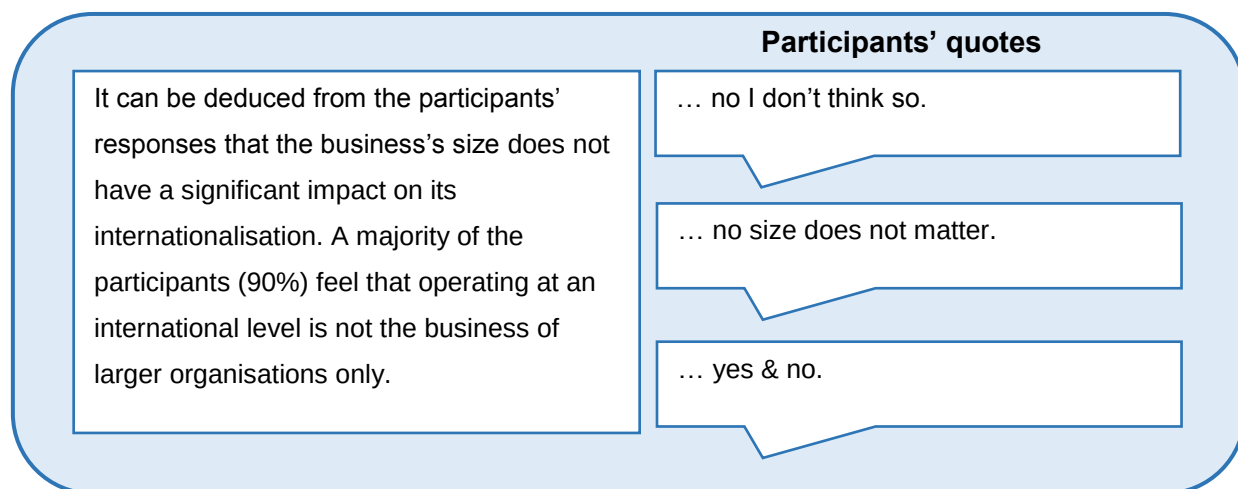


Figure 5.24: Size impacting on internationalisation success

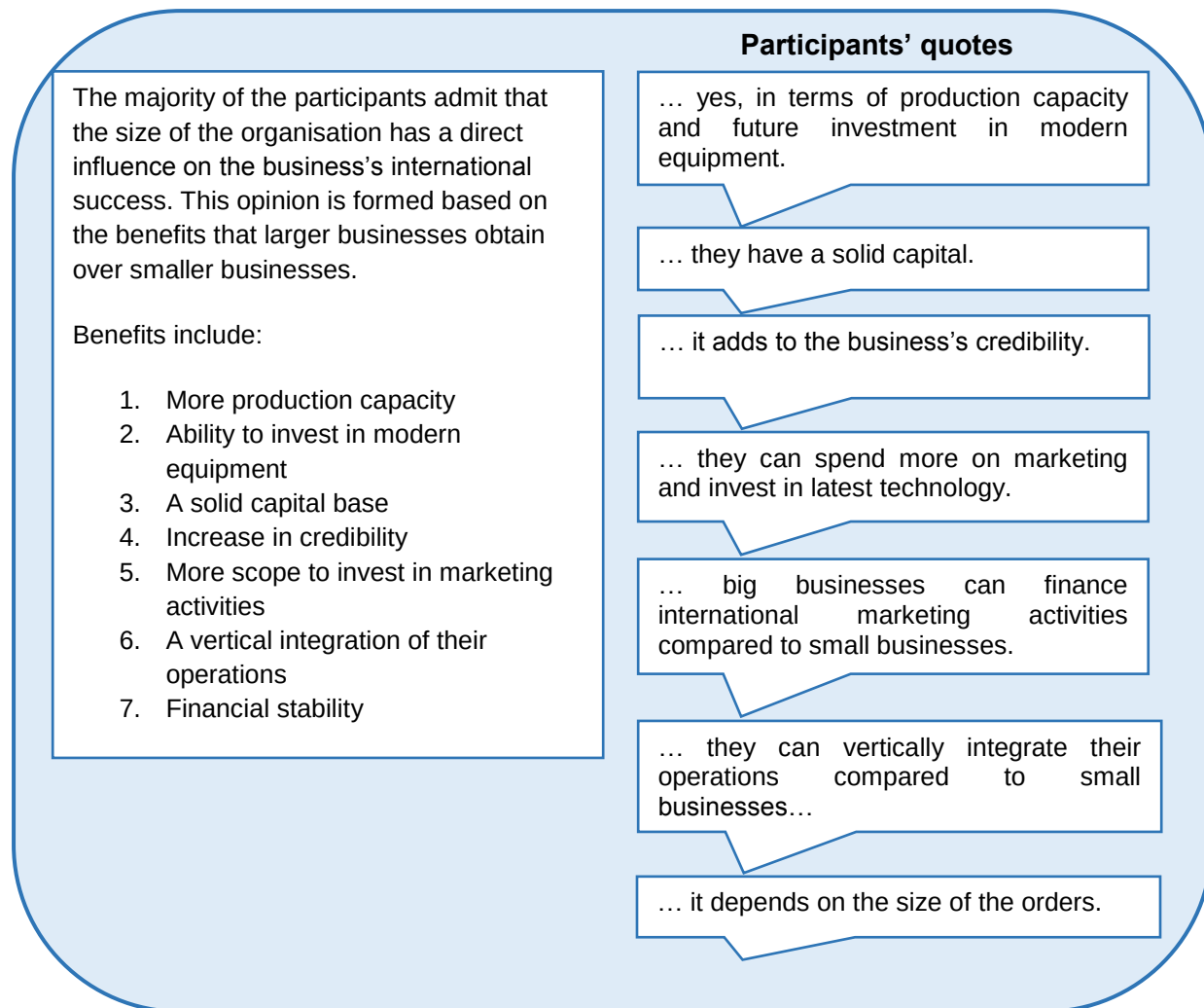


Figure 5.25: Size impacting resource conditions (managerial and financial)

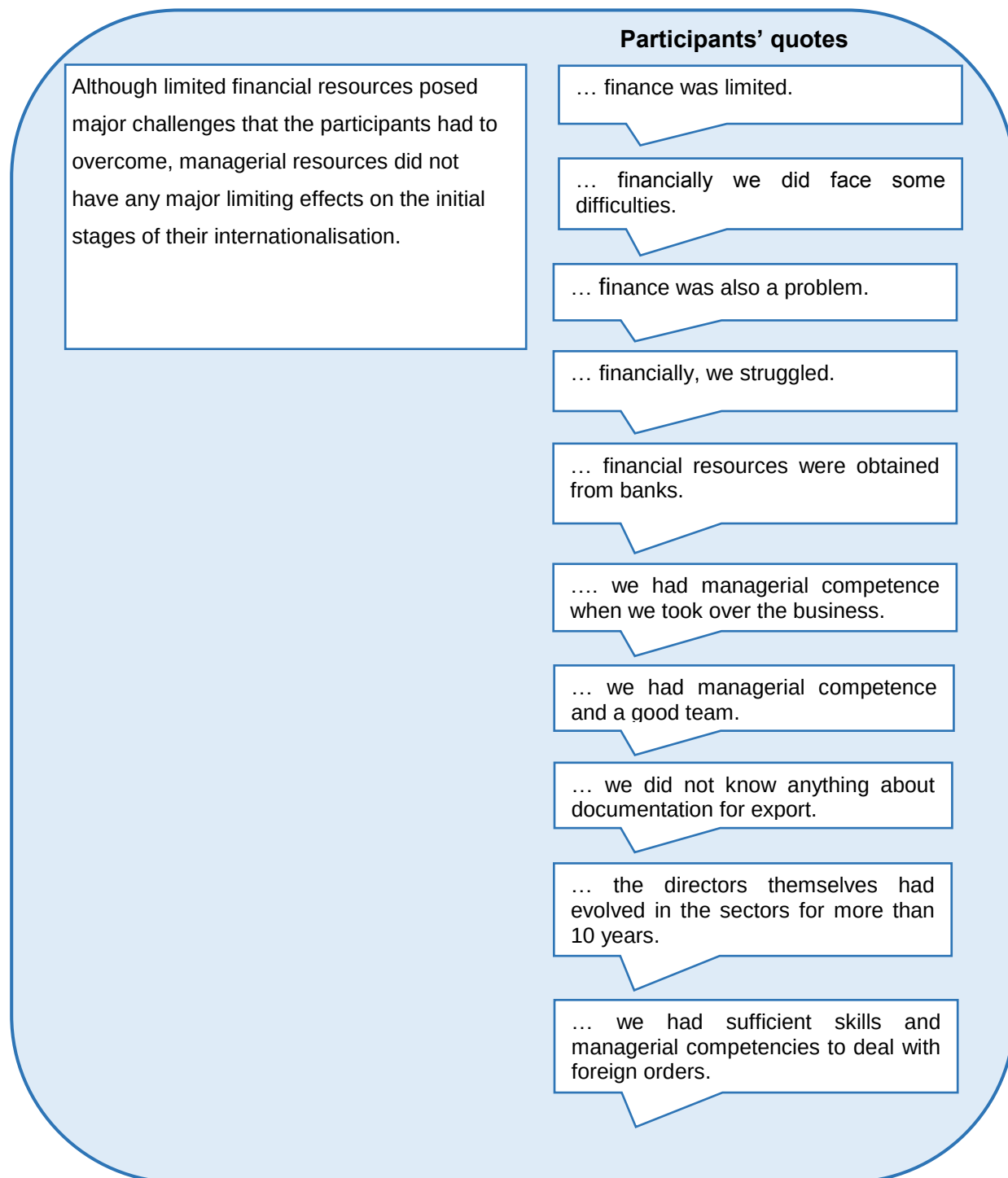
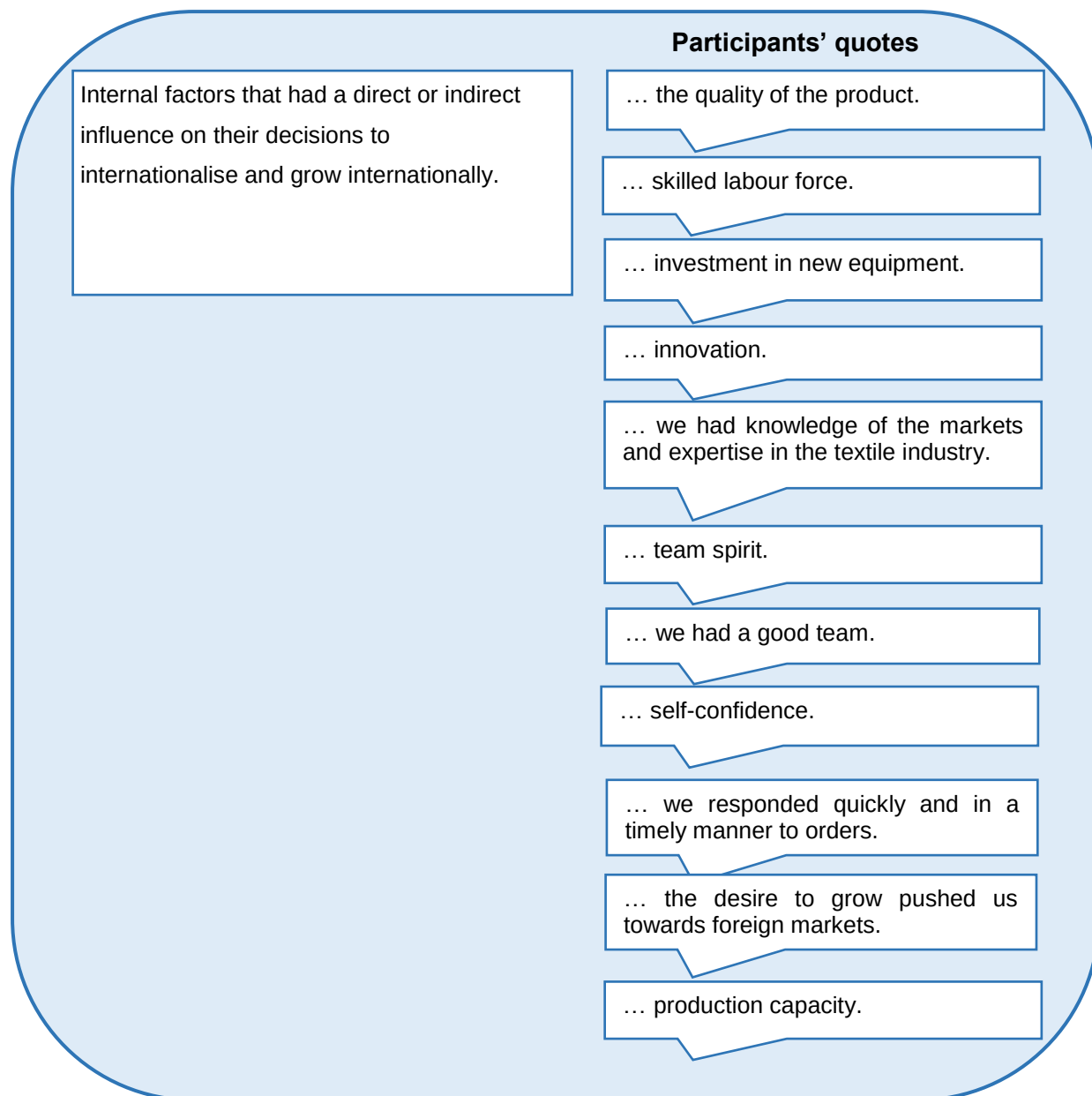


Figure 5.26: Internal factors supporting initial internationalisation



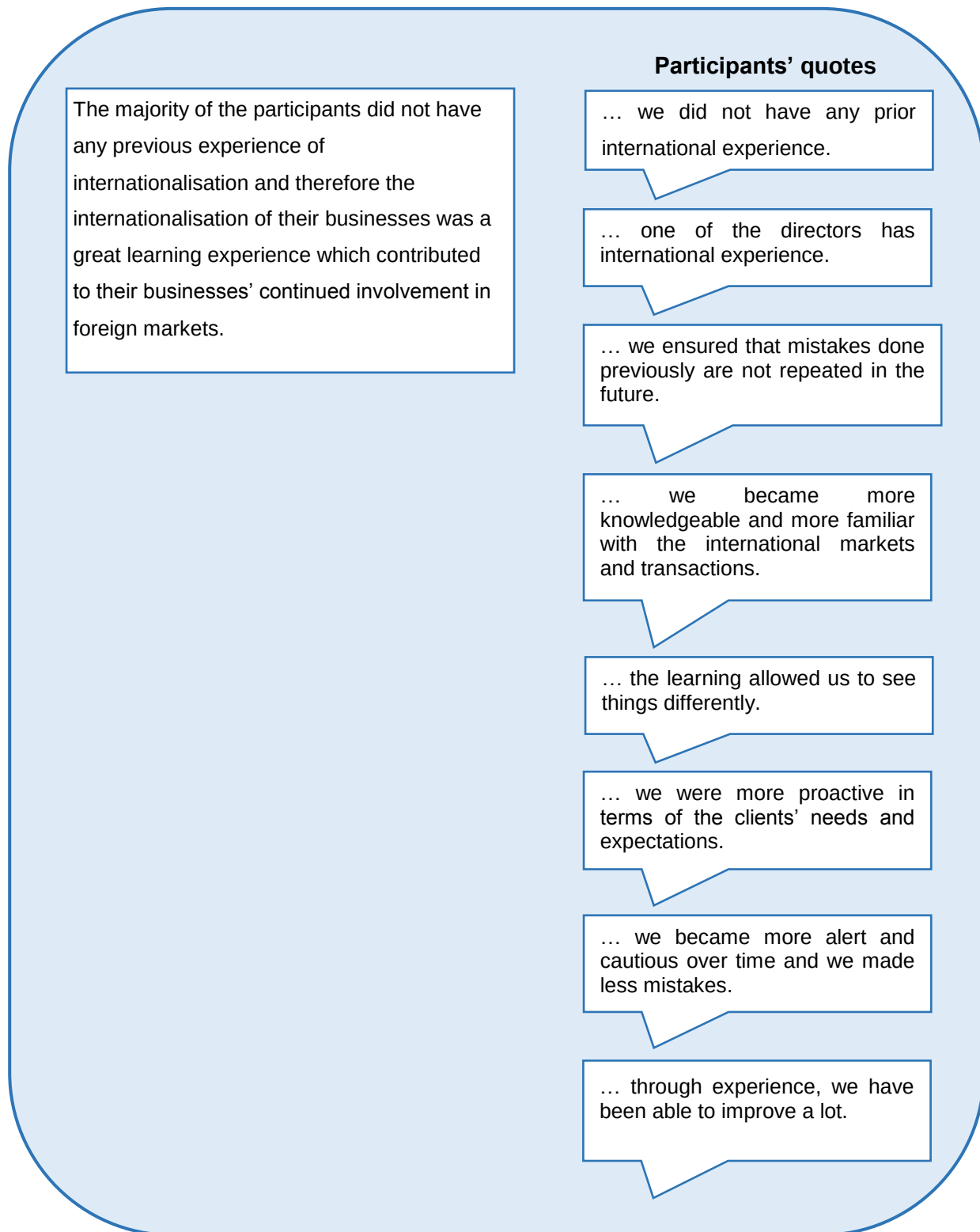
5.2.5.2 Category T5B: Experience

In this category, the majority of the participants indicated that they did not have internationalisation experience prior to their decisions to internationalise. The lack of the businesses' internationalisation, therefore, resulted from the managers'/owners' lack of previous experience in conducting international business. Nevertheless, the majority of the participants did recognise that the experience they gained through their subsequent international exposure has been instrumental in intensifying their continued involvement in foreign markets, especially since they:

- learned from mistakes which helped them to improve further
- became more knowledgeable about foreign markets and international transactions
- became proactive and flexible with regard to foreign clients' needs and wants
- improved business processes and their products (Figure 5.27).

In this regard, the importance of experiential learning for internationalisation has also been acknowledged by the Uppsala internationalisation model (par. 2.5.2.1), which predicts that knowledge about international markets determines the business's path through the stages of internationalisation.

Figure 5.27: Experience affecting the internationalisation



5.2.5.3 Category T5C: Competencies

In this category the majority of the participants considered the competencies of their businesses as important determinants of their international success. These include competencies such as qualified and trained personnel, the availability and use of modern equipment and machinery, leadership, teamwork and the latest production techniques. These competencies allow them to (i) respond to the changing fashion trends, (ii) be more flexible to the clients' orders, and (iii) to produce quality products to meet their clients' expectations (Figure 5.28).

Furthermore, most of the participants also indicated that during the initial stages of their internationalisation, they experienced setbacks due to their unfamiliarity in conducting international transactions, newness to the international markets, lack of finance, lack of qualified and trained staff, limited production capacity, and their smallness. These factors limited their scope to consider internationalisation as a strategy to expand their business activities (Figure 5.28). To overcome these limitations, the businesses implemented the following measures to improve their businesses' internal competencies:

- Training of staff to bridge the skill gap
- Loans/overdrafts to finance the purchase of equipment and/or to meet working capital requirements
- Extend the working hours/work in shifts to optimise space and capacity
- Change location and amend existing set-up to increase capacity
- Seek information from relevant authorities and/or other businesses
- Learn the procedures to internationalise.
- Learn from mistakes and do not repeat any mistakes

Moreover, most of the participants stated that over the years they even had to import foreign workers to meet the acute shortage of labour in the textile manufacturing sector.

In addition, from the implemented measures to improve their businesses' internal competencies, they gained increased confidence to internationalise which also allowed them to produce high quality products to meet the customers' changing needs. These measures also enabled them to facilitate coordination, differentiate their products, and contributed to the effective and efficient management of their international transactions (Figure 5.29).

Relating to the competencies of the businesses, the majority of the participants identified their businesses' staff, machines, and equipment as being the most important assets during the initial stages of their internationalisation and their international growth thereafter. However, over the years, those machines had to be renewed to be more efficient and to be in line with new production techniques. For example, one participant had to purchase new machines that could stitch new types of fabrics. Furthermore, reputation and product quality were also identified as intangible assets contributing to their international success (Figure 5.30).

Figure 5.28: Strength and weaknesses affecting internationalisation

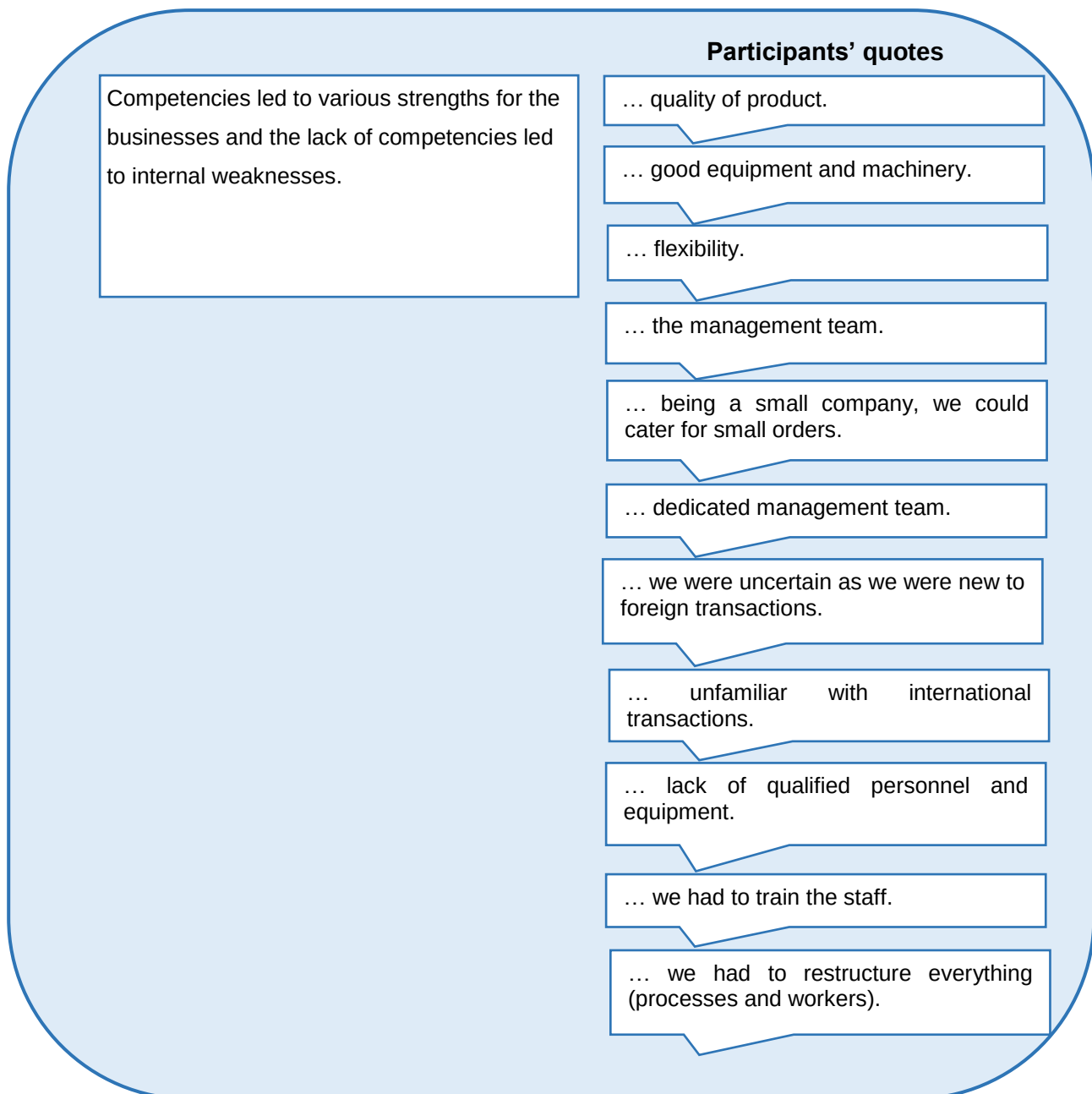


Figure 5.29: Measures to overcome weaknesses affecting internationalisation

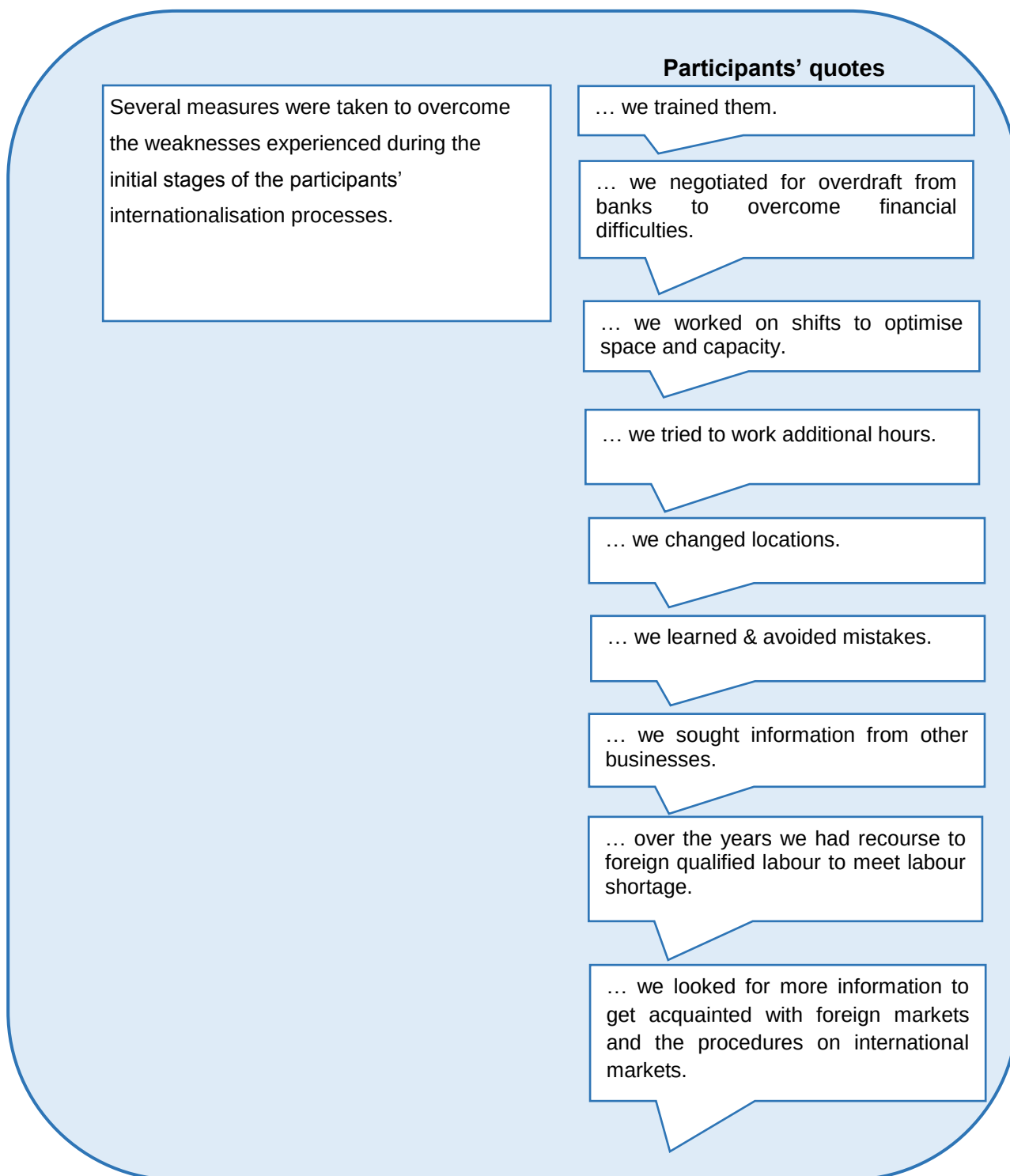
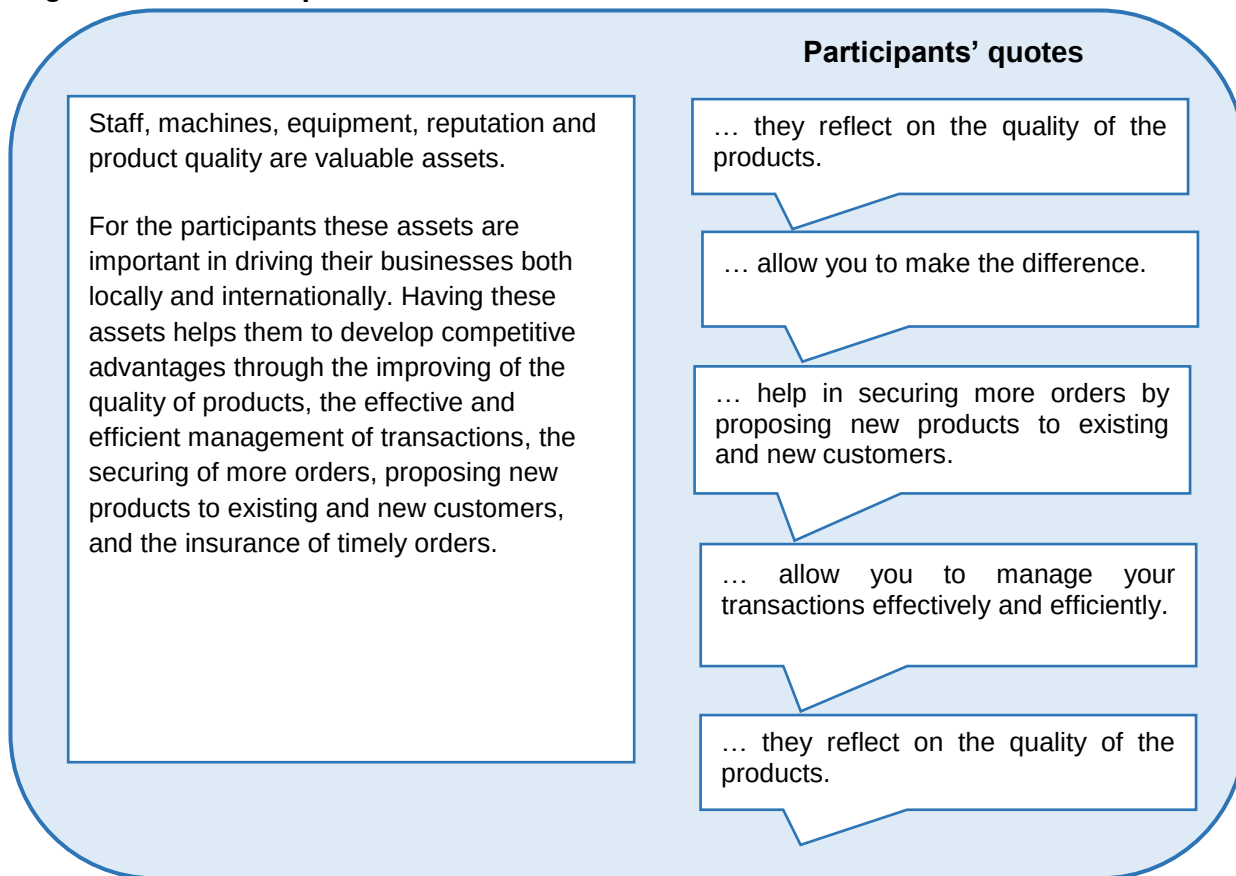


Figure 5.30: Most important assets



5.2.5.4 Category T5D: Networking

In this category, all the participants indicated that networking was not a mechanism through which they received information about the opportunities arising in the foreign markets. In all the cases, the participants were contacted by the foreign clients following their participation in international buyer-seller meetings (Figure 5.31). The participants further revealed that at the time of their internationalisation, almost all of them were not members of any trade/professional organisation. One of them used to be a member of the Mauritius Exporters Association (MEXA) but has withdrawn its membership soon after internationalising. However, since internationalising, their relationships with foreign trade counterparts have considerably improved. In this regard the participants indicated that these relationships (i) ensure the continued receiving of orders from existing clients, (ii) enhance their abilities to negotiate and secure credit facilities from suppliers, and (iii) are based on trust, confidence and mutual understanding with the foreign partners. One of the participants consider his clients as the business's ambassadors in spreading a positive word of mouth to other potential clients (Figure 5.31).

Although the majority of the participants were not members of any trade or professional organisation, they acknowledged the increasing importance of networking in initiating and sustaining their internationalisation. As per the participants' responses, networking has been instrumental in consolidating their businesses' positions in existing foreign markets. Participants described networking as an important source of information to study foreign markets. This knowledge, in turn, facilitates future involvement in a particular market (Figure 5.32). Based on the participants' responses, it can be deduced that networks have a crucial role in integrating both the downstream suppliers and upstream customers of the supply chain. Networks can take the form of subscription to specialised fashion and apparel magazines, relationships with agents, suppliers, and customers, as well as affiliation to local and foreign bodies promoting the international fashion and textile markets. However, the latest trend in networking is social media that connect people having similar interests. Although networking was not a prominent factor contributing to their initial internationalisation efforts, the participants' responses of the impact of networking on their businesses' internationalisation processes after their initial cross-border activities supports the claims made in the literature to the effect that networking is essential in SMEs' foreign business development (par. 2.5.3).

Figure 5.31: Availability of networks

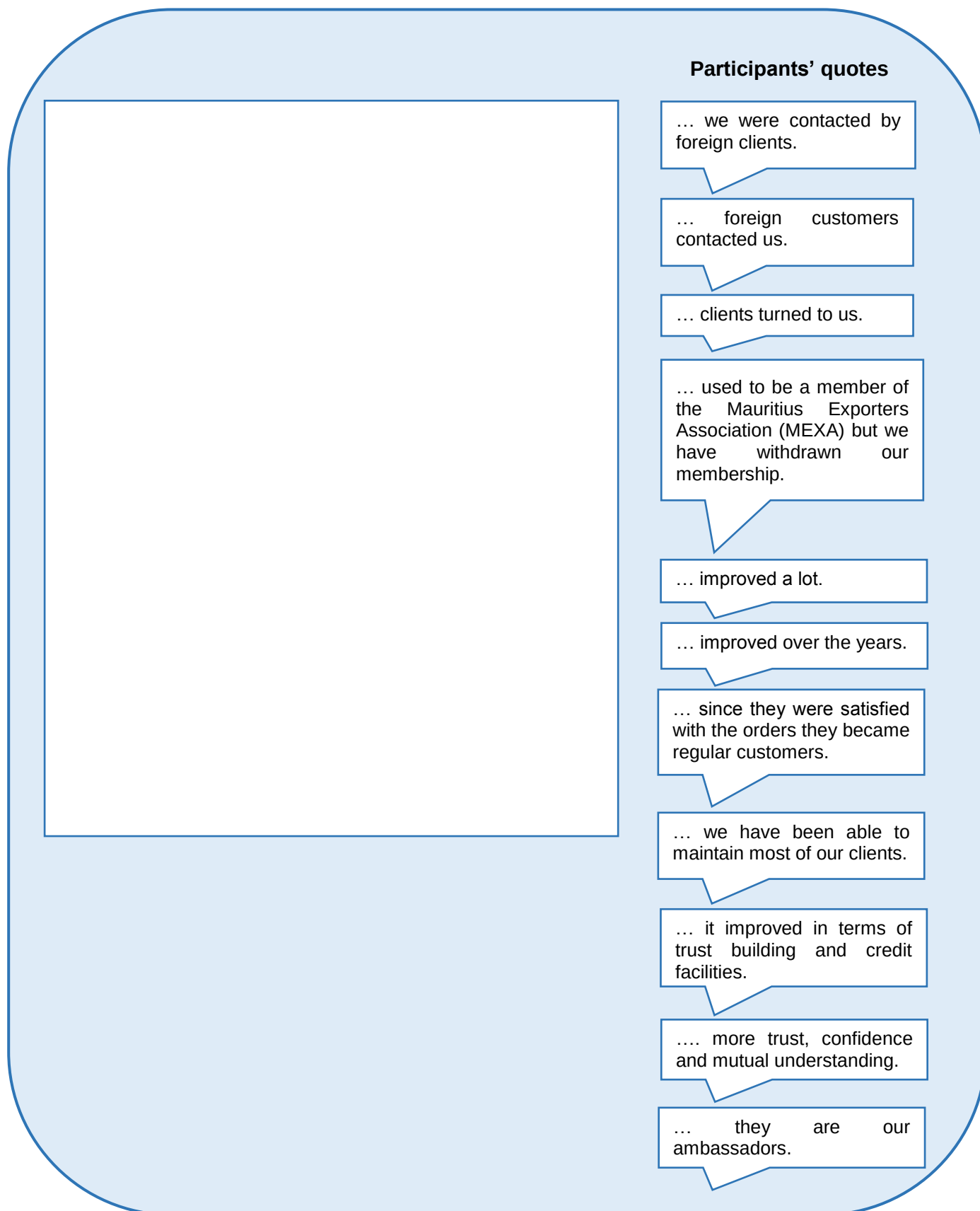
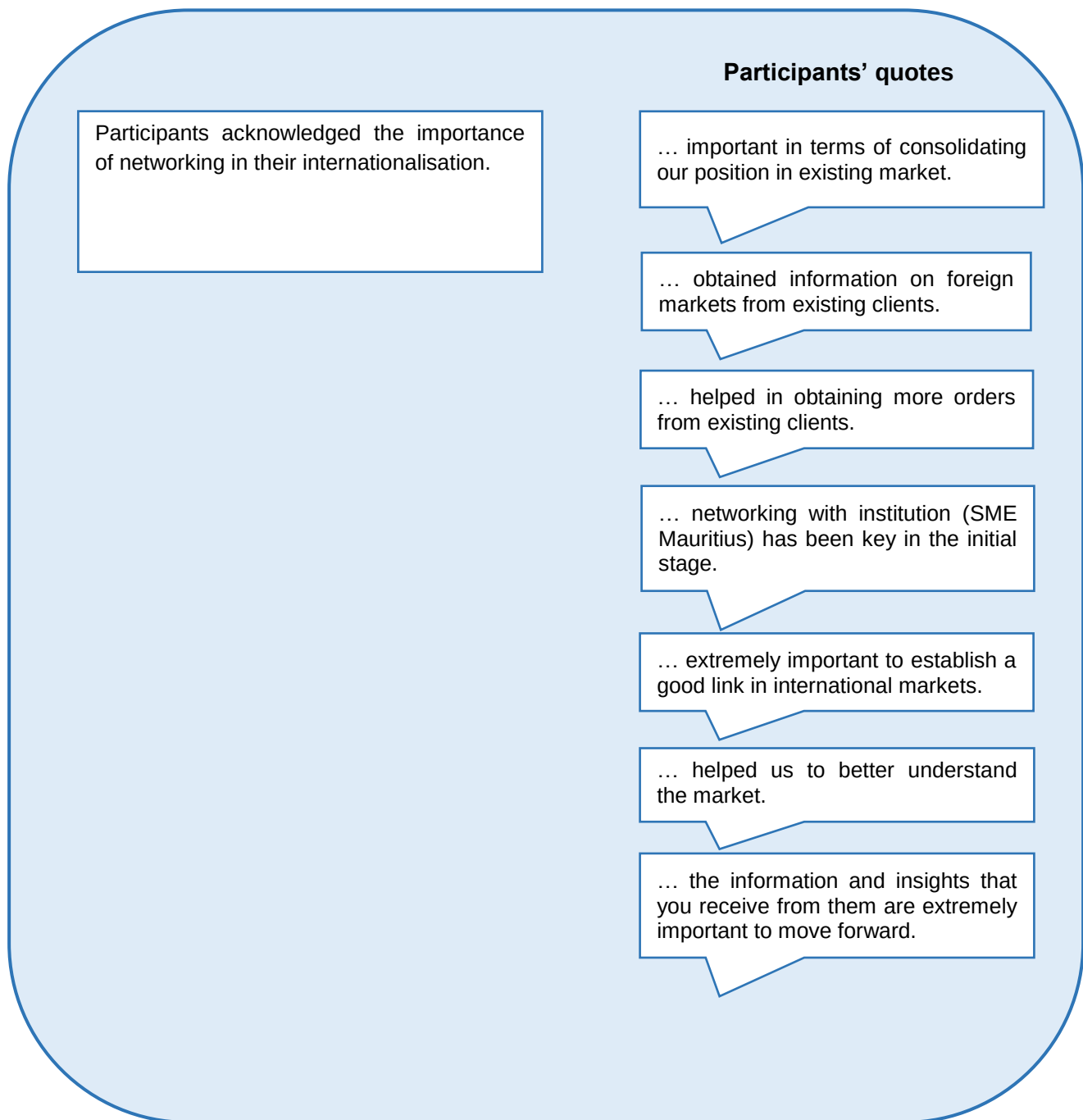


Figure 5.32: Availability of networks



5.2.5.5 Theme five: Conclusion

From the results pertaining to theme five, it is concluded that four organisational factors affected the businesses' initial internationalisation processes as well as their decisions to internationalise, namely its size, experience, competencies, and networks. During their initial internationalisation the majority of the businesses were small and experienced drawbacks due to limited resources. However, as they progressed with their internationalisation they expanded and grew to medium-sized businesses with more resources, which they used to capitalise on opportunities in foreign markets. Since knowledge remains a scarce resource and often a barrier to internationalisation (par. 2.5.1), these businesses also experienced the lack of knowledge about internationalisation procedures and the foreign markets as initial drawbacks. However, as they progressed with their internationalisation they became more knowledgeable and informed about the necessary procedures to follow. It was, however, revealed that had it not been for the unsolicited orders, many of the participants would have given up on internationalisation as a growth strategy. Pertaining to the third organisational factor which affected the businesses' initial internationalisation processes, it can be concluded that certain competencies in businesses are necessary for effective and streamlined internationalisation. These include competencies like qualified and trained personnel, the availability and use of modern equipment and machinery, leadership, teamwork, and the latest production techniques. If these competencies are lacking it would impact negatively on businesses' internationalisation. Finally, networking and relationship building are important factors needed to sustain internationalisation. Although the participants revealed that networking did not create initial opportunities for internationalisation, it definitely contributed to their sustainability in foreign markets as they continued to internationalise.

5.2.6 Theme six: Managerial factors affecting the internationalisation process

From the interviews with the participants, two categories were identified pertaining to the managerial factors affecting the internationalisation process, namely orientation (category: T6A) and contacts (category: T6B).

Concerning these categories, data was collected to reveal the orientation of the participants towards to language, risks and knowledge enhancement (T6A). Data was also collected to determine whether the managers'/owners' contacts with foreign stakeholders can ensure international success (T6B). In this regard the investigation focused on (i) the types of networks the participants believed would ensure their businesses' international success, (ii) whether the participants' membership to any business associations has been instrumental in their internationalisation, (iii) whether a relationship exists between the businesses' international success and the entrepreneurs' networks, (iv) the importance of personal contacts in the initial stages of the internationalisation process, as well as (v) the importance of the entrepreneurs' contacts and personal networks in stimulating or extending the business's presence in the foreign markets.

5.2.6.1 Category T6A: Orientation

In this category, all the participants indicated that they had a good command of the English and French languages. Although the majority of Mauritians can speak English, the language generally spoken is a French-based Creole, referred to as Mauritian Creole. Other ethnic languages spoken in Mauritius to a lesser extent include Hindi, Telegu, Tamil, Marathi, Urdu, and Mandarin. Despite all the languages spoken in Mauritius, the participants see English as a widely used business language and none of them indicated that they faced any difficulties to conduct business across borders in English. The participants further opined that foreign language skills could positively affect a business's international success as it helps to establish effective communication. Moreover, on top of being conversant in English, the respondents conveyed that it is also important to have a good command of the French language as they deal mostly with Europeans and Americans (Figure 5.33).

Although most of the participants indicated that they do not hold international qualifications which could have broadened their international scope, they do agree that a person with international exposure may be more susceptible towards internationalisation due to the familiarity with the way business is conducted in foreign markets (Figure 5.34).

Pertaining to the participants' orientation towards risk-taking, most of the participants revealed that taking risks is part of their business and more so when they progress internationally. It can, therefore, be deduced that the decision-makers' risk-taking behaviour significantly shape their international market strategy (Figure 5.33).

In terms of the participants' orientation towards knowledge enhancement, the analysis of their responses revealed that information about doing business internationally as well as foreign market opportunities were obtained from different sources such as the Internet, existing customers, the Ministry of Foreign Affairs, the Ministry of Trade, buyer-seller meetings, international magazines, as well as SME Mauritius. However, further analysis revealed that the Internet was the most widely used tool to look for information on the international markets and trends in the fashion and design industry (Figure 5.33).

Figure 5.33: Orientation towards language, risks, knowledge enhancement

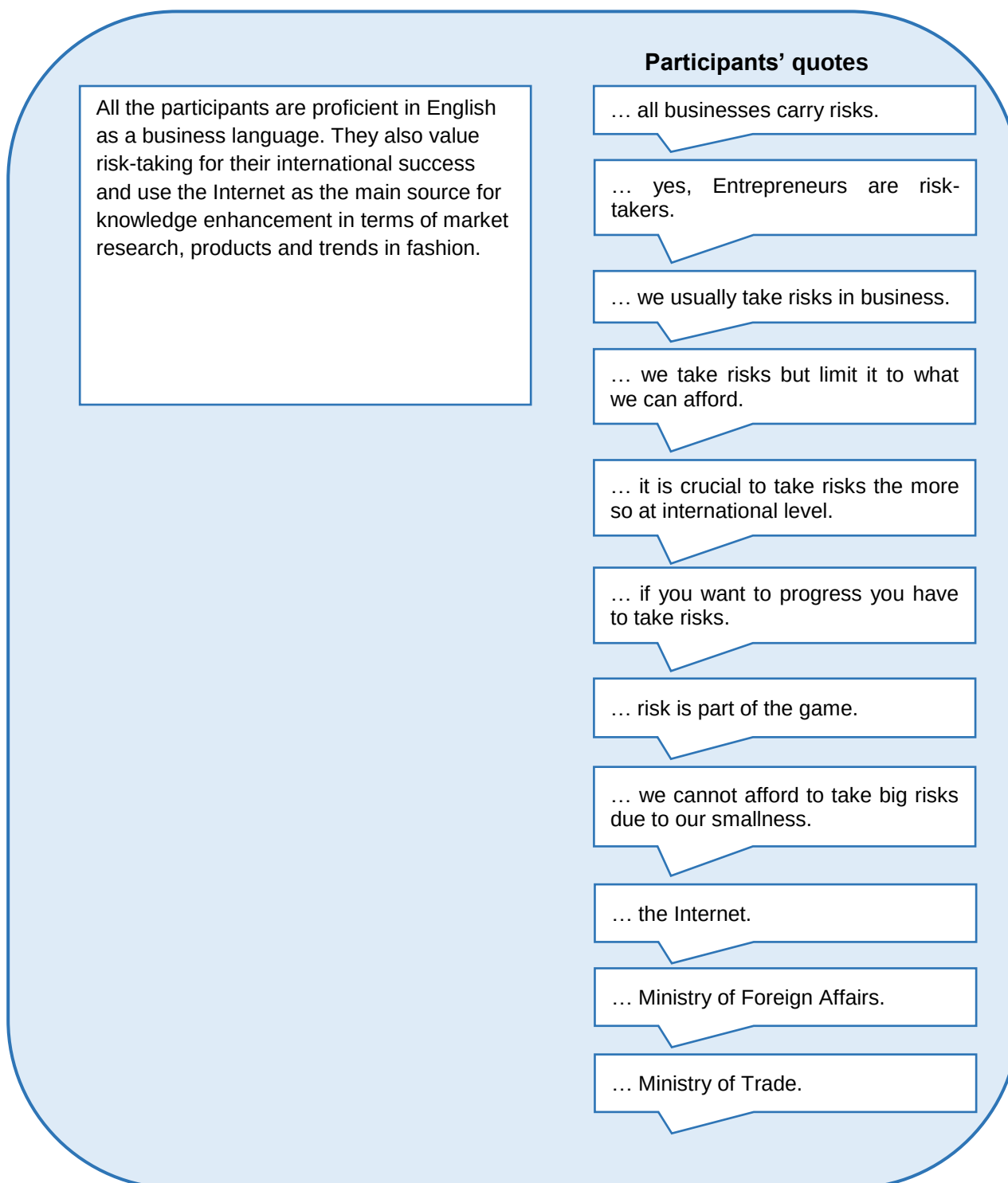
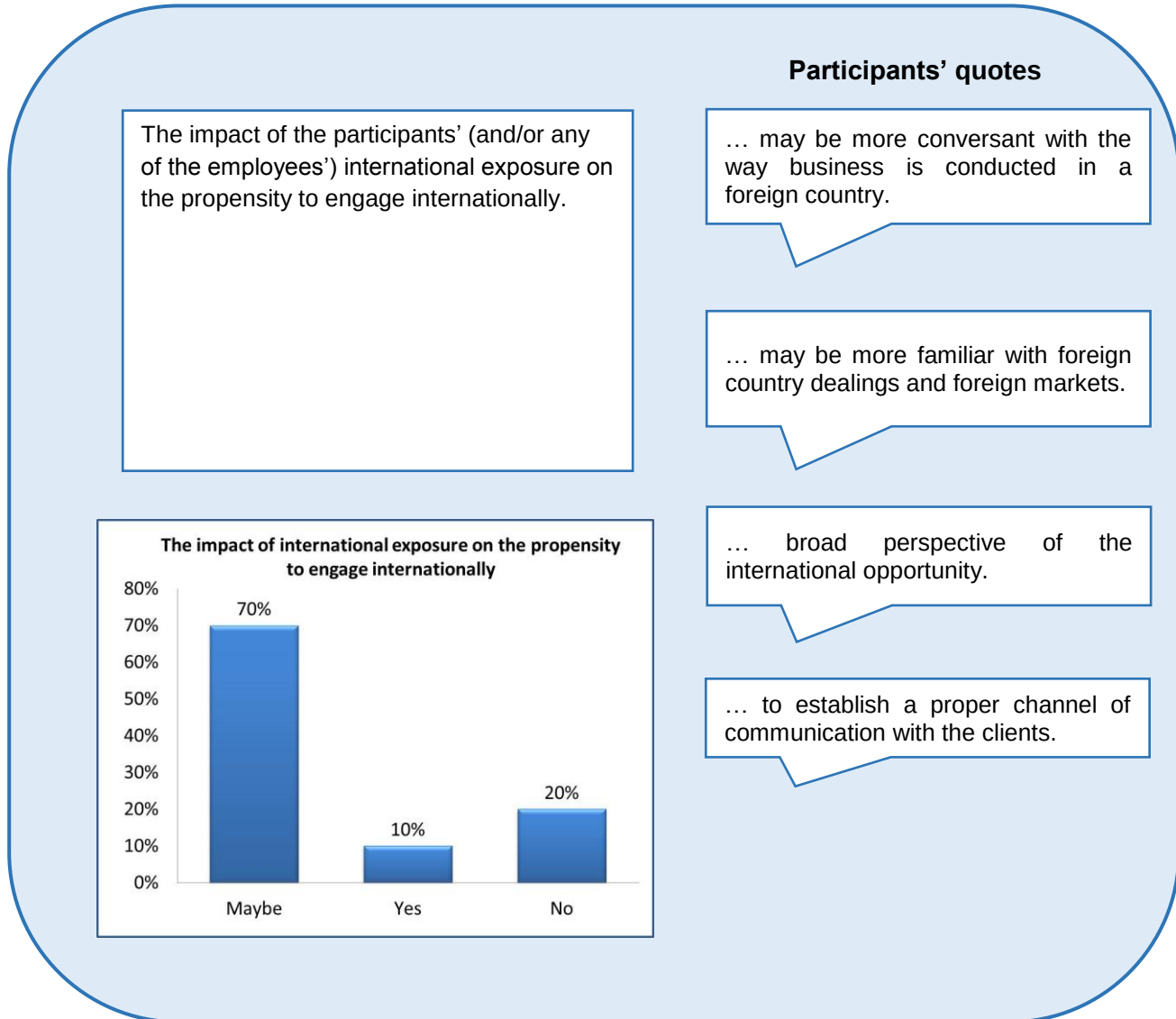


Figure 5.34: Orientation towards internationalisation exposure



5.2.6.2 Category T6B: Contacts

In this category, the participants indicated that contact with any person, body or institution (such as clients, suppliers, local and foreign institutions, Ministries and agents) involved in trading can assist with the business's internationalisation. The participants further indicated that they all have contact with such stakeholders and their involvement in the business's internationalisation was mainly by means of providing important information about the international markets, future fashion trends, rules and procedures for conducting international transactions, as well as prospective clients (Figure 5.35).

Nevertheless, it is also apparent from the findings that participants' membership to business associations has not been instrumental in their internationalisation since none of them are affiliated to any business association (Figure 5.35).

The participants also revealed that over the years they expanded their networks tremendously, which contribute extensively to their businesses' international success, especially since their networks assist in providing the following (Figure 5.36):

- Easy identification of marketing opportunities
- Exact and precise information about the evolution of the markets
- Direct contact with clients
- International transaction facilitation
- Information about future markets
- Negotiating opportunities for credit facilities with suppliers
- Access to other clients outside their networks

Figure 5.35: Contacts that ensure international success

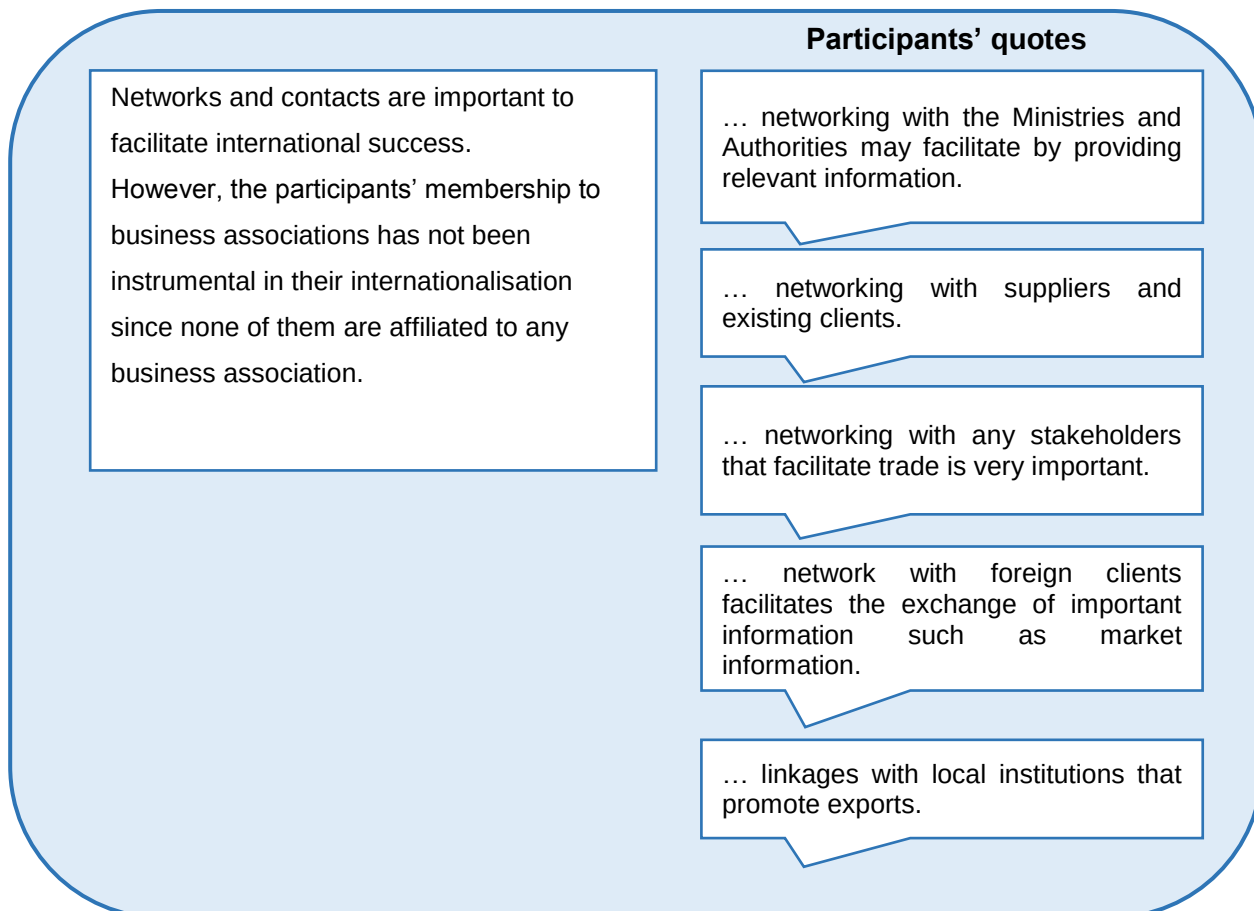
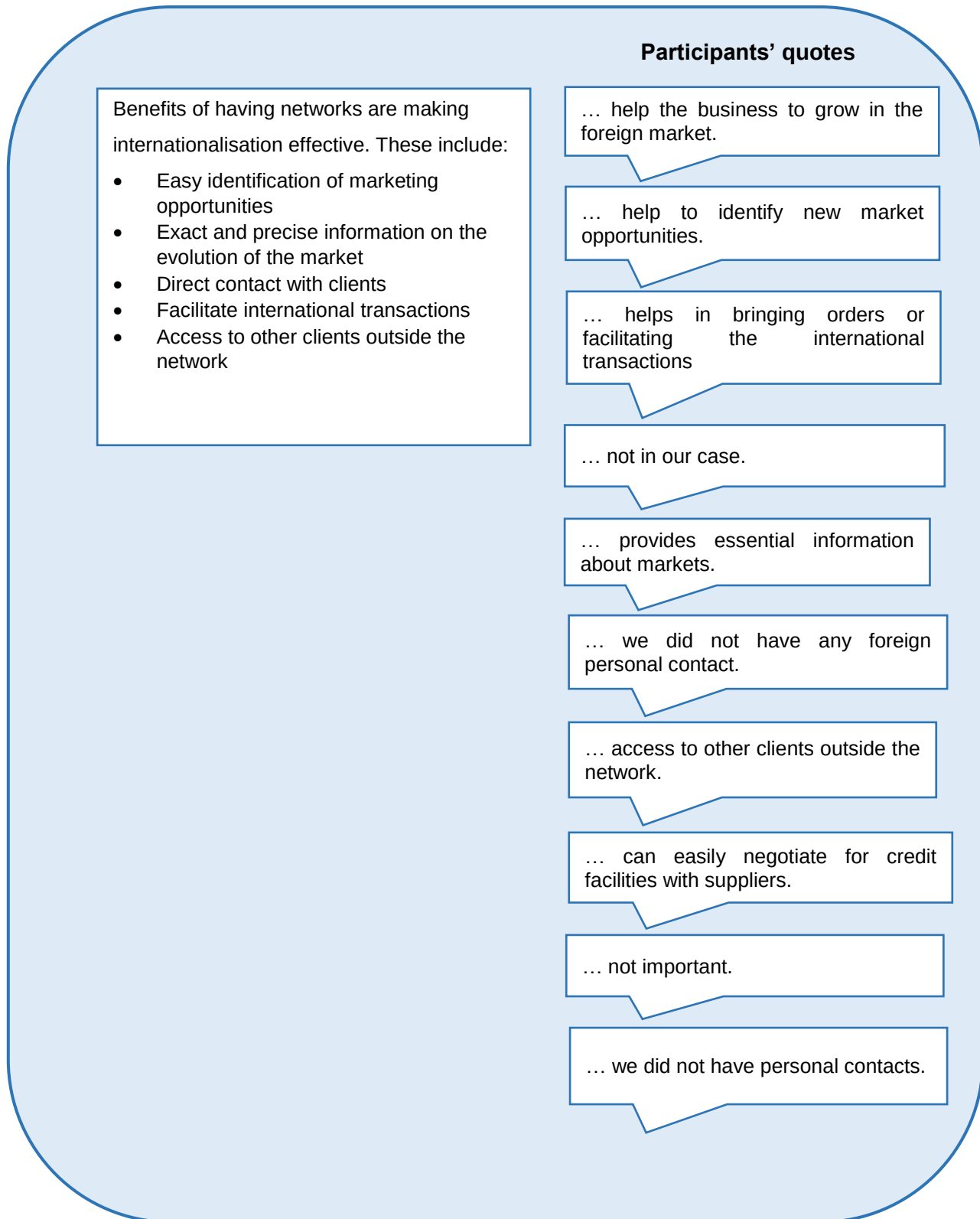


Figure 5.36: Networks' contribution to international success



5.2.6.3 Theme six: Conclusion

From the results pertaining to theme six, it is concluded that the managers' orientation towards language, risk-taking, and knowledge enhancement enables them to expand and be sustainable in international markets. Their language proficiency in English and French makes it possible to eliminate language barriers for most parts of Europe and the USA. In addition, the managers' orientation toward risk-taking also contributes to their international sustainability and they all concur that if one is not willing to take the necessary risks, an internationalisation strategy should not be considered. Furthermore, it can be concluded that affiliations with so-called support bodies to assist with internationalisation is not necessarily important for knowledge enhancement or sustainability. Information sources such as the Internet, existing customers, the Ministry of Foreign Affairs, the Ministry of Trade, buyer-seller meetings, international magazines, as well as SME Mauritius provide sufficient opportunities for knowledge enhancement in terms of international markets and trends in the fashion and design industry.

Linking to organisational factors affecting the internationalisation process (par. 5.2.5) and more specifically networking (par. 5.2.5.5), the managers' contacts play a crucial role in the business's international sustainability. Although limited contacts during the initial stages assisted with their internationalisation, the increase in contacts as the businesses expanded over the years contributed extensively to their international success, especially in terms of new opportunities for expansion and to ease transactions and negotiation with suppliers and clients.

5.2.7 Theme seven: Environmental factors motivating businesses to engage in international markets

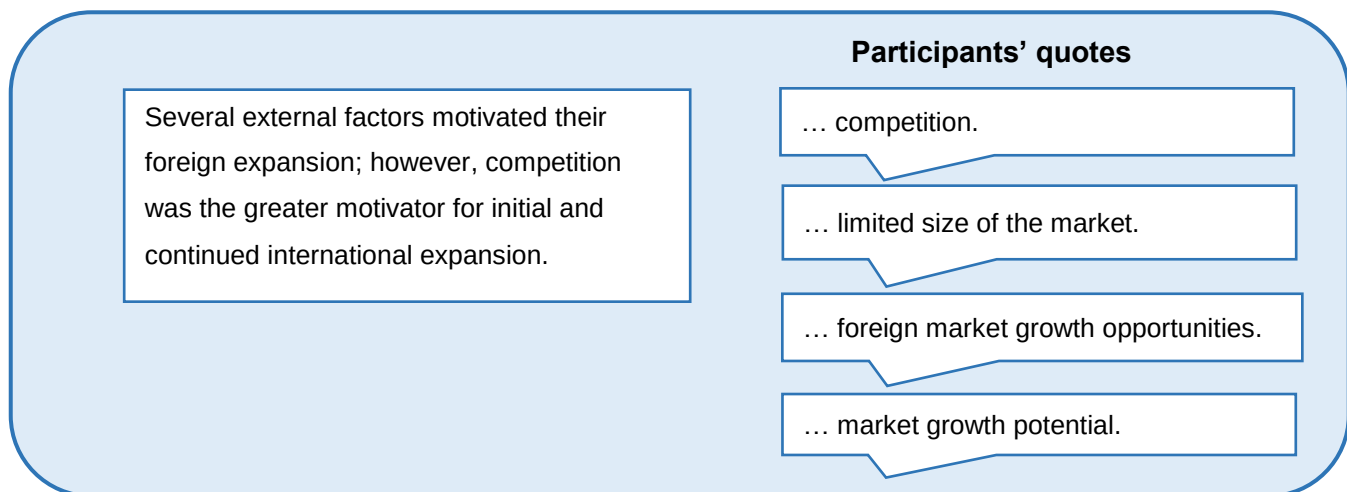
From the interviews with the participants, one category was identified pertaining to the environmental factors motivating internationalisation, namely external factors (category: T7A).

With this category, data was collected to reveal the external environmental factors which motivated the businesses to internationalise further due to the initial unsolicited orders they received (T7A) (par. 5.2.7.1). External environmental factors refer to the market environment (suppliers, new entrants, customers, substitutes and competition) and the macro environment (political, economic, socioeconomic, technology, the environment, and legal influences).

5.2.7.1 Category T7(A): External factors

In this category, the participants indicated that beyond receiving unsolicited orders, most of the external environmental factors did not influence their decisions to internationalise. However, factors such as market trends (socioeconomic), competitors per sé (market environment), and public pressure (market environment) did partly influence them to initially internationalise. This may be due to the notion that the majority of them did not have the intention to grow internationally when they had initially started their businesses (par 2A). However, it is evident that the level of competition in the domestic market and the opportunities identified in foreign markets (market environment) have been motivators for initial and continued expansions internationally. In addition, the participants revealed that competition in the market environment has been the most influential factor forcing them to internationalise and also the factor motivating them to continue to seek new markets for expansion (Figure 5.37).

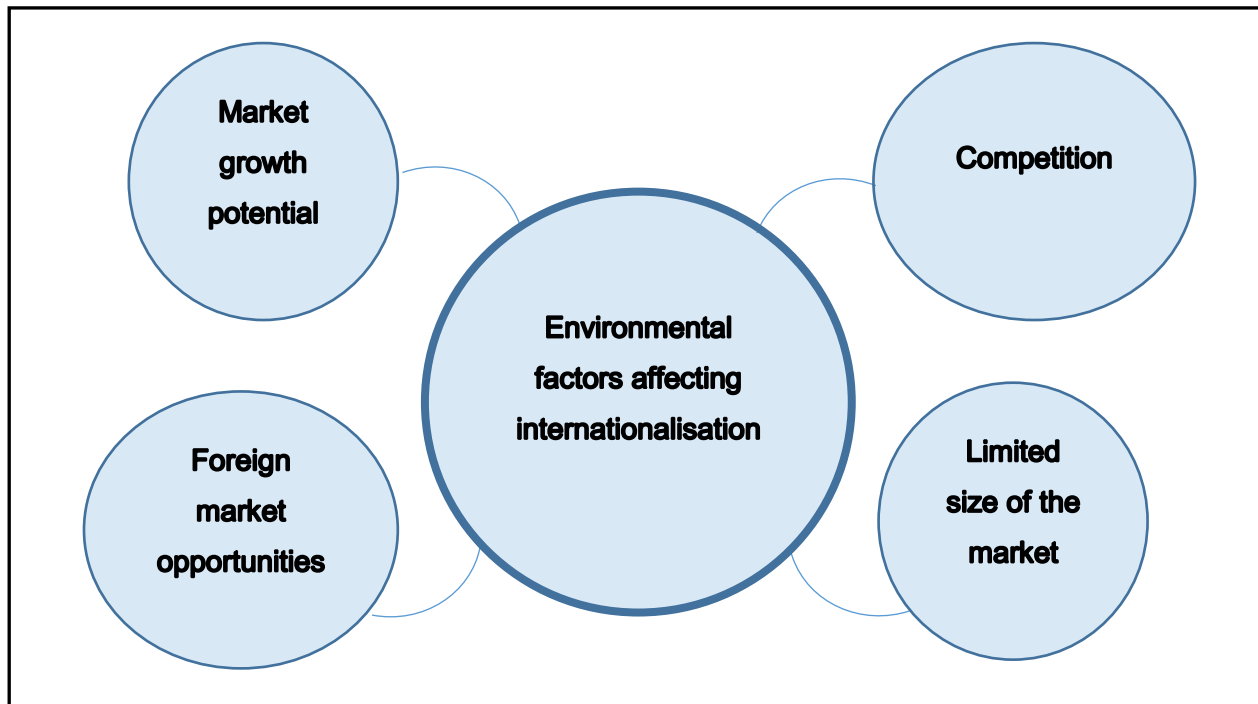
Figure 5.37: Environmental factors motivating internationalisation



5.2.7.2 Theme seven: Conclusion

From the results pertaining to theme seven, it is concluded that the greatest external environmental factor affecting internationalisation is competition in the market and to a lesser extent market growth potential, foreign market opportunities, trends, and the small size of the domestic market (Figure 5.38).

Figure 5.38: Environmental factors affecting the internationalisation process



5.2.8 Theme eight: The modes of entry used during the internationalisation process

As discussed in par. 3.4, the choice of entry mode is regarded as a crucial determinant of international businesses' growth strategies. In this regard the interviews with the participants revealed four categories, which were identified as inception (category: T8A), knowledge (category: T8B), strategy (category: T8C), and barriers (category: T8D).

Data relating to these categories was collected to reveal the modes of entry the participants used during their initial internationalisation (inception) (T8A) (par. 5.2.8.1), and the knowledge they needed for effective internationalisation as well as their sources of information (T8B) (par. 5.2.8.2). In addition, the participants also revealed their modes of entry strategies in terms of the process they used to operationalise their internationalisation (T8C) (par. 5.2.8.3), and lastly they identified the barriers they faced which they had to overcome to increase their performance and to ensure growth (T8D) (par. 5.8.2.4).

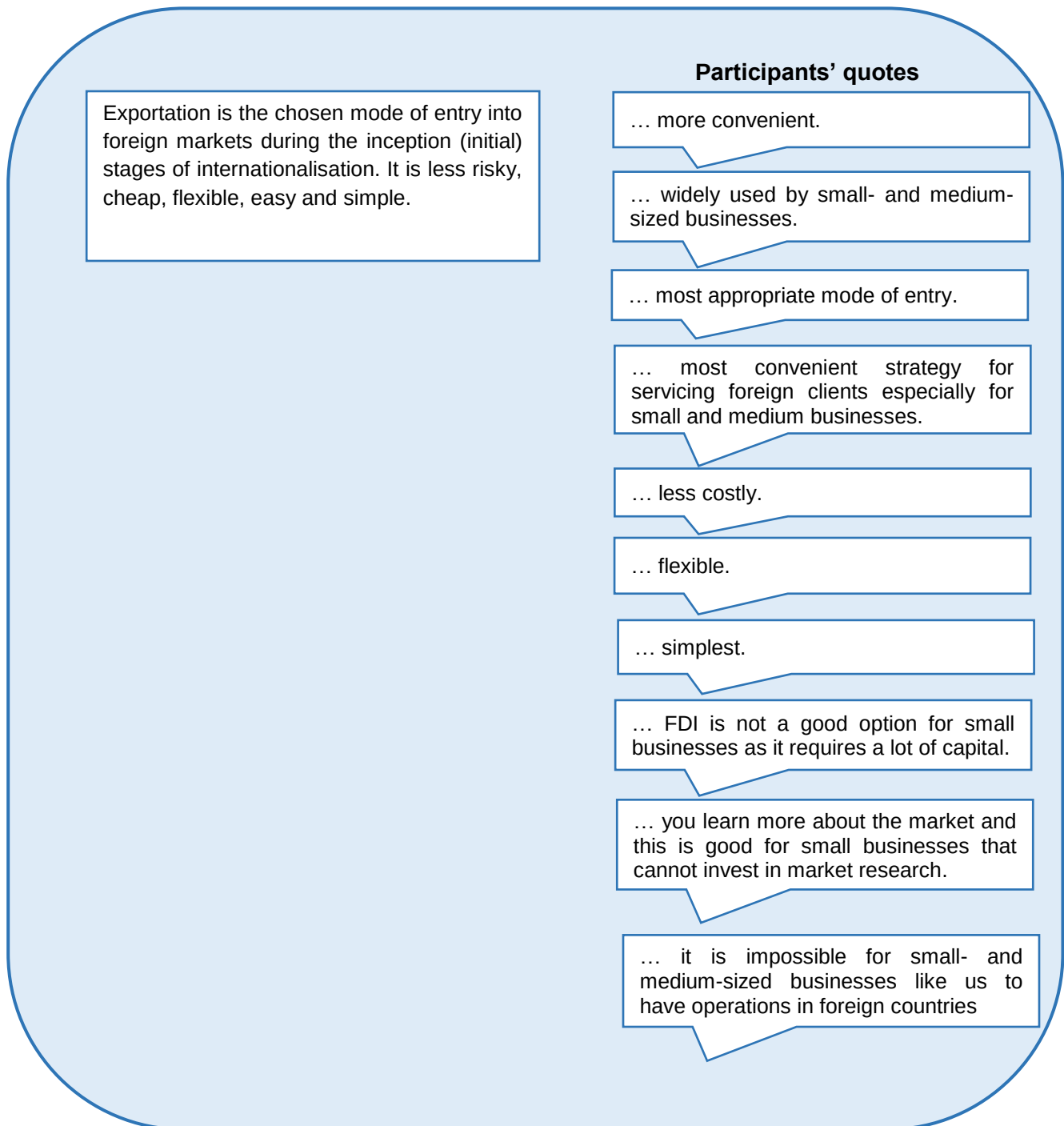
5.2.8.1 Category T8A: During inception

In this category, all the participants revealed that they used exports as a mode of entry into foreign markets during the initial stage of their internationalisation. This finding is in line with the existing literature, which confirms that SMEs are more prone to use exportation as their mode of entry into

foreign markets (par. 3.4). The participants indicated that exportation is the most convenient and efficient strategy for them to service international markets. They also consider exports as being the cheapest, simplest, most flexible and easiest way to sell their products in the foreign markets. Although other modes of delivery do exist, none of them considered or shifted to other modes of entry since they have internationalised.

Furthermore, all the participants consider gradual involvement in foreign markets as being the most suitable strategy to get engaged internationally. There are two main reasons put forward to support their views. Firstly, it is difficult and risky for small businesses to invest a lot of money during the initial stages of internationalisation due to financial constraints. Secondly, the business is in a better position to study the market before taking further commitment to expand that market (Figure 5.39).

Figure 5.39: Mode of entry at inception



5.2.8.2 Category T8B: Knowledge

In this category, all the participants indicated that knowledge facilitated their internationalisation mode of entry to a large extent. Most of the participants reported that information pertaining to the market and fashion trends, legal compliance and trade agreements pertaining to exports were primarily obtained from agents, foreign customers, Ministry of Trade and the Internet (Figure 5.40). They widely acknowledged the valuable contribution of agents in assisting with the export of their products to foreign markets as well as the importance of the Internet as a low cost platform, which enabled them to study and learn about export procedures. Based on the participants' responses, it is also apparent that the Internet has vast potential to accelerate the internationalisation along both the downstream suppliers and upstream customers of the supply chain. They consider the Internet as a powerful tool in providing relevant and up to date market information trends, facilitating instant and efficient communication through online meetings with foreign clients, and coordinating international transactions. One of the participants stated, "the Internet ensures quick response by communicating through video conferencing and sending photos of samples over the net" (Figure 5.41).

Figure 5.40: Sources of information

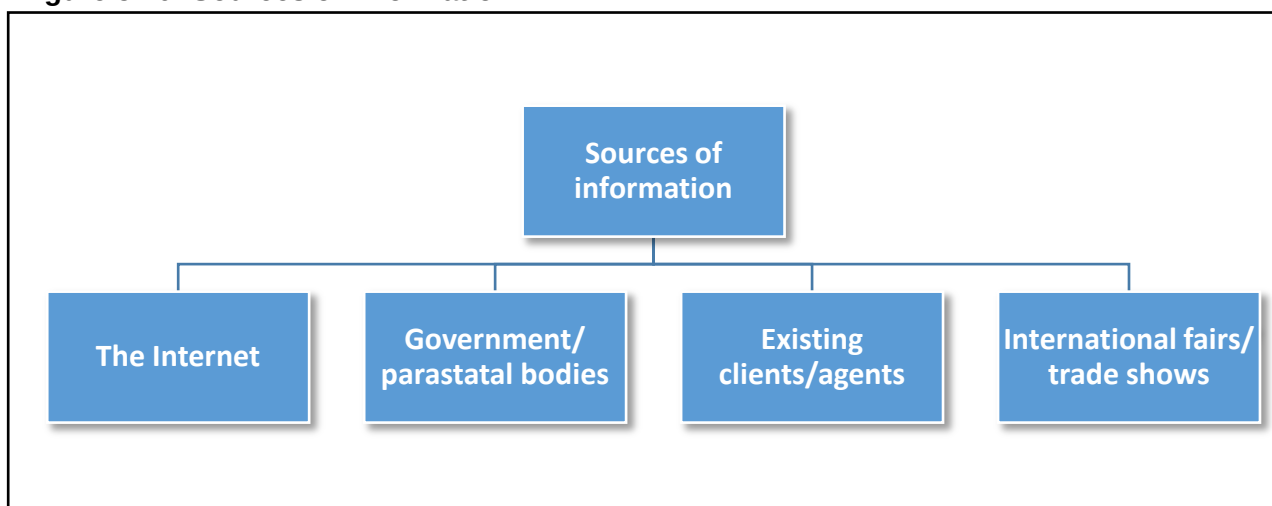
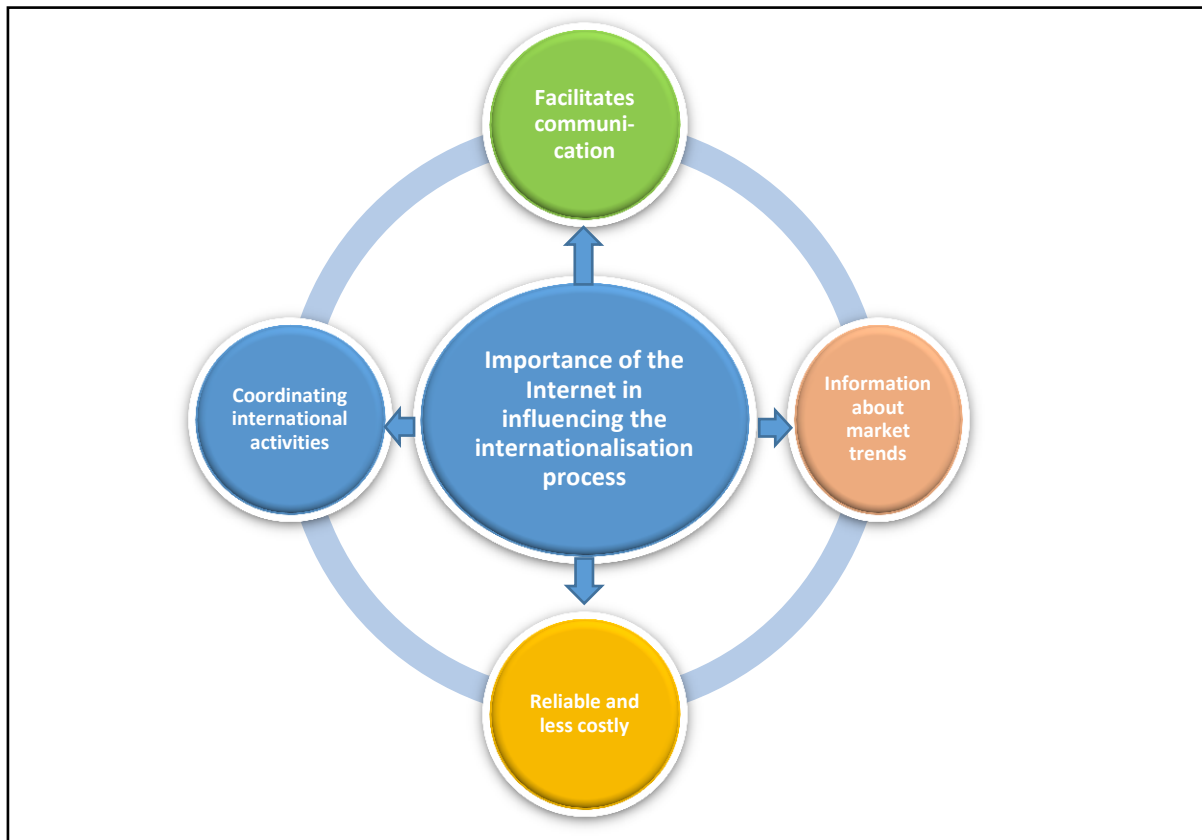


Figure 5.41: Importance of the Internet in influencing the internationalisation process

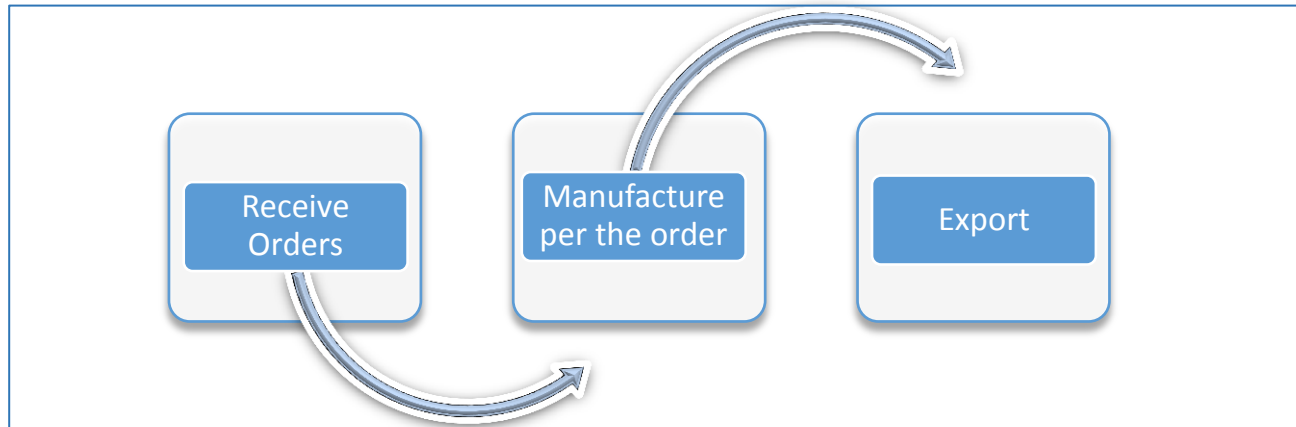


5.2.8.3 Category T8C: Strategy

In this category, the participants acknowledged the important role of agents in the export process by asserting that on top of facilitating the process of sending the products to the foreign markets, agents also provide useful linkages between them as manufacturers and the buyers. Moreover, the agents also represent important sources of market information by virtue of their contacts with several stakeholders (Figure 5.43). Johanson and Wiedersheim-Paul (1975:308) (par. 2.5.2.1.1) also proclaim the importance of agents in the internationalisation process.

The participants all indicated that the process they follow to secure international transactions includes the receiving of orders, manufacturing of the products, and then exporting the products (Figure 5.42).

Figure 5.42: Process in securing international transactions



Based on the interviews and the above process, it was revealed that the foreign clients are outsourcing the manufacturing of the textile products to participants. These clients then supply the designs for the products. The participants indicated that they do not really contribute to the design of the products and mostly manufacture according to the specifications of the clients. This revelation is extremely relevant to this study, since this led to the conclusion that the businesses did not initially internationalise proactively, but rather reactive due to unsolicited orders. This is in contrast with the literature finding that SMEs from developing countries are more proactive in their approaches to internationalise (par. 3.3).

According to the participants, physical distance does not have any impact on the choice of entry. This opinion is formed based on the participants' statements that most of the foreign markets they export to can easily be accessed by plane at a low cost. Currently, local businesses are servicing diverse countries such as Africa, America, Australia, Europe, Reunion Island and the Seychelles. It can also be deduced that foreign clients would turn to these businesses as they can produce in small quantities to meet seasonal orders, unlike larger businesses, which prefer big orders. However, they consider that logistical costs may have an impact on their competitiveness (Figure 5.44).

Figure 5.43: Role of agents in the export process

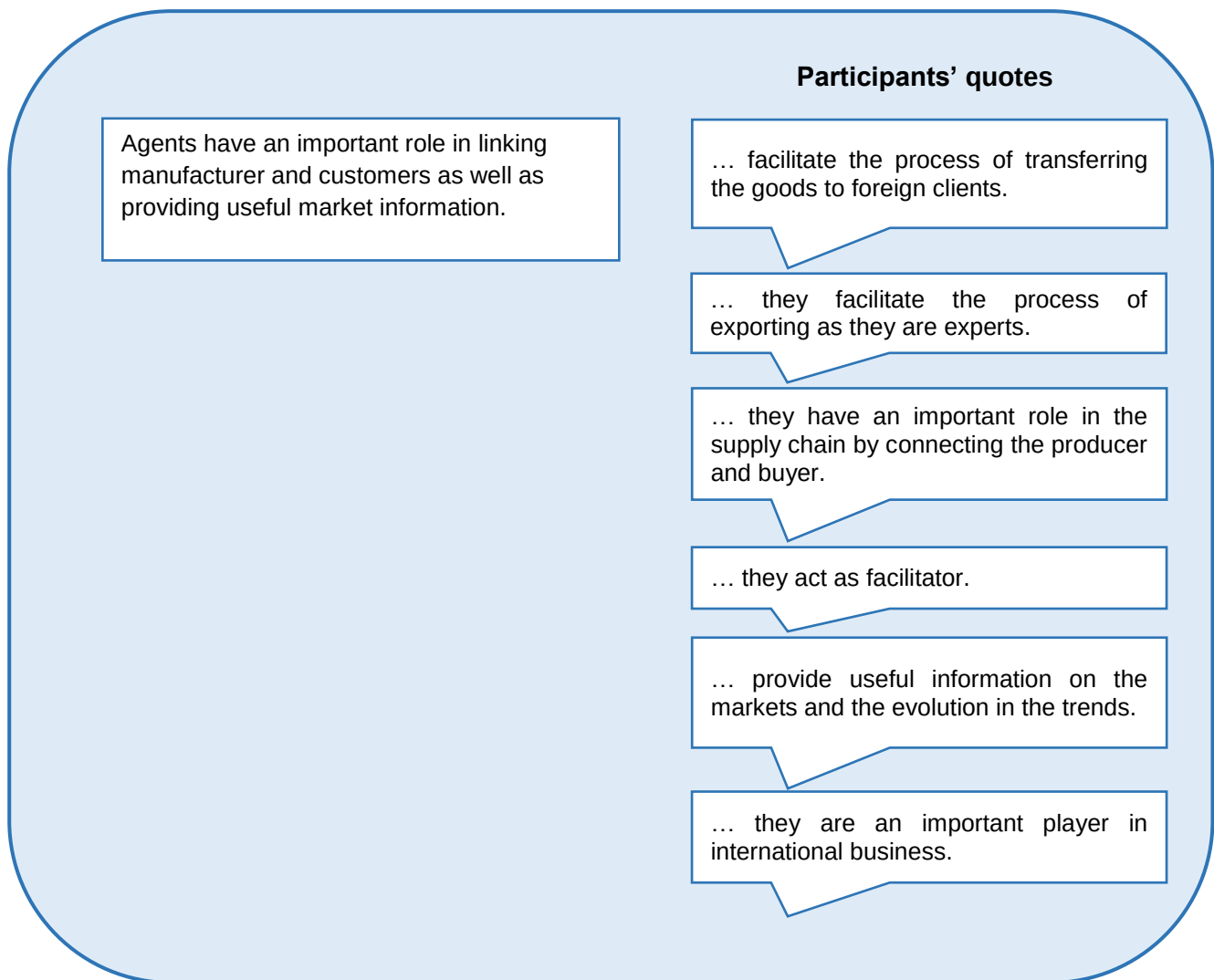
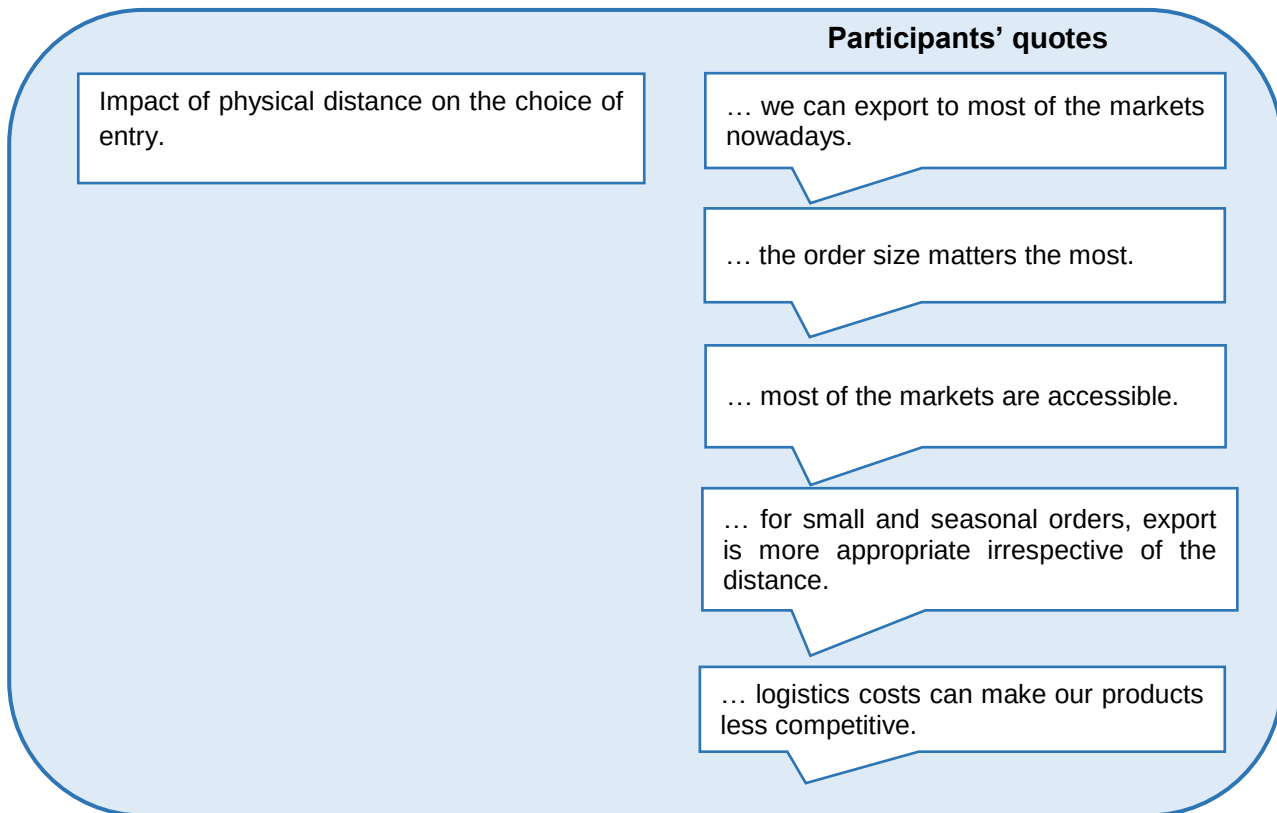


Figure 5.44: Physical distance



5.2.8.4 Category T8D: Barriers

In this category, all the participants believe that exportation is the most appropriate mode of entry for medium-sized businesses wanting to internationalise from small island developing states like Mauritius. The participants consider other modes of entry less economically feasible for them due to the smallness of orders. Moreover, financial constraints deter them from employing other modes of entry that require additional financial commitments. Additionally, exports allow these businesses to serve several customers at the same time and to cater for seasonal variations. It is also considered as a low-risk strategy compared to other modes of entry (Figure 5.45).

However, although exports are the preferred mode of entry, the participants did reveal some barriers they have to overcome which impact on their export performance. The barriers mentioned by the participants can be classified as:

- Knowledge barriers (refers to internal information barriers, par. 3.6.1)
- Legal/Compliance barriers (refers to external macro environmental barriers, par. 3.6.7)
- Trade barriers (duties) (refers to external macro environmental barriers, par. 3.6.7)

- Procedural barriers (certification & trade facilitation) (refers to external procedural barriers, par. 3.6.4)
- Logistical barriers (refers to internal functional barriers, par. 3.6.2) (Figure 5.46 & Figure 5.47)

In this regard, the participants also revealed that certification and the lack of trading agreements were the most significant barriers they experience which affect their business's export performance (Figure 5.48). Nevertheless, most of the participants claimed that they have been able to overcome these barriers by securing trade agreements and adhering to certification prerequisites, which resulted in them growing considerably over the years. One participant stated, *"our relationship with the clients has improved a lot ... we now have more clients from multiple countries"* (Figure 5.49).

In addition to the above-mentioned barriers faced by the participants, other concerns raised, which also affect their internationalisation, include the price barriers, relationship with suppliers, the sources of raw materials and credit terms. Most of these concerns, however, pertain to the upstream part of the supply chain rather than the downstream part. Since this study focuses primarily on the downstream part of the supply chain, future studies can investigate issues underlying the upstream dimension of the supply chain (Figure 5.50).

Figure 5.45: Barriers motivating exportation as the most appropriate mode of entry for medium-sized businesses in Mauritius

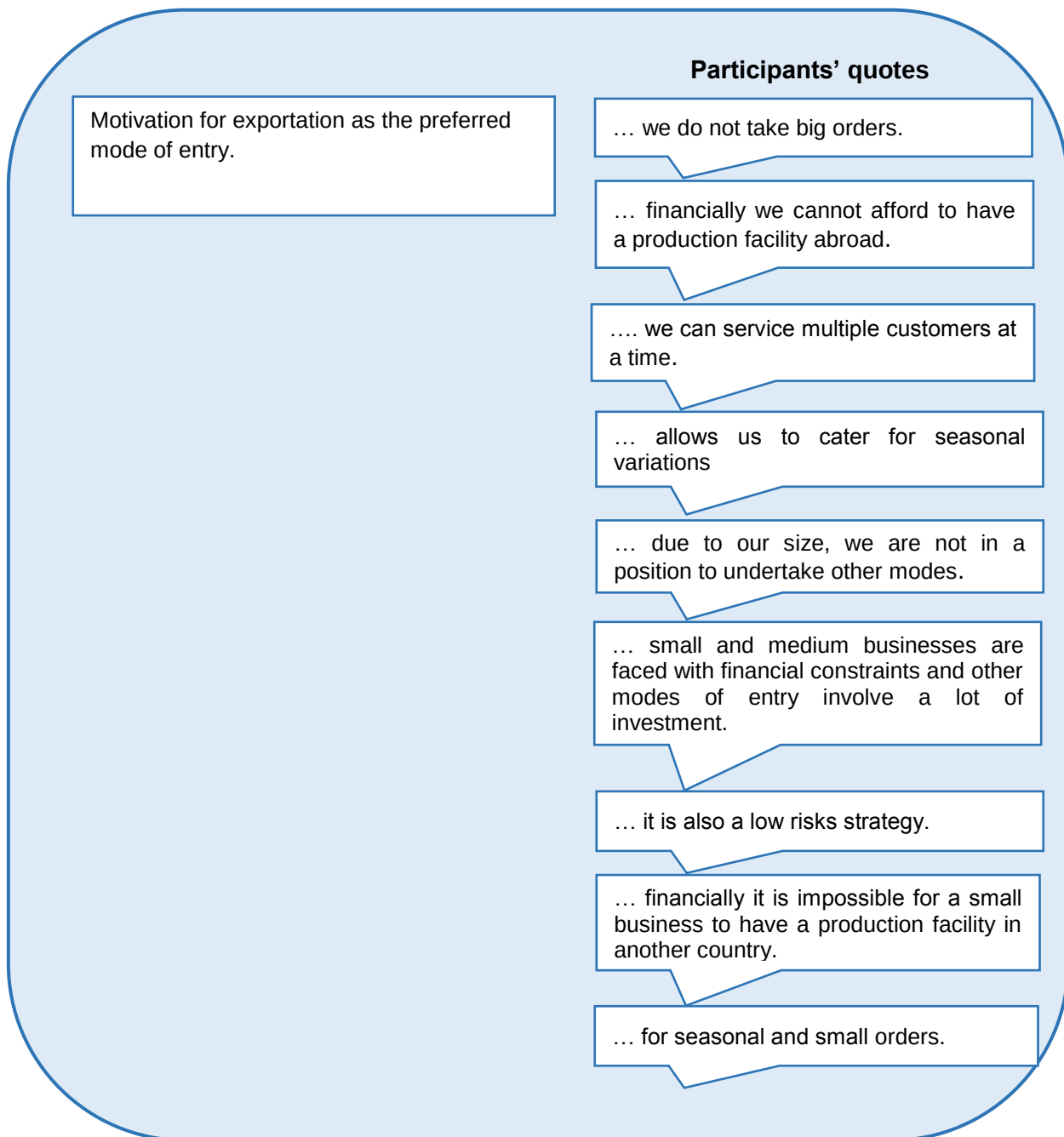


Figure 5.46: Export barriers

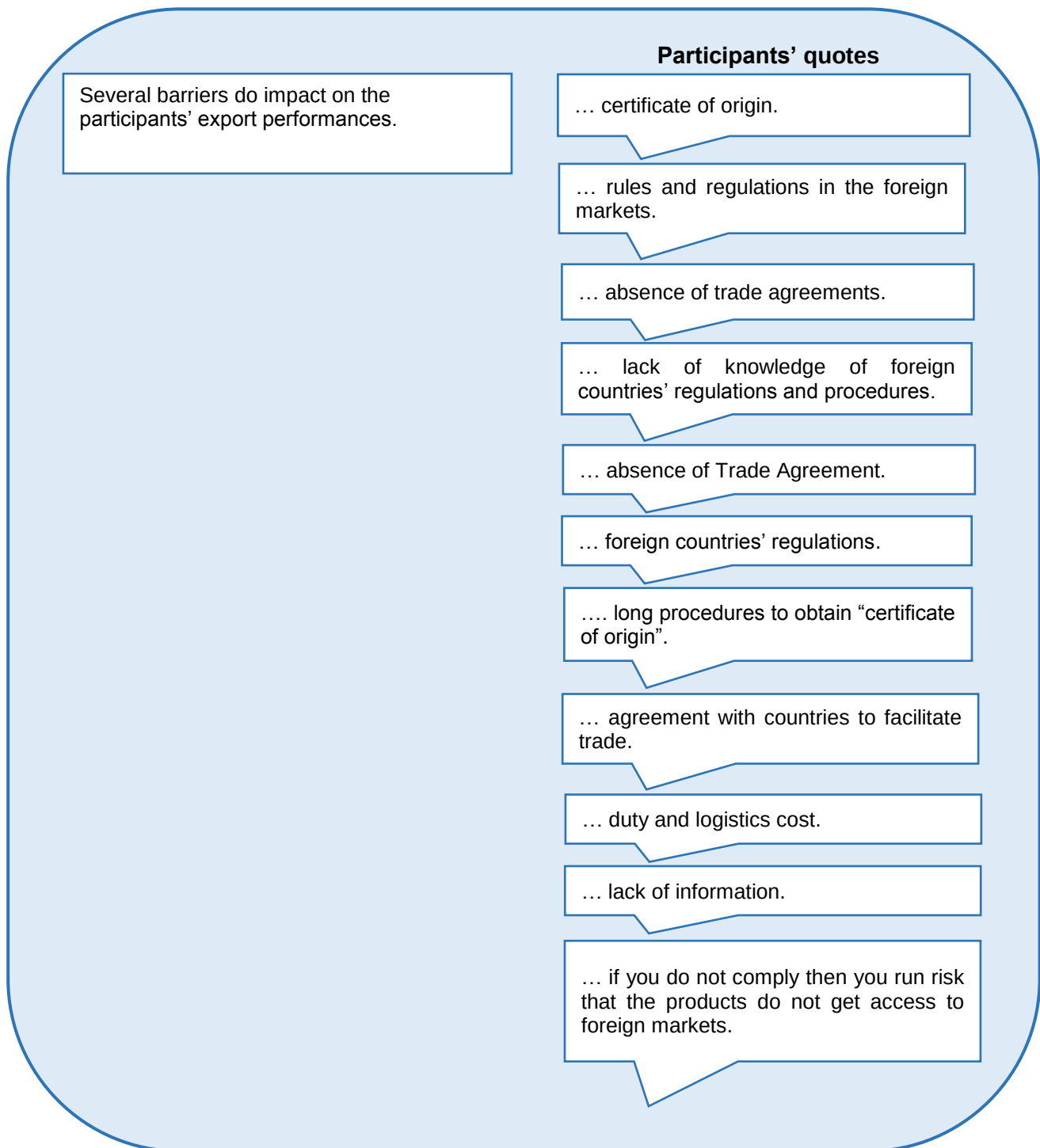


Figure 5.47: Summary of export barriers

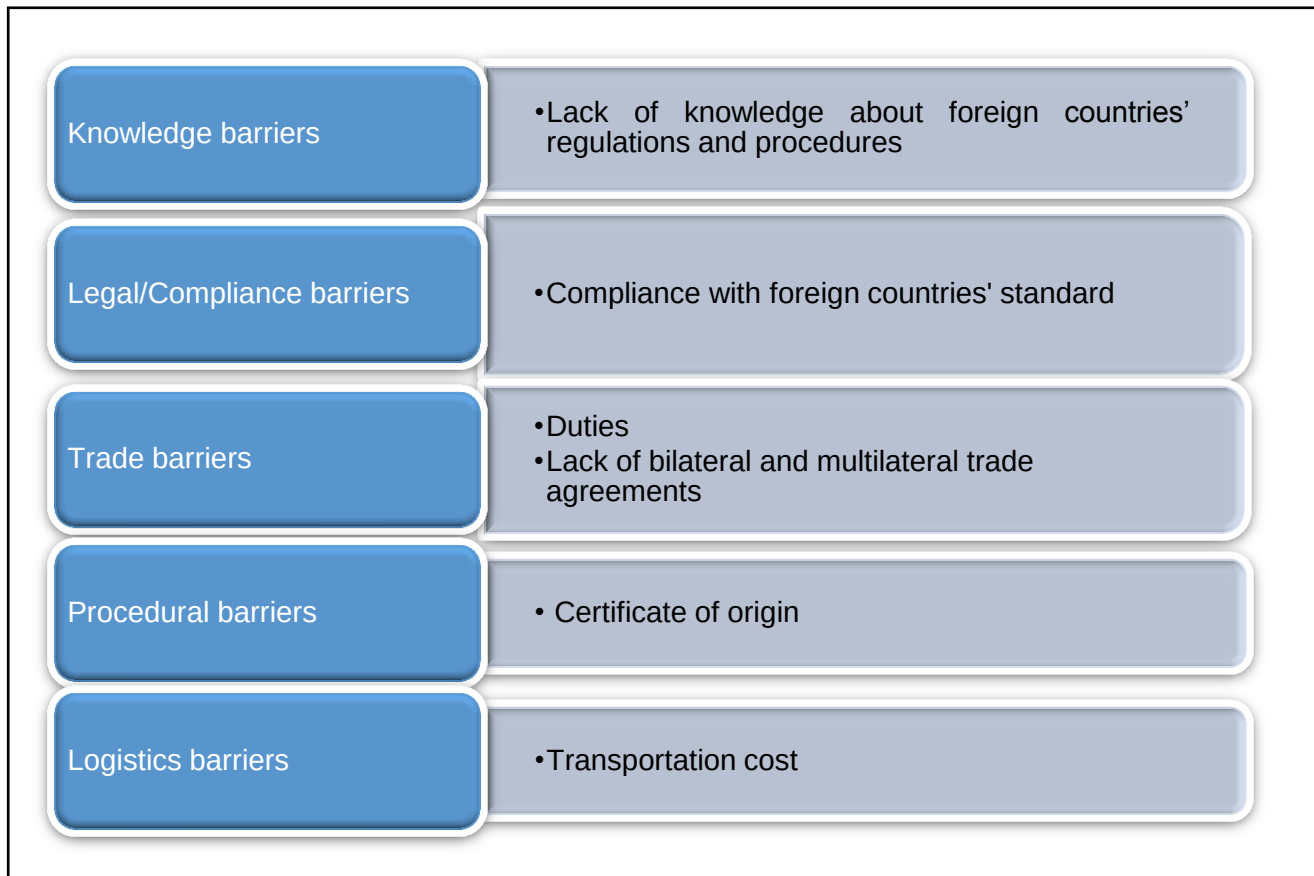


Figure 5.48: Most significant export barriers

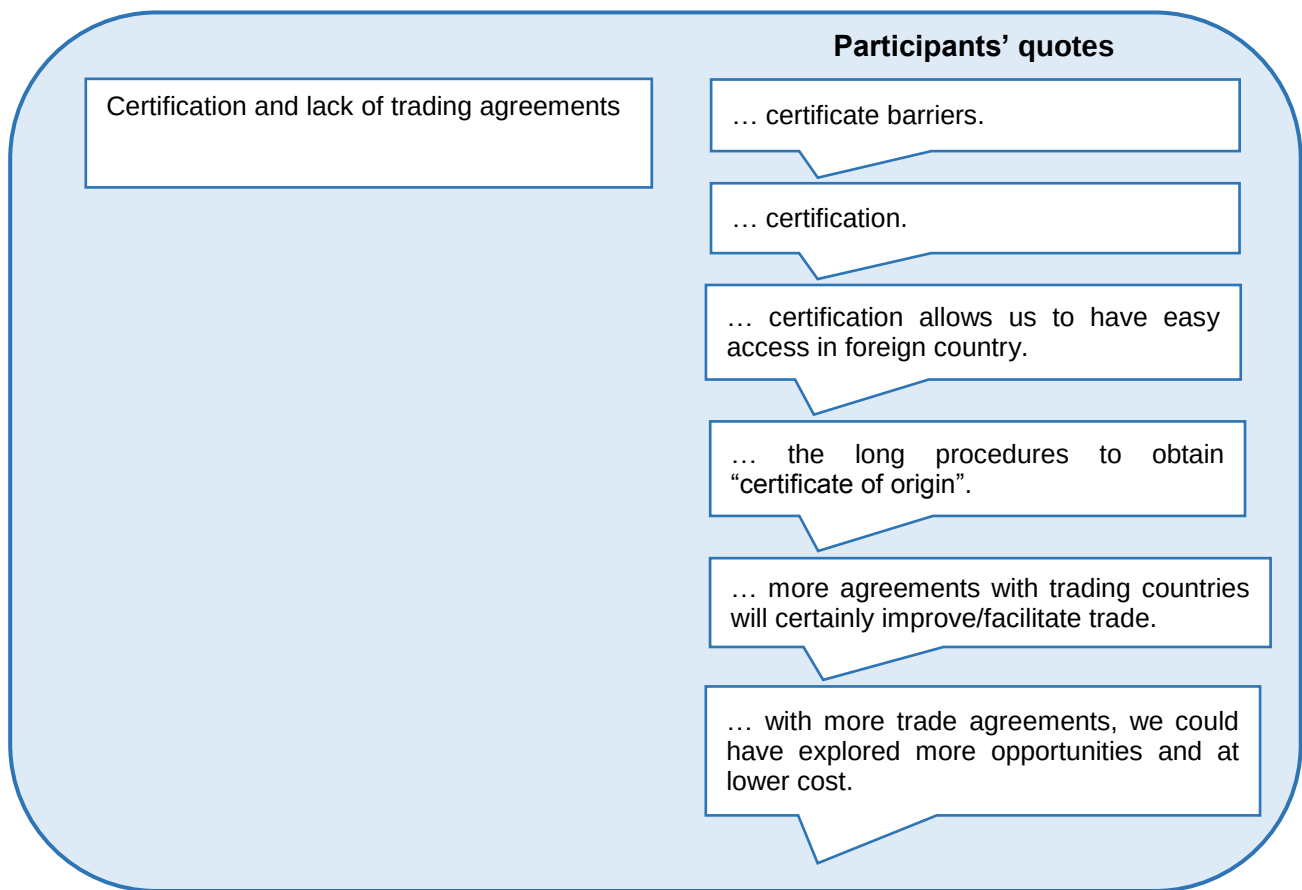


Figure 5.49: Business evolution since internationalisation

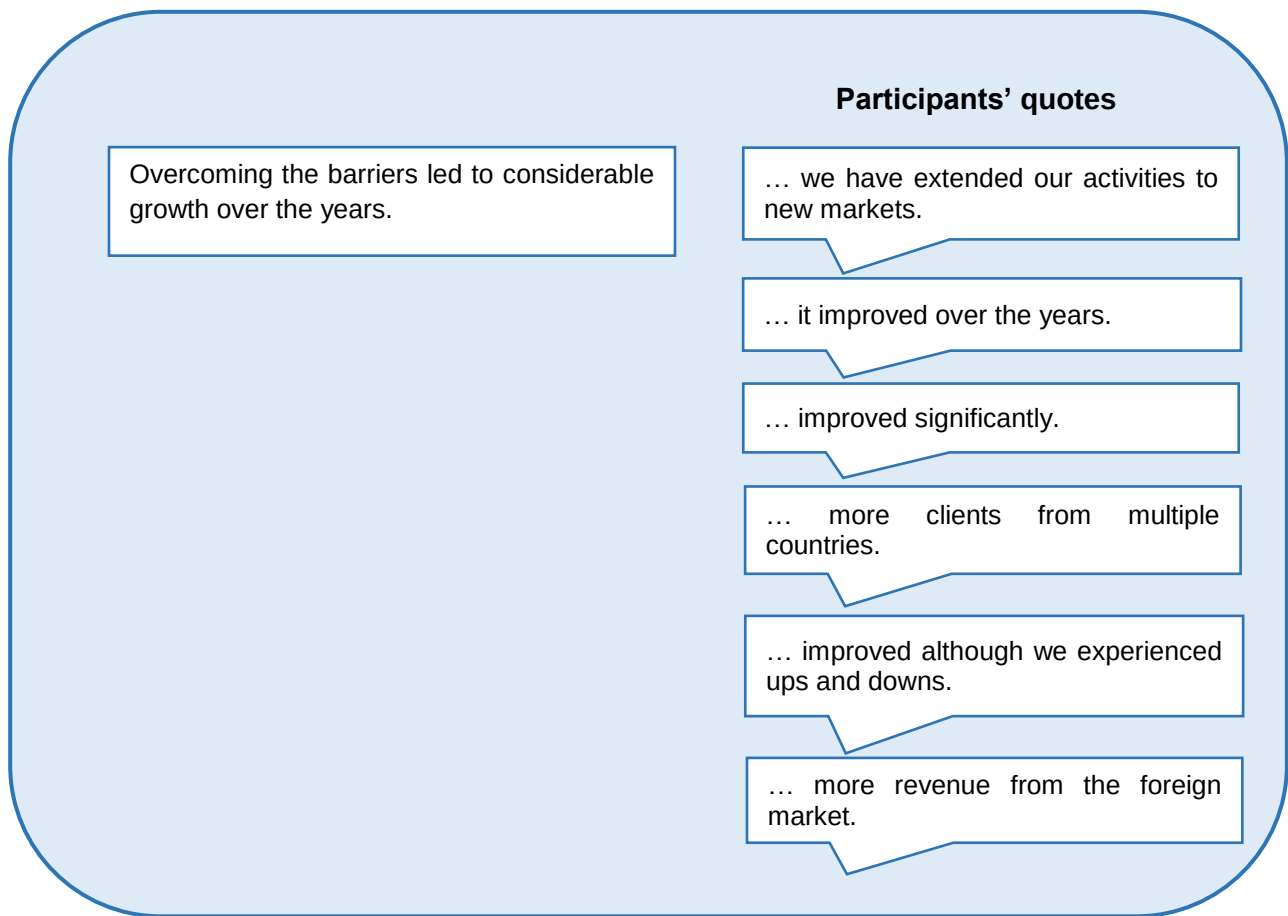
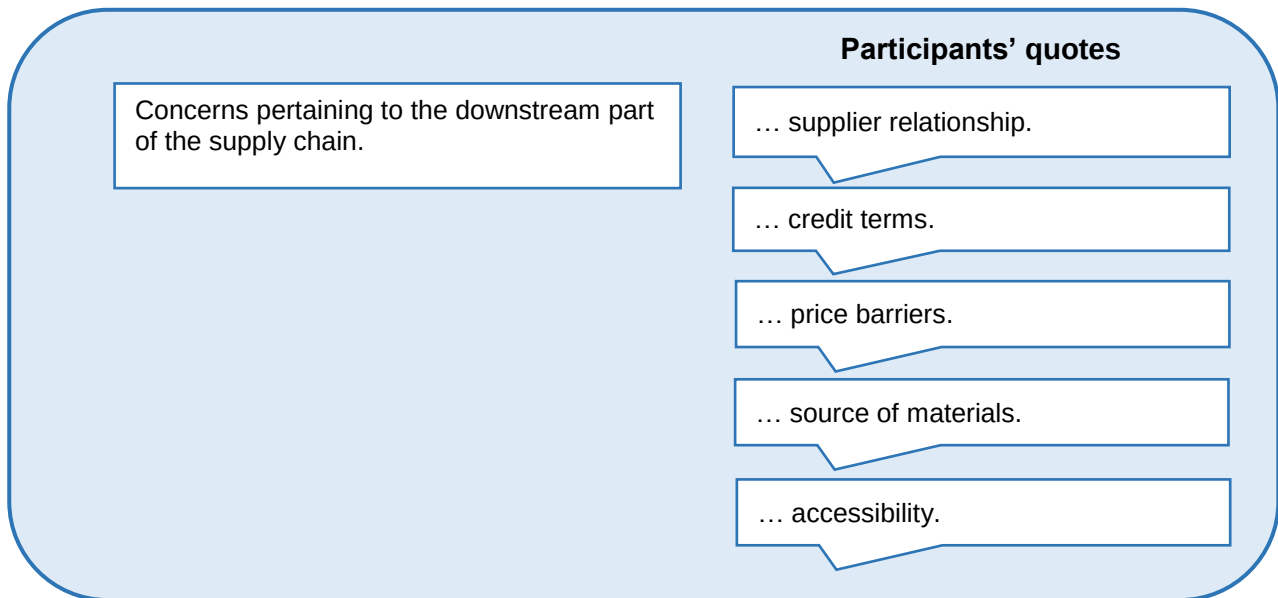


Figure 5.50: Business evolution since internationalisation



5.2.8.5 Theme eight: Conclusion

From the results pertaining to theme eight, it is concluded that the textile manufacturing SMEs in Mauritius use exportation as the preferred mode of entry into foreign markets, which is also in line with existing literature (par. 3.4). Due to financial constraints and the lack of knowledge during the initial stages of internationalisation, a gradual involvement in foreign markets is concluded as being the most suitable approach to engage internationally. To limit the influence of the lack of knowledge, important export-related information can be obtained from agents, foreign customers, the Ministry of Trade and the Internet. Supported by u-model (par. 2.5.2.1.1), agents are especially seen as having an important role in facilitating the export process in terms of sending the products to the foreign markets and to establish relationships between manufacturers and the buyers. Furthermore, the operational process followed to secure international transactions entails the receiving of orders, manufacturing of the products and then exporting the products.

Several barriers are associated with exportation by medium-sized businesses wanting to internationalise from small island developing states like Mauritius. These include knowledge barriers, legal/compliance barriers, trade barriers (duties), procedural barriers (certification & trade facilitation), and logistical barriers. However, it is possible to overcome these barriers with trade agreements and by adhering to certification prerequisites.

5.2.9 Conclusion from qualitative results

Contributing to the internationalisation strategy for medium-sized textile manufacturers in Mauritius proposed in this study, the results of the qualitative study confirm the claims made in the literature that exportation is the most suitable mode of entry for SMEs into foreign markets (par. 3.4). However, several medium-sized textile manufacturers in Mauritius are still not internationalised (par. 1.7.5), which leads to them facing several growth limitations by focusing only on the domestic market. Had it not been for those medium-sized textile manufacturers in Mauritius reacting to unsolicited orders, which resulted from their participation in buyer-seller meetings and trade shows, many more medium-sized textile manufacturers would not have been motivated to internationalise. From the qualitative results, it can therefore be concluded that the need and motivation to internationalise is the first step in the process that drives internationalisation for medium-sized textile manufacturers in Mauritius. However, before the decision to internationalise is taken, several factors affecting the feasibility of such a decision should be considered. These factors include internal and external factors as well as an exportation mode of entry. If sufficient evidence exists that such a decision would be feasible, the businesses proceed to internationalise by means of exportation. Ultimately, the strategy proposed in this study (Chapter 6) should be implemented gradually and managed effectively to ensure growth and sustainability and to increase their competitiveness.

The contribution of the qualitative approach in this chapter is that, addition to the literature contribution in Chapter 3, the motives, mode of entry, export barriers and the consideration factors influencing Mauritian medium-sized textile manufacturers' decisions to internationalise is revealed. With this section, secondary objective 3 was achieved, which focuses on the identification of the motives for internationalisation, the modes of entry and the internationalisation barriers applicable to SMEs in Mauritius. In addition, secondary objective 4 was also achieved, which focuses on the consideration factors influencing Mauritian medium-sized textile manufacturers' decisions to internationalise.

5.3 PART II: QUANTITATIVE RESULTS

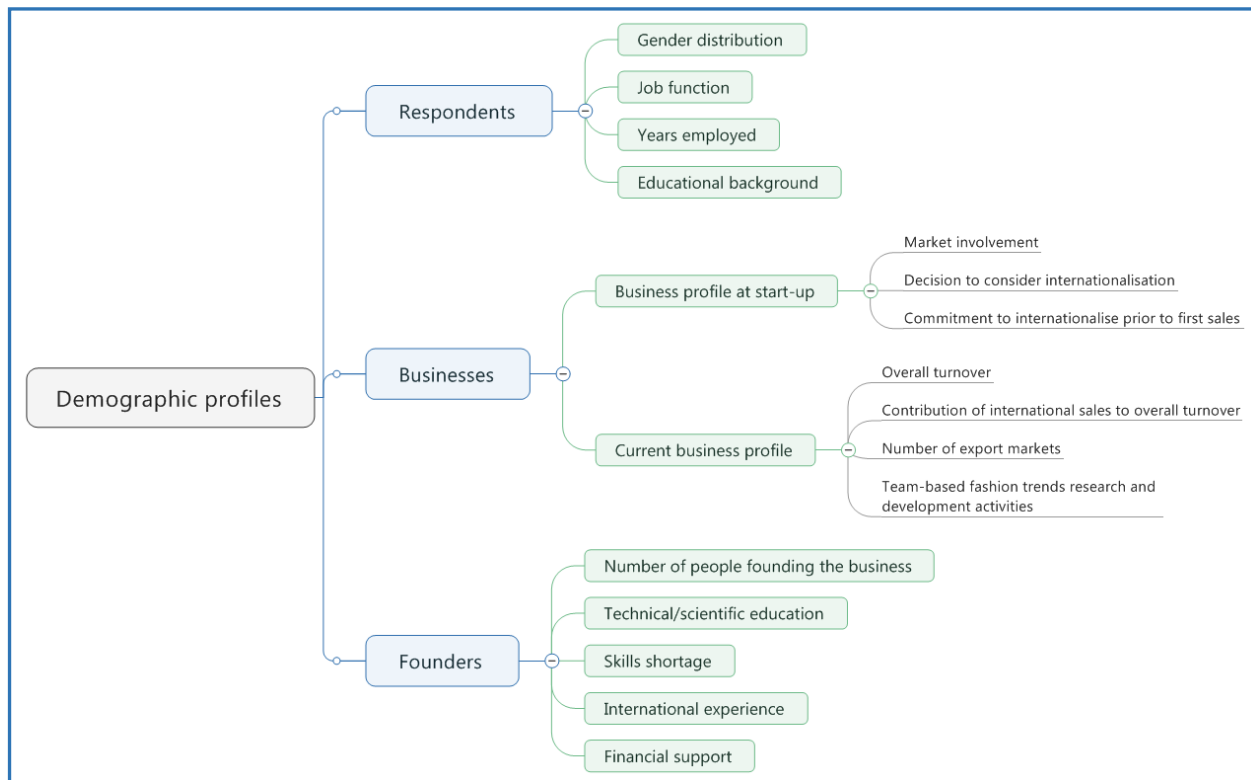
Within the exploratory sequential mixed-method approach that was followed in this study, this section builds on the data obtained from the qualitative approach (par. 4.5.1.4). In this section the analysed quantitative data pertaining to internationalisation motives, entrepreneurial actions, modes of entry, internationalisation barriers and institutional support (par. 4.6.3.2) is presented, interpreted and discussed to further contribute to the internationalisation strategy for medium-sized textile manufacturers in Mauritius proposed in this study.

To ensure a logical sequence, the data presentation commences with the descriptive statistics of the demographic data and patronage habits of the respondents (par. 5.3.1). Hereafter the psychometric properties (validity and reliability) of the measuring instrument are presented (par. 5.3.2). Following this, the descriptive statistics (par. 5.3.3) pertaining to the respondents' internationalisation considerations (par. 5.3.3.1), entrepreneurial actions (par. 5.3.3.2), modes of entry (par. 5.3.3.3), internationalisation barriers (par. 5.3.3.4), and institutional support (par. 5.3.3.5) are presented. The last section pertaining to the quantitative results entails the correlation analyses (par. 5.3.4).

5.3.1 Demographic profiles and patronage habits

The official list of all the medium-sized textile manufacturing businesses in Mauritius was obtained from SME Mauritius. Although all 56 eligible businesses were requested to contribute to this research, only 43 (77%) of the businesses agreed to the request. The demographic profiles which were drawn from the 43 respondents assisted in gaining a greater understanding of the study population and are reported in three categories, namely the profile of the respondents (par. 5.3.1.1), profile of the businesses (par. 5.3.1.2), and the profile of the founders (par. 5.3.1.3). A framework of these categories and their elements are presented in Figure 5.51.

Figure 5.51: Framework of the demographic profiles



5.3.1.1 The profile of the respondents

This section reports on the demographic data collected from the respondents in terms of their gender, their job functions within the businesses, the number of years they have worked at their respective businesses, and their educational backgrounds (Table 5.4).

Table 5.4: The profile of the respondents

Respondents' profile	Items						n		≈%		
Gender	Male						36		83.72		
	Female						7		16.28		
Total									100		
Job function	Investor/owner						26		60.46		
	Manager						12		27.91		
	Director						5		11.63		
Total									100		
Years employed	Timespan										
		< 2 years		3 to 5 years		> 5 years		Total			
		n	≈%	n	≈%	n	≈%	n	≈%		
	Investor/ owner	0	0	2	7.69	24	92.31	26	100		
	Manager	0	0	7	58.33	5	41.67	12	100		
	Director	0	0	2	40.00	3	60.00	5	100		
		Total respondents	0	0	11	25.58	32	74.42	43	100	
Educational Background		Below diploma		Diploma		Degree		Post- degree		Total	
		n	≈%	n	≈%	n	≈%	n	≈%	n	≈%
	Owner	12	46.15	6	23.08	6	23.08	2	7.69	26	100
	Manager	3	25.00	1	12.00	6	50.00	2	25.00	12	100
	Director	1	20.00	1	20.00	1	20.00	2	40.00	5	100
	Total respondents	16	37.21	8	18.61	13	30.23	6	13.95	43	100

As shown in Table 5.4, 83.72% (n = 36) of the respondents were male and 16.28% (n = 7) were female. This implies that the majority of the owners/managers of the internationalised medium-sized textile manufacturing businesses in Mauritius are male. In terms of their job functions 60.47% (n = 26) of the respondents were owners, 27.91% (n = 12) were managers and the other 11.62% (n = 5) were directors. The owners do not have managers overseeing production and they fulfil the managerial roles in their businesses themselves. The managers are employed by the businesses

and appointed to manage the businesses on behalf of the owners, and the directors fulfil the same role as the managers, except that they also own stakes in the business.

Furthermore, most of the respondents (74.42%; n = 32) have been employed in their businesses for more than five years. However, according to their job functions, the majority of the owners (92.31%; n = 24) and directors (60.00%; n = 3) have been working at their businesses for more than five years, while the majority of the managers (58.33%; n = 7) have been working at their businesses between three and five years. These results indicate that the majority of the investors, managers and directors have extensive experience at their respective businesses and also in the Mauritian textile industry.

In addition to their years' experience, the majority of the respondents (62.79%; n = 27) are also well educated, with 18.61% (n = 8) holding a diploma, 30.23% (n = 13) have a degree and 13.95% (n = 6) have a post-degree qualification. In terms of their job functions, 53.85% (n = 14) of the owners, 75.00% (n = 9) of the managers and 80.00% (n = 4) of the directors hold tertiary qualifications. Since these respondents are viewed as the decision-makers in their respective businesses, these findings are in line with the claims in the literature that the decision-maker's level of education is key in determining their entrepreneurial intention to internationalise (par. 2.5.2.3.1).

In summary, it can be deduced from the profile of the respondents that most of the medium-sized textile manufacturing businesses in Mauritius are managed by well-educated male owners with extensive business experience in the Mauritian textile industry.

5.3.1.2 The profile of the businesses

In this section, the demographic data pertaining to the businesses' start-ups and their current situations are reported on. Reporting on their start-ups, the items include their market involvement, their decisions to consider internationalisation and their commitment to internationalising prior to their first sales. Regarding their current situations, the terms include their overall turnover, their contribution of international sales to their overall turnovers, their international markets, and their research and development activities (Table 5.5).

Table 5.5: The profile of the businesses

Business profile at start-up														
Items	Findings													
Market involvement	Only domestic market								Domestic and international markets					
	n		≈%		n		≈%		n		≈%			
	28		65.12		15		34.88							
The decision to consider internationalisation	Unsolicited orders (buyer-seller meetings)				Unsolicited orders (contacts at trade shows)				Other sources					
	n		≈%		n		≈%		n		≈%			
	33		76.74		8		18.61		2		4.65			
Commitment to internationalise prior to first sales	Business plan forecast				Country-specific market research				Research and development (R&D) with foreign partners					
	YES		NO		YES		NO		YES		NO			
	n	≈%	n	≈%	n	≈%	n	≈%	n	≈%	n	≈%		
	27	62.79	16	37.21	11	25.58	32	74.42	4	9.30	39	90.70		
Current business profile														
Items	Findings													
Overall turnover	Rs 10-15 Million				Rs 16-23 Million				Rs 24- 50 Million					
	n		≈%		n		≈%		n		≈%			
	22		51.16		11		25.58		10		23.26			
Contribution of international sales to overall turnover	0%> ; <30%		30%> ; <50%		50%> ; <80%		80%> ; <100%		100%					
	n	≈%	n	≈%	n	≈%	n	≈%	n	≈%	n	≈%		
	15	34.88	5	11.63	8	18.61	8	18.61	7	16.28				
Number of export markets	1 to 3 markets				4 to 6 markets				More than 6 markets					
	n		≈%		n		≈%		n		≈%			
	25		58.14		16		37.21		2		4.65			
Team-based fashion trends research and development (R&D) activities			No R& D activities		Occasional R& D activities		Regular R&D activities		Total					
			n	≈%	n	≈%	n	≈%	n	≈%	n	≈%		
	Has R&D team		0	0	3	6.98	13	30.23	16	37.21				
	No R&D team		1	2.33	24	55.81	2	4.65	27	62.79				
	Total		1	2.33	27	62.79	15	34.88	43	100				

As shown in Table 5.5, at the start-up phases of the businesses, 65.12% (n = 28) of the businesses served only the domestic Mauritian market, with 34.88% (n = 7) serving both the domestic and international markets. According to the literature (par. 2.6), businesses which internationalise at or near their inception are termed international new ventures. These businesses view the world as their marketplace and often have proactive internationalisation strategies. However, contradicting this claim in the literature, in the case of the respondents, most of them either internationalised in reaction to unsolicited orders during inception or some time thereafter, with 95.35% (n = 41) of the respondents reacting to unsolicited orders from buyer-seller meetings (76.74%, n = 33) and trade shows (18.64%, n = 8). The reactivity of this motive for internationalisation implies that many of the business act solely on received production orders for specific items which have, in many instances, already been designed by the foreign company (par. 5.2.8). Furthermore, 4.65% (n = 2) of the respondents considered internationalisation due to other sources unknown to the researcher.

Although most of the businesses served only the domestic Mauritian market at inception, 62.79% (n = 27) of the businesses indicated that they have envisioned themselves to internationalise prior to their first international sales. However, only 25.58 (n = 11) had already conducted country-specific market research and only 9.30% (n = 4) had already collaborated with foreign partners prior to their first international sales. These results indicate that most Mauritian-based medium-sized textile manufacturers envisioned internationalisation prior to their first international sales and then committed to this vision in their business plans. They then gradually developed specific plans, conducted market research and established partnerships as they acted on their visions.

At their start-up, all the respondent businesses started out as small-sized businesses and then gradually expanded, based on their annual turnovers, to become a medium-sized business (par. 1.2.2). This implies that although this research focuses on medium-sized textile manufacturers in Mauritius, the proposed strategy would also be applicable to small-sized textile manufacturers envisioning international market growth. Furthermore, 51.16% (n = 22) of the responding medium-sized businesses registered turnovers of Rs 10-15 million in the 2018 financial year, with 25.58% (n = 11) having turnovers of Rs 16-23 million and the remaining 23.26% (n = 10) generated turnovers of Rs 24-50 million. Almost all the respondents further revealed that, although all the earnings contributing to these turnovers currently combine both domestic and international revenue, most of their businesses' turnovers consist of a larger portion international revenue than domestic revenue. In this regard, 46.51% (n = 20) of the respondents indicated that their international sales contributed less than 50% to their overall 2018 turnovers, whereas 53.49% (n = 23) revealed that

their international sales contributed to more than 50% of their 2018 turnovers. Of the 23 businesses in the upper bracket of the proportional international income, 65.27% (n = 15) proclaimed that more than 80% of their turnovers resulted from international sales, of which 7 of these businesses are 100% internationalised with no domestic revenue. While most of the businesses currently export their products to between one and three foreign countries (58.14%; n = 25), 16 businesses (37.21%) have expanded their export markets to between four and six, and two businesses already export to more than six countries (4.65%). The main markets are Southern and Eastern Africa, Europe, the United States of America, Reunion Island and Seychelles. As the businesses expanded, they also opted for increased research and development (R&D) activities to keep up with the latest fashion trends and technological advances. The data revealed that 37.21% (n = 16) of the respondents have R&D teams, while 62.79% (n = 27) do not have any R&D teams. Furthermore, businesses with R&D teams conduct R&D activities more regularly than businesses without R&D teams. Since many of the businesses act solely on production orders received for specific items which have already been designed by foreign companies, they might deem regular R&D activities redundant. This coincides with the restrictive aspects of unsolicited orders (par. 3.3.6) when they are contracted to supply foreign clients with products to the clients' specifications.

5.3.1.3 The profiles of the founders

In this last section, the demographic data pertaining to the businesses' founders at start-up is discussed. Reporting on their start-ups, the items include the number of people who founded the businesses, the founders' technical/scientific education, skill shortages, international experiences and financial support (Table 5.6).

Table 5.6: Profiles of the founders

Founders' profiles					
Number of people founding the business	Items	n		≈%	
	1 person	24		55.81	
	2 people	17		39.53	
	3 people	1		2.33	
	4 people	1		2.33	
	Total	43		100	
Technical/scientific education	Items	n		≈%	
	Yes	20		46.51	
	No	23		53.49	
	Total	43		100	
Skills shortage	Items	No		Yes	
		n	≈%	n	≈%
	General Management/Organisation skills	6	13.95	37	86.05
	Financial Management skills	8	18.60	35	81.40
	Production, Manufacturing, Logistics skills	5	11.63	38	88.37
	Sales/Distribution skills	8	18.60	35	81.40
	Marketing skills	7	16.28	36	83.72
	Research and Development skills	2	4.65	41	95.35
International experience	Items	No		Yes	
		n	≈%	n	≈%
	Related work experience in a foreign country	29	67.44	14	32.56
	Related work experience in a Mauritian-based international business	31	72.09	12	27.91
	Educated abroad	33	76.74	10	23.26
Financial support	Items	No		Yes	
		n	≈%	n	≈%
	Foreign partners	38	88.37	5	11.63
	Banking institutions	32	74.42	11	25.58
	Government grant	40	93.02	3	6.98

As shown in Table 5.6, most of the businesses were founded by either one person (55.81%; n = 24) or two people (39.53%; n = 17), and of these founders 46.51% (n = 20) were technically/scientifically educated at the time of start-up. Although few of these founders have studied textile and fashion degrees or obtained their qualifications from courses in textiles at the University of Mauritius, most of them have attended specific training courses tailored specifically to the needs of the textiles, fashion, clothing and technical textiles industries. It was also revealed that the founders had a shortage of several skills when they founded their businesses. These include skills pertaining to research and development activities (95.35%; n = 41), production, manufacturing and logistical skills (88.37%; n = 38), general management skills (86.05%; n = 37), marketing skills (83.72%; n = 36), financial management skills (81.40%; n = 35) and sales/distribution skills (81.40%; n = 35).

According to the literature, a founder's international experience has a large influence on a business's motive to internationalise (par. 2.5.2; 2.7.2; 3.6.2.2). Despite this claim, most of the founders in the group did not have any international experiences before their businesses were established, with 67.44% (n = 29) not having any work experience in a foreign country and 72.09% (n = 31) not having had any experience in a Mauritian-based international business. Only 23.26% (n = 10) of the founders obtained their qualifications abroad.

In addition, a solid financial base is essential when establishing a new business. Some external sources of finance for start-ups and SMEs include venture capital, bank loans, leasing, government grants and overdrafts, among others (par. 1.2.1). The findings revealed that the majority of the businesses did not receive financial assistance from external sources, with only 11.63% (n = 5) receiving assistance from foreign partners, 25.58% from banking institutions (n = 11) and 6.98% (n = 3) from government grants. Most of the respondents used their own funds to establish their businesses.

5.3.2 Psychometric properties of the measuring instrument

According to Canata *et al.* (2019:387), it is important to assess the psychometric properties of a measuring instrument to determine how well the instrument actually measures what it intends to measure. The psychometric properties of the measuring instrument in this study were examined by addressing content and construct validity, as well as the reliability of the measuring instrument. In the previous chapter, evidence was provided to suggest that a sufficient number of elements are evident to contribute to content validity (par. 4.8.4.1.2). In this section the results from the factor

analyses are presented as a means to indicate elements of construct validity in the measuring instrument as well as the results pertaining to the reliability (Cronbach's alpha) of the measuring instrument. With the factor analyses all the sections in the measuring instrument were reduced to groupings of retained factors. Acknowledging that the questionnaire was a rather expansive instrument developed from the literature and the qualitative findings, it was anticipated that the factor analyses could yield factors not directly related to the literature and/or the qualitative findings respectively, or that some of the sections might yield more factors than anticipated. However, it should be realised that since the qualitative approach is the main data collection method in this study, the aim of the quantitative approach in this study is not to conduct extensive inferential investigations, but rather to gather as much applicable information as possible to support the literature findings and qualitative findings in developing the internationalisation strategy proposed in this study (Chapter 6).

5.3.2.1 Factor analysis

Since there was some uncertainty about the number of factors which may exist among the set of items in each section of the questionnaire, exploratory factor analyses (EFAs) were conducted in this study to statistically reduce the number of factors from the larger number of measured variables (Zikmund *et al.*, 2013:593). To organise the results, the EFAs conducted on the items in the sections of the measuring instrument, will be discussed in the following paragraphs.

5.3.2.1.1 Factor analysis of the internationalisation considerations (Section B)

In this section the respondents were asked 46 questions which were divided in the measuring instrument into two subsections, namely internal considerations (23 questions) and external considerations (23 questions). These two subsections were both subjected to separate factor analyses using SPSS version 25. Prior to the factor analyses, the suitability of the data for factor analysis was assessed and the results of both subsections revealed coefficients of 0.3 and higher in the respective correlation matrices with KMO-values of 0.663 (internal considerations) and 0.560 (external considerations), and Bartlett's Test of Sphericity reaching $p \approx 0.00$ in both subsections (Appendix E), indicating that the data was well suited to be evaluated with factor analyses.

Hereafter, all the items in the two subsections were subjected to principal component analysis (PCA). Using Kaiser's criterion, only eigenvalues exceeding 1 were used to determine how many factors to extract in the internal considerations subsection. From an inspection of the scree plot a clear break was revealed after the third factor, which led to the decision to retain only two factors

which explained a total variance of 41.11% (Figure 5.52). These two factors contributed to 29.03% and 12.08% of the variance respectively (Table 5.7). To aid in the interpretation of these factors, the Varimax rotation was performed. As shown in Table 5.8 below, the rotated solution revealed strong factor loadings using a significant factor criterion of 0.3. However, one item (decision-maker's risk-taking attitude) revealed a negative loading onto the factor. Since no statement errors were detected and because the negative loading led to a lower Cronbach's alpha, it was decided to omit this item from the factor for further analysis. The two retained factors were further labelled according to their groupings as managerial knowledge and business capabilities (factor 1 with 15 items) and operational considerations (factor 2 with 8 items) (Table 5.9). Based on the factor analysis conducted on this section of the questionnaire it can be concluded that this section of the measuring instrument contains acceptable elements of validity.

Figure 5.52: Scree plot of PCA for internal considerations

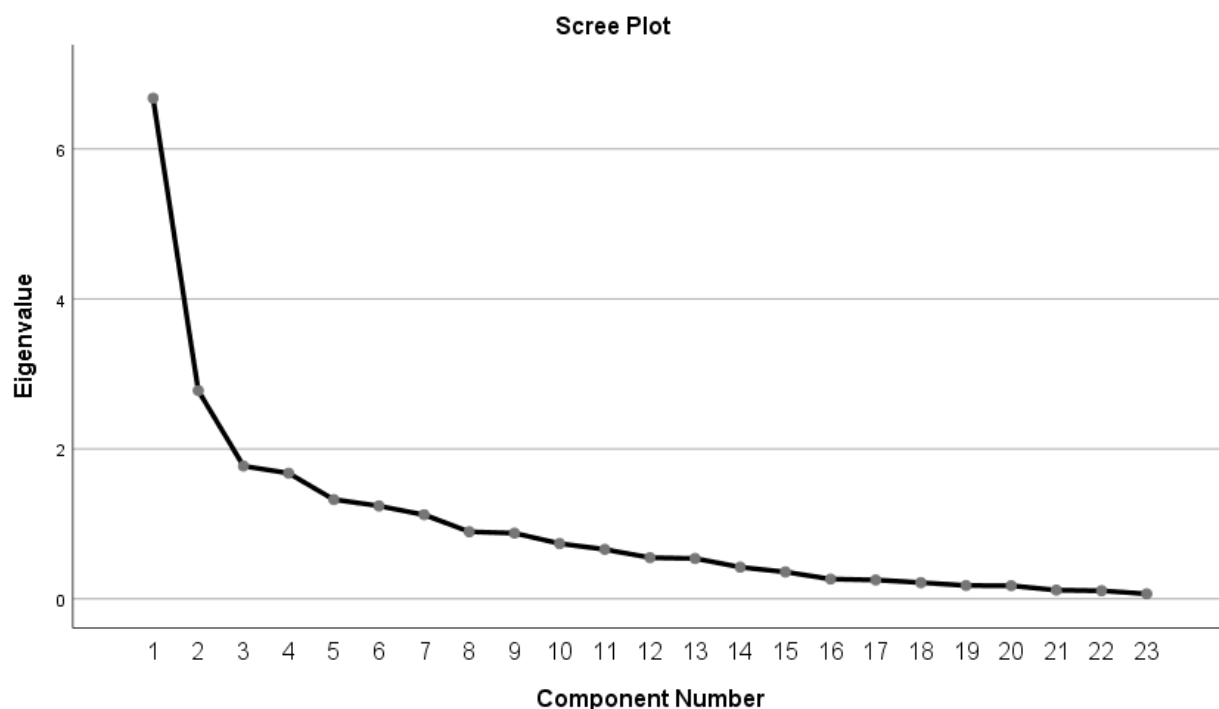


Table 5.7: Total variance explained of retained factors for internal considerations

Total Variance Explained									
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Extraction Sums of Squared Loadings		
	Total	% of	Cumulative	Total	% of	Cumulative	Total	% of	Cumulative %
1	6.677	29.033	29.033	6.677	29.033	29.033	5.655	24.587	24.587
2	2.777	12.075	41.108	2.777	12.075	41.108	3.800	16.521	41.108
3	1.771	7.701	48.808						
4	1.676	7.285	56.094						
5	1.324	5.758	61.852						
6	1.239	5.387	67.239						
7	1.122	4.876	72.116						
8	0.895	3.890	76.005						
9	0.876	3.808	79.813						
10	0.737	3.205	83.019						
11	0.660	2.869	85.888						
12	0.550	2.391	88.279						
13	0.538	2.339	90.618						
14	0.423	1.838	92.456						
15	0.359	1.559	94.015						
16	0.264	1.147	95.161						
17	0.252	1.097	96.258						
18	0.216	0.941	97.199						
19	0.178	0.773	97.972						
20	0.176	0.763	98.735						
21	0.116	0.505	99.240						
22	0.108	0.469	99.709						
23	0.067	0.291	100.000						

Table 5.8: Rotated component matrix for internal considerations

Rotated Component Matrix		
	Factor	
	1	2
Flexibility in adapting to foreign market conditions	0.783	
Management's familiarity in conducting foreign transactions	0.731	
Management's network in motivating businesses to go international	0.719	
Firm's reputation among foreign customers	0.678	
Management's strong interest in international market	0.650	
Management's knowledge of international markets	0.618	
Innovation in motivating businesses to go international	0.590	
Strong finance position	0.574	
Decision-maker's personal network with customers	0.538	
Decision-maker's good command of the client's language	0.517	
Quality product	0.516	
Production capacity in motivating businesses to go international	0.490	
Skilled human resources	0.468	
Customer-centric approach	0.385	
Decision-maker's personal network with agents	0.313	
Investment in latest machinery & equipment		0.768
Special management skills/talents/time		0.705
Decision-maker's knowledge of the foreign market		0.618
Management's international experience		0.591
Research and Development		0.587
Size of the company in motivating businesses to go international		0.549
Decision-maker's membership/affiliation to international organisation		0.423
Decision-maker's risk-taking attitude		-0.379

Table 5.9: Factor loadings and communalities based on a principal components analysis with Varimax rotation for the 23 items under internal considerations ($n = 43$)

Factors	Internationalisation barriers	Factor loading
Managerial knowledge and business capabilities	Flexibility in adapting to foreign market conditions	0.783
	Management's familiarity in conducting foreign transactions	0.731
	Management's network in motivating businesses to go international	0.719
	Firm's reputation among foreign customers	0.678
	Management's strong interest to international market	0.650
	Management's knowledge of international markets	0.618
	Innovation in motivating businesses to go international	0.590
	Strong finance position	0.574
	Decision-maker's personal network with customers	0.538
	Decision-maker's good command of the client's language	0.517
	Quality product	0.516
	Production capacity in motivating businesses to go international	0.490
	Skilled human resources	0.468
	Customer-centric approach	0.385
	Decision-maker's personal network with agents	0.313
Operational considerations	Investment in latest machinery & equipment	0.768
	Special management skills/talents/time	0.705
	Decision-maker's knowledge of the foreign market	0.618
	Management's international experience	0.591
	Research and Development	0.587
	Size of the company in motivating businesses to go international	0.549
	Decision-maker's membership/affiliation to international organisation	0.423

As with the internal considerations, only eigenvalues exceeding 1 were used to determine how many factors to extract from the external considerations subsection. From an inspection of the scree plot a clear break was revealed after the third factor, which led to the decision to retain only two factors, which explained a total variance of 45.661% (Figure 5.53). These two factors contributed to 28.82% and 16.84% of the variance respectively (Table 5.10). To aid in the interpretation of these factors, the Varimax rotation was performed. As shown in Table 5.11 below, the rotated solution revealed strong factor loadings using a significant factor criterion of 0.3. However, one item (relaxation of rules and regulations in the foreign country) did not measure significant correlations with any of the other items and were subsequently removed from the final analysis. The two retained factors were further labelled according to their groupings as market and macro environmental considerations (factor 1 with 15 items) and institutional support considerations (factor 2 with 8 items) (Table 5.12). Based on the factor analysis conducted on this section of the questionnaire it can be concluded that this section of the measuring instrument contains acceptable elements of validity.

Figure 5.53: Scree plot of PCA for external considerations

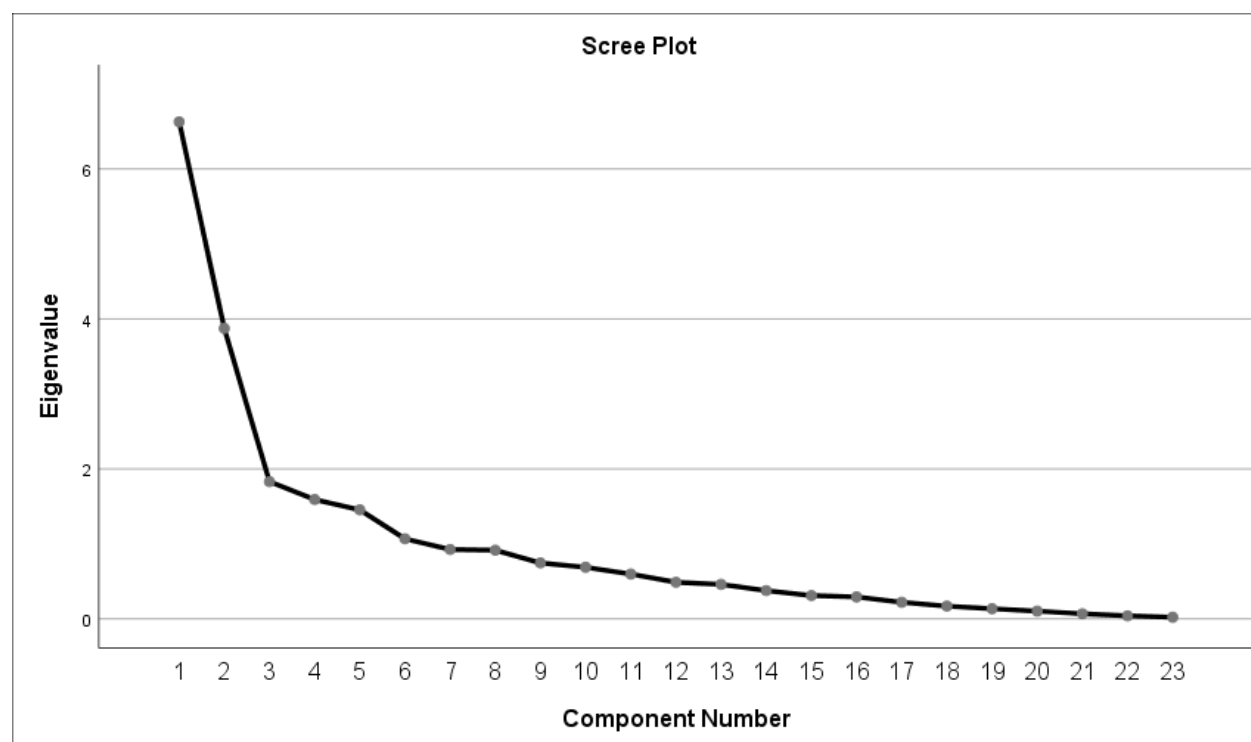


Table 5.10: Total variance explained of retained factors for external considerations

Total Variance Explained									
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.628	28.819	28.819	6.628	28.819	28.819	5.801	25.220	25.220
2	3.873	16.840	45.660	3.873	16.840	45.660	4.701	20.440	45.660
3	1.830	7.955	53.615						
4	1.591	6.918	60.533						
5	1.454	6.320	66.852						
6	1.068	4.643	71.495						
7	0.925	4.022	75.517						
8	0.915	3.978	79.495						
9	0.745	3.241	82.736						
10	0.689	2.994	85.730						
11	0.597	2.595	88.325						
12	0.488	2.122	90.446						
13	0.460	1.999	92.446						
14	0.376	1.637	94.082						
15	0.311	1.352	95.435						
16	0.292	1.270	96.705						
17	0.221	0.960	97.665						
18	0.170	0.738	98.403						
19	0.135	0.588	98.991						
20	0.103	0.449	99.440						
21	0.068	0.295	99.734						
22	0.040	0.173	99.907						
23	0.021	0.093	100.000						

Table 5.11: Rotated component matrix for external considerations

Rotated Component Matrix		
	Factor	
	1	2
Economic condition of the client's country	0.805	
Exploitation of new markets	0.735	
Potential to derive additional income from foreign markets	0.734	
Increasing competition in home market	0.709	
Demand for the product in the host country	0.678	
Global network	0.673	
Foreign market growth opportunities	0.651	
Lack of demand in the home market	0.638	
Unstable business environment in the home market	0.563	
Distance between the markets	0.544	
Ability to meet international norms and standards	0.541	
Help from banks and other financial institutions	0.527	
Accessibility to the foreign market (e.g. flight connection)	0.458	
Brand acceptance in the foreign market	0.456	
Client's positive attitude towards "Made in Mauritius" products	0.398	
Support from industry, trade and other associations		0.898
Support from local institutions (SME Mauritius)		0.890
Support from Government (sponsoring participation in international market fairs)		0.883
Access to Government's scheme in promoting international operations		0.859
Reduction in local institutional constraints		0.763
Membership to regional trade blocs (SADC, COMESA)		0.522
Unsolicited international orders		0.369
Relaxation of rules and regulations in the foreign markets	---	---

Table 5.12: Factor loadings and communalities based on a principal components analysis with Varimax rotation for the 22 retained items under external considerations ($n = 43$)

Factors	Internationalisation barriers	Factor loading
Macro and market environmental considerations	Economic condition of the client's country	0.805
	Exploitation of new markets	0.735
	Potential to derive additional income from foreign markets	0.734
	Increasing competition in home market	0.709
	Demand for the product in the host country	0.678
	Global network	0.673
	Foreign market growth opportunities	0.651
	Lack of demand in the home market	0.638
	Unstable business environment in the home market	0.563
	Distance between the markets	0.544
	Ability to meet international norms and standards	0.541
	Help from banks and other financial institutions	0.527
	Accessibility to the foreign market (e.g. flight connection)	0.458
	Brand acceptance in the foreign market	0.456
	Client's positive attitude towards "Made in Mauritius" products	0.398
Institutional support considerations	Support from industry, trade and other associations	0.898
	Support from local institutions (SME Mauritius)	0.890
	Support from Government (sponsoring participation in international market fairs)	0.883
	Access to Government's scheme in promoting international operations	0.859
	Reduction in local institutional constraints	0.763
	Membership to regional trade blocs (SADC, COMESA)	0.522
	Unsolicited international orders	0.369

5.3.2.1.2 Factor analysis of the entrepreneurial actions (Section C)

All 11 items in this section (measuring entrepreneurial actions undertaken by the businesses in obtaining foreign orders) were subjected to factor analysis using SPSS version 25. Prior to the factor analysis, the suitability of the data for factor analysis was assessed and the results revealed many coefficients of 0.3 and higher in the correlation matrix, with a KMO-value of 0.603 and the Test of Sphericity reaching $p \approx 0.00$ (Appendix E), indicating that the data was well suited to be evaluated by means of a factor analysis.

Hereafter, all the items in this section were subjected to principal component analysis (PCA). Using Kaiser's criterion, only eigenvalues exceeding 1 were used to determine how many factors to extract. From an inspection of the scree plot a slight break was revealed after the third factor, which led to the decision to retain only two factors which explained a total variance of 48.26% (Figure 5.54). These two factors contributed to 30.05% and 18.21% of the variance respectively (Table 5.13). To aid with the interpretation of these factors, the Varimax rotation was performed. As shown in Table 5.14 below, the rotated solution revealed strong factor loadings using a significant factor criterion of 0.3. In the EFA pertaining to this section of the measuring instrument, factor 1 loaded nine items and factor 2 loaded only two items. Although it is suggested that factors with less than three items should not be retained, since it is not viable when conducting a confirmatory factor analysis, it was decided to retain factor 2. According to Young and Pearce (2013:80), two-item factors in social sciences can be retained; taking into account the nature of the study, if the items strongly correlate with each other and if they test reliable. From the correlation matrix these two items (taking risks and accepting short-term losses) revealed a correlation coefficient of 0.646 and a reliability coefficient (Cronbach's alpha) of 0.755, making this two-item factor acceptable to be retained. The two retained factors were further labelled according to their groupings as innovation and relationship building (factor 1 with 9 items) and risk-taking behaviour (factor 2 with 2 items) (Table 5.15). Based on the factor analysis conducted on this section of the questionnaire it can be concluded that this section of the measuring instrument contains acceptable elements of validity.

Figure 5.54: Scree plot of PCA for entrepreneurial actions

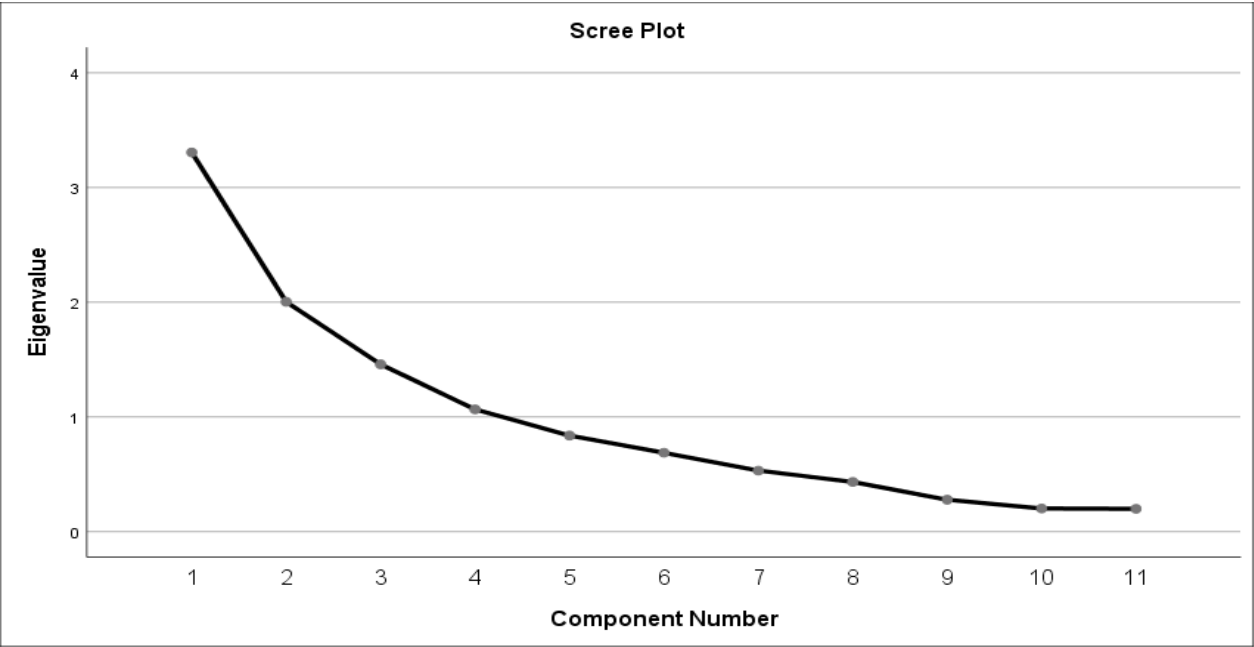


Table 5.13: Total variance explained of retained factors for entrepreneurial actions

Total Variance Explained									
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.306	30.050	30.050	3.306	30.050	30.050	3.305	30.047	30.047
2	2.003	18.212	48.262	2.003	18.212	48.262	2.004	18.215	48.262
3	1.458	13.259	61.521						
4	1.065	9.684	71.205						
5	0.837	7.611	78.817						
6	0.687	6.249	85.066						
7	0.532	4.836	89.902						
8	0.433	3.937	93.838						
9	0.278	2.525	96.364						
10	0.201	1.830	98.194						
11	0.199	1.806	100.000						

Table 5.14: Rotated component matrix for entrepreneurial actions

Rotated Component Matrix		
	Factor	
	1	2
Establishing good relations with suppliers	0.748	
Searching for new markets	0.703	
Attending international market trade fairs	0.701	
Collecting information on foreign market trends	0.668	
Proposing new models to clients	0.657	
Developing linkages with international business network	0.496	
Encouraging key employees to visit foreign client	0.491	
Visiting foreign clients	0.470	
Encouraging clients to visit the business	0.406	
Accepting short-term losses		0.899
Taking risks		0.804

Table 5.15: Factor loadings and communalities based on a principal components analysis with Varimax rotation for the 11 items under entrepreneurial actions ($n = 43$)

Factors	Entrepreneurial actions	Factor loading
Innovation and relationship building	Establishing good relations with suppliers	0.748
	Searching for new markets	0.703
	Attending international market trade fairs	0.701
	Collecting information on foreign market trends	0.668
	Proposing new models to clients	0.657
	Developing linkages with international business network	0.496
	Encouraging key employees to visit foreign client	0.491
	Visiting foreign clients	0.470
	Encouraging clients to visit the business	0.406
Risk-taking behaviour	Accepting short-term losses	0.899
	Taking risks	0.804

5.3.2.1.3 Factor analysis of the modes of entry benefits (Section D)

All nine items in this section (measuring the benefits of using exports as a means to service foreign markets) were subjected to factor analysis using SPSS version 25. Prior to the factor analysis, the suitability of the data for factor analysis was assessed and the results revealed many coefficients of 0.3 and higher in the correlation matrix, with a KMO-value of 0.582 and the Test of Sphericity reaching $p \approx 0.00$ (Appendix E), indicating that the data was well suited to be evaluated by a factor analysis.

Hereafter, the nine items in this section were subjected to principal component analysis (PCA). Using Kaiser's criterion, only eigenvalues exceeding 1 were used to determine how many factors to extract. From an inspection of the scree plot a clear break was revealed after the second factor, which led to the decision to retain only one factor, which explained a total variance of 36.57% (Figure 5.55). To aid in the interpretation of this factor, the component matrix revealed that only eight of the nine items loaded onto this factor with strong factor loadings using a significant factor criterion of 0.3. However, one item (logistical costs) did not measure significant correlations with any of the other items and was consequently removed from the final analysis. This retained factor was further labelled according to its grouping as mode of entry benefits (Table 5.16). Based on the factor analysis conducted on this section of the questionnaire it can be concluded that this section of the measuring instrument contains acceptable elements of validity.

Figure 5.55: Scree plot of PCA for modes of entry benefits

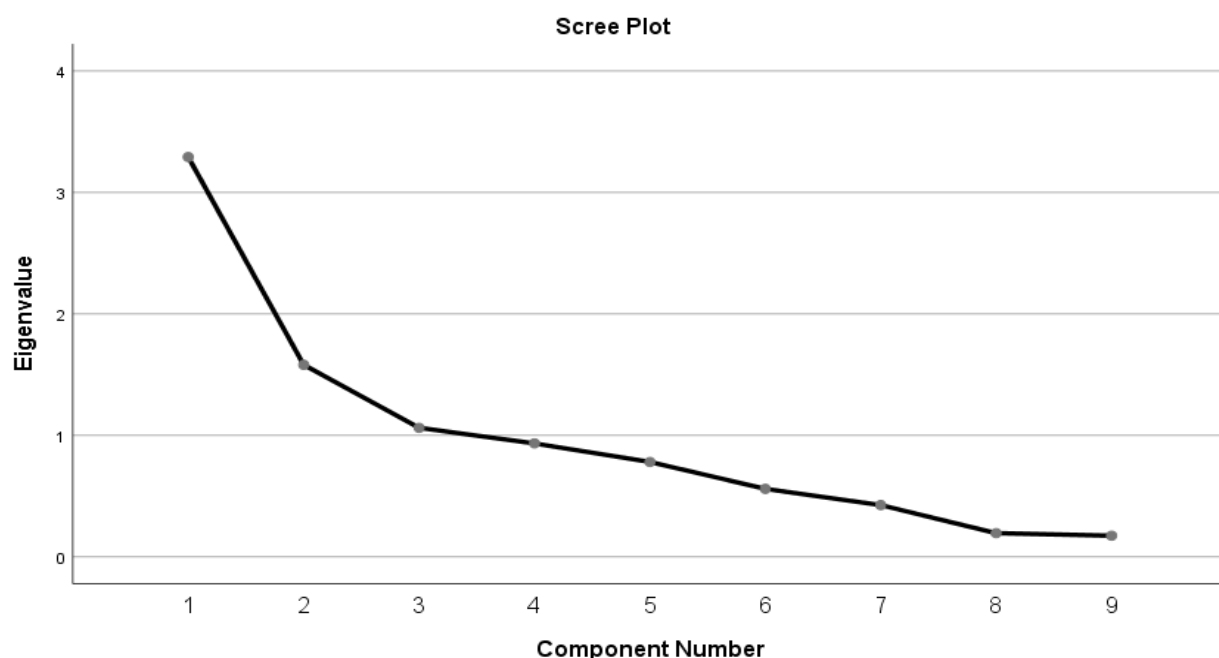


Table 5.16: Factor loadings and communalities for the 8 items pertaining to the modes of entry benefits ($n = 43$)

Factors	Mode of entry	Factor loading
Mode of entry benefits	The chosen mode of entry requires minimum commitment of resources.	0.787
	The chosen mode of entry allows us to study the markets and fashion trends at no cost.	0.760
	Financial constraints make the chosen mode of entry the most feasible option to internationalise our activities.	0.755
	The chosen mode of entry is less complex compared to other entry modes.	0.631
	The chosen mode of entry is the fastest and easiest entry into overseas markets.	0.593
	The chosen mode of entry is the most appropriate way for medium-sized businesses to service international markets due to seasonal orders.	0.540
	The chosen mode of entry is the safest strategy of servicing foreign markets.	0.490
	The chosen mode of entry is the best choice for entering foreign markets.	0.440

5.3.2.1.4 Factor analysis of the internationalisation barriers (Section E)

All 25 items in this section (measuring the barriers which can potentially affect the business's internationalisation) were subjected to factor analysis using SPSS version 25. Prior to the factor analysis, the suitability of the data for factor analysis was assessed and the results revealed many coefficients of 0.3 and higher in the correlation matrix, with a KMO-value of 0.504 and the Test of Sphericity reaching $p \approx 0.00$ (Appendix E), indicating that the data was well suited to be evaluated by means of a factor analysis.

Hereafter, the 25 items in this section were subjected to principal component analysis (PCA). Using Kaiser's criterion, only eigenvalues exceeding 1 were used to determine how many factors to extract. An inspection of the scree plot revealed a clear break after the fourth factor, which led to the decision to retain only three factors which explained a total variance of 46.22% (Figure 5.56). These three factors contributed to 21.47%, 14.93% and 9.81% of the variance respectively (Table 5.17). To aid in the interpretation of these three factors, the Varimax rotation was performed. As shown in Table 5.18 below, the rotated solution revealed strong factor loadings using a significant factor criterion of 0.3. However, two items (knowledge of foreign markets and the use of technology) did not measure significant correlations with any of the other items and were consequently removed from the final analysis. The three retained factors were further labelled according to their groupings as environmental barriers (factor 1 with ten items), managerial competency barriers (factor 2 with seven items) and foreign market barriers (factor 3 with six items) (Table 5.19). Based on the factor analysis conducted on this section of the questionnaire it can be concluded that this section of the measuring instrument contains acceptable elements of validity.

Figure 5.56: Scree plot of PCA for internationalisation barriers

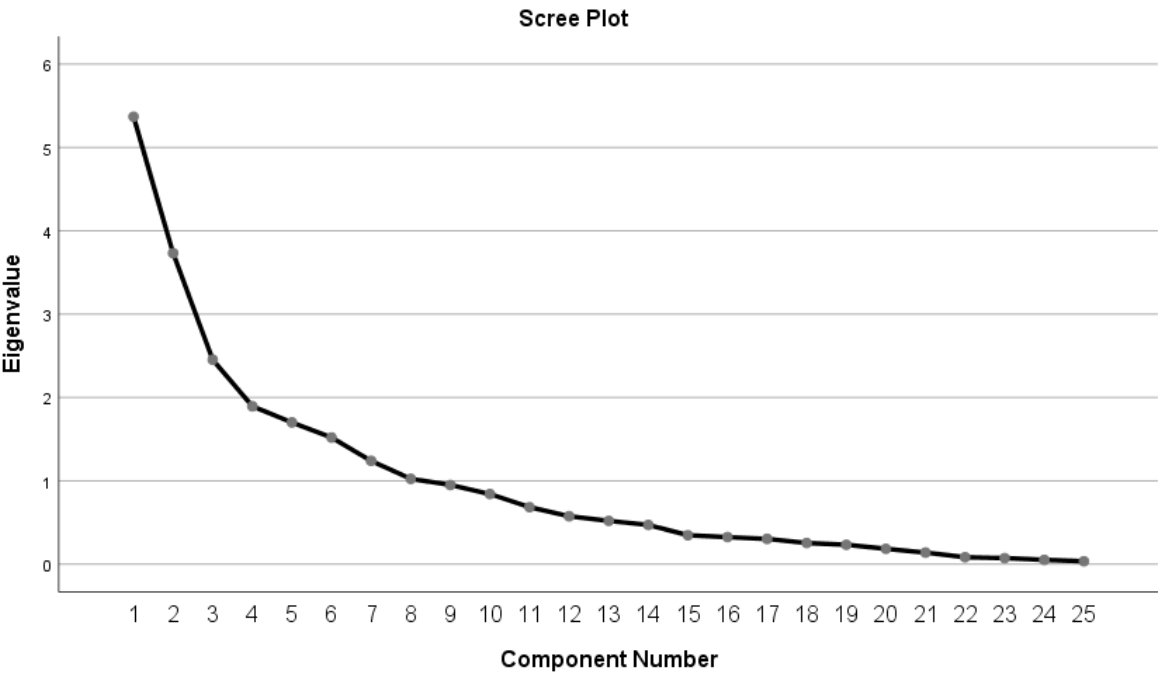


Table 5.17: Total variance explained of retained factors for internationalisation barriers

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.369	21.477	21.477	5.369	21.477	21.477	4.526	18.103	18.103
2	3.732	14.928	36.405	3.732	14.928	36.405	3.724	14.894	32.997
3	2.453	9.812	46.217	2.453	9.812	46.217	3.305	13.220	46.217
4	1.895	7.579	53.796						
5	1.700	6.801	60.597						
6	1.519	6.078	66.675						
7	1.239	4.958	71.633						
8	1.024	4.097	75.730						
9	0.950	3.799	79.529						
10	0.842	3.366	82.895						
11	0.684	2.737	85.632						
12	0.575	2.301	87.933						
13	0.519	2.078	90.011						
14	0.471	1.883	91.894						
15	0.347	1.387	93.281						
16	0.325	1.299	94.580						
17	0.303	1.213	95.792						
18	0.254	1.017	96.809						
19	0.233	0.930	97.739						
20	0.184	0.737	98.476						
21	0.139	0.554	99.030						
22	0.083	0.332	99.362						
23	0.073	0.292	99.653						
24	0.052	0.208	99.861						
25	0.035	0.139	100.000						

Table 5.18: Rotated component matrix for internationalisation barriers

Rotated Component Matrix			
	Component		
	1	2	3
Competition from low cost manufacturing countries	0.801		
Availability of local skilled workforce	0.685		
Economic conditions in the foreign market	0.668		
Trained personnel to deal with exports	0.636		
Transportation costs	0.622		
Financial assistance from Government	0.598		
Shipping arrangements	0.566		
Exchange rate fluctuations	0.542		
Access to distribution channel in foreign markets	0.468		
Cash flow to finance exports	0.438		
Knowledge of foreign markets	0.280*		
Use of updated technology	0.258*		
Handling of export documents		0.794	
Languages barriers		0.772	
Knowledge on export procedures/documentation		0.742	
Managerial time to deal with exports		0.555	
Information on foreign markets		0.520	
Cultural barriers		0.482	
Contacting prospective clients		0.412	
Meeting foreign market standards			0.813
Quality of products			0.731
Timely supply of raw materials			0.593
Tariff and non-tariff barriers			0.546
Rules and regulations in the foreign market			0.513
Government restriction in the foreign markets			0.487

Table 5.19: Factor loadings and communalities based on a principal components analysis with Varimax rotation for the 25 items under Internationalisation Barriers ($n = 43$)

Factors	Internationalisation barriers	Factor loading
Environmental barriers	Competition from low cost manufacturing countries	0.801
	Availability of local skilled workforce	0.685
	Economic conditions in the foreign market	0.668
	Trained personnel to deal with exports	0.636
	Transportation costs	0.622
	Financial assistance from Government	0.598
	Shipping arrangements	0.566
	Exchange rate fluctuations	0.542
	Access to distribution channel in foreign markets	0.468
	Cash flow to finance exports	0.438
Managerial competency barriers	Handling of export documents	0.794
	Languages barriers	0.772
	Knowledge on export procedures/documentation	0.742
	Managerial time to deal with exports	0.555
	Information on foreign markets	0.520
	Cultural barriers	0.482
	Contacting prospective client	0.412
Foreign market barriers	Meeting foreign market standards	0.813
	Quality of products	0.731
	Timely supply of raw materials	0.593
	Tariff and non-tariff barriers	0.546
	Rules and regulations in the foreign market	0.513
	Government restriction in the foreign markets	0.487

5.3.2.1.5 Factor analysis of the institutional support (Section F)

All 13 items in this section (measuring the initiatives undertaken by the Government in encouraging SMEs to overcome barriers and to engage in foreign markets) were subjected to factor analysis using SPSS version 25. Prior to the factor analysis, the suitability of the data for factor analysis was assessed and the results revealed many coefficients of 0.3 and higher in the correlation matrix, with a KMO-value of 0.800 and the Test of Sphericity reaching $p \approx 0.00$ (Appendix E), indicating that the data was well suited to be evaluated by means of a factor analysis.

Hereafter, the 13 items in this section were subjected to principal component analysis (PCA). Using Kaiser's criterion, only eigenvalues exceeding 1 were used to determine how many factors to extract. An inspection of the scree plot revealed a break after the fifth factor, which suggested the retaining of four factors. However, reducing the factors further revealed that the items loadings in three factors created a better fit (based on the literature and qualitative results) than the item loadings in four factors. It was therefore decided to retain three factors instead of four factors (Figure 5.67). These three factors contributed to 48.21%, 14.14% and 8.14% of the variance respectively (Table 5.20). To aid in the interpretation of these three factors, the Varimax rotation was performed. As shown in Table 5.21 below, the rotated solution revealed strong factor loadings using a significant factor criterion of 0.3. The three retained factors were further labelled according to their groupings as Government information support (factor 1 with six items), Government financial support (factor 2 with three items), and Agreements and incentive support (factor 3 with four items) (Table 5.22). Based on the factor analysis conducted on this section of the questionnaire it can be concluded that this section of the measuring instrument contains acceptable elements of validity.

Figure 5.57: Scree plot of PCA for institutional support

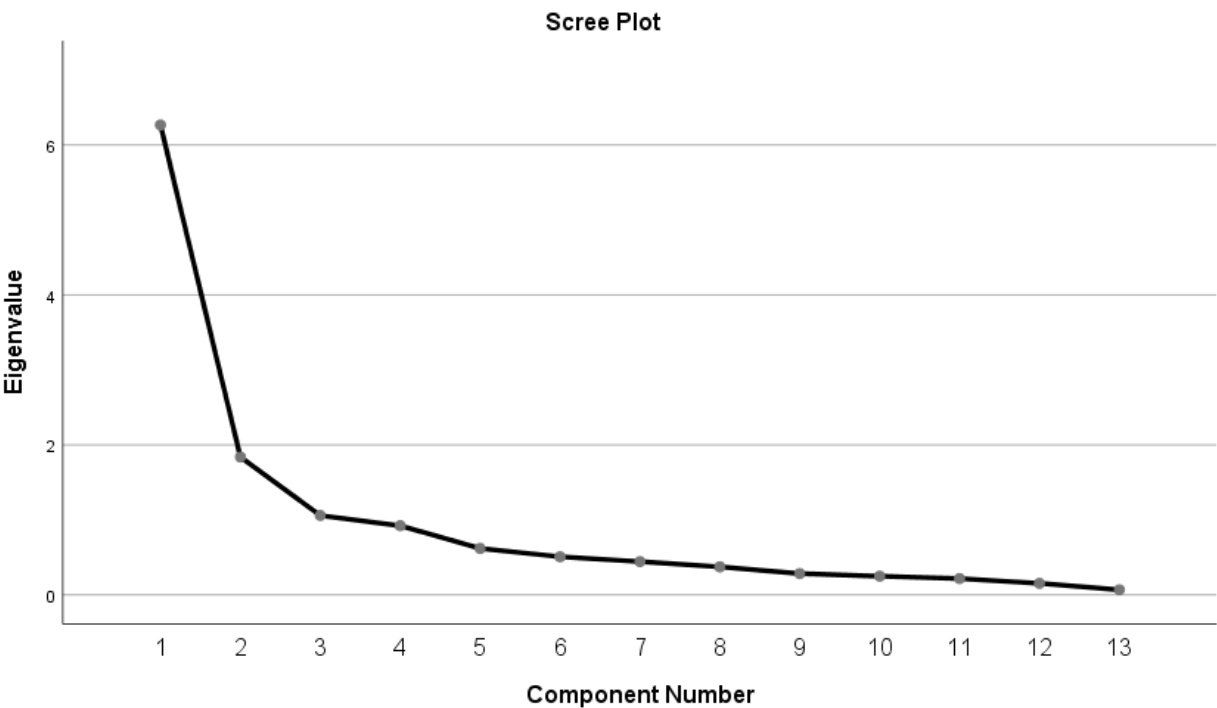


Table 5.20: Total variance explained for institutional support

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.267	48.208	48.208	6.267	48.208	48.208	3.900	30.001	30.001
2	1.839	14.143	62.351	1.839	14.143	62.351	2.894	22.259	52.260
3	1.058	8.136	70.486	1.058	8.136	70.486	2.369	18.226	70.486
4	0.922	7.094	77.581						
5	0.619	4.762	82.343						
6	0.508	3.908	86.251						
7	0.443	3.410	89.661						
8	0.373	2.872	92.534						
9	0.284	2.181	94.715						
10	0.249	1.913	96.628						
11	0.217	1.670	98.298						
12	0.154	1.181	99.479						
13	0.068	0.521	100.000						

Table 5.21: Rotated component matrix for institutional support

Rotated Component Matrix			
	Component		
	1	2	3
Assisting with access to information on international markets	0.832		
Disseminating information on the various schemes available for exports oriented businesses	0.805		
Providing information on forthcoming international events	0.803		
Information on the financing of SMEs to participate in international trade fairs	0.671		
Information on low interest loans	0.659		
Information on the facilitation of administrative procedures	0.447		
Government guaranteeing the loans under specific conditions		0.816	
Providing (part) financing for employees' training		0.775	
Providing bridging loans to overcome short-term cash flow problems		0.768	
Renegotiating trade agreements to facilitate regional trade			0.863
Providing fiscal incentives to businesses that have invested extensively in innovative assets			0.735
Encouraging the import of foreign labour to overcome labour shortages in the textile industry			0.728
Creating linkages with foreign clients through Embassies			0.479

Table 5.22: Factor loadings and communalities based on a principal components analysis with Varimax rotation for the 25 items under institutional support ($n = 43$)

Factors	Internationalisation Barriers	Factor loading
Government information support	Assisting with access to information on international markets	0.832
	Disseminating information on the various schemes available for exports oriented businesses	0.805
	Providing information on forthcoming international events	0.803
	Information on the financing of SMEs to participate in international trade fairs	0.671
	Information on low interest loans	0.659
	Information on the facilitation of administrative procedures	0.447
Government financial support	Government guaranteeing the loans under specific conditions	0.816
	Providing (part) financing for employees' training	0.775
	Providing bridging loans to overcome short-term cash flow problems	0.768
Agreements and incentive support	Renegotiating trade agreements to facilitate regional trade	0.863
	Providing fiscal incentives to businesses that have invested extensively in innovative assets	0.735
	Encouraging import of foreign labour to overcome labour shortages in the textile industry	0.728
	Creating linkages with foreign clients through Embassies	0.479

5.3.2.2 Reliability

All of the extracted factors from the EFA were subsequently subjected to reliability testing to determine the internal consistency by means of Cronbach's alpha (Table 5.23). Based on the Alpha values obtained from all the factors it can be concluded that all the respective sections in the measuring instrument contains acceptable elements of reliability ($\alpha > 0.7$).

Table 5.23: Reliability of scales

Reliability of scales				
Measuring instrument sections	Factors retained	Factor acronym	Number of items	Cronbach's alpha
Section B: Internationalisation considerations (subsection: internal considerations)	Managerial knowledge and business capabilities	F1	15	0.863
	Operational considerations	F2	7	0.774
Section B: Internationalisation considerations (subsection: external considerations)	Market and macro environmental considerations	F3	15	0.878
	Institutional support considerations	F4	8	0.881
Section C: Entrepreneurial actions	Innovation and relationship building	F5	9	0.758
	Risk-taking behaviour	F6	2	0.755
Section D: Modes of entry	Mode of entry benefits	F7	8	0.789
Section E: Internationalisation barriers	Environmental barriers	F8	10	0.830
	Managerial competency barriers	F9	7	0.785
	Foreign market barriers	F10	6	0.745
Section F: Institutional support	Government information support	F11	6	0.902
	Government financial support	F12	3	0.824
	Agreements and incentive support	F13	4	0.746

From Table 5.23 it can be noted that the Cronbach's alpha coefficients are > 0.7 for all of the retained factors in all the sections of the measuring instrument, indicating that the measuring instrument contains sufficient elements of reliability (Field, 2005:668).

Since all the retained factors measured good reliability, the average mean scores could be calculated for each of the factors, which will be used for further reporting of the descriptive results (par. 5.3.3).

5.3.3 Results and discussion of the descriptive statistics

Based on the retained factors identified in the previous paragraphs, descriptive statistics were subsequently used to summarise the data and to provide an effectual representation of the respondents' perceptions of their internationalisation activities. Two descriptive statistical techniques were used in this regard, namely the mean scores ($\bar{x}$) and standard deviations (σ).

5.3.3.1 Internationalisation considerations

The internationalisation considerations are preceded by the managers' motivation to internationalise, based on their need for growth across borders. When the motive to internationalise has been established, certain aspects need to be considered before the final decision to internationalise can be taken. These considerations were subdivided into internal (par. 5.3.3.1.1) and external (par. 5.3.3.1.2) considerations. From the factor analysis two factors were retained pertaining to internal considerations and two factors pertaining to external considerations. Based on the statements in this section of the questionnaire (Section B), the respondents had to indicate the importance of certain consideration factors on a five-point Likert-scale, where 1 = least important and 5 = very important. In the following discussion, the results are reported in terms of the mean scores ($\bar{x}$) and standard deviations (σ). Since the Likert-scale has specific ratings at levels 1 and 5, the following ranges of mean score results within these ratings will be used as guidelines for reporting purposes:

- Not important: Mean score of $1 \leq$ and ≤ 2
- Slightly important: Mean score of $2 <$ and ≤ 3
- Relatively important: Mean score of $3 <$ and < 4
- Important: Means score of $4 \leq$ and ≤ 5

5.3.3.1.1 Internal considerations

The internal considerations were divided into two categories, namely managerial knowledge and business capabilities, and operational considerations. These two categories are subsequently discussed.

- **Managerial knowledge and business capabilities**

In Table 5.24 the mean scores ($\bar{x}$) and standard deviations (σ) obtained from the 15 individual statements measuring the importance of managerial knowledge and business capabilities as consideration factors to internationalise, are summarised.

Table 5.24: Managerial knowledge and Business capabilities

Statements	n	$\bar{x}$	σ
Flexibility in adapting to foreign market conditions	43	4.26	0.658
Management's familiarity in conducting foreign transactions	43	3.86	0.743
Management's network in motivating businesses to go international	43	3.86	0.675
Firm's reputation among foreign customers	43	4.26	0.658
Management's strong interest to international market	43	4.16	0.615
Management's knowledge of international markets	43	3.98	0.831
Innovation in motivating businesses to go international	43	4.44	0.629
Strong finance position	43	4.74	0.441
Decision-maker's personal network with customers	43	4.23	0.718
Decision-maker's good command of the client's language	43	3.86	0.743
Quality products	43	4.88	0.391
Production capacity in motivating businesses to go international	43	4.07	0.669
Skilled human resources	43	4.28	0.666
Customer-centric approach	43	4.35	0.613
Decision-maker's personal network with agents	43	3.81	0.699
Overall mean score		4.20	0.649

Overall, the respondents indicated that managerial knowledge and business capabilities are important consideration factors influencing their decisions to internationalise ($\bar{x} = 4.20$; $\sigma = 0.649$). Although all the statements measured positively (above the average of 3), the respondents agreed the most with the "Quality products" ($\bar{x} = 4.88$; $\sigma = 0.391$) (important consideration factor) and the least with the "Decision-maker's personal network with agents" ($\bar{x} = 3.81$; $\sigma = 0.699$) (relatively important consideration factor).

- **Operational considerations**

In Table 5.25 the mean scores ($\bar{x}$) and standard deviations (σ) obtained from the seven individual statements measuring the importance of operational considerations influencing managers' decisions to internationalise, are summarised.

Table 5.25: Operational considerations

Statements	n	$\bar{x}$	σ
Investment in latest machinery & equipment	43	4.00	0.951
Special management skills/talents/time	43	3.84	0.924
Decision-maker's knowledge of the foreign market	43	4.16	0.754
Management's international experience	43	3.30	1.036
Research and Development	43	4.00	0.816
Size of the business as a motivator to internationalise	43	3.02	0.913
Decision-maker's membership/affiliation to international organisation	43	3.05	1.068
Overall mean score		3.62	0.923

Overall, the respondents indicated that the operational considerations are relatively important considerations ($\bar{x} = 3.62$; $\sigma = 0.923$) when deciding to internationalise. Although all the statements in this category also measured positively (above the average of 3), the respondents agreed most with "Investment in latest machinery & equipment" ($\bar{x} = 4.00$; $\sigma = 0.951$) (important consideration factor) and "Research and Development" ($\bar{x} = 4.00$; $\sigma = 0.816$) (important consideration factor). In addition, the respondents agreed the least with the "Size of the business as a motivator to internationalise" ($\bar{x} = 3.02$; $\sigma = 0.913$) (relatively important consideration factor).

5.3.3.1.2 External considerations

The external considerations were also divided into two categories, namely environmental considerations and institutional support considerations. These two categories are subsequently discussed.

- **Environmental considerations**

Although environmental considerations include statements which relate to elements in the internal (micro) environment, this factor encompasses mostly market environment and the macro environment considerations, therefore it fits better as an external consideration factor than an internal consideration

factor. In Table 5.26 the mean scores ($\bar{x}$) and standard deviations (σ) obtained from the 15 individual statements measuring the importance of the micro, market and macro environmental considerations influencing managers' decisions to internationalise, are summarised.

Table 5.26: Macro and market environmental considerations

Statements	n	$\bar{x}$	σ
Economic condition of the client's country	43	3.23	0.922
Exploitation of new markets	43	4.07	0.632
Potential to derive additional income from foreign markets	43	4.19	0.546
Increasing competition in home market	43	3.35	0.948
Demand for the product in the host country	43	3.65	0.650
Global network	43	3.53	0.797
Foreign market growth opportunities	43	4.21	0.514
Lack of demand in the home market	43	3.23	0.868
Unstable business environment in the home market	43	3.05	0.844
Distance between the markets	43	2.77	1.172
Ability to meet international norms and standards	43	4.42	0.626
Help from banks and other financial institutions	43	4.23	0.751
Accessibility to the foreign market (e.g. flight connection)	43	4.09	0.610
Brand acceptance in the foreign market	43	3.30	0.860
Client's positive attitude towards "Made in Mauritius" products	43	3.63	0.846
Overall mean score		3.62	0.772

Overall, the respondents indicated that environmental considerations are relatively important considerations influencing their decisions to internationalise ($\bar{x} = 3.62$; $\sigma = 0.772$). The respondents agreed the most with the statement "Ability to meet international norms and standards" ($\bar{x} = 4.42$; $\sigma = 0.626$) (important consideration factor) and they agreed the least with the statement "Distance between the markets" ($\bar{x} = 2.77$; $\sigma = 1.172$) (slightly important consideration factor).

- **Institutional support considerations**

In Table 5.27 the mean scores ($\bar{x}$) and standard deviations (σ) obtained from the seven individual statements measuring the importance of institutional support influencing managers' decisions to internationalise, are summarised.

Table 5.27: Institutional support considerations

Statements	n	$\bar{x}$	σ
Support from industry, trade and other associations	43	3.84	0.871
Support from local institutions (SME Mauritius)	43	3.95	0.872
Support from Government (sponsoring participation in international market fairs)	43	3.98	0.886
Access to Government's scheme in promoting international operations	43	3.93	0.768
Reduction in local institutional constraints	43	3.79	0.600
Membership to regional trade blocs (SADC, COMESA)	43	4.51	0.736
Unsolicited international orders	43	3.74	0.658
Overall mean score		3.62	0.770

Overall, the respondents indicated that institutional support considerations are relatively important considerations ($\bar{x} = 3.62$; $\sigma = 0.770$) when deciding to internationalise. Although all the statements in this category also measured positively (above the average of 3), the respondents agreed the most with the statement "Membership to regional trade blocs (SADC, COMESA)" ($\bar{x} = 4.51$; $\sigma = 0.736$) (important consideration factor). The respondents agreed least with the statement "Unsolicited international orders" ($\bar{x} = 3.74$; $\sigma = 0.658$) (relatively important consideration).

In conclusion, the respondents indicated that managerial knowledge and business capabilities are the most important internal considerations in their decision-making process to internationalise. In this regard they further indicated that the quality of their products is the most important element to be considered. In terms of the operational considerations, the respondents indicated that the most important elements to be considered when deciding to internationalise are their investment in the latest machinery and equipment as well as research and development initiatives.

In addition, the respondents regard both the environments and institutional support as having equal external consideration importance when they decide to internationalise. However, the most important

element to be considered is their membership to regional trade blocs, such as the SADC and COMESA. According to the respondents, the distance between the markets is only slightly important, which indicates that their decisions to internationalise would not necessarily be negatively influenced by the distance between the markets.

5.3.3.2 Entrepreneurial actions

The entrepreneurial actions include all the actions undertaken by managers in obtaining foreign orders. These actions were divided into innovation and relationship building (par. 5.3.3.2.1), and risk-taking behaviour (par. 5.3.3.2.2). Based on the statements in this section of the questionnaire (Section C), the respondents had to indicate the importance of certain actions in obtaining foreign orders on a five-point Likert-scale, where 1 = least important and 5 = very important. In the following discussion the results are reported in terms of the mean scores ($\bar{x}$) and standard deviations (σ), using the same guidelines as with the internationalisation considerations (par. 5.3.3.1).

5.3.3.2.1 Innovation and relationship building

In Table 5.28 the mean scores ($\bar{x}$) and standard deviations (σ) obtained from the nine individual statements measuring the importance of innovation and relationship building in obtaining foreign orders, are summarised.

Table 5.28: Innovation and relationship building

Statements	n	$\bar{x}$	σ
Establishing good relations with suppliers	43	4.42	0.587
Searching for new markets	43	4.14	0.743
Attending international market trade fairs	43	4.28	0.701
Collecting information on foreign market trends	43	4.19	0.627
Proposing new models to clients	43	4.00	0.976
Developing linkages with international business network	43	3.84	0.924
Encouraging key employees to visit foreign clients	43	3.07	0.936
Visiting foreign clients	43	4.16	0.814
Encouraging clients to visit the business	43	4.05	0.872
Overall mean score		4.02	0.797

Overall, the respondents indicated that innovation and relationship building ($\bar{x} = 4.02$; $\sigma = 0.797$) are important actions in obtaining foreign orders. Although all the statements in this category measured positively (above the average of 3), the respondents agreed the most with the statement “Establishing good relations with suppliers” ($\bar{x} = 4.42$; $\sigma = 0.587$) (important action). The respondents agreed least with the statement “Encouraging key employees to visit foreign clients” ($\bar{x} = 3.07$; $\sigma = 0.936$) (relatively important action).

5.3.3.2.2 Risk-taking behaviour

In Table 5.29 the mean scores ($\bar{x}$) and standard deviations (σ) obtained from the two individual statements measuring the importance of risk-taking behaviour in obtaining foreign orders, are summarised.

Table 5.29: Risk-taking behaviour

Statements	n	$\bar{x}$	σ
Accepting short-term losses	43	4.21	0.773
Taking risks	43	4.74	0.539
Overall mean score		4.48	0.656

Overall, the respondents indicated that risk-taking behaviour ($\bar{x} = 4.48$; $\sigma = 0.656$) is an important action in obtaining foreign orders. Although both statements in this category measured positively (above the average of 3), the respondents agreed the most with the statement “Taking risks” ($\bar{x} = 4.74$; $\sigma = 0.539$) (important action). The respondents agreed least with the statement “Accepting short-term losses” ($\bar{x} = 4.21$; $\sigma = 0.773$) (important action).

In conclusion, the respondents indicated that innovation and relationship building as well as their risk-taking behaviour are important entrepreneurial actions in obtaining foreign orders. However, they also indicated that taking risks and establishing good relationships with suppliers are the most important actions to be taken.

5.3.3.3 Modes of entry

In this section of the measuring instrument (Section D) the respondents were firstly requested to indicate their preferred mode of entry among four entry mode options, namely exporting, own representative in the foreign country, joint ventures, and own investment (production plant in the

foreign country) (par. 3.4). The results revealed that 97.7% (n = 42) of the respondents use exports as their preferred mode of entry, with only one respondent using his/her own representative in the foreign country. In conjunction with the literature findings (par. 3.4) as well as the qualitative results (par. 5.2.8), it can, therefore, be assumed that the preferred mode of entry for medium-sized textile manufacturers in Mauritius when they decide to internationalise, is by means of exports.

The next part of this section of the questionnaire focused on the benefits of this mode of entry (par. 5.3.3.3.1). In this regard the respondents had to indicate their level of agreement with the statements on a five-point Likert-scale, where 1 = strongly disagree and 5 = strongly agree. In the following discussion the results are reported in terms of the mean scores ($\bar{x}$) and standard deviations (σ). Since the Likert-scale has specific ratings at levels 1 and 5, the following ranges of mean score results within these ratings will be used as guidelines for reporting purposes:

- Not beneficial: Mean score of $1 \leq$ and ≤ 2
- Slightly beneficial: Mean score of $2 <$ and ≤ 3
- Relatively beneficial: Mean score of $3 <$ and < 4
- Beneficial: Means score of $4 \leq$ and ≤ 5

5.3.3.3.1 Mode of entry benefits

In Table 5.30 the mean scores ($\bar{x}$) and standard deviations (σ) obtained from the eight individual statements measuring the mode of entry benefits, are summarised.

Table 5.30: Mode of entry benefits

Statements	n	$\bar{x}$	σ
The chosen mode of entry requires minimum commitment of resources.	43	3.77	0.782
The chosen mode of entry allows us to study the markets and fashion trends at no cost.	43	3.81	0.906
Financial constraints make the chosen mode of entry the most feasible option to internationalise our activities.	43	3.72	0.734
The chosen mode of entry is less complex compared to other entry modes.	43	3.88	0.762
The chosen mode of entry is the fastest and easiest entry into overseas markets.	43	4.02	0.636
The chosen mode of entry is the most appropriate way for medium-sized businesses to service international markets due to seasonal orders.	43	3.84	0.652
The chosen mode of entry is the safest strategy of servicing foreign markets.	43	3.86	0.675
The chosen mode of entry is the best choice for entering foreign markets.	43	3.95	0.575

Overall mean score		3.86	0.715

Overall, the respondents indicated that their chosen mode of entry (exports) ($\bar{x} = 3.86$; $\sigma = 0.715$) is relatively beneficial to internationalisation. Although all the statements in this category measured positively (above the average of 3), the respondents agreed most with the statement “The chosen mode of entry is the fastest and easiest entry into overseas markets” ($\bar{x} = 4.02$; $\sigma = 0.636$) (beneficial). The respondents agreed least with the statement “Financial constraints make the chosen mode of entry the most feasible option to internationalise our activities” ($\bar{x} = 3.72$; $\sigma = 0.734$) (relatively beneficial).

In conclusion, the respondents indicated that their exportation mode of entry holds several benefits for them in terms of internationalisation, especially being the fastest and easiest mode of entry into foreign markets.

5.3.3.4 Internationalisation barriers

Internationalisation barriers include all the obstacles which could be identified as barriers to the business's internationalisation. These barriers were subdivided into three sections, namely environmental barriers (par. 5.3.3.4.1), managerial competency barriers (par. 5.3.3.4.2), and foreign market barriers (par. 5.3.3.4.3). Based on the statements in this section of the questionnaire (Section E), the respondents had to indicate the extent to which the barriers represent obstacles to their internationalisation activities on a five-point Likert-scale, where 1 = a minor obstacle and 5 = major obstacle. In the following discussion the results are reported in terms of the mean scores ($\bar{x}$) and standard deviations (σ). Since the Likert-scale has specific ratings at levels 1 and 5, the following ranges of mean score results within these ratings will be used as guidelines for reporting purposes:

- Minor barrier: Mean score of $1 \leq$ and ≤ 2
- Somewhat of a barrier: Mean score of $2 <$ and ≤ 3
- Moderate barrier: Mean score of $3 <$ and < 4
- Major barrier: Means score of $4 \leq$ and ≤ 5

5.3.3.4.1 Environmental barriers

Environmental barriers include statements that relate to barriers in the internal (micro) environment, the market environment and the macro environment. In Table 5.31 the mean scores ($\bar{x}$) and standard deviations (σ) obtained from the ten individual statements measuring the extent of the environmental barriers on the business's internationalisation activities, are summarised.

Table 5.31: Environmental barriers

Statements	n	$\bar{x}$	σ
Competition from low cost manufacturing countries	43	3.74	1.049
Availability of local skilled workforce	43	4.26	0.621
Economic conditions in the foreign market	43	3.33	0.778
Trained personnel to deal with exports	43	3.33	0.808
Transportation costs	43	3.26	0.848
Financial assistance from Government	43	3.16	0.924
Shipping arrangements	43	2.67	0.808
Exchange rate fluctuations	43	3.86	0.675
Access to distribution channel in foreign markets	43	3.23	0.751
Cash flow to finance internationalisation	43	4.56	0.666
Overall mean score		3.54	0.792

Overall, the respondents indicated that environmental barriers ($\bar{x} = 3.54$; $\sigma = 0.792$) are moderate barriers in terms of their internationalisation. The respondents agreed most with the statement “Cash flow to finance their internationalisation” ($\bar{x} = 4.56$; $\sigma = 0.666$) (major barrier), which indicates that this barrier is seen as having the largest influence on the internationalisation activities, stemming from the micro environment. The respondents further agreed least with the statement “Shipping arrangement” ($\bar{x} = 2.67$; $\sigma = 0.808$) (somewhat of a barrier), which indicates that this statement is seen as having the least influence on their internationalisation activities.

5.3.3.4.2 Managerial competency barriers

In Table 5.32 the mean scores ($\bar{x}$) and standard deviations (σ) obtained from the seven individual statements measuring the extent of managerial competency barriers to the business's internationalisation activities, are summarised.

Table 5.32: Managerial competency barriers

Statements	n	$\bar{x}$	σ
Handling of export documents	43	3.19	0.958
Languages barriers	43	2.74	0.902
Knowledge about export procedures/documentation	43	3.91	0.868
Managerial time to deal with exports	43	3.70	0.832
Information about foreign markets	43	3.95	0.815
Contacting prospective client	43	3.47	0.882
Cultural barriers	43	1.91	0.781
Overall mean score		2.86	0.862

Overall, the respondents indicated that managerial competency barriers ($\bar{x} = 2.86$; $\sigma = 0.862$) are somewhat of barriers in terms of their internationalisation. The respondents agreed most with the statements “Information about foreign markets” ($\bar{x} = 3.95$; $\sigma = 0.815$) (moderate barrier) and “Knowledge about export procedures/documentation” ($\bar{x} = 3.91$; $\sigma = 0.868$) (moderate barrier), which indicates that, although these barriers are seen as only moderate, they portray the highest measured managerial competency barriers influencing internationalisation activities. The respondents further agreed least with the statement “Cultural barriers” ($\bar{x} = 1.91$; $\sigma = 0.781$) (minor barrier), which indicates that they regard this statement as having the least influence on their internationalisation activities.

5.3.3.4.3 Foreign market barriers

These barriers represent the obstacles that the businesses encounter from the foreign market. In Table 5.33 the mean scores ($\bar{x}$) and standard deviations (σ) obtained from the six individual statements measuring foreign market barriers to the business’s internationalisation activities, are summarised.

Table 5.33: Foreign market barriers

Statements	n	$\bar{x}$	σ
Meeting foreign market standards	43	4.42	0.763
Quality of products	43	4.74	0.581
Timely supply of raw materials	43	4.30	0.674
Tariff and non-tariff barriers	43	4.05	0.653
Rules and regulations in the foreign market	43	4.60	0.695
Government restriction in the foreign markets	43	4.49	0.668
Overall mean score		4.43	0.672

Overall, the respondents indicated that foreign market barriers ($\bar{x} = 4.43$; $\sigma = 0.672$) are major barriers which influence their internationalisation initiatives and activities. Although, the respondents indicated that all the statements are major barriers, they agreed most with the statement “Quality of products” ($\bar{x} = 4.74$; $\sigma = 0.581$) (major barrier). This finding corresponds with an earlier finding (par. 5.3.3.1.1) that quality products are also seen as an important consideration factor in terms of the business’s capabilities. The respondents further agreed least with the statement “Tariff and non-tariff barriers” ($\bar{x} = 4.05$; $\sigma = 0.653$) (major barrier), which indicates that from all the statements they regard this statement as having the least influence on their internationalisation activities.

In conclusion, the respondents indicated that foreign market barriers represent the greatest obstacles which they need to overcome to ensure the success of their internationalisation activities. In this regard they further indicated that the quality of their products are the greatest obstacle that they need to focus on when they decide to internationalise. This is supported by the literature (par. 3.3.2), namely that the successful internationalisation of Mauritian-based SMEs depends to a large extent on their ability to overcome challenges in developing ownership advantage (such as technology and unique products). In addition, foreign market barriers intensify if businesses are not able to adapt their products to suit the foreign market (par. 3.6.6).

Finally, despite the moderate environmental barriers, cash flow to finance internationalisation is a major obstacle which businesses need to overcome to ensure successful internationalisation. This finding is supported throughout this thesis (literature review and qualitative findings): that the availability of finance is a determining factor for successful SME internationalisation. Although managerial competency barriers are somewhat of barriers in terms of their internationalisation, managers need to overcome the lack of information about the intended foreign export markets as well

as the accompanying export procedures/documentation to increase the likelihood of internationalisation success.

5.3.3.5 Institutional support

Institutional support includes all the initiatives undertaken by the Mauritian Government in encouraging internationalisation. These initiatives were subdivided into three sections, namely government information support (par. 5.3.3.5.1), government financial support (par. 5.3.3.5.2), and agreements and incentive support (par. 5.3.3.5.3). Based on the statements in this section of the questionnaire (Section F), the respondents had to indicate the importance of the initiatives in encouraging internationalisation on a five-point Likert-scale, where 1 = least important and 5 = very important. In the following discussion the results are reported in terms of the mean scores ($\bar{x}$) and standard deviations (σ), using the same guidelines as with the internationalisation considerations (par. 5.3.3.1) and the entrepreneurial actions (par. 5.3.3.2).

5.3.3.5.1 Government information support

Government information support includes statements that relate to various information support initiatives. In Table 5.34 the mean scores ($\bar{x}$) and standard deviations (σ) obtained from the six individual statements measuring the importance of government information support in encouraging internationalisation, are summarised.

Table 5.34: Government information support

Statements	n	$\bar{x}$	σ
Assisting with access to information on international markets	43	4.07	0.457
Disseminating information on the various schemes available for exports oriented businesses	43	4.05	0.575
Providing information on forthcoming international events	43	4.00	0.488
Information about the financing of SMEs to participate in international trade fairs	43	4.28	0.666
Information about low interest loans	43	4.21	0.638
Information about the facilitation of administrative procedures	43	4.28	0.630
Overall mean score		4.15	0.575

Overall, the respondents indicated that government information support is important in encouraging internationalisation ($\bar{x} = 4.15$; $\sigma = 0.575$). Although the respondents indicated that all the statements

are important ($\bar{x} > 4$), they agreed most with the statements “Information about the financing of SMEs to participate in international trade fairs” ($\bar{x} = 4.28$; $\sigma = 0.666$) (important) and “Information about the facilitation of administrative procedures” ($\bar{x} = 4.28$; $\sigma = 0.630$) (important). The respondents further agreed least with the statement “Providing information about forthcoming international events” ($\bar{x} = 4.00$; $\sigma = 0.488$) (important), which indicates that from all the statements they regard this statement as having the least influence on encouraging their internationalisation activities.

5.3.3.5.2 Government financial support

In Table 5.35 the mean scores ($\bar{x}$) and standard deviations (σ) obtained from the three individual statements measuring the importance of government financial support in encouraging internationalisation, are summarised.

Table 5.35: Government financial support

Statements	n	$\bar{x}$	σ
Government guaranteeing the loans under specific conditions	43	4.16	0.574
Providing (part) financing for employees' training	43	3.49	0.827
Providing bridging loans to overcome short-term cash flow problems	43	4.30	0.599
Overall mean score		3.98	0.666

Overall, the respondents indicated that government financial support is relatively important in encouraging internationalisation ($\bar{x} = 3.98$; $\sigma = 0.666$). The respondents agreed most with the statement “Providing bridging loans to overcome short-term cash flow problems” ($\bar{x} = 4.30$; $\sigma = 0.599$) (important), and they agreed least with the statement “Providing (part) financing for employees' training” ($\bar{x} = 3.49$; $\sigma = 0.827$) (relatively important).

5.3.3.5.3 Agreements and incentive support

In Table 5.36 the mean scores ($\bar{x}$) and standard deviations (σ) obtained from the four individual statements measuring the importance of agreements and incentive support in encouraging internationalisation, are summarised.

Table 5.36: Agreements and incentive support

Statements	n	$\bar{x}$	σ
Renegotiating trade agreements to facilitate regional trade	43	4.37	0.725
Providing fiscal incentives to businesses that have invested extensively in innovative assets	43	4.23	0.527
Encouraging import of foreign labour to overcome labour shortages in the textile industry	43	4.60	0.541
Creating linkages with foreign clients through Embassies	43	3.88	0.851
Overall mean score		4.27	0.661

Overall, the respondents indicated that agreements and incentives support is important in encouraging internationalisation ($\bar{x} = 4.27$; $\sigma = 0.661$). The respondents agreed most with the statement “Encouraging import of foreign labour to overcome labour shortages in the textile industry” ($\bar{x} = 4.60$; $\sigma = 0.541$) (important). The respondents further agreed least with the statement “Creating linkages with foreign clients through Embassies” ($\bar{x} = 3.88$; $\sigma = 0.851$) (relatively important).

In conclusion, the respondents indicated that agreements and incentive support are the most important institutional support initiatives in encouraging their internationalisation. In this regard they further indicated that the most important initiative pertains to the import of foreign labour to overcome Mauritian labour shortages in the textile industry. This finding corresponds with the literature (par. 1.2.1 and 3.3), in that Mauritian-based textile manufacturing SMEs have been facing tremendous challenges over the last decade in terms of labour shortages to meet international orders as well the qualitative findings that foreign workers are imported to alleviate the acute shortage of labour in the textile manufacturing sector (par. 5.2.5.3).

In addition, the respondents regard government information support as another important institutional support initiative, especially information pertaining to the financing of SMEs to participate in international trade fairs and information about the facilitation of administrative procedures. The importance of information about financing participation in international trade fairs corresponds with the demographic findings (par. 5.3.1.2) and the qualitative finding (par. 5.2.2) that most of the participants did not deliberately choose to internationalise, but instead, responded to foreign clients’ (unsolicited) orders as a result of their participation in international buyer-seller meetings and trade fairs. Furthermore, the importance of information about the facilitation of administrative procedures can be

linked to the qualitative finding (par. 5.2.4) that the participants raised their discontent about the administrative procedures at SME Mauritius.

Finally, in terms of government financial support, the respondents indicated that the most important financial support initiative pertains to the availability of bridging loans to overcome short-term cash flow problems. This finding corresponds with an earlier finding (par. 5.3.3.4.1) that cash flow to finance internationalisation is a major barrier for internationalisation.

In the next section, the results from the correlation analysis will be discussed.

5.3.4 Correlation analysis

To determine the correlation between the different factors (inter-factor correlation) as well as between the factors and the selected demographical variables (number of years in operation, the educational background of the managers, and research and development activities) (par. 4.8.3), Spearman's *rho* was used. Spearman's *rho* is a non-parametric statistical method used to test the relationships between two sets of data (Walker & Maddan, 2019:203). Correlation values can vary between (–1.00) and (1.00), with (0.00) indicating no correlation between two variables. Correlation coefficients can be either positive or negative, depending on the direction of the relationship between two variables.

In the first part of this section the inter-factor correlations will be discussed (par. 5.3.4.1), followed by a discussion of the correlation analysis of selected demographical variables and the corresponding factors (par. 5.3.4.2). Although the correlation analysis revealed several small, medium and large correlations (par. 4.8.3) between the factors, only the medium and large correlations will be reported in the following paragraph.

5.3.4.1 Inter-factor correlation analysis

The correlations are summarised in Table 5.37 (labelled according to their acronyms indicated in Table 5.23) below, and will be reported according to the horizontal labelling, starting with managerial knowledge and business capabilities considerations.

- The inter-factor correlations (Spearman's *rho*) revealed several statistically significant, positive relationships between the considerations of managerial knowledge and business capabilities on the one hand, and five of the other factors on the other hand. The effect sizes of all these relationships are medium (Cohen, 1988:79-81), indicating that changes in the importance of managerial knowledge and business capabilities would lead to medium changes in the same direction in the operational considerations ($\rho = 0.404$), environmental considerations ($\rho =$

0.390), institutional support considerations ($\rho = 0.325$), innovation and relationship building ($\rho = 0.437$) and agreements and incentive support ($\rho = 0.318$). This would, for example, imply that if it becomes more important for managers to consider their financial positions (an element of managerial knowledge and business capabilities) (par. 5.3.3.1.1) when they decide to internationalise, it would result in an increase in the importance (medium effect) of operational considerations.

- Although the inter-factor correlations (Spearman's ρ) revealed statistically significant, positive and negative relationships between operational considerations and six of the other factors, only five will be discussed here. The correlation between operational considerations on the one hand and managerial knowledge and business capabilities considerations on the other hand, was reported in the previous paragraph. Furthermore, the effect sizes of the three positive relationships are all large (Cohen, 1988:79-81), which indicates that an increase or decrease in the importance of operational considerations would lead to large changes in the same direction for environmental considerations ($\rho = 0.562$), innovation and relationship building ($\rho = 0.501$) and environmental barriers ($\rho = 0.517$). In addition, the effect sizes of the two negative relationships are both medium (Cohen, 1988:79-81), which indicates that if the importance of operational considerations increases or decreases it would lead to medium changes in the opposite direction for risk-taking behaviour ($\rho = -0.411$) and foreign market barriers ($\rho = -0.368$).
- Furthermore, the inter-factor correlations (Spearman's ρ) revealed statistically significant, positive relationships between environmental considerations and five other factors. Since two correlations were already reported in the previous paragraphs, only the remaining three correlations will be reported in this paragraph. The effect size of only one of the three relationships is large (Cohen, 1988:79-81), which indicates that an increase or decrease in the importance of environmental considerations will lead to large changes in the same direction for innovation and relationship building ($\rho = 0.640$). In addition, the effect sizes of the other two relationships are both medium (Cohen, 1988:79-81), which indicates that if the importance of environmental considerations increases or decreases it will lead to medium changes in the same direction for environmental barriers ($\rho = 0.400$) and in the opposite direction for government information support ($\rho = -0.399$).
- With the next inter-factor correlations, the Spearman's ρ revealed two statistically significant, positive relationships with institutional support considerations. However, Spearman's ρ for institutional support considerations and managerial knowledge and business capabilities considerations was already reported in the first bullet above. The effect size of the remaining relationship is medium (Cohen, 1988:79-81), which indicates that an increase or decrease in

institutional support considerations would lead to a medium change in the same direction for innovation and relationship building ($\rho = 0.461$). This would, for instance, imply that if it becomes more important for managers to consider an element such as unsolicited orders (par. 5.3.3.1.2) in their decisions to internationalise, it would result in innovation and relationship building (entrepreneurial actions) increasing in importance as well (medium effect).

- The following inter-factor correlations (Spearman's ρ) revealed statistically significant, positive relationships between innovation and relationship building on the one hand, and eight of the other factors on the other hand. Since four of the correlations were already reported in the previous paragraphs, only the remaining four correlations are reported in this paragraph. The effect size of only one of the positive relationships is large (Cohen, 1988:79-81), which indicates that an increase or decrease in innovation and relationship building would lead to a large change in the same direction for government information support ($\rho = 0.569$). In addition, the effect sizes of the other three positive relationships are all medium (Cohen, 1988:79-81), which indicates that if the importance of innovation and relationship building increases or decreases it would lead to medium changes in the same direction for environmental barriers ($\rho = 0.411$), government financial support ($\rho = 0.437$), and agreements and incentive support ($\rho = 0.419$). This would, for instance, imply that if it becomes more important for managers to attend international trade fairs (par. 5.3.3.2.1), an element of innovation and relationship building, it would result in government financial support increasing in importance as well (medium effect).
- In terms of risk-taking behaviour, the inter-factor correlations (Spearman's ρ) revealed statistically significant relationships with two other factors. Since the ρ for risk-taking behaviour and operational considerations was reported previously, only the remaining correlation, namely between risk-taking behaviour and agreements and incentive support is reported in this paragraph. The effect size of this correlation is medium (Cohen, 1988:79-81), which indicates that an increase or decrease in risk-taking behaviour would lead to a medium change in the same direction for agreements and incentive support ($\rho = 0.466$). This would, for instance, imply that if it becomes more important for managers to take risks when internationalising, it would result in greater importance of institutional support (agreements and incentive support) (medium effect).
- Moreover, the inter-factor correlations (Spearman's ρ) also revealed statistically significant, positive and negative relationships between modes of entry benefits and three of the other factors. The effect sizes of these relationships are all medium (Cohen, 1988:79-81), which indicates that an increase or decrease in modes of entry benefits would lead to medium changes in the same direction for managerial competency barriers ($\rho = 0.309$). This would,

for instance, imply that if a benefit of the chosen mode of entry such as being the fastest and easiest entry into overseas markets (par. 5.3.3.3) increases, it would lead to an increase in managerial competency barriers such as the need for more information on foreign markets (par. 5.3.3.4.2) (medium effect). In addition, an increase or decrease in modes of entry benefits would lead to medium changes in opposite directions for government information support ($\rho = -0.355$) and agreements and incentive support ($\rho = -0.388$). For example, if the chosen mode of entry allows managers greater opportunities to study the markets and fashion trends at no cost (par. 5.3.3.3.1) (increase), it would lead to a decrease in the need for government information support (medium effect).

- Pertaining to the environmental barriers, the inter-factor correlations (Spearman's ρ) revealed statistically significant, positive relationships with four of the other factors. Since one of these correlations was already reported in the previous paragraphs, only the remaining three correlations are reported in this paragraph. The effect sizes of the remaining positive relationships are all medium (Cohen, 1988:79-81), which indicates that an increase or decrease in the environmental barriers would lead to a medium change in the same direction for managerial competency barriers ($\rho = 0.382$), government information support ($\rho = 0.413$), and government financial support ($\rho = 0.425$). This would, for instance, imply that if the extent of the environmental barriers, such as cash flow to finance internationalisation (par. 5.3.3.4.1) increases, it would result in an increased need for government financial support (medium effect).
- The remaining inter-factor correlations (Spearman's ρ), revealed statistically significant relationships between government information support and four of the other factors. Since two of the correlations were reported previously, only the remaining two correlations are reported in this paragraph. The effect size of the correlation between government information support and government financial support is large (Cohen, 1988:79-81), which indicates that an increase or decrease in the need for government information support would lead to a large change in the same direction for government financial support ($\rho = 0.637$). In addition, the effect size of the correlation between government information support and agreements and incentive support is medium (Cohen, 1988:79-81), which indicates that an increase or decrease in the need for government information support would lead to a medium change in the same direction for agreements and incentive support ($\rho = 0.403$).

Table 5.37: Inter-factor correlation analysis

	Managerial knowledge and business capabilities (F1)	Operational considerations (F2)	Market and macro environmental considerations (F3)	Institutional support considerations (F4)	Innovation and relationship building (F5)	Risk-taking behaviour (F6)	Mode of entry benefits (F7)	Environmental barriers (F8)	Managerial competency barriers (F9)	Foreign market barriers (F10)	Government information support (F11)	Government financial support (F12)	Agreements and incentive support (F13)
F1	1.000												
F2	0.404**	1.000											
F3	0.390**	0.562**	1.000										
F4	0.325*	−0.041	0.222	1.000									
F5	0.437**	0.501**	0.640**	0.461**	1.000								
F6	−0.027	−0.411**	−0.258	0.131	−0.024	1.000							
F7	0.024	0.103	−0.035	−0.070	−0.140	−0.290	1.000						
F8	0.113	0.517**	0.400**	0.088	0.411**	−0.211	−0.239	1.000					
F9	−0.015	0.085	0.018	0.111	−0.014	−0.210	0.309*	0.382*	1.000				
F10	0.043	−0.368*	−0.162	0.256	−0.021	0.261	0.075	−0.042	0.133	1.000			
F11	0.292	0.141	0.399**	0.376*	0.569**	0.085	−0.355*	0.413**	0.066	0.091	1.000		
F12	0.166	0.111	0.298	0.318*	0.437**	−0.092	−0.173	0.425**	0.254	0.052	0.637**	1.000	
F13	0.318*	−0.010	0.271	0.327*	0.419**	0.446**	−0.388*	0.133	−0.187	0.191	0.403**	0.285	1.000

**Correlation is significant on a 1% level

*Correlation is significant on a 5% level

when $r = 0.10$ (small effect), $r = 0.30$ (medium effect) and $r = 0.50$ (large effect).

5.3.4.2 The effect of demographic variables on the factors

Since correlations are not applicable to categorial variables, only two of the demographic variables, which were ordered variables, were correlated with the factors. The correlated categorial variables include the educational background of the respondents (par. 2.5.2.3.1) and the number of years the businesses have been in operation (par. 5.2.1). These correlations are summarised in Table 5.38.

Table 5.38: Spearman's correlation of selected demographic variables

	Managerial knowledge and business capabilities	Operational considerations	Market and macro environmental considerations	Institutional support considerations	Innovation and relationship building	Risk-taking behaviour	Mode of entry benefits	Environmental barriers	Managerial competency barriers	Foreign market barriers	Government information support	Government financial support	Agreements and incentive support
Educational background	0.045	0.165	0.168	-0.106	0.081	0.052	-0.189	0.153	-0.211	0.023	0.143	0.054	0.143
Number of years the company has been in operation.	0.219	0.040	-0.044	-0.002	0.005	-0.139	0.418**	-0.091	-0.097	0.197	-0.225	-0.274	-0.006

**Correlation is significant on a 1% level

*Correlation is significant on a 5% level

Although the correlations summarised in Table 5.38 depict small, medium and large effect sizes between the ordered demographic variables and the factors, only the medium and large effect sizes will be reported in this paragraph.

- Educational background did not reveal any medium or large correlations (Spearman's ρ) (Cohen, 1988:79-81) with any of the factors. This finding indicates that, although the managers' level of education increases their intentions to internationalise (par. 2.5.2 and 5.3.1.1), it does not have any statistically significant effect on internal or external internationalisation considerations, entrepreneurial actions, modes of entry, internationalisation barriers or institutional support.
- The number of years that the businesses have been in operation revealed a statistically significant, positive relationship (Spearman's ρ) with only one of the factors. The effect size of this relationship is medium (Cohen, 1988:79-81), which indicates that an increase in the number of years the businesses are in operation would lead to a medium change in the same direction for mode of entry benefits ($\rho = 0.418$).

5.3.5 Conclusion of quantitative results

The quantitative results revealed that well-educated male owners with extensive business experience in the Mauritian textile industry manage most of the medium-sized textile manufacturing businesses in Mauritius. Although the textile manufacturers initially served mostly the domestic Mauritian market during their start-up, the need for growth beyond the growth-stricken domestic market led to the respondent's internationalisation. In this regard, their attendance at buyer-seller meetings, which led to unsolicited orders from foreign clients, provided the opportunities for internationalisation. The decision to internationalise led to several considerations about aspects in the internal and external environment, the most important being the quality of their products, investment in the latest machinery and equipment, research and development initiatives, and their memberships to regional trade blocs such as the SADC and COMESA. Furthermore, the entrepreneurial actions taken by the respondents when they decide to internationalise are overall also important. In this regard their innovation, relationship building with stakeholders and their risk-taking behaviour are the most important entrepreneurial actions. Seeing that exportation was revealed as the preferred mode of entry, in support of the literature and qualitative findings, it can be concluded that textile manufacturers with the need to internationalise, should opt for exportation as the mode of entry.

However, internationalisation is not without its associated barriers. In this regard the results revealed that the availability of finance, foreign market barriers, and the quality and suitability of their products for the needs of the foreign market are some of the major obstacles which they need to overcome to ensure the success of their internationalisation activities. On the other hand, from the correlation analysis it was revealed that the influences of many of these barriers can be limited by focusing on operational considerations, capitalising on the benefits of exportation, the import of foreign labour, and with the support of the Mauritian government, especially pertaining to government information support (about financing opportunities, international trade fairs and administrative procedures) and agreements and incentive support (bridging loans).

The contribution of the quantitative approach in this chapter is that, addition to the literature contributions in Chapter 3 and the qualitative findings in this chapter (par. 5.2.9), the motives, mode of entry, export barriers and the consideration factors influencing Mauritian medium-sized textile manufacturers' decisions to internationalise is statistically elucidated. With this section, secondary objective 3 was statistically achieved, which focuses on the identification of the motives for internationalisation, the modes of entry and the internationalisation barriers applicable to SMEs in Mauritius. In addition, secondary objective 4 was also statistically achieved, which focuses on the consideration factors influencing Mauritian medium-sized textile manufacturers' decisions to internationalise.

5.4 SUMMARY

In this chapter, results from the exploratory sequential mixed-methods (QUAL/quant) approach were discussed. The qualitative results were reported according to the eight themes identified from the data that was obtained from the interviews. Overall, the qualitative results revealed that the participants initially internationalised by means of exportation after they received unsolicited orders, which stemmed from their attendance at buyer-seller meetings and international trade fairs. The results also revealed that the participants were mainly motivated to internationalise due to growth needs, the need for sustainability and a saturated domestic market.

The quantitative results were reported according to the respective statistical techniques used in this study. The demographic profiles of the respondents were firstly reported by means of frequencies and cross-tabulations followed by the psychometric properties of the measuring instrument. In this regard sufficient evidence was obtained to indicate high levels of validity and reliability of the measuring instrument. The descriptive results were reported in terms of mean scores and standard deviations, whereafter various inter-factor correlations as well as correlations between the factors and selected demographic profile aspects were measured.

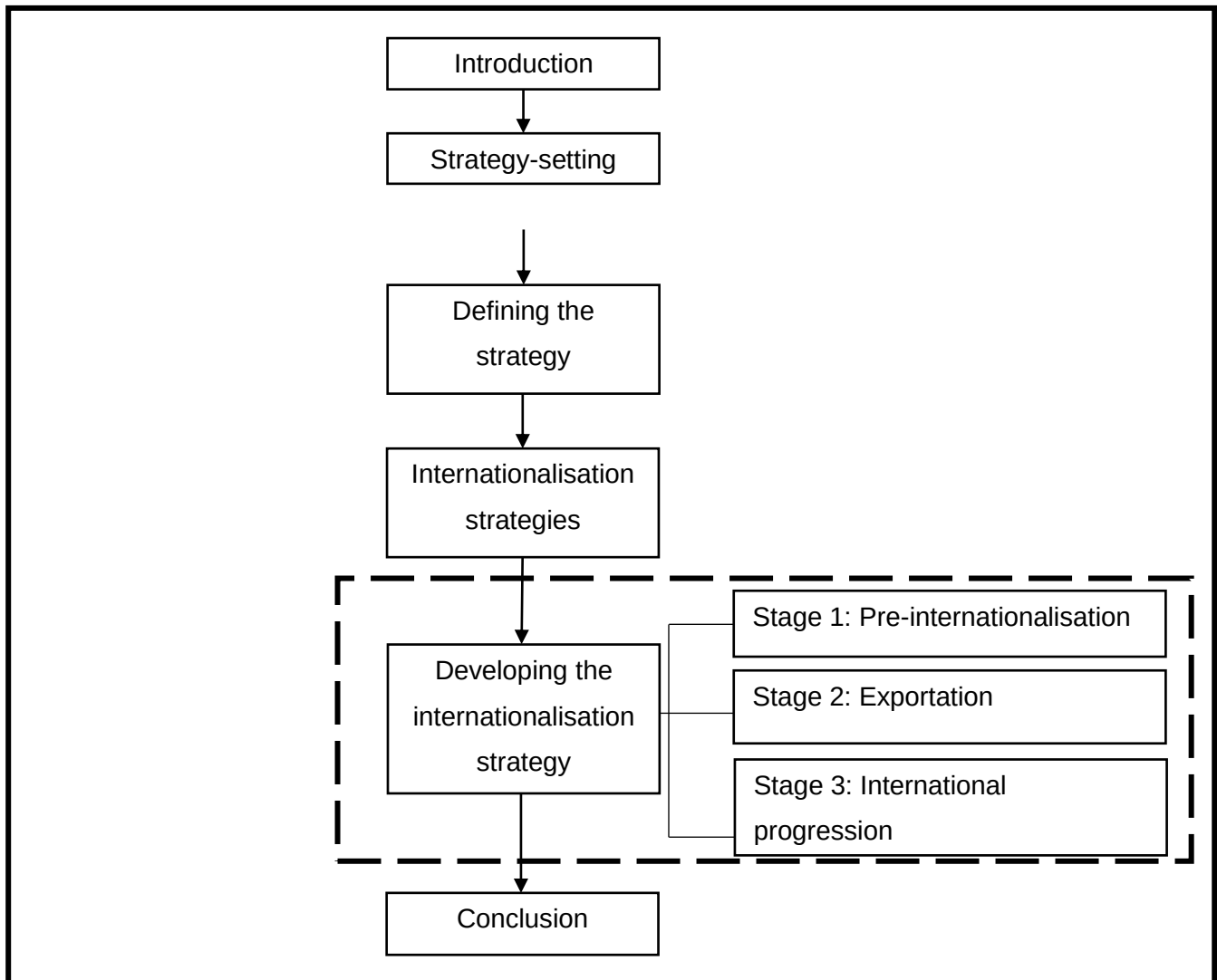
In the next chapter the results of this chapter in combination with the results from the literature review (Chapters 2 and 3), are synthesised into a whole to develop the proposed internationalisation strategy for medium-sized textile manufacturing business in Mauritius (a SIDS).

CHAPTER 6

AN INTERNATIONALISATION STRATEGY FOR MEDIUM-SIZED TEXTILE MANUFACTURERS IN MAURITIUS

6.1 INTRODUCTION

Figure 6.1: Structure of Chapter 6



In the previous chapters, the theoretical and empirical foundations for the internationalisation strategy for medium-sized textile manufacturers in Mauritius were discussed. The conceptual framework of this study was provided in detail in Chapter 2, with the development of a workable definition of internationalisation applicable to this study and an analysis of the various approaches to internationalisation. This was

followed by a description, in Chapter 3, of the motives for internationalisation, the modes of entry applicable to SMEs and associated internationalisation barriers. From the theoretical part of this study, applicable elements were identified for further empirical investigation in order to elucidate the specific elements to be included in the development of the internationalisation strategy for medium-sized textile manufacturers in Mauritius. From the qualitative approach, various themes were identified pertaining to the context of this study, which were further investigated by means of the quantitative approach.

In this chapter the internationalisation strategy for medium-sized textile manufacturers in Mauritius is developed and described as the contribution of this study towards the achievement of secondary objective 5 (par. 1.5.2). This chapter starts with a brief theoretical section about the development of a strategy, in general, followed by a review of the components to be included into the strategy.

Although the strategy was developed from an investigation of internationalised medium-sized textile manufacturing businesses in Mauritius, the strategy would be applicable to the context of small- and medium-sized textile manufacturers in Mauritius with the need to internationalise. Therefore, the following contextual assumptions are foundational to this strategy (par. 1.2.1):

- Mauritius is a small island developing state with an emerging economy.
- The textile industry is one of the main contributors to the country's gross domestic product (GDP).
- SMEs are seen as the backbone of the island's economy.
- The textile industry is one of the fastest growing industries on the island.
- The Mauritian textile industry is faced with globalisation challenges such that effective strategies have to be formulated and implemented to revive the sector.

The strategy discussed below is, therefore, applicable to businesses where these assumptions hold.

6.2 STRATEGY-SETTING

The word *strategy* is derived from the Greek word “*strategia*” which refers to the science of guiding and directing military forces (Lomash & Mishra, 2003:9). However, since the 1960s, *strategy* also became a term used in businesses to refer to their actions towards creating a competitive advantage. Since then, several researchers have defined the term *strategy* in a business context, with Chandler (1962:13) being one of the earliest researchers who defined a business strategy as the course of action that facilitates achieving the business goals. Later on, Ansoff (1977:44) related strategy to a set of decision rules for the obtaining of profitable growth. More recently, Thompson and Strickland (2006:3) describe strategy as the competitive moves and business approaches that managers employ to grow their businesses, to stake

out their market positions, to attract and satisfy customers, to compete successfully, to conduct operations and to achieve targeted objectives. Synthetising several definitions of strategy, Abraham (2012:21) simplified the term *strategy* as “how a company grows”. A more recent description of a strategy, as defined by Letaifa (2015:1418), is the plan of action for businesses to get from where they are to where they want to be. Hence, within the context of this study, a strategy is therefore viewed as all the decisions and actions by managers towards business growth across national borders (Tsang *et al.*, 2013:37).

6.3 DEFINING THE STRATEGY

In this study, the internationalisation strategy aims to facilitate the entrance of Mauritian medium-sized textile manufacturing businesses into foreign countries as well as their sustainable growth in international markets.

According to Thompson *et al.* (2010:6), all the actions towards business growth can be classified as some kind of strategy or strategies. In terms of growth strategies, businesses could grow internally and/or externally (Visintin & Pittino, 2016:121). Internal growth strategies (also referred to as organic growth) entail business growth by relying on the development of the business's internal resources and capabilities, whereas external growth strategies focus on growth with the aid of resources and capabilities that are not internally developed by the business itself, such as mergers and acquisitions or strategic alliances (Craig & Campbell, 2012:109). According to Wetherly and Otter (2008:398), SMEs tend to rather grow internally as it (i) is generally slower and less disruptive and (ii) enables the business to acquire skills and knowledge and to spread costs. Furthermore, Ehlers and Lazenby (2017:201) distinguish between four different internal growth strategies, namely concentrated growth (expansion within the current market), market development (expansion into new markets across geographical borders), product development (expansion of current product lines), and innovation (overall expansion derived from technological competencies and capital reserves).

From the research carried out, it appears that market penetration and market development strategies remain the most widely used strategies for SMEs when they decide to grow internationally. For example, Marmullaku (2018:178) found that SMEs in Kosovo exploited the endogenous factors of enterprises and added value to their existing products to increase their competitive ability in their international markets. In a similar vein, Lloyd-Reason and Sear (2007:88) found that established SMEs in foreign countries would normally employ a market penetration strategy to increase foreign sales as they already have personal contacts. Similarly, new established businesses also employ a market development strategy by offering

their current products to foreign markets after having developed contacts/relationships with foreign partners (Lloyd-Reason & Sear, 2007:88).

Within the context of this study, the medium-sized textile manufacturers all indicated that they focused on internal growth strategies, since none of them was involved in mergers and acquisitions or strategic alliances to aid with their internationalisation (par. 5.3.1).

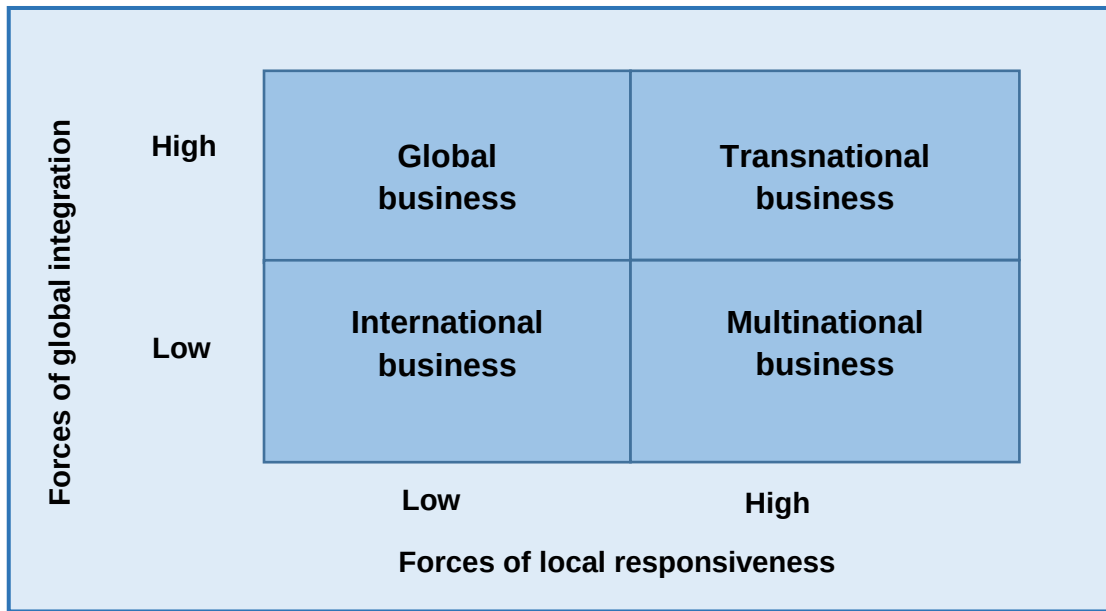
In addition to the internationalisation strategy applicable to this study being an internal growth strategy, it can further be classified as a market development strategy. David and David (2017:124) refer to market development as an intensive strategy, since growth by means of market development requires intensive efforts from managers. According to these authors, market development may be especially effective when new untapped or unsaturated markets exist in other geographical areas and the business has sufficient capital, human resources and production capacity to capitalise on opportunities in those markets. However, market development is in almost all instances preceded by a market penetration (concentric growth) strategy. Businesses would firstly seek to increase their market share in their present domestic markets and when all efforts to expand the current markets have been exhausted, businesses are likely to adopt market development as a growth strategy.

Therefore, within the context of this study, the strategies of medium-sized textile manufacturers aiming to internationalise can be classified as internal growth strategies by means of market development. Although market development can entail crossing geographical borders in the same country, between states or provinces (domestic market development), and between countries (international market development), the reference to the internal growth strategy by means of market development applicable to this study is rather an internationalisation market development strategy than a domestic market development strategy.

6.4 INTERNATIONALISATION STRATEGIES

When businesses internationalise they are classified differently than businesses operating only in domestic markets. Internationally operating businesses can take multiple forms, with each necessitating a different set of strategies. According to Morschett *et al.* (2015:32), the Bartlett and Ghoshal's Matrix (1989) is the most frequently used framework to distinguish multiple forms of internationally operating businesses. Using two criteria, namely global integration and local responsiveness, Bartlett and Ghoshal (1989) cluster businesses operating across borders as being global businesses, international businesses, multinational businesses, or transnational businesses (Figure 6.2).

Figure 6.2: The Integration/responsive framework



Source: Adapted from Bartlett & Ghoshal (1989:43)

The main characteristics of the businesses depicted in Figure 6.2, are presented in Table 6.1 below.

Table 6.1: Characteristics of internationally operating businesses

Classification	Characteristics
Global businesses	Businesses with a global strategic orientation focus on achieving economies of scale. They usually come from industries where forces for global integration are high and pressures for local responsiveness are rather low. As price competition in global industries is high, the dominant strategic need is global efficiency. To rationalise production, businesses produce standardised products in concentrated production plants that fulfil world demand volumes.
International businesses	Businesses with international strategic orientations tend to consider their foreign activities as remote outposts with the aim to support their parent companies by means of increased sales. They focus on exploiting knowledge, new products or processes of the parent companies by transferring them to the foreign markets. The companies, therefore, have little need for local adaptation as the majority of the value chain activities are maintained at the headquarters. This strategy is often also referred to as an exporting strategy, that is, products are produced in the company's home country and sent to customers all over the world.
Multinational businesses	Considered as the opposite of global businesses, multinational businesses focus primarily on national differences to achieve strategic objective. Products, processes, strategies and management systems are modified to each country to adapt to local needs. The adaptation to the local markets is facilitated by local production and local research and development (R&D).
Transnational businesses	Transnational businesses try to respond simultaneously to both strategic needs of global organisations and multinational organisations (an integration of global efficiency and local responsiveness). Therefore, these businesses aim to maximise local responsiveness while benefiting from global integration.

Source: Adapted from Morschett *et al.* (2015:32-34) and De Bruin *et al.* (2017)

According to Bielawska (2006:18), international or even global strategies are developed and implemented not only by “big players”, but also by smaller businesses. In a similar vein, Kalantaridis (2004:248) argues that any internationalisation necessitates strategic decisions due to the complexities associated with foreign operations. However, Wach (2014:42) argues that although the internationalisation strategies discussed in the literature were formed with large businesses in mind, the majority of authors have emphasised the possibility and the necessity of adapting these strategies to the special case of SMEs. In the context of this study, the type of internationalisation strategy applicable to the medium-sized textile manufacturers would be the international strategy (low integration with low responsiveness) (Figure 6.2). This international strategy is more convenient to small businesses, because it requires less commitment due to the little need for local adaption. Moreover, the international strategy, which had also been referred to as the export strategy, entails low risk as the products are being produced in the home country and then sent to foreign customers.

Moreover, Lloyd-Reason and Sear (2007:82) consider the entry mode decision as one of the most critical decisions in the internationalisation process of a business, as it influences the business’s commitment to resources, planning and operations. According to Welch *et al.* (2007:447), SMEs’ resource limitations, particularly in the earlier stages of internationalisation, steer them towards a low-commitment, less resource-demanding mode of entry, such as exportation. With regard to strategic internationalisation options of small businesses, Namiki (1988:32-37) argued that these businesses grow internationally by means of exports and the adoption of competitive pricing and brand identification, the manufacturing of speciality products, and customer service.

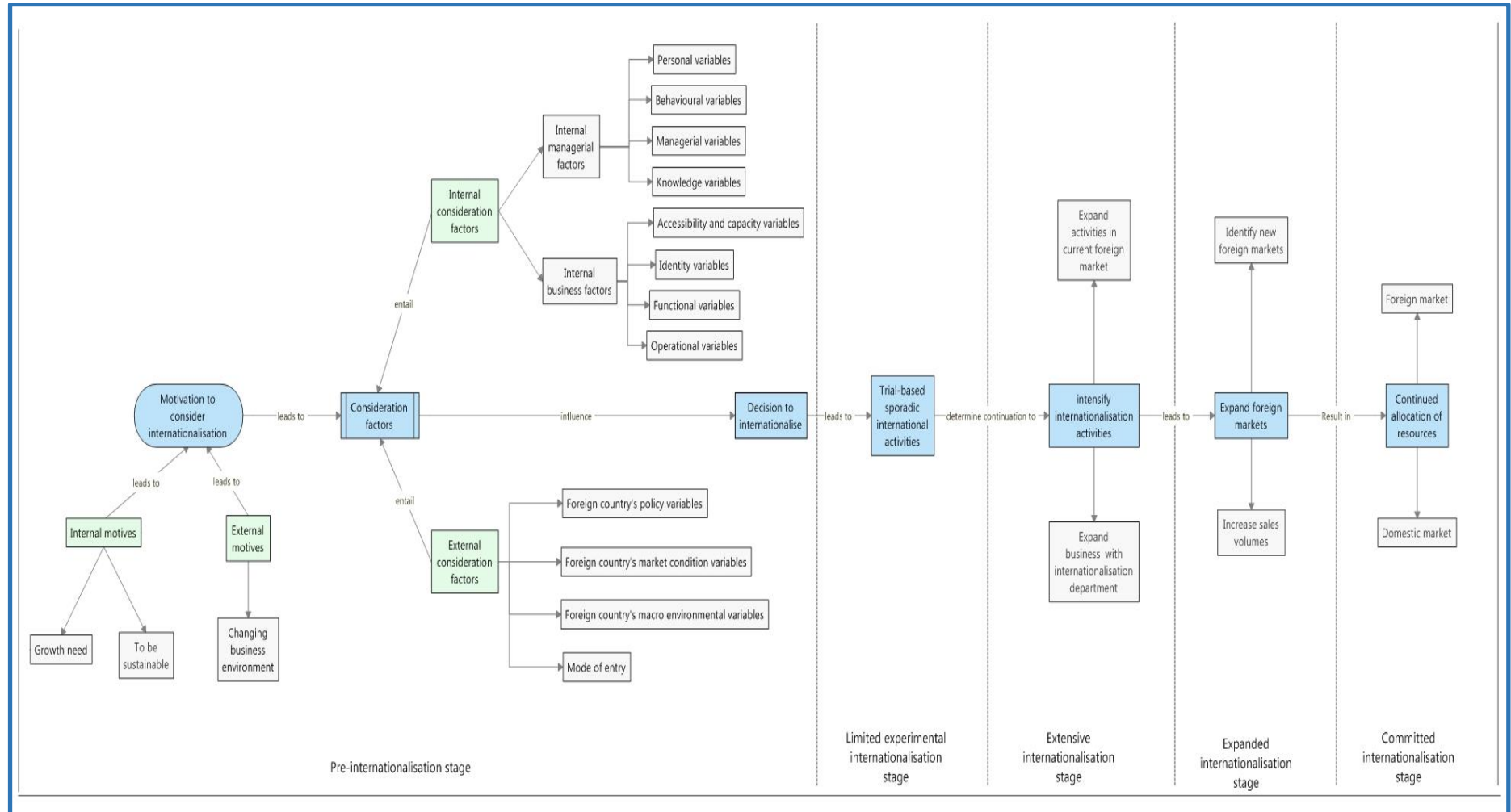
Based on the discussion thus far it is evident that internationalisation strategies focus on international growth potential and the sustainability of businesses. Since the results of this study (Chapter 5) revealed that exports are the preferred mode of entry for the medium-sized textile manufacturing businesses in Mauritius, the internationalisation strategy applicable to this study can be labelled an internal market development growth strategy by means of exports.

6.5 DEVELOPING THE INTERNATIONALISATION STRATEGY

Drawing from the working definition of internationalisation developed in Chapter 2 (par. 2.2), three elements were found to contribute to the internationalisation strategy for medium-sized textile manufacturing businesses in Mauritius. These include internationalisation as a process (element 1), the motives to internationalise (element 2), and the decision to internationalise (element 3). Regarding internationalisation as a process, the analysis of the approaches to internationalisation (par. 2.9) revealed

that an internationalisation strategy for SMEs should be a process-strategy consisting of five distinct stages (Figure 6.3), namely pre-internationalisation (stage 1), limited experimental internationalisation (stage 2), extensive internationalisation (stage 3), expanded internationalisation (stage 4), and committed internationalisation (stage 5). Furthermore, it was also found that the motivation to internationalise (element 2) emerges in response to the changing business environment and the need for growth and sustainability. Regarding the decision to internationalise (element 3), it was initially revealed that this element contains aspects such as the modes of entry, the ability of the business to adapt its strategy, structure, available resources, knowledge pertaining to all aspects of the internationalisation process and available networks. However, further analysis of the literature in Chapter 2 indicated that these aspects can be viewed as factors which need to be considered (consideration factors) before managers take the final decision to internationalise (par. 2.9). The consideration factors were further divided into internal and external consideration factors.

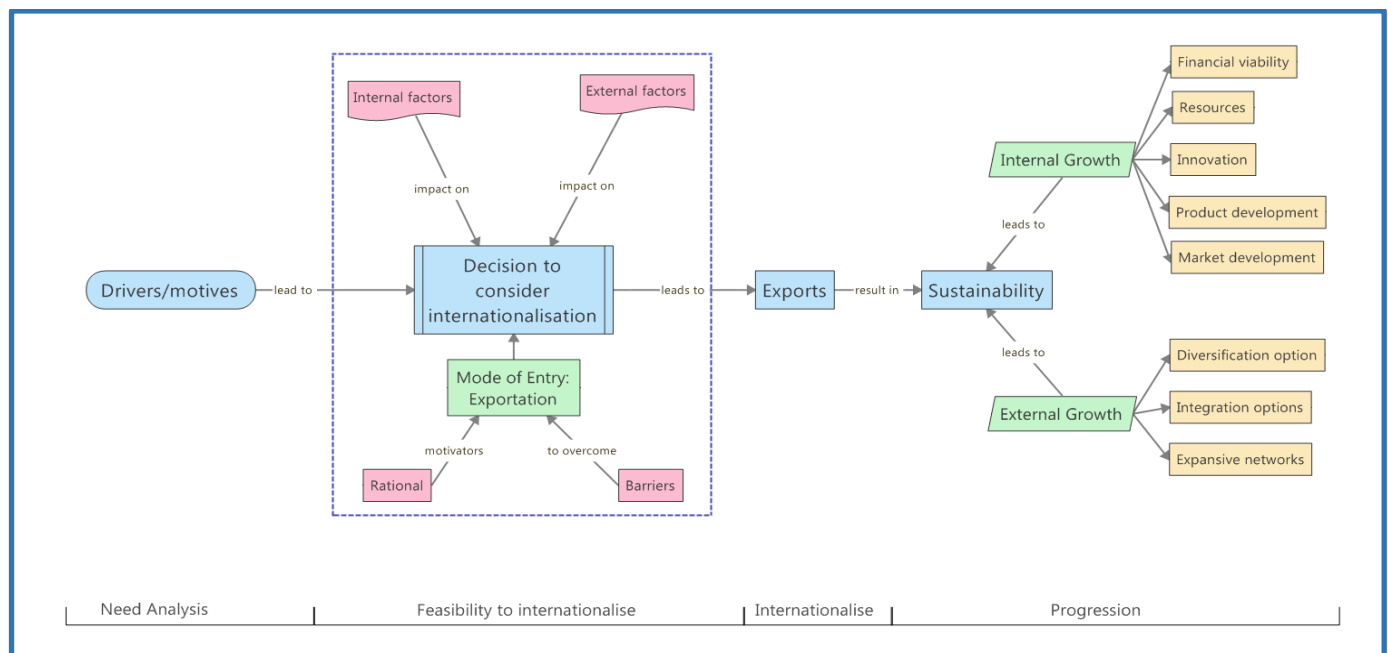
Figure 6.3: Literature-based internationalisation process-strategy



Since the process-strategy depicted in Figure 6.3 above was only developed from the literature (par. 2.9), it does not reveal the elements specifically applicable to medium-sized textile manufacturers in Mauritius. Therefore, the results from the qualitative and quantitative approaches were further analysed to identify the specific elements applicable to the internationalisation strategy for medium-sized textile manufacturing businesses in Mauritius.

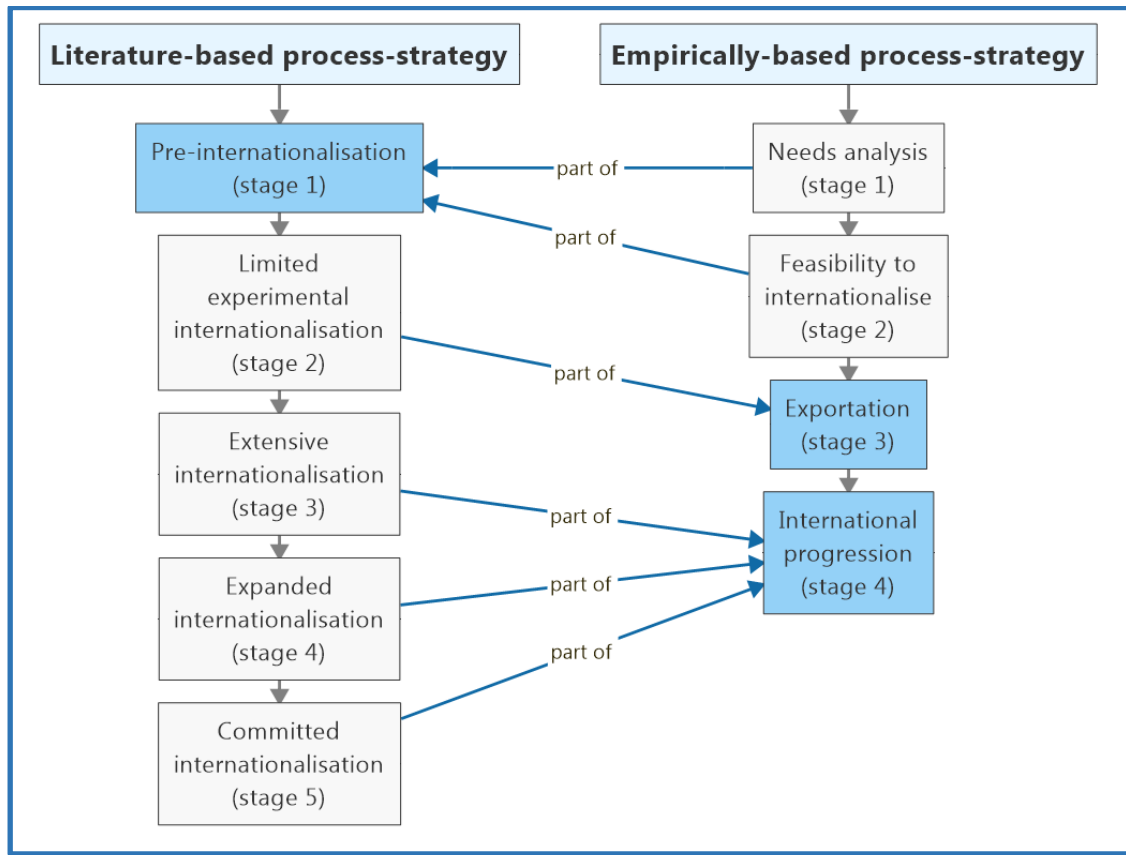
In this regard it is concluded from the results in Chapter 5 (par. 5.2.9) that the internationalisation strategy is also a process-strategy with four distinct stages, namely needs analysis (stage 1), feasibility to internationalise (stage 2), exportation (stage 3) and international progression (stage 4) (Figure 6.4).

Figure 6.4: Empirically-based internationalisation process-strategy



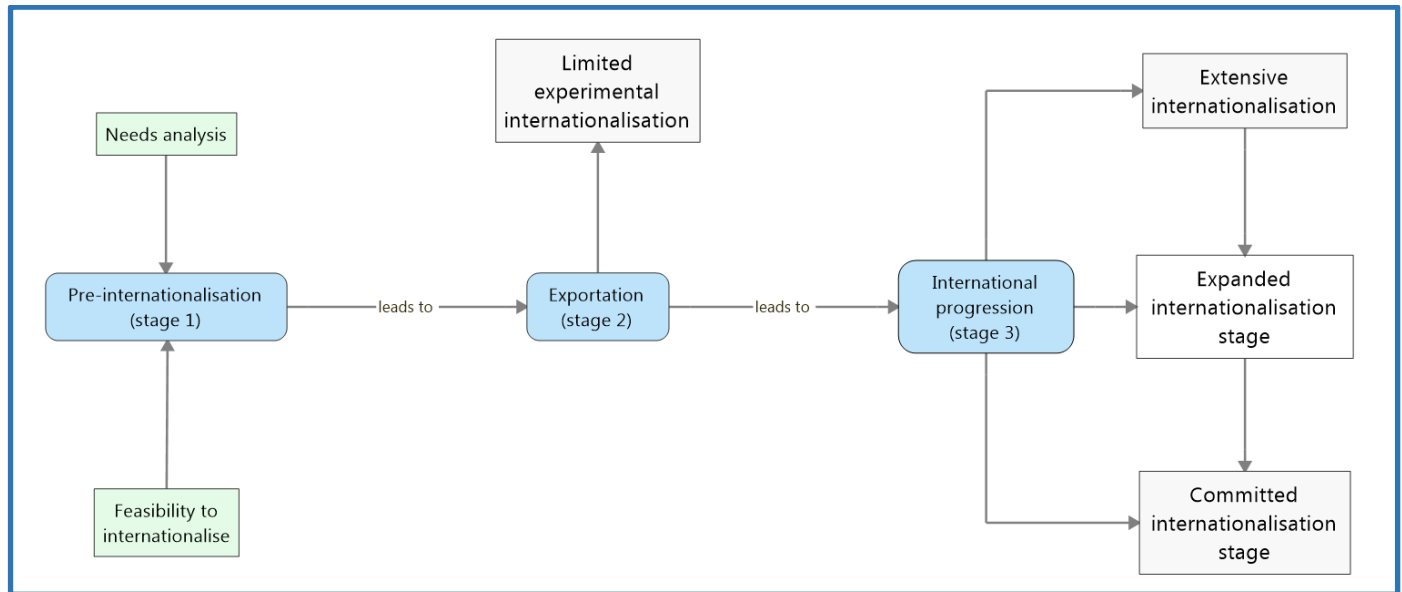
Although these stages (Figure 6.4) are unique to the internationalisation of medium-sized textile manufacturers in Mauritius, this process-strategy was developed from the qualitative data collected (par. 5.2.9), which were guided by the literature findings. It is therefore possible to merge the empirically-based internationalisation process-strategy (Figure 6.4) with the stages of the literature-based internationalisation process-strategy (Figure 6.3). In Figure 6.5 below, a framework is provided to indicate how the stages from the two process-strategies can be merged.

Figure 6.5: Merging the literature-based and empirically-based process-strategies



From the framework in Figure 6.5 it can be concluded that the process-strategy applicable to medium-sized textile manufacturers in Mauritius include three stages, as depicted in Figure 6.6 below. These include *pre-internationalisation* (stage 1) consisting of the needs analysis and feasibility to internationalise, *exportation* (stage 2) consisting of limited experimental internationalisation, and *international progression* (stage 3) consisting of extensive internationalisation, expanded internationalisation and committed internationalisation. It is important to note that these stages are sequential and from the results of this study, it is evident that these stages should be implemented gradually over time, to ensure a steady increase in the businesses' commitment and involvement in international markets. In this regard they gain more international experience from their exposure to foreign markets (par. 5.2.1; par. 2.5.2.1.1). These stages are respectively discussed in the subsequent paragraphs (par. 6.6-6.8).

Figure 6.6: The internationalisation strategy for medium-sized textile manufacturing businesses in Mauritius



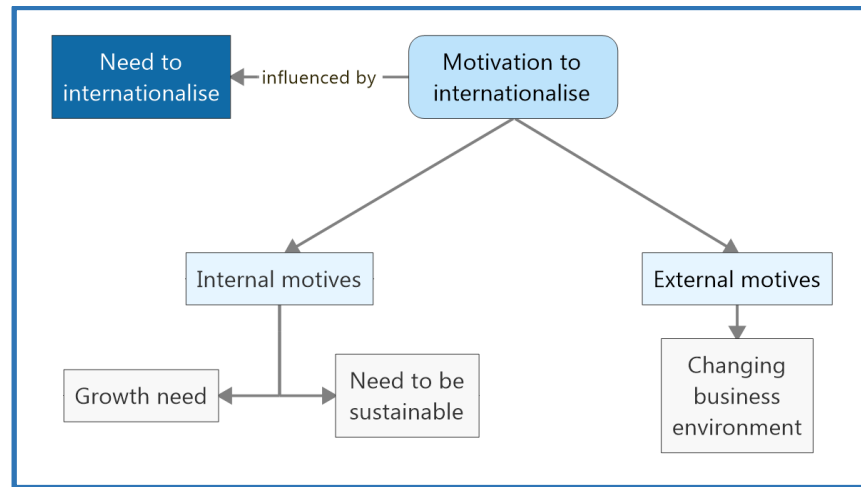
6.6 STAGE 1: PRE-INTERNATIONALISATION

Since the process-strategy focuses specifically on businesses that have not internationalised yet, it is assumed in this first stage of the strategy that the businesses operate only in the domestic market, while the intention to internationalise starts to develop as part of the needs analysis (par. 6.6.1). Following this first step (needs analysis) in stage one, the feasibility to internationalise (par. 6.6.2) needs to be determined before managers decide to internationalise.

6.6.1 Needs analysis

In this step, a need to internationalise must firstly be established by answering the question: “Why do we want/need to internationalise?” In this regard, the needs analysis involves the internal and external motives to internationalise. While the internal motives are derived mainly from the business’s need for growth and sustainability (par. 2.9.1.1.1; par. 5.2.9), external motives relate to the changes in the external business environment that may push the business to consider internationalisation (par 2.9.1.1.2; par. 5.2.9) (Figure 6.7).

Figure 6.7: Needs analysis



6.6.1.1.1 Internal motives

The need for growth and sustainability is considered as the primary internationalisation motive among small businesses (par 3.3.1). The need for growth develops from the business's desire and interest to increase their sales and revenue (par. 2.2.1) so that they become more sustainable, which implies that they continue to exist for long periods (par. 2.2.3) despite several environmental challenges. Furthermore, the need for growth and sustainability develops when businesses either (i) experience stagnation in terms of expansion, or (ii) when they possess certain key success internal capabilities (par. 5.2.5). Examples of key success internal capabilities include quality products, skilled labour, technologically advanced equipment, innovation, knowledge of international markets, expertise in the textile industry, a good reputation for fast delivery and a healthy organisational culture (par 3.3; par. 5.2.5).

6.6.1.1.2 External motives

The changing business environment is considered as one of the most noticeable external motives for internationalisation (par. 2.5.3). However, the changing business environment is a broad concept, which entails various triggers from both (i) the market and (ii) the macro environment (par. 2.9.1.1.2; par. 5.2.5).

- **The market environmental motives**

There are several factors in the market environment which may lead to changes in the external environment and ultimately to the motivation of business managers to consider internationalisation as a growth strategy. In this regard, competition in the market environment is the most influential factor motivating businesses to internationalise. Since the phasing out of the Multi Fibre Agreement (MFA) in 2005, there has been a progressive entry of low-cost textile manufacturers into Mauritius from countries such as China and India. This led to increased

competition in the industry (par. 1.2.1). Despite competition motivating business managers to consider internationalisation, other factors include the saturation of the domestic market (par. 2.5.2.3.2; par. 5.3.2), changing customer needs (par. 2.6), international opportunities for growth and expansion into Africa and the USA (par. 2.5.1), and encouragement from intermediaries such as trade associations, financial institutions and agents (par. 2.5.2.3.2).

Although all these motives could lead to the need for international growth and sustainability among Mauritian-based textile manufacturers, the most salient market environmental motives are competitive market pressure and limited scope for business growth in the domestic market due to market saturation (par. 2.5.2.3.1; par. 2.9.1.1.1; par. 5.4).

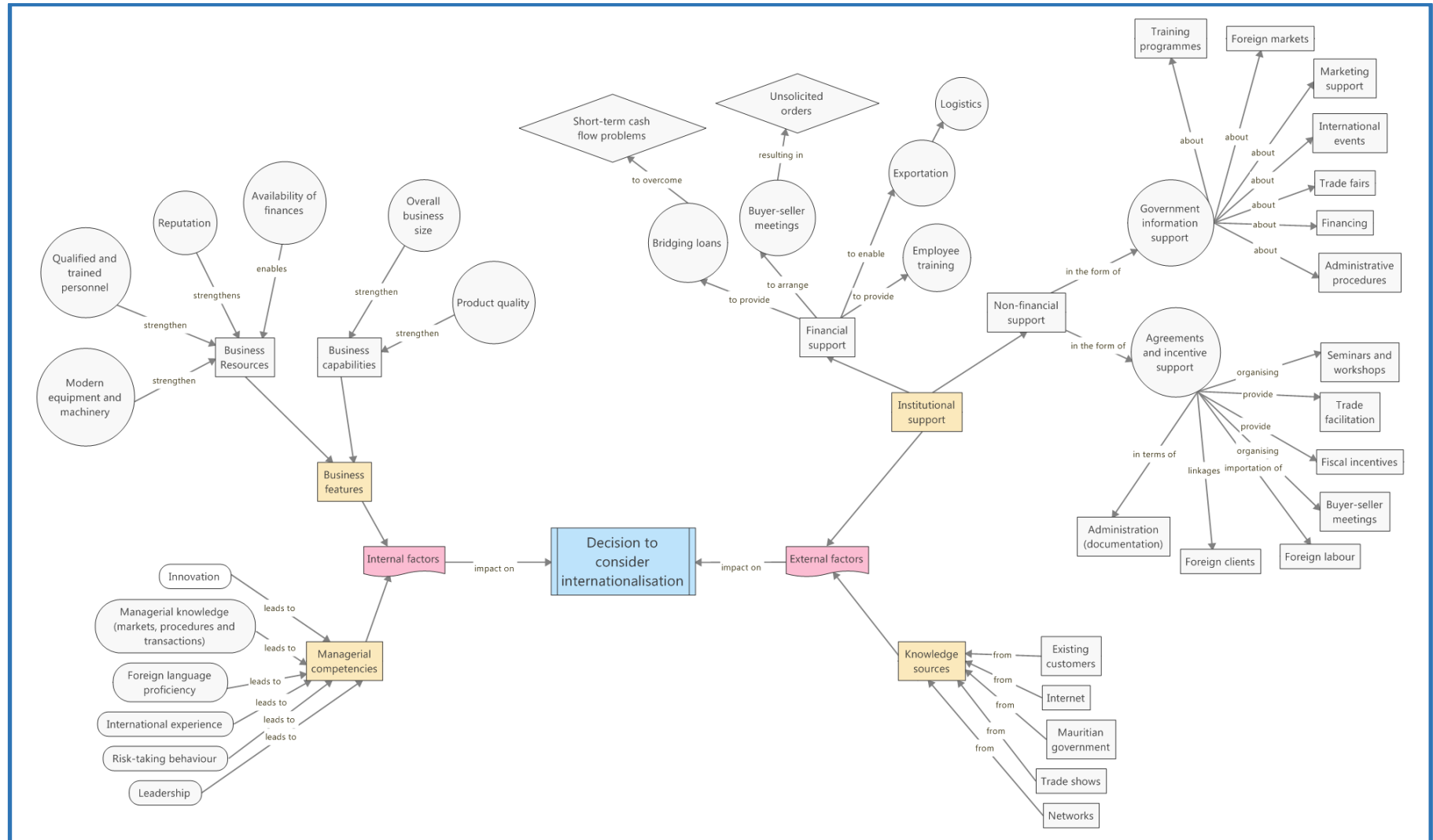
- **The macro environmental motives**

Only one major factor in the macro environment was identified as a motivator to consider internationalisation and it entails the decline in domestic sales due to an unfavourable domestic economic situation (par. 2.5.2). Although Mauritius has plans in place to develop from a middle-income to a high-income economy, the dismantlement of the MFA put a lot of pressure on the economy due to the influx of low-cost foreign manufacturers, the increased domestic labour costs, the shortage of domestic labour, and high energy and transportation costs (par. 1.2.1).

6.6.2 Feasibility

In the second step of the pre-internationalisation stage (stage 1), managers need to determine the feasibility for international growth. This entails a process to determine whether it would be possible for textile manufacturing businesses to internationalise. In this step, businesses' managers need to identify and consider all the factors that would either support (enablers of internationalisation) or inhibit (limitations of internationalisation) their decisions to internationalise. Moreover, the impact of the consideration factors on the businesses' intended internationalisation should be evaluated before proceeding with exportation. The consideration factors obtained from the literature review and the empirical results depicted in Figure 6.8, can be divided into two groups, namely internal consideration factors (par 2.9.1.2.1; par. 5.3.3.1.1) and external consideration factors (par 2.9.1.2.2; par. 5.3.3.1.2). These two groupings of consideration factors will subsequently be discussed respectively in par. 6.6.2.1 (internal consideration factors) and par. 6.6.2.2 (external consideration factors).

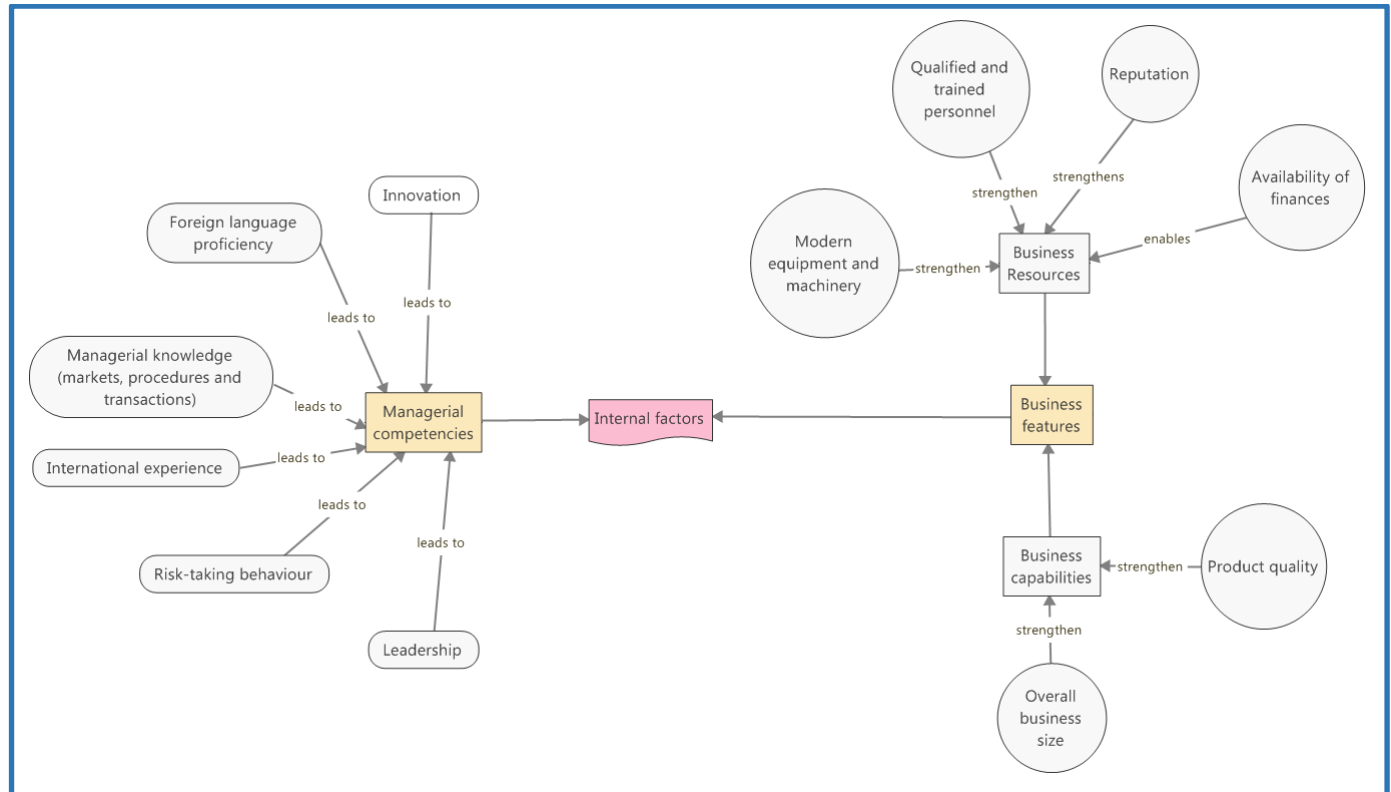
Figure 6.8: Factors affecting the decision to consider internationalisation



6.6.2.1 Internal consideration factors

Internal consideration factors are all the factors within the business, which can influence the decision to internationalise both positively and/or negatively. These factors are grouped into two categories, namely managerial competencies and business features (par. 2.5; par. 2.6; par. 2.7; par. 3.6; par. 5.2; par. 5.3) (Figure 6.9).

Figure 6.9: Internal consideration factors



6.6.2.1.1 Managerial competencies

Managerial competencies are important internal factors to be considered when deciding to internationalise (par. 5.3.3). Managers should realise that the absence of these competencies inhibit internationalisation and should, therefore, be considered and changed into enablers of internationalisation. Overall, six essential and applicable managerial competency consideration factors were identified throughout the study, which entail innovation, managerial knowledge, foreign language proficiency, international experience, risk-taking behaviour and leadership.

- Innovation is an enabler for internationalisation, especially in terms of transformation processes, cost reduction, operational efficiency and product lines (par. 5.2.2). It was found that innovation stimulates performance in the foreign markets, since it enables businesses to be aware of the

latest fashion trends and to achieve efficiency by creating and introducing new and stylish models of clothing (par. 5.3.1). Furthermore, innovation also enables businesses to be vigilant for environmental barriers (par. 5.3.4) and to react to their customers' requirements with the use of the latest production techniques and equipment (par. 5.2.5). In addition, if businesses want to operate effectively in foreign markets, managers need to be innovative when developing new and creative ideas, products and processes (par. 2.5.2.2).

- Managerial knowledge is context-based (par. 2.2.3) and is an important factor influencing the decision to internationalise (par. 5.3.3.1). Managerial knowledge entails all the knowledge managers should have about the nature and needs of international markets, the conducting of foreign transactions, networking and policies (par. 5.3.3). Sufficient and continuously increasing managerial knowledge will furthermore lead to a better understanding of the businesses' operational considerations, environmental considerations, institutional support considerations, innovation and relationship building, agreements and incentive support (par. 5.3.4).
- Foreign language proficiency is another important factor to be considered when deciding to internationalise (par. 5.3.3.1). Although most Mauritian textile manufacturers indicated that they are proficient in English and French, the use of language (verbal or nonverbal) can create socio-cultural export barriers. Familiarity with the language of the foreign markets will enable export businesses to interpret foreign cultures, to precisely identify specific needs, to better understand the export procedures and other relevant information, and to effectively communicate with stakeholders in the foreign markets (par. 2.5.2).
- International experience was identified throughout the literature as an important factor to consider when businesses decide to internationalise (par. 2.5.2; par. 2.7.2; par. 3.6.2.2), since it is pivotal in determining the speed and degree of internationalisation (par. 5.2.2). International experience is also valuable when managers need to select foreign markets (par. 2.4), when they need to establish foreign networks (par. 2.5.2), and when they want to reduce search and negotiation costs associated with foreign transactions (par. 2.7.2). In addition, international experience also enables managers to be environmentally aware so that they are equipped to identify new international market opportunities (par. 2.5.2, par. 3.6.2) and conversant with international operations (par. 3.6.2). However, when the textile manufacturers have limited or no international experience, it is considered as social and human capital barriers to the businesses' internationalisation scope (par. 2.6). These barriers can then only be overcome by appointing managers with international experience, to invest in cross-cultural training, organise field trips to foreign markets, or by identifying and targeting foreign markets that are similar to the Mauritian market (par. 3.6.7).

- The risk-taking behaviours of textile manufacturing business managers are seen as important entrepreneurial actions when they capitalise on foreign business opportunities (par. 2.6), especially when they enter new and unfamiliar foreign markets and when they decide to obtain foreign orders (par. 2.5.1; par. 5.3.3). Although risks are much higher during initial internationalisation, risk-levels are reduced when managers:
 - focus on the operational aspects of their businesses (par. 5.3.4)
 - receive institutional support (agreements and incentive support) (par. 5.3.4)
 - are able to network with existing exporters (par. 2.5.1)
 - obtain more relevant internationalisation information (par. 2.5.1)
 - increase their international knowledge and skills (par. 2.5.1)
 - expand their networks (par. 2.5.1).

Therefore, managers' risk-taking behaviour should be seen as part of their managerial tasks during initial internationalisation, since it significantly shapes their businesses' international growth strategies (par. 5.2.6). Managers that are able to take calculated and informed risks are able to expand their businesses internationally, which would ultimately lead to growth and sustainability in international markets. However, managers that are not willing to take the necessary risks, should not consider an internationalisation strategy (par. 5.2.6.3).

- Textile manufacturing businesses are motivated to internationalise (par. 3.2) when managers with strong leadership skills envision their businesses' international growth and are able to activate the whole business to contribute to the internationalisation strategy (par. 5.3.1). In this regard, managers need to be committed to their vision and international growth, and be able to communicate effectively inside the business (par. 2.4.7) as well as with external stakeholders (par. 5.2.6). They also need to develop internationalisation plans (par. 5.3.1) and establish international partnerships (par. 5.3.1). Furthermore, leaders need to possess decision-making abilities (par. 5.2.6), be accountable (5.2.6), creative and innovative (par. 2.6), be able to take risks (par. 5.2.6.3), and they must also be able to empower their employees with knowledge and skills in the work environment (par. 5.3.3.5.2).

6.6.2.1.2 Business features

Business features entail all the internal business aspects which need to be considered when textile manufacturers decide to internationalise. These features can either enable internationalisation or inhibit internationalisation; therefore managers need to consider these features before the decision to

internationalise, to determine the nature and impact thereof on the businesses' internationalisation efforts. These features are divided into two categories, namely business resources and business capabilities.

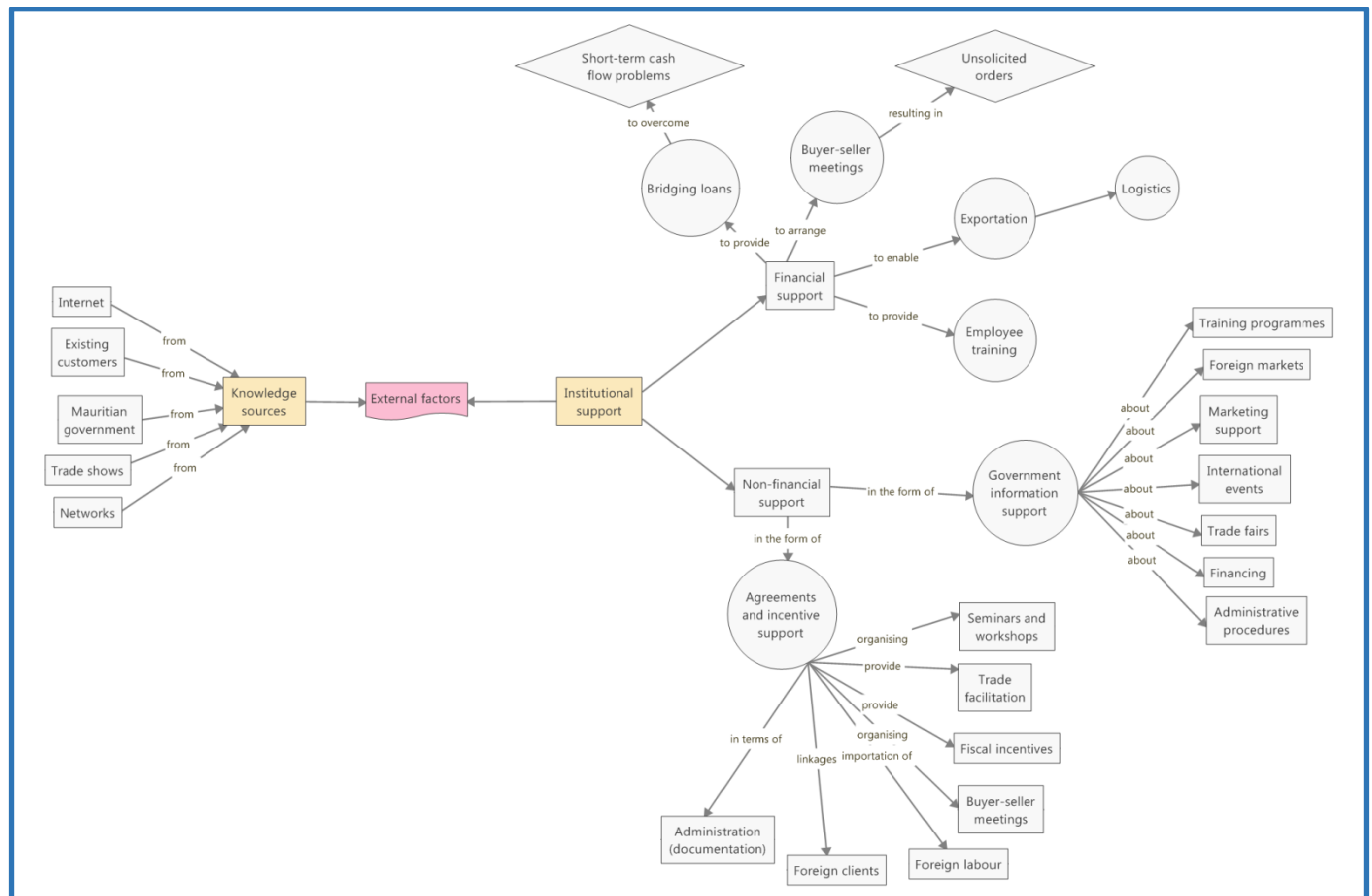
- The business resources, which are important consideration factors, entail equipment and machinery, finance, personnel and reputation.
 - Since the textile manufacturers' customers are in some instances very demanding about the use of modern production techniques and equipment (par. 5.2.2), they need to have sufficient financial resources to invest in new equipment and machinery (par. 5.2.3).
 - Financial resources can be obtained from the Mauritian government incentives, soft loans by the Development Bank of Mauritius (DBM), and flexible leasing schemes for the acquisition and modernisation of equipment (par. 1.2.1), as well as rebate facilities for the acquisition and modernisation of equipment (par. 1.2.1). Ultimately, financial resources not only allow them have sufficient working capital but have also allowed them to sustain low seasons, honour financial obligations and invest in new equipment (par. 5.2.3).
 - Qualified and trained personnel in all areas of the business are important considerations for international success (par. 5.2.5.3), since unqualified personnel create internal barriers for the businesses (par. 3.6).
 - Furthermore, reputation is viewed as a major intangible resource contributing to textile manufacturers' international success (par. 5.2.5.3). When businesses internationalise, the internationalisation activities they perform should be aimed at protecting their reputation (par. 2.4.2) to ensure an increase in the positivity thereof among foreign clients (par. 5.3.3).
- The business capabilities, which are important consideration factors regarding the business's features, entail the business size and its ability to supply orders of various sizes and product quality.
 - The size of the business, determined by its financial, physical or human size, plays a crucial role in its intention and ability to internationalise (par. 1.2.3). Although businesses' sizes do not affect their decisions to internationalise (par. 5.2.5.1), their smaller size may cause limitations, such as the inability to provide economies of scale (par. 3.6.3), financial limitations, limited production capacity and technology. Although these limitations can negatively affect their scope for international expansion (par. 2.7.2), foreign clients would often turn to smaller businesses as they can produce in small quantities to meet seasonal orders, unlike larger businesses, which prefer big orders (par. 5.2.8).

- The quality of products, as a major intangible resource contributing to textile manufacturers' international success (par. 5.2.5.3), is one of the most important consideration factors when deciding to internationalise (par 5.2.5.1; par. 5.3.3.1.1). Since the quality of products can either enable or inhibit internationalisation, the quality of products should be enhanced to keep up to date with the fashion trends and the latest production techniques (par. 5.3.5).

6.6.2.2 External consideration factors

External consideration factors are all the factors in the external environment, which can influence the decision to internationalise both positively and/or negatively. These factors are grouped into two categories, namely institutional support and knowledge sources (par. 5.2.4; par. 5.3.2; par. 5.3.3; par. 5.3.4) (Figure 6.9).

Figure 6.1: External consideration factors



6.6.2.2.1 Institutional support

Institutional support is an important external factor to be considered when deciding to internationalise (par. 5.3.3.5). Institutional support includes all the support provided to medium-sized textile manufacturers by the Mauritian government and other parastatals (par. 5.2.4.1), in their pursuit of internationalisation. In support of their 10-year SME master plan, the Mauritian government provides support to SMEs' internationalisation in various forms pertaining to information, facilitation and financing (par. 1.2.2). It is the responsibility of textile manufacturers to consider institutional support as mechanisms for the promotion of their internationalisation efforts. From the results of this study, it was revealed that various forms of support are provided to textile managers, which can be categorised as financial support and non-financial support (government information support and agreements and incentive support) (par. 1.2.2; par. 5.3.2).

- The availability of financial resources to strengthen textile manufacturers' positions in international markets, is a major factor influencing the initial stages of internationalisation (par. 5.2.3). Since the limited financial resources experienced by many textile manufacturers in Mauritius have led to a shortage of working capital to finance initial internationalisation (par. 6.3.2.1), the Mauritian government has several financial support initiatives to assist textile manufacturers to overcome this barrier to internationalisation. These include bridging loans to overcome short-term cash flow problems, finance for employees' training (par. 5.3.3.5.2), financing of their participation in buyer-seller meetings, and financial support for exports (logistics) (par. 5.2.4). Despite the government's initiatives to provide financial support to promote SME internationalisation (par. 3.6.2), most of the internationalised medium-sized textile manufacturers revealed that they preferred to be self-reliant by self-financing their internationalisation (par. 5.2.4) with their businesses' profits as well as funds they had obtained by means of bank loans and overdrafts (par. 5.2.3.1). Since the government's financial support initiatives are divided among all the different sectors of the economy, it can limit textile manufacturers' access to financial support (par 3.6.2). However, it was revealed that the ease with which financial support is obtained, positively influenced the textile manufacturers' decisions to initiate international transactions, since they knew that they could have easy access to financial resources when the need arose (par. 5.2.3.1). In this regard, the textile manufacturers that made use of the government's support had very positive experiences and conveyed that the financial support was instrumental during the initial stages of their internationalisation, especially since they received their first orders following their participation in the financially supported buyer-seller meetings (par. 5.2.4). In addition, it was revealed that as the businesses gained more internationalisation information from government information support, they also had an increased

realisation of the importance of government financial support (par. 5.3.4). Furthermore, the need for government financial support also increased when the businesses experienced higher levels of environmental barriers (par. 5.3.4).

- Non-financial support in the form of government information support and agreements and incentive (administrative) support is an added important institutional support consideration factor (par. 5.3.3.5.1; par. 5.3.3.5.3). Government information support includes information about internationalisation training programmes, foreign markets, international marketing support, forthcoming international events, trade fairs, financing and information about the facilitation of administrative procedures (par. 5.3.2). In addition, agreements and incentive support include the organising of seminars and workshops to encourage people to start their own businesses (par. 1.2.2), trade facilitation, fiscal incentives (par. 5.3.3.5.3), the organising of buyer-seller meetings, the importation of foreign labour, linkages with foreign clients through Embassies, and administrative (documentation) support (par. 5.2.9).

Although information support as a whole is regarded as an important internationalisation consideration factor (par. 5.3.3.5.1), information about the financing of SMEs to participate in international trade fairs is one of the most important consideration factors. This is due to the findings that most medium-sized textile manufacturers initially internationalised in response to foreign clients' (unsolicited) orders, resulting from their participation in international buyer-seller meetings and trade fairs. Additionally, information about the facilitation of administrative procedures are also deemed another important consideration factor (par. 5.3.3.5.1), since it was revealed that textile manufacturers are dissatisfied with the internationalisation administrative procedures support provided by the government (par. 5.2.4.1).

In terms of agreements and incentive support, the most important consideration factor is the importation of foreign labour to overcome the barrier of labour shortages in the textile industry (par. 5.3.3.5.3). In addition, other internationalisation barriers, which textile manufacturers need to overcome, also influence their decisions to internationalise. Such barriers include knowledge barriers, legal/compliance barriers, trade barriers (duties), procedural barriers (certification and trade facilitation) and logistical barriers (par. 5.2.8.5). These barriers can be eliminated with the support of the Mauritian government, especially government information support about financing opportunities, international trade fairs and administrative procedures, as well as agreements and incentive support pertaining to trade agreements and certification (par. 5.2.8; par. 5.3.5).

Agreements allow greater access to the foreign markets while ensuring that business ownership advantages are protected by well-defined and binding contractual clauses (par. 2.4.7).

6.6.2.2.2 Knowledge sources

In addition to institutional support, knowledge sources are another external consideration factor which could enable internationalisation. It is important for textile manufacturers to consider available knowledge sources to gain information about international market opportunities, fashion trends, legal compliance and trade agreements (par. 5.2.8.2). Despite the government's provision of information as a knowledge source for internationalisation, textile manufacturers should also consider other knowledge sources to gain sufficient information pertaining to their internationalisation. These include the Internet, existing customers, trade shows and networks. Although all these sources of knowledge are perceived as important consideration factors when textile manufacturers decide to internationalise, the Internet is seen as the knowledge source mostly used by textile manufacturers to gain information about internationalisation (par. 5.2.8.2). In this regard, the Internet is perceived as a low cost platform, which enables textile manufacturers to study and learn about export procedures. In addition, the Internet also assists with the acceleration of internationalisation by means of relevant and up to date market information trends (par. 5.2.6), the facilitation of instant and efficient communication through online meetings with foreign clients and coordination of international transactions (par. 5.2.8.2).

In addition, networks are also valuable knowledge sources when textile manufacturers intend to internationalise (par. 5.3.3.1.1). Managers' contacts play a crucial role in the business's international sustainability. Although managers might not have access to large networks when they decide to internationalise, the increase in contacts as the business expands during internationalisation progression will contribute extensively to their international success, especially in terms of new opportunities for expansion and to ease transactions and negotiation with suppliers and clients (par. 5.2.6).

In conclusion, when managers are satisfied that they have a need for international growth and they possess sufficient enablers to contribute to the success of their internationalisation, they should make the decision to internationalise and continue with exportation (stage 2).

6.7 STAGE 2: EXPORTATION

In this next stage of the internationalisation strategy of medium-sized textile manufacturers in Mauritius, businesses would start their internationalisation activities by means of limited experimental exportation.

This signifies that the “pre-exporters” is transformed into “experimental exporters”. Experimental exportation occurs when businesses experiment with internationalisation by means of limited international involvement due to its limited exposure or non-exposure to the international markets (par. 2.5.2). This stage is a crucial milestone in the business’s internationalisation path, since an unfavourable experience in this stage of the internationalisation strategy would discourage textile manufacturers to commit to further internationalisation. On the other hand, successful experimentation can lead to international progression (stage 3).

With limited experimental exportation, textile manufacturers sell their products periodically (based on unsolicited orders) in psychologically close countries. This implies that they start exporting in smaller quantities often to foreign countries with a similar environment to Mauritius, such as Europe, Reunion Island and Seychelles (par. 5.3.1). The businesses’ involvement in international markets in this stage is often seen as an add-on, and not an add-in, since their export frequencies are still low, periodic and irregular, with international sales rarely surpassing domestic sales (par. 2.5.2).

Most textile manufacturers prefer limited experimental exports during their initial internationalisation. They find it difficult and risky to invest a lot of money during the initial stages of internationalisation and in this stage of the internationalisation strategy, the businesses are in better positions to study the market before taking further steps to commit to expanding their international markets (par. 5.2.1; par. 5.2.8).

Furthermore, in this stage of the internationalisation strategy, it is extremely important for textile manufacturers to expand their internationalisation knowledge, to gain sufficient international experience and to make use of all the support at their disposal, so that they are able to overcome all the barriers associated with exportation (par. 3.6). Since acquiring more internationalisation knowledge and experience increases their chances to commit to progressive internationalisation (par. 2.5.2), it is also important for them to expand their networks to ensure:

- easy identification of marketing opportunities
- exact and precise information about the evolution of the markets
- direct contact with clients
- international transaction facilitation
- information about future markets
- negotiating opportunities for credit facilities with suppliers
- access to other clients outside their networks (par 5.2.6.2).

Textile businesses with favourable experiences during the limited experimental exportation stage would most likely continue to expand the international ventures by choosing international progression (stage 3).

6.8 STAGE 3: INTERNATIONAL PROGRESSION

In this stage of the internationalisation strategy, businesses are progressing with their internationalisation in terms of extensive, expanded and committed internationalisation. With extensive internationalisation, the internationalised businesses are exporting their products to only a limited number of foreign markets, while they gradually start to intensify their presence in their current markets by exploring more opportunities for larger customer bases and to gain international experience (par. 2.5.2; par. 5.2.2). This implies that they focus more on their networks to gain access to market opportunities and they also start making use of agents to assist them with relevant information and the distribution of their products (par. 5.2.8). An important factor textile manufacturers need to focus on in this stage is to improve their relationships with their clients and their suppliers, since these relationships ensure the continued receiving of orders from existing clients and this enhances their abilities to negotiate and secure credit facilities from suppliers (par 5.2.5.4). However, although the literature predicts that businesses may set up production facilities in countries where there is a high demand for their products, it was found that none of these businesses engaged in FDI due to the high political and economic risks associated with this mode of entry (par. 2.4; par. 2.5; par. 5.2.8).

As the textile manufacturers gain more internationalisation knowledge and experience, they would likely expand their reach even further by identifying additional export markets to enter. This expanded internationalisation would lead to some changes in the businesses' organisational structures, to include specific research and development departments. Research and development activities are extremely important if textile manufacturers want to expand their internationalisation beyond unsolicited orders (par. 3.3.6), since textile manufacturers with research and development teams conducting research and development activities are in better positions to supply products in line with the latest fashion trends (par. 5.2.1; par. 5.3.1). Furthermore, this study also revealed that an increase in market research will also lead to a decrease in managerial competency barriers as well as environmental barriers (par. 5.3.4).

With expanded internationalisation, the textile manufacturers also focus more on the support of their agents to facilitate export processes into new foreign markets (par 3.6.7.3; par. 5.2.8.5). Within the context of this study, textile manufacturers in this stage of exportation will most likely expand their

international activities into other markets such as South Africa, the United States of America, Germany, Switzerland, Australia and Italy (par 5.2.2.3).

Following expanded internationalisation, the textile manufacturers that continue with their international progression will continue to increase their presence in international markets and managers will constantly focus on the allocation of resources between domestic and foreign markets (par. 2.8.5). Moreover, internationalisation plays an increasingly strategic role in the overall growth strategy of the businesses, so much so that businesses' turnovers will eventually consist of larger portions international revenue than domestic revenue (par. 5.3.1). It is also evident from this study that textile manufacturers committed to their internationalisation expanded not only in terms of turnover, but also in terms of the number of employees, thereby contributing significantly to the Mauritian economy by means of job creation. Since all the textile manufacturers contributing to this research started off as small-sized textile manufacturers when they were initially established, their growth needs enabled them to capitalise on various opportunities in the domestic and international markets, which ultimately led to them becoming medium-sized textile manufacturers. Therefore, continuous and increased internationalisation commitment may ultimately lead to them becoming large global businesses (par. 6.4).

6.9 CHAPTER CONCLUSION

In conclusion, the first step in this first stage of the internationalisation strategy for medium-sized textile manufacturers in Mauritius entails the need to internationalise. If a need for international growth does not exist, textile manufacturers would most likely not act on any internationalisation opportunities, such as unsolicited orders or encouragement from external stakeholders. However, if textile manufacturers have a need for internationalisation, they need to consider all the factors which would influence the success of their internationalisation before they make the final decision to internationalise. The consideration factors would be either enablers for internationalisation, or inhibitors (barriers) which would counter their decisions to internationalise. In this regard is important for managers to overcome the inhibitors to internationalisation before they decide to internationalise. If textile manufacturers then decide to internationalise, they would start with limited experimental exportation, with the aim to gain international knowledge and experience. If they continue to expand, they would enter the progressive internationalisation stage where they will firstly intensify their export activities in their current foreign markets and then continue to expand into new foreign markets to ultimately change from an international business to a global business.

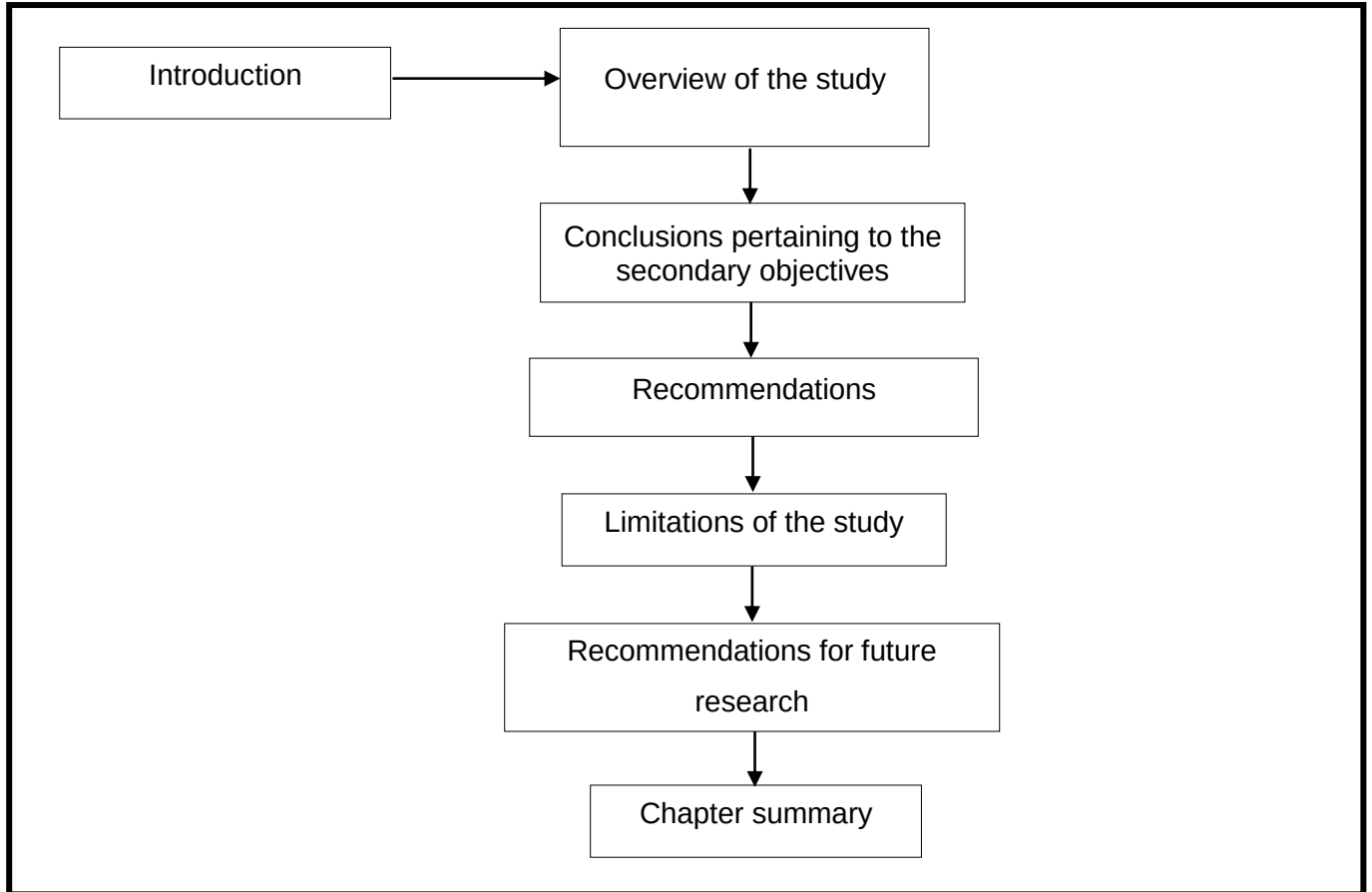
Finally, this chapter has addressed secondary objective 5 of this study, namely to develop an internationalisation strategy for medium-sized textile manufacturers in Mauritius as a SIDS. This internationalisation strategy not only contributes to the growth of Mauritian textile manufacturers and the Mauritian textile industry, but also to the Mauritian economy as a whole.

CHAPTER 7

FINAL CONCLUSIONS, SUMMARY AND RECOMMENDATIONS

7.1 INTRODUCTION

Figure 7.1: Structure of Chapter 7



No research is complete unless a final conclusion can be reached on whether the objectives of the research have been met. In this final chapter, the study is concluded by referring to the research objectives and by establishing whether the results actually prove that these objectives have been met. By doing that, a judgement can be passed on the contribution of the study to science and to practice. The purpose of this chapter is, therefore, to draw a number of conclusions and to make recommendations from the results of this study.

This chapter commences with an overview of the study, which is followed by a flow diagram linking the primary and secondary objectives, the method of investigation, the chapters in this thesis, and the conclusions and recommendations. Hereafter the conclusions pertaining to each secondary objective are discussed, followed by recommendations on the implementation of the internationalisation strategy. After that, the limitations of the study are discussed, and this chapter then concludes with recommendations for future research.

7.2 OVERVIEW OF THE STUDY

In Mauritius, the textile manufacturing industry is the backbone of the economy, in terms of job creation and also its contribution to the gross domestic product (GDP) (par. 1.2.1; par. 6.1). However, since the establishment of the trade liberation in 2005, business in this industry had been struggling to survive, due to increased labour costs and high levels of competition, and due to the influx of products from low cost countries such as China and India (par. 3.3.5; 3.6.3). Therefore, in order for businesses to be sustainable and grow, internationalisation is the next logical option. However, due to several barriers, of which available finance and managerial knowledge are the most prominent, many textile manufacturers fail to consider growth beyond the borders of the island (par. 3.6; par. 5.2.3). With this context in mind, the **primary objective** of this study was to develop and propose an internationalisation strategy for medium-sized textile manufacturers in Mauritius, which would benefit not only the businesses in terms of growth and sustainability, but also the Mauritian economy (par. 1.5.1).

In order to achieve the primary objective of this study, a number of **secondary objectives** (par. 1.5.2) were derived from the primary objective and the research problem (par. 1.3). The secondary objectives set for this study are:

- To conceptualise internationalisation pertaining to SMEs (secondary objective 1).
- To analyse the approaches to internationalisation, applicable to SMEs (secondary objective 2).
- To identify the motives for internationalisation and the modes of entry applicable to SMEs in general and in Mauritius (secondary objective 3).
- To determine the consideration factors influencing Mauritian medium-sized textile manufacturers' decisions to internationalise (secondary objective 4).
- To develop an internationalisation strategy for medium-sized textile manufacturers in Mauritius as a small island developing state (secondary objective 5).

To achieve the primary and secondary objectives, a conceptual framework first had to be established, to provide the theoretical foundation for this study. This was done in Chapter 2 where a workable definition of internationalisation applicable to this study was developed (par 2.2) (secondary objective 1), followed by the discussion and analysis of various internationalisation approaches, models and theories (par 2.3-2.9) (secondary objective 2).

To gain more insight on the issues underpinning the internationalisation of SMEs, Chapter 3 further reviewed the motives for internationalisation (par 3.2 – par 3.3), the different modes of entry into international markets, as well as the factors influencing managers' internationalisation decisions (par 3.4). In addition, the internal (par 3.6.1) and external barriers (par 3.6.2), which SMEs need to overcome when they decide to internationalise, were also analysed (secondary objective 3). From Chapters 2 and 3, pertinent elements were identified for further empirical investigation, in order to elucidate the specific elements to eventually be included in the proposed internationalisation strategy.

Chapter 4 detailed the research methodology and the research process adopted in this study, to enable the empirical achievement of secondary objectives 3 – 5. It presented the philosophical underpinnings (par 4.2) (positivist and post-positivist perspectives), which supported the scientific stance taken by the researcher to achieve the objectives set for the study (par 4.2.3). The chapter also revealed the selected research design (par 4.5) (combination of an exploratory research design and a descriptive research design), data collection methods (par 4.6) (exploratory sequential mixed-method (QUAL/quant) approach), sampling design (census) and methods used for data analyses (par 4.7).

Chapter 5 presented the systematic analysis of the data collected during the in-depth interviews (par 5.2), followed by the quantitative analysis of the data collected from the questionnaire (par 5.3). It also provided a detailed explanation of the main findings from the qualitative and quantitative studies (secondary objectives 3 and 4).

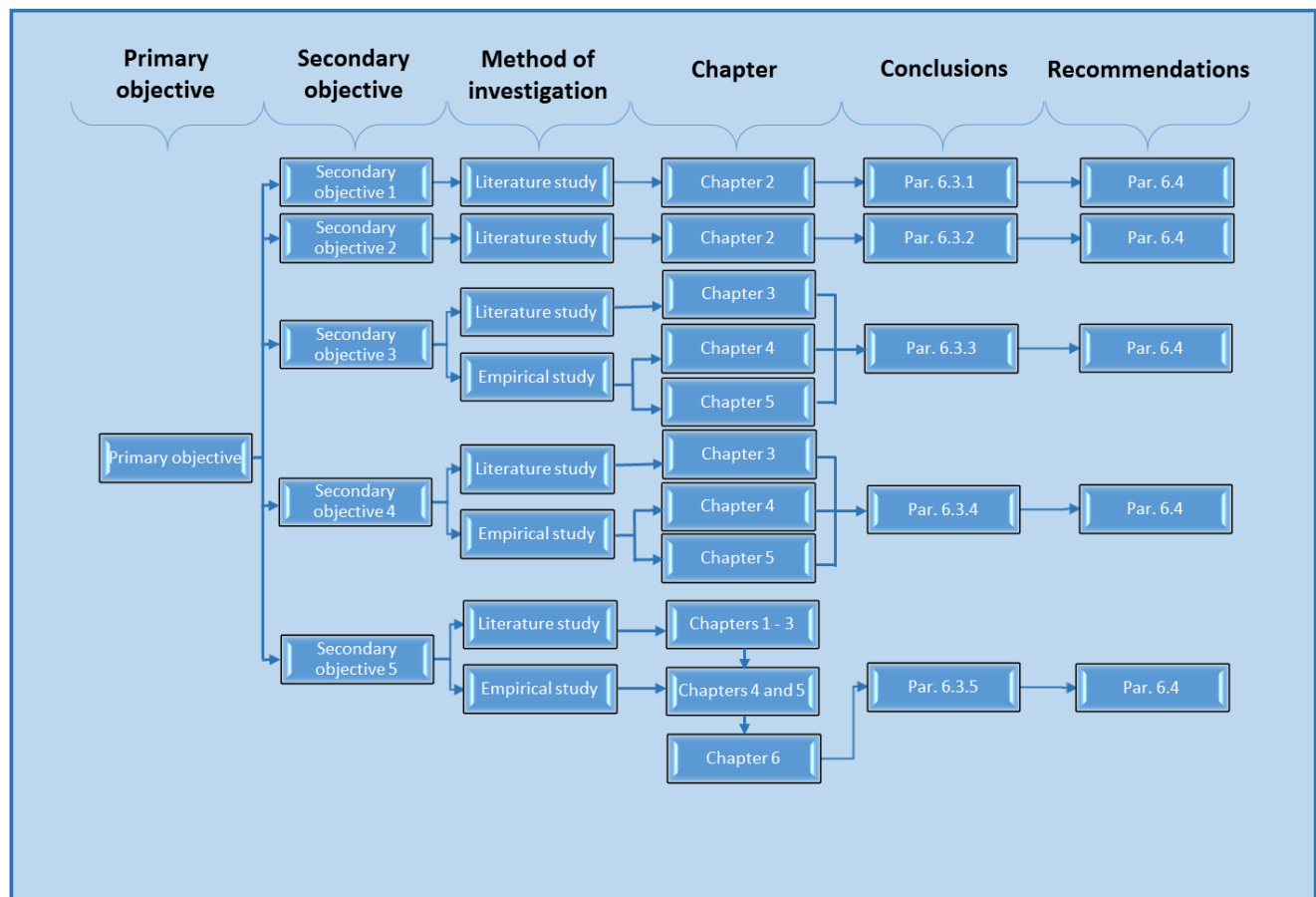
All the findings from the literature (Chapters 1 – 3) and the empirical studies (Chapters 4 – 5) culminated in the contribution of this study, namely the proposed internationalisation strategy for medium-sized textile manufacturers in Mauritius as a SIDS (secondary objective 5).

In this final chapter, the overall summaries are provided, final conclusions are reached, recommendations are proposed, and specific aspects pertaining to this study are elucidated.

7.3 CONCLUSIONS PERTAINING TO THE SECONDARY OBJECTIVES

Figure 7.2 below is a flow diagram that shows how the primary and secondary objectives, the method of investigation, the chapters in this thesis, as well as the conclusions and the recommendations interrelate. From the depiction in this figure (Figure 7.2) it can be inferred that the secondary objectives which guided this study, were continuously focused on throughout the study. Therefore, it can be concluded that the primary objective of this study, namely to develop an internationalisation strategy for medium-sized textile manufacturers in Mauritius as a SIDS, was achieved.

Figure 7.2: A summary of the relationships between the primary and secondary objectives, the method of investigation, the chapters, conclusions and recommendations



In Chapter 1 the objectives of the study were set. An analysis of the attainment of these objectives is necessary to establish the contribution of this study to the body of knowledge pertaining to the internationalisation of Mauritian medium-sized textile manufacturers. This analysis follows below.

7.3.1 Secondary objective 1

To conceptualise internationalisation pertaining to SMEs

To conceptualise internationalisation pertaining to SMEs the available body of knowledge pertaining to the internationalisation of businesses was critically reviewed to obtain profound insights into the different features surrounding this research. The first step towards achieving this objective was to develop a workable definition applicable to this study. From the analysis of various literature sources (par. 2.2; Appendix A), internationalisation was defined as *“a process, which SMEs use when they are motivated to expand their operations across national borders, in response to the changing business environment and with the intention to ensure growth and sustainability for the business. This process is largely influenced by the business’s entry modes and the ability to adapt its strategy, structure, and resources to the international context, as well as the knowledge gained and relationships developed through its international presence”* (par. 2.2.3).

This definition was further analysed and revealed three distinct variables contributing to SMEs’ internationalisation. In this regard, the following conclusions are made:

Conclusions:

- Internationalisation is a growth strategy when businesses expand their operations into foreign markets (par. 2.2).
- Internationalisation is a process, which starts with the motives to internationalise and then the decision to internationalise (par. 2.2).
- The decision to internationalise is influenced by aspects such as the modes of entry, the ability of the business to adapt its strategy, structure, available resources, knowledge pertaining to all aspects of the internationalisation process, and available networks (par 2.2).

7.3.2 Secondary objective 2

To analyse the approaches to internationalisation, applicable to SMEs

This objective was mainly achieved in the literature study (Chapter 2) and then further investigated in the empirical study (Chapter 5) to reveal the internationalisation process used by medium-sized textile manufacturers in Mauritius. In this paragraph, the conclusions from the literature study will first be discussed (par. 6.4.2.1), followed by a discussion of the conclusions from the empirical study (par. 6.4.2.2).

7.3.2.1 Conclusions from the literature study

The three variables identified from the development of the working definition (par. 2.2; par. 6.4.1) led to the identification of the approaches applicable to this study. In this regard, five approaches were identified from the literature as being applicable to this study (par. 2.3). In each of the approaches several models and theories are embedded, which contribute to the internationalisation of medium-sized textile manufacturing business in Mauritius.

From an analysis of the approaches to internationalisation the following conclusions are made:

Conclusions:

- An internationalisation strategy for Mauritian textile manufacturers is a process strategy consisting of five stages (par. 2.9).
- The pre-internationalisation stage (stage 1) focuses on the motives to internationalise and lead to the consideration of factors, which need to be analysed before the decision to internationalise can be made (par. 2.9).
- During the limited experimental stage (stage 2), internationalisation activities are based on the mode of entry chosen and businesses would only experiment with internationalisation by means of limited sporadic international involvement (par. 2.9).
- During the extensive internationalisation stage (stage 3), businesses increase their presence in their current foreign markets through market penetration strategies (par. 2.9).

- During the expanded internationalisation stage (stage 4), businesses explore markets further from their home country and start to internationalise to more countries (par. 2.9).
- During the committed internationalisation stage (stage 5), businesses continue to increase their presence in international markets and managers will constantly focus on the allocation of resources between domestic and foreign markets (par. 2.9).

7.3.2.2 Conclusions from the empirical study

Although this objective was mainly achieved with the literature study, certain aspects pertaining to the internationalisation approach of medium-sized textile manufacturers in Mauritius were also revealed during the empirical study (Chapters 4 and 5). In this regard, the following conclusions were made:

Conclusions:

- The need and motivation to internationalise is the first step in the process that drives internationalisation for medium-sized textile manufacturers in Mauritius. However, before the decision to internationalise is taken, several factors affecting the feasibility of such a decision should be considered. If sufficient evidence exists that such a decision would be feasible, the businesses proceed to internationalise by means of exportation.
- Because of financial constraints and the lack of knowledge during the initial stages of internationalisation, it is concluded that a gradual involvement in foreign markets would be the most suitable approach to engage internationally.
- Most textile manufacturers start operations as small businesses and increase their international involvement due to unsolicited orders from foreign clients. In this regard, participation in buyer-seller meetings is important to gain access to international orders.
- The European markets are considered as the main markets for initial internationalisation, while the African and the USA markets are seen as promising markets for later or further expansion.
- In terms of the speed and degree of internationalisation, word of mouth and international experience are pivotal.
- The operational process followed to secure international transactions entails the receiving of orders, manufacturing of the products and then exporting the products.

7.3.3 Secondary objective 3

To identify the motives for internationalisation and the modes of entry applicable to SMEs in general and in Mauritius

This objective was focused on in the literature study (Chapter 3) as well as the empirical study (Chapter 5). In this paragraph, the conclusions from the literature study will first be discussed (par. 6.4.3.1), followed by a discussion of the conclusions from the empirical study (par. 6.4.3.2).

7.3.3.1 Conclusions from the literature study

In the literature study a distinction was made between the “why” and the “how” of internationalisation for SMEs. Regarding the “why”, various motives for SMEs’ internationalisation were discussed (par. 3.2 – 3.3), whereas the various modes of entry into foreign markets elucidated the “how” (par. 3.4 – 3.6). In this regard, the following conclusions are made:

Conclusions:

- The overarching motivator for the internationalisation of SMEs, is the need for growth.
- Specific motivators include profit goals (par. 3.3.1), technology competence/unique product (par. 3.3.2), foreign market opportunities/market information (par. 3.3.3), economies of scale (par. 3.3.4), competitive pressures (par. 3.3.5), and unsolicited orders from foreign clients (par. 3.3.6).
- SMEs are more prone to use export as a mode of entry into foreign markets (par 3.5).
- SMEs need to overcome several internal and external barriers when they intend to internationalise. Internal barriers include informational barriers (par 3.6.1), functional barrier (par 3.6.2) and marketing barrier (par 3.6.3), while external barriers consist of procedural barrier (par 3.6.4), governmental barrier (par 3.6.5), task barrier (par 3.6.6) and environmental barrier (par 3.6.7).

7.3.3.2 Conclusions from the empirical study

In the empirical study qualitative and quantitative data was collected to determine the “why” and the “how” of internationalisation, specifically to medium-sized textile manufacturers in Mauritius (par. 5.2). In this regard, the following conclusions are made:

Conclusions:

- The overall internationalisation motive for Mauritian textile manufacturers is the need for growth due to the small size and the saturation of the Mauritian market, and the competitiveness in the industry (par. 5.2).
- Exports are the most used mode of entry by medium-sized textile manufacturers in Mauritius (par. 5.2).
- Finance is one of the major factors influencing the initial stages of internationalisation, which can be overcome with access to loans from banks, shareholders' funds as well as foreign customers who may provide funds/materials to initiate production. In addition, institutional financial support in the form of funds for participating in international market fairs, marketing, buyer-seller meetings and equipment are available (par. 5.2).
- Other barriers associated with exportation include knowledge barriers, legal/compliance barriers, trade barriers (duties), procedural barriers (certification & trade facilitation), and logistical barriers. However, it is possible to overcome these barriers with trade agreements and information from agents, foreign customers, the Ministry of Trade and the Internet (par. 5.2).

7.3.4 Secondary objective 4

To determine the consideration factors influencing Mauritian medium-sized textile manufacturers' decisions to internationalise

Before the decision to internationalise is taken, several factors affecting the feasibility of such a decision should be considered. These consideration factors include internal and external factors. If sufficient evidence exists that such a decision would be feasible, the businesses proceed to internationalise by means of exportation. In this regard, the following conclusions are made:

Conclusions:

- Four organisational factors which need to be considered affect initial internationalisation, namely its size, experience, competencies, and networks.
- The lack of knowledge about internationalisation procedures and the foreign markets needs to be considered.

- Certain competencies in businesses are necessary for effective and streamlined internationalisation. These include competencies such as qualified and trained personnel, the availability and use of modern equipment and machinery, leadership, teamwork, and the latest production techniques.
- Networking and relationship building are important factors needed to sustain internationalisation.
- Managers' orientation towards language, risk-taking, and knowledge enhancement enables them to expand and be sustainable in international markets.
- Information sources such as the Internet, existing customers, the Ministry of Foreign Affairs, the Ministry of Trade, buyer-seller meetings, international magazines, as well as SME Mauritius provide opportunities for knowledge enhancement in terms of international markets and trends in the fashion and design industry.

7.3.5 Secondary objective 5

To develop an internationalisation strategy for medium-sized textile manufacturers in Mauritius as a small island developing state

This final objective of the study, is seen as the main contribution of this study, and was only possible to achieve after the preceding objectives were achieved. Therefore, to achieve this objective, the theoretical foundation underpinning the internationalisation of SMEs (Chapter 2 & Chapter 3) was drawn. Moreover, data was collected from the owners of medium-sized textile businesses in Mauritius to gain a better and deeper understanding of their internationalisation, which contributed to the achievement of this objective.

To demonstrate credibility of the data obtained, the different stages of the research process were methodologically applied, as detailed in Chapter 4. To ensure that an in-depth investigation was conducted into the internationalisation phenomenon of Mauritian textile manufacturers, it was deemed necessary to combine both qualitative and quantitative data collection methods with the use of an exploratory sequential mixed-methods approach (par 4.5.1.4). The results of the research were then reported in Chapter 5.

From all the findings in the literature and in the empirical studies (Chapters 1 – 5), the proposed internationalisation strategy for medium-sized textile manufacturers, towards the achievement of secondary objective 5, was portrayed in Chapter 6. In this regard, the following conclusions are made:

Conclusions:

- The internationalisation strategy applicable to medium-sized textile manufacturing businesses in Mauritius, is an internal market development growth strategy by means of exports (par. 6.4).
- The internationalisation strategy is a process-strategy which should be implemented gradually according to the stages of the process (par. 6.5).
- The process-strategy applicable to the internationalisation of medium-sized textile manufacturers in Mauritius include three stages, namely the *pre-internationalisation* (stage 1) consisting of the analysis of the needs and feasibility to internationalise, *exportation* (stage 2) consisting of limited experimental internationalisation, and *international progression* (stage 3) consisting of extensive internationalisation, expanded internationalisation and committed internationalisation (par. 6.6 – 6.8).

7.4 IMPLEMENTATION RECOMMENDATIONS

This section aims to make certain recommendations concerning the implementation of the internationalisation strategy for medium-sized textile manufacturers in Mauritius. In view of the preceding conclusions made pertaining to each secondary objective (par. 6.4.1 – 6.4.7), the following recommendations are suggested:

7.4.1 Recommendation 1: Internationalisation is a gradual process

Since the internationalisation strategy is a process-strategy, it should be implemented gradually and stage by stage. From the conclusions pertaining to secondary objective 2 (par. 6.4.2) it was also revealed that textile manufacturers facing financial constraints and a lack of knowledge are encouraged to follow a gradual involvement into foreign markets during the initial stages of internationalisation.

This approach to internationalisation is important to avoid situations where textile manufacturers experience internationalisation negatively and as such decide to evade internationalisation as a growth strategy. This gradual involvement will allow the businesses to develop more experiential knowledge about the international markets and international transactions (from their exposure to foreign markets), so that they will be more willing to increase their commitment and involvement in international markets.

7.4.2 Recommendation 2: Determine the feasibility to internationalise

To determine the feasibility, it is recommended that textile manufacturers analyse all the internal and external consideration factors, by means of a SWOT (strengths, weaknesses, opportunities and threats) analysis, before the decision is made to internationalise. Following such analysis, all the internal and external factors should then be assessed by means of an internal and external factor evaluation to determine the impact of each factor on the decision to internationalise. In terms of the internal consideration factors, the textile manufacturers should ultimately determine whether they have favourable internal stimuli such as international experience, competencies, networks, knowledge about internationalisation procedures, qualified and trained personnel, the availability and use of modern equipment and machinery, leadership, teamwork, and the latest production techniques. It is believed that the managers should be innovative and have a positive attitude towards internationalisation. It is also recommended that managers should take the necessary actions to convert their weaknesses into strengths to ensure successful internationalisation.

In terms of the external consideration factors, the textile manufacturers should identify favourable external policy decisions in terms of trade facilitation, marketing, communication, financial and institutional support, which will have positive influences on their businesses' internationalisation processes. They should also search for information on international market opportunities and trends in the fashion and design industry from relevant sources such as the Internet, existing customers, the Ministry of Foreign Affairs, the Ministry of Trade, buyer-seller meetings, international magazines, as well as SME Mauritius.

At this stage, the textile manufacturer is still a “pre-exporter” and only thinking about exporting. Therefore, if they find that the decision to export is economically and operationally feasible, then they will develop into “future exporters” (i.e. start to export).

7.4.3 Recommendation 3: Experiment with internationalisation

It is important that the textile manufacturers experiment with internationalisation, after they have decided to internationalise, in markets similar to Mauritius or in close proximity thereof. In this regard, their attendance at trade fairs and buyer-seller meetings is important, in order to establish networks which could lead to the attainment of unsolicited orders. These unsolicited orders will provide the textile manufacturers with opportunities to experiment with periodic exports. This is a crucial milestone in the textile manufacturers' internationalisation path, since their experience during the experimental stage will determine their commitment to further internationalisation efforts.

Moreover, it is important that textile manufacturers deal cautiously with export barriers including knowledge barriers, legal/compliance barriers, trade barriers (duties), procedural barriers (certification & trade facilitation) and logistics barriers, since these can hamper their internationalisation efforts.

7.4.4 Recommendation 4: Commit to internationalisation

After gaining adequate international experience from experimental exports, the textile manufacturers are in a better position to explore other avenues in their existing markets. As their experience and involvement in the international market increase, it is recommended that they use their networks to further intensify their presence in their existing markets, keeping in mind their production capacities. At this stage, the textile manufacturers are experienced exporters and they could even be in positions to consider other modes of internationalisation, such as Foreign Direct Investment (FDI).

7.4.5 Recommendation 5: Expand international markets

As the textile manufacturers gain more knowledge on and experience in internationalisation, it is recommended that they expand their reach even further by identifying additional export markets to enter. This expanded internationalisation would lead to some changes in the businesses' organisational structures, such as the inclusion of research and development departments. Research and development activities are extremely important if textile manufacturers want to expand their internationalisation beyond unsolicited orders, since textile manufacturers with research and development teams conducting research and development activities, will be in better positions to supply products in line with the latest fashion trends. The textile manufacturers should also focus more on the support of their agents to facilitate export processes into new foreign markets that might be unfamiliar. Due to government agreements, South African and USA markets could be considered at this stage.

7.4.6 Recommendation 6: Become a global company

As the textile manufacturers continue with their international progression and increase their presence in international markets, managers should consider foreign markets as a strategic decision by constantly focusing on the allocation of resources between domestic and foreign markets. Gradually, as the textile manufacturers' turnovers begin to consist of larger portions international revenue than domestic revenue, internationalisation will play an increasingly strategic role in the overall growth strategy of the businesses.

7.5 LIMITATIONS OF THE STUDY

No study is without limitations. The limitations relevant to this study include the following:

- Limited funding resulted in the following limitations:
 - This study included only internationalised medium-sized textile manufacturers. Results can therefore not be generalised and are only relevant to this particular context.
 - In this study, data was collected only from textile manufacturers in one small island developing state, namely Mauritius.
- Time constraints resulted in the following limitations:
 - Although a census of all the applicable textile manufacturing businesses was used to collect the data in this study and the size of the population was relatively small, it was quite difficult to gain access to the businesses, since the researcher had to adapt to the managers' schedules, which led to the data collection being spread out over a long period. It was also daunting to convince the managers to take part in this research, with 13 managers not responding to the request for participation.
 - The data collection for the qualitative and quantitative studies was time-consuming, as the researcher physically visited all the establishments which are geographically scattered across the island.
- In terms of generalising the results of this study, the findings should be interpreted with caution and great care when generalising the results to other contexts. Since the data was collected from medium-sized textile manufacturers only, the results are relevant and should be generalised to only this particular context.
- Due to the absence of more recent secondary information on the status and evolution of the SME sector in small island developing states it was challenging to find theoretical evidence of how medium-sized textile manufacturers in Mauritius internationalise.

7.6 RECOMMENDATIONS FOR FUTURE RESEARCH

Future research can, while noting the above-mentioned limitations, include:

- **Investigation of internationalisation in other SIDS**

Although SIDS economies face similar economic, environmental and developmental challenges, the eco system in which the SMEs evolve in different SIDS are not the same. Therefore, it is recommended that future research investigate the internationalisation processes of SMEs in other SIDS. Findings from future studies will further enhance the understanding of the

internationalisation of SMEs in SIDS economies and to some extent may validate the findings of this study through a comparative study.

- **Small and large textile manufacturers in Mauritius**

This research has focused only on the internationalisation of medium-sized textile manufacturers in Mauritius. However, future studies can also be carried out to understand how the internationalisation of small and/or large textile manufacturers differ from one another. This will assist managers to develop appropriate internationalisation strategies throughout the different stages of their businesses' growth.

- **Extending the research to other industries**

Since this study focused only on the textile industry in Mauritius, future studies can also be extended to other industries which contribute to the economic growth of Mauritius. Such research will give an indication of whether generic internationalisation strategies could be developed to facilitate the internationalisation of SMEs operating in several industries.

- **Considering other factors affecting internationalisation of SMEs**

It is acknowledged that this study could not have included all the factors affecting SMEs' internationalisation, such as the entrepreneurial risk attitude towards internationalisation and the cultural dimension affecting internationalisation of SMEs, among others. Since this study has been carried out in a specific cultural setting, future research can also investigate how pertinent issues such as the cultural dimension and risk attitude can influence the internationalisation of SMEs in SIDS. These findings can be compared to assess the importance of culture and a risk-taking attitude on the intention to internationalise.

Furthermore, future studies can also adopt a longitudinal study to develop a deeper understanding by assessing how the different evolving issues surrounding the internationalisation of these businesses can influence SMEs' internationalisation.

- **Learning from failures**

As the proposed internationalisation strategy is based on insights from existing textile manufacturers which are successfully involved in international markets, future research can consider investigating the factors that have led to unsuccessful internationalisation efforts. By studying internationalisation from this perspective will assist in enhancing the basis for the

development of future government policies as well as business decisions with regard to internationalisation.

7.7 CHAPTER CONCLUSION

In this final chapter, the research objectives were perused and compared with the findings, and evidence was provided to show that all the objectives have been met. Conclusions were drawn, with the most important ones being that:

- These businesses should adopt an internal market development international growth strategy by means of exports.
- The internationalisation of these businesses should be implemented gradually (from being an experimental exporter at the initial stage of the internationalisation to becoming an experienced and committed exporter).
- Prior to internationalisation, businesses should ensure that they have the right mix of resources.
- The exposure and knowledge gained from their current position in foreign markets allow them to grow in their current foreign markets and to also explore new markets.

It is further concluded that this study fills in an apparent gap in the literature on internationalisation of SMEs and in particular from a SIDS perspective. Moreover, the recommendations will ease and facilitate the internationalisation of textile manufacturers in Mauritius as a small island developing state, informing managers of the internal measures that should be undertaken to facilitate their internationalisation. In addition, governmental policy makers will also gain from this research with the elucidated need for government support in general and more specifically, effective administrative support.

In terms of the methodology used in this study, it is concluded that research pertaining to the internationalisation phenomenon should adopt both qualitative and quantitative research approaches, to enable a deeper understanding of “why?” and “how?” internationalisation occurs.

7.8 CHAPTER SUMMARY

This last chapter commenced with a brief overview of the study, followed by a discussion of the extent to which each secondary objective was achieved. In this respect, results from both the literature study and from the empirical study were presented. Based on these results, it has been established that all the secondary objectives which guided the study were achieved. Referring to the findings of the study, the

chapter then proceeded to provide a set of recommendations for the development of an internationalisation strategy for medium-sized textile manufacturers in Mauritius as a SIDS – thereby achieving the primary objective of the study. Thereafter, the main limitations of the study were highlighted so that vigilance can be applied in similar future studies. Finally, recommendations for future research were put forward to inform potential future studies stemming from this research.

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APPENDIX A

DEFINITIONS OF INTERNATIONALISATION

The workable definition applicable to this study was developed by means of a four-step stage, namely identification (step 1), analysing (step 2), evaluating (step 3) and synthesising (step 4). The process is based on the revised version of Bloom's taxonomy pertaining to the development of higher-order thinking skills (Anderson *et al.*, 2001:27-37; Bloom *et al.*, 1956:18-27).

- In step 1 the various applicable definitions of internationalisation were identified from literature. To this end, 22 definitions of internationalisation spanning almost 60 years of research were identified (Table A1).
- In step 2 the identified definitions were analysed. This analysis process entailed separating each definition into its constituent parts, then all the elements were organised and the corresponding elements from all the definitions were grouped together (colour-coded). The non-corresponding elements, unique to each definition, were grouped separately (Table A2).
- In step 3 the elements in each group were reduced to a few overarching elements which were descriptive of several corresponding elements. This reduction was executed by means of an evaluation process where the value of each element within the context of the study was determined. The non-corresponding elements were also reduced by means of elimination, with only the applicable elements being retained, and then further reduced under holistic inclusive concepts (Table A3).
- In step 4 all the elements were synthesised into a whole and arranged in a specific order to constitute the workable definition applicable to this study. This synthesis included an extensive sentence construction process to enable the fluent readability of the definition (par. 2.2).

Table A1: Step 1: Identification of applicable definitions

Author	Definition
Penrose (1959)	Internationalisation focuses on the business's core competencies and opportunities in the foreign environment.
Johanson and Vahlne (1977)	A process in which businesses gradually increase their international involvement.
Bilkey and Tesar(1977)	A sequential and orderly process of increased international involvement and the associated changes in organisational forms.
Cunningham and Homse (1982:328)	A continuous process of choice between policies which differ maybe only marginally from the status quo. It is perhaps best conceptualised in terms of the learning curve theory. Certain stimuli induce a business to move to a higher export stage, the experience (or learning) that is gained then alters the business's perceptions, expectations, and managerial capacity and competence, and new stimuli then induce the business to the next higher export stage, and so on.
Welch and Luostarinen (1988:157)	The process of increasing involvement in international operations.
Beamish (1990:77)	The process resulting from businesses' increased awareness of the direct and indirect influences of international transactions on their future, and their establishing and conducting transactions with other countries.
Johanson and Vahlne (1990:11)	Cumulative process in which the enterprise gradually increases its international involvement through the continuous establishment, and development of relationships.
Buckley and Casson (1976)	The pattern of investment in foreign markets basically explained by rational economic analysis.
Johanson and Mattsson (1993: 306)	Cumulative process, in which relationships are continually established, maintained, developed, broken and dissolved in order to achieve the objectives of the business.
Hitt et al. (2002:298)	When a business expands across country borders into geographic locations that are new to the business.
Calof and Beamish (1995: 116)	The process of adapting businesses' operations (strategy, structure, resources) to international environments.
O'Grady and Lane (1996)	An ongoing learning process, where immersion in the international market is the only practical way to remain competitive.
Ahokangas (1998)	Process of mobilising, accumulating and developing resource stock for international activities.

Author	Definition
Lehtinen and Penttinen (1999:13)	Internationalisation concerns the relationships between the business and its international environment, derives its origin from the development and utilisation process of the personnel's cognitive and attitudinal readiness, and is concretely manifested in the development and utilisation process of different international activities, primarily inward, outward and cooperative operations.
Zweig (2002:3)	The expanded flow of goods, services, and people across state boundaries, thereby increasing the share of transnational exchange relative to domestic ones.
Javalgi et al. (2003:186)	A process through which a business moves from operating in its domestic marketplace to operating in international markets.
Lu and Beamish (2001:28)	Internationalisation is a multidimensional construct. Two of the most prominent avenues of internationalisation are exporting and foreign direct investment.
Armario et al. (2008:485)	A sequential process that leads from a domestic market to international markets.
Lin (2010)	A process of successive commitment in foreign markets.
Lin (2018)	Internationalisation presents new opportunities for value creation by providing access to new resources, foreign stakeholders and new institutions.
Khojastehpour and Johns (2015:157)	Entering an international market through the adaptation of the organisation's processes, transfer of knowledge and opportunities to reach a new market.
Eriksson (2016:27)	Internationalisation is a change process that unfolded through a number of stages by which a business gradually increases its foreign commitment.

Table A2: Step 2: Analysis of identified definitions

Author	Definition and colour-coded elements	Grouping
Penrose (1959)	Internationalisation focuses on the business's core competencies and opportunities in the foreign environment.	• Business's foreign operations • Opportunities • Business's internal resources
Johanson and Vahlne (1977)	A process in which businesses gradually increase their international involvement.	• Gradual process • Business's foreign operations • Growth
Bilkey and Tesar(1977)	A sequential and orderly process of increased international involvement and the associated changes in organisational forms.	• Sequential process • Business's foreign operations • Growth • Business's internal resources
Cunningham and Homse (1982:328)	A continuous process of choice between policies which differ maybe only marginally from the status quo. It is perhaps best conceptualised in terms of the learning curve theory. Certain stimuli induce a business to move to a higher export stage, the experience (or learning) that is gained then alters the business's perceptions, expectations, and managerial capacity and competence, and new stimuli then induce the business to the next higher export stage, and so on.	• Continuous process • Business's foreign operations • Business's internal resources • Growth
Welch and Luostarinen (1988:157)	The process of increasing involvement in international operations.	• Process • Business's foreign operations • Growth
Beamish (1990:77)	The process resulting from businesses' increased awareness of the direct and indirect influences of international transactions on their future, and their establishing and conducting transactions with other countries.	• Process • Business's foreign operations • Business's internal resources • Growth

Author	Definition and colour-coded elements	Grouping
Johanson and Vahlne (1990:11)	Cumulative process in which the enterprise gradually increases its international involvement through the continuous establishment and development of relationships.	• Cumulative process • Business's foreign operations • Business's internal resources • Growth • Opportunities
Buckley and Casson (1993)	The pattern of investment in foreign markets basically explained by rational economic analysis.	• Business's foreign operations • Growth • Opportunities
Johanson and Mattsson (1993: 306)	Cumulative process, in which relationships are continually established, maintained, developed, broken and dissolved in order to achieve the objectives of the business.	• Cumulative process • Business's foreign operations • Business's internal resources • Growth • Opportunities
Hitt et al. (2002:298)	When a business expands across country borders into geographic locations that are new to the business.	• Business's foreign operations • Growth
Calof and Beamish (1995: 116)	The process of adapting businesses' operations (strategy, structure, resources) to international environments.	• Process • Business's foreign operations • Business's internal resources
O'Grady and Lane (1996)	An ongoing learning process, where immersion in the international market is the only practical way to remain competitive.	• Ongoing process • Business's foreign operations • Business's internal resources • Opportunities
Ahokangas (1998)	Process of mobilising, accumulating and developing resource stock for international activities.	• Process • Business's foreign operations • Business's internal resources • Growth

Author	Definition and colour-coded elements	Grouping
Lehtinen and Penttinen (1999:13)	Internationalisation concerns the relationships between the business and its international environment, derives its origin from the development and utilisation process of the personnel's cognitive and attitudinal readiness and is concretely manifested in the development and utilisation process of different international activities, primarily inward, outward and cooperative operations.	• Process • Business's foreign operations • Business's internal resources • Growth
Zweig (2002:3)	The expanded flow of goods, services, and people across state boundaries, thereby increasing the share of transnational exchange relative to domestic ones.	• Business's foreign operations • Business's internal resources • Growth • Opportunities
Javalgi et al. (2003:186)	A process through which a business moves from operating in its domestic marketplace to operating in international markets.	• Process • Business's foreign operations • Growth
Lu and Beamish (2001:28)	Internationalisation is a multidimensional construct. Two of the most prominent avenues of internationalisation are exporting and foreign direct investment.	• Business's foreign operations
Armario et al. (2008:485)	A sequential process that leads from a domestic market to international markets	• Sequential process • Business's foreign operations • Growth
Lin (2010)	A process of successive commitment in foreign markets.	• Process • Business's foreign operations • Business's internal resources • Growth
Lin (2018)	Internationalisation presents new opportunities for value creation by providing access to new resources, foreign stakeholders and new institutions.	• Business's foreign operations • Business's internal resources • Growth • Opportunities

Author	Definition and colour-coded elements	Grouping
Khojastehpour and Johns (2015:157)	Entering an international market through the adaptation of the organisation's processes, transfer of knowledge and opportunities to reach a new market	• Business's foreign operations • Business's internal resources • Opportunities
Eriksson (2016:27)	Internationalisation is a change process that unfolds through a number of stages by which a business gradually increases its foreign commitment.	• Change process • Business's foreign operations • Business's internal resources • Growth

Table A3: Step 3: Evaluation of analysed definitions

From the analysis in step 2, three overarching attributes were identified in which all the elements could be grouped:

- Attribute 1: Includes all the applicable elements pertaining to **growth** and the **business's foreign operations**. This attribute was labelled as business growth in relation to expanding foreign operations.
- Attribute 2: Includes all the applicable elements pertaining to the **processes** businesses use to internationalise. This attribute was labelled as internationalisation as a process.
- Attribute 3: Includes all the applicable elements pertaining to **opportunities** (external) and the **business's internal resources**. This attribute was labelled as knowledge (internal) and access to international networks (external).
- Additional elements which were considered were resources other than knowledge, such as products and services, the different types of processes portrayed, modes of entry (FDI, investment exports, gradually, etc).

Author	Attribute 1	Attribute 2	Attribute 3
Penrose (1959)	foreign environment.		core competencies opportunities
Johanson and Vahlne (1977)	increase international involvement	process gradually	
Bilkey and Tesar(1977)	Increased international involvement	sequential and orderly process	changes in organisational forms
Cunningham and Homse (1982:328)	Higher Export next higher export stage	A continuous process	policies experience perceptions expectations managerial capacity competence
Welch and Luostarinen (1988:157)	Increasing involvement in international operations	process	
Beamish (1990:77)	Increased direct and indirect influences of international transactions establish and conduct transactions	The process	awareness
Johanson and Vahlne (1990:11)	gradually increases international involvement	Cumulative process	continuous establishment, and development of relationship
Buckley and Casson (1993)	Investment foreign markets		rational economic analysis
Johanson and Mattsson (1993:306)	developed	Cumulative process	relationships objectives of the business
Hitt <i>et al.</i> (2002:298)	Expands across country borders into geographic locations		

Author	Attribute 1	Attribute 2	Attribute 3
Calof and Beamish (1995:116)	international environments	process	adapting businesses' operations (strategy, structure, resources)
O'Grady and Lane (1996)	international market	ongoing learning process	remain competitive
Ahokangas (1998)	mobilising, accumulating and developing international activities	Process	resource stock
Lehtinen and Penttinen (1999:13)	international environment development and utilisation	process	relationships between the business personnel's cognitive and attitudinal readiness inward, outward and cooperative operations
Zweig (2002:3)	expanded flow across state boundaries		goods, services, and people increasing the share of transnational exchange relative to domestic ones
Javalgi <i>et al.</i> (2003:186)	moves from operating in its domestic marketplace international markets	process	
Lu and Beamish (2001:28)	multidimensional construct		
Armario <i>et al.</i> (2008:485)	from a domestic market to international markets	A sequential process	
Lin (2010)	Successive foreign markets	process	commitment
Lin (2018)	value creation providing access		Opportunities new resources, foreign stakeholders and new institutions
Khojastehpour and Johns (2015:157)	new market		adaptation of the organisation's processes transfer of knowledge opportunities
Eriksson (2016:27)	gradually increase foreign	change process	commitment

APPENDIX B

INTERVIEW GUIDE

Survey on the internationalisation strategy for medium-sized textile manufacturing businesses in Mauritius

You are kindly invited to participate in the above research project which is being carried out by **Mr. Rajesh Sannegadu, PhD candidate** from the University of North-West, South Africa, under the supervision of Professor A. Henrico and Professor L.J. van Staden.

The aim of the research is as follows:

- To determine the key drivers influencing the internationalisation of medium-sized textile manufacturing businesses in Mauritius.
- To investigate the modes of entry adopted by Mauritian medium-sized textile manufacturing businesses in their international expansion and the factors influencing their choices.
- To identify the internal and external barriers influencing the internationalisation process of the Mauritian medium-sized textile manufacturing businesses.
- To present an internationalisation strategy for medium-sized textile manufacturing businesses.

This survey is open to the owner (or manager) of a medium-sized textile manufacturing business which is involved in international markets. Although your input is essential, participation in the survey is entirely your choice. You may, thus, withdraw from the project at any time without giving a reason.

The information you provide will be confidential and your identity or that of your company will not be revealed. At the end of the interview, you will be given the opportunity to go through the interview transcript and edit your responses if necessary. The data gathered will be used for the purpose of a PhD study. On request, the results will be presented to participants and other parties interested in the findings of the research.

Thank you for your participation in the survey.

Rajesh Sannegadu

Email: r.sannegadu@uom.ac.mu

Phone number: + (230) 52559448

SECTION A: BACKGROUND INFORMATION

1. How long has the business been in operation?
2. Number of people employed (**presently**):
3. Number of people employed at (**the beginning of operation**):
4. Ownership status: _____
5. For how long has the company been involved in the international market?
6. How did you obtain your first international order?
7. Name the countries with which you are currently conducting business.
8. With which country did you start international transactions?
9. In response to the previous question, state why you chose that country to start your internationalisation venture.
10. Why did you internationalise? Please explain how you decided to internationalise your company?
11. Did you intend to internationalise at the inception of the operations?
12. Do you have a plan or vision for the company's international growth?
13. Has innovation been key in your decision to internationalise? Quote examples to justify your stand.
14. State other countries (in a sequential order) that you have entered since then (question 4).
15. In which country/ies is the company willing to extend its international activities in the future?
16. Why are those markets of particular interest to your company?

SECTION B: FINANCIAL SITUATION

1. Was the company financially stable when it started international transactions?
2. What were the sources of funds?
3. If the transactions were financed by loans, was it easy to obtain such financial assistance from banks or other financial institutions?
4. According to you, how do the sources of capital influence the initiation of international transactions?

SECTION C: INSTITUTIONAL SUPPORT

1. At the beginning of the internationalisation process, did you seek any institutional support in extending your activities across borders?
2. Name the institutions that you approached to obtain any support.
3. Did the support meet your expectations?
4. Was this support easy to obtain?
5. Was this support instrumental for your first step towards internationalisation?
6. Has any institutional support been helpful throughout the business's international growth (since it internationalised)? Explain how.

SECTION D: BUSINESS ATTRIBUTES

D.1 Size of the business

1. Do you think that operating at an international level is for big companies only?
2. According to you, does the business's size influence its international success?
3. From a resource-based view, did the business have sufficient managerial and financial resources when it first initiated international transactions?
4. Based on your experience, what other internal factors in the business have influenced (directly or indirectly) the decision to start foreign transactions and its international growth?

D.2 International experience

1. Did your company have any previous international experience before initiating international transactions?
2. How instrumental has the previous international experience been to the first step towards internationalisation?
3. Has learning from previous experiences helped in dealing with future problems in the international markets?
4. How have these previous experiences helped in increasing the business's involvement in the foreign markets?

D.3 Business competencies

1. How can innovation help in the business's internationalisation process?
2. Has innovation been key in the business's internationalisation process? Explain.
3. What were your strengths/competitive advantage in the initial phase of the internationalisation process?
4. What were your weaknesses in the initial phase of the internationalisation process?
5. How did you overcome these weaknesses?
6. What were your assets during the initial phase of the internationalisation process and throughout the business's international growth?
7. How important are the business's competencies in influencing the business's internationalisation?

D.4 Business's network

1. How were you made aware of the first international opportunity?
2. Are you a member of a trade or professional organisation?
3. How important has the business's networking been in finding new markets or in strengthening your position in existing markets?
4. How would you assess the evolution of your relationships with your foreign trade counterparts?
5. Do you consider networking important in initiating and/or extending international transactions?

D.5 Managerial factors

D.5.1 International orientation

1. Did you have knowledge of a foreign language?
2. Have you or any of your managers received foreign education?
3. How would you rate your attitude towards the risk of carrying out international transactions?
4. From where do you obtain information about doing business internationally or about foreign market opportunities?
5. Do you think that someone with an international exposure may be more prone towards internationalising?

D.5.2 Entrepreneur's contact network

1. According to you, what type of network ensures the business's international success?
2. Are you a member of any business-related association?
3. How would you relate the relationship between the business's international success and your networks?
4. What has been the importance of your personal contacts in the first step towards international markets? Please explain.
5. Are your networking/personal contacts important in stimulating/extending the business's presence in the foreign markets?

D5.3 Environmental factors

1. Has the presence of external factors such as market trends, competitors, and public pressure motivated you in initiating foreign expansion?
2. List some of the external factors.
3. What has been the most influential external factor influencing your decision to conduct international transactions?

SECTION E: MODES OF ENTRY

1. What was the mode of entry at the early stage of internationalisation?
2. Why did you use this specific entry mode?
3. Did you change the mode of entry over time?
4. If yes to question 3, what factors did influence subsequent modes of entry?
5. Do you think that a gradual involvement in the international market is advisable? I.e. starting from low commitment (export) to high commitment (FDI)? Justify your answer.
6. Explain the importance of agents in the export process.
7. How important do you think is knowledge in the business's internationalisation process?
8. Explain the operations involved in penetrating international markets.
9. How do you obtain information about new markets?
10. Do you think that the Internet can influence the choice of mode of entry today?
11. Does the physical distance have an impact on the choice of entry mode? Please explain.
12. Do you think that export would be the most appropriate mode of entry for medium-sized businesses from a small island developing state like Mauritius? Explain your answer.
13. List some export barriers that may affect the business's international performance.
14. According to you, which is the most pertinent barrier affecting your business's international performance?

OVERVIEW

1. How would you describe your international performance over the years?
2. Provide any comments, concerns or issues you have not addressed about the internationalisation of your company.
3. According to you, what should policy makers do to facilitate the internationalisation of medium-sized textile manufacturing businesses in Mauritius?
4. Suggest the names of institutions or stakeholders who could provide pertinent information on the internationalisation of businesses in Mauritius.

APPENDIX C

QUANTITATIVE QUESTIONNAIRE

SERIAL NUMBER

Survey on the internationalisation strategy for medium-sized textile manufacturing businesses in Mauritius

You are kindly invited to participate in the above research project which is being carried out by **Mr. Rajesh Sannegadu, PhD candidate** from the University of North-West, South Africa, under the supervision of Professor A. Henrico and Professor L.J. van Staden.

The aim of the research is as follows:

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- To investigate the modes of entry adopted by Mauritian medium-sized textile manufacturing businesses in their international expansion and the factors influencing their choices.
- To identify the internal and external barriers influencing the internationalisation process of the Mauritian medium-sized textile manufacturing businesses.
- To present an internationalisation strategy for medium-sized textile manufacturing businesses.

This survey is open to the owner (or manager) of a medium-sized textile manufacturing business which is involved in international markets. Although your input is essential, participation in the survey is entirely your choice. You may, thus, withdraw from the project at any time without giving a reason.

The information you provide will be confidential and your identity or that of your company will not be revealed. At the end of the interview, you will be given the opportunity to go through the interview transcript and edit your responses if necessary. The data gathered will be used for the purpose of a PhD study. On request, the results will be presented to participants and other parties interested in the findings of the research.

Thank you for your participation in the survey.

Rajesh Sannegadu

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SECTION A: DEMOGRAPHICAL DATA AND PATRONAGE HABITS

1. Gender : ☐ Male ☐ Female
2. Job Function within the business:
☐ Owner/ Investor
☐ Manager
☐ Other (Please specify _____)
3. Number of years you have worked for the company:
☐ Under two years
☐ 3-5 years
☐ > 6 Years
4. Educational Background:
☐ Below Diploma
☐ Diploma
☐ Degree
☐ Post Degree

A. Company's profile

1. How long (in Years) has the company been in operation?
☐ 1-5 ☐ 6-10 ☐ >10
2. How many persons were/are employed by your company (including owners)?
At the time of start-up: _____ Today: _____
3. On average, the percentage of total turnover generated by foreign sales is _____.
4. Did the founder of the organisation have technical/scientific education at the time of start up?
☐ Yes ☐ No
5. Does your company carry out research and development activities to keep in touch with latest fashion trends?
☐ Yes, regularly ☐ Yes, occasionally ☐ No
6. Do you have a team working exclusively on the development of existing and new products?
☐ Yes ☐ No
7. Please indicate whether the products were initially meant for:
The domestic market ☐ foreign markets ☐

8. **What led to your first international sales?** (e.g. an unsolicited order, a contact at a trade fair or any particular event): _____.
9. **Prior to your FIRST international sales, did you:**
- have a commitment to international sales in your business plan or forecasts? ☐
- undertake country-specific market research? ☐
- collaborate on research and development with foreign partners? ☐
10. **In how many countries did you sell this product last year?** _____.
11. **Turnover (as per latest financial statement) Rs** _____.

B. Founder's Profile

1. **How many persons were founders of the business?** _____
2. **Please indicate whether or not the business experienced a shortage of skills at the time of start-up:**

	1	2	3	4	5
	Not at all			Strongly	
Marketing	☐	☐	☐	☐	☐
Sales / Distribution	☐	☐	☐	☐	☐
Financial Management	☐	☐	☐	☐	☐
General Management / Organisation	☐	☐	☐	☐	☐
Production, Manufacturing, Logistics	☐	☐	☐	☐	☐
Research and Development	☐	☐	☐	☐	☐

3. **Please indicate if any of the founders had international experience of the following kind BEFORE the first international sale was made:**
- ☐ Work experience abroad
- ☐ Previous work experience in Mauritius for an international company
- ☐ Education abroad
4. **Please indicate whether the company received any of the following forms of external finance in addition to own funds at the time of start-up.**
- ☐ Foreign partner
- ☐ Banks
- ☐ Government grants

SECTION B: INTERNATIONALISATION CONSIDERATION FACTORS

Based on your overall internationalisation experience, please rate the importance of each of the following statements as a consideration to your internationalisation activities (1 being least important and 5 being very important).

Internal factors	1	2	3	4	5
Strong financial position	☐	☐	☐	☐	☐
Research and Development	☐	☐	☐	☐	☐
Investment in latest machinery & equipment	☐	☐	☐	☐	☐
Firm's reputation amongst foreign customers	☐	☐	☐	☐	☐
Size of the business as a motivator to internationalise	☐	☐	☐	☐	☐
Production capacity	☐	☐	☐	☐	☐
Innovation	☐	☐	☐	☐	☐
Flexibility in adapting to foreign market conditions	☐	☐	☐	☐	☐
Quality product	☐	☐	☐	☐	☐
Customer-centric approach	☐	☐	☐	☐	☐
Special management skills/talents/time	☐	☐	☐	☐	☐
Skilled human resources	☐	☐	☐	☐	☐
Management's international experience	☐	☐	☐	☐	☐
Management's knowledge of international markets	☐	☐	☐	☐	☐
Management's network	☐	☐	☐	☐	☐
Management's strong interest in international markets	☐	☐	☐	☐	☐
Management's familiarity in conducting foreign transactions	☐	☐	☐	☐	☐
Personal network with customers	☐	☐	☐	☐	☐
Knowledge of the foreign market	☐	☐	☐	☐	☐
Risk-taking attitude	☐	☐	☐	☐	☐
Personal network with agents	☐	☐	☐	☐	☐
Membership of / Affiliation to international organisation	☐	☐	☐	☐	☐
Good command of the client's language	☐	☐	☐	☐	☐

External factors	1	2	3	4	5
Increasing competition in home market	☐	☐	☐	☐	☐
Unstable business environment in the home market	☐	☐	☐	☐	☐
Lack of demand in the home market	☐	☐	☐	☐	☐
Reduction in local institutional constraints	☐	☐	☐	☐	☐
Support from local institutions (SMEDA, Enterprise Mauritius)	☐	☐	☐	☐	☐
Support from government (international market fairs)	☐	☐	☐	☐	☐
Access to government schemes in promoting international operations	☐	☐	☐	☐	☐
Support from industry, trade and other associations	☐	☐	☐	☐	☐
Membership to regional trade blocs (SADC, COMESA)	☐	☐	☐	☐	☐
Help from banks and other financial institutions	☐	☐	☐	☐	☐
Potential to derive additional income from foreign markets	☐	☐	☐	☐	☐
Foreign market growth opportunities	☐	☐	☐	☐	☐
Exploitation of new markets	☐	☐	☐	☐	☐
Global network	☐	☐	☐	☐	☐
Unsolicited international orders	☐	☐	☐	☐	☐
Brand acceptance in the foreign market	☐	☐	☐	☐	☐
Ability to meet international norms and standards	☐	☐	☐	☐	☐
Economic condition of the client's country	☐	☐	☐	☐	☐
Client's positive attitude towards "Made in Mauritius" products	☐	☐	☐	☐	☐
Demand for the product in the host country	☐	☐	☐	☐	☐
Accessibility to the foreign market (e.g. flight connection)	☐	☐	☐	☐	☐
Distance between the markets	☐	☐	☐	☐	☐
Relaxation of rules and regulations in the foreign markets	☐	☐	☐	☐	☐

SECTION C: ENTREPRENEURIAL ACTIONS TOWARDS INTERNATIONALISATION

Based on your internationalisation experience, please rate the importance of each of the following actions in obtaining foreign orders (1 being least important and 5 being very important).

Entrepreneurial Actions	1	2	3	4	5
Proposing new models to clients	☐	☐	☐	☐	☐
Searching for new markets	☐	☐	☐	☐	☐
Collecting information on foreign market trends	☐	☐	☐	☐	☐
Taking risks	☐	☐	☐	☐	☐
Accepting short terms losses	☐	☐	☐	☐	☐
Attending international market trade fairs	☐	☐	☐	☐	☐
Visiting foreign clients	☐	☐	☐	☐	☐
Encouraging clients to visit the business	☐	☐	☐	☐	☐
Encouraging key employees to visit foreign clients	☐	☐	☐	☐	☐
Establishing good relation with suppliers	☐	☐	☐	☐	☐
Developing linkages with international business networks	☐	☐	☐	☐	☐

SECTION D: MODES OF ENTRY INTO FOREIGN MARKETS

Which one of the following modes of entry is your preferred mode of entry into international markets?

International mode of entry	✓
Exporting	
Through own representative in the foreign country	
Joint Ventures	
Own investment abroad (Owning production plant in the foreign country)	

With reference to your chosen mode of entry, please rate your level of agreement with the following statements (1 being strongly disagree and 5 being strongly agree).

	1	2	3	4	5
The chosen mode of entry is the safest strategy of servicing foreign markets.	☐	☐	☐	☐	☐
Financial constraints make the chosen mode of entry the most feasible option to internationalise our activities.	☐	☐	☐	☐	☐
The chosen mode of entry allows us to study the markets and fashion trends at no cost.	☐	☐	☐	☐	☐
The chosen mode of entry is the most appropriate way for medium-sized businesses to service international markets due to seasonal orders.	☐	☐	☐	☐	☐
The chosen mode of entry is the best choice for entering foreign markets.	☐	☐	☐	☐	☐
The chosen mode of entry is the fastest and easiest entry into overseas markets.	☐	☐	☐	☐	☐
The chosen mode of entry requires minimum commitment of resources.	☐	☐	☐	☐	☐
The chosen mode of entry is less complex compared to other entry modes.	☐	☐	☐	☐	☐

SECTION E: INTERNATIONALISATION BARRIERS

Based on your internationalisation experience, please rate on a scale from 1 to 5 (1 being a minor obstacle and 5 being a major obstacle), the extent to which the following statements represent obstacle to your internationalisation activities.

	1	2	3	4	5
Cash flow to finance exports	☐	☐	☐	☐	☐
Knowledge of foreign markets	☐	☐	☐	☐	☐
Availability of local skilled workforce	☐	☐	☐	☐	☐
Information on foreign markets	☐	☐	☐	☐	☐
Knowledge on export procedures/documentation	☐	☐	☐	☐	☐
Managerial time to deal with exports	☐	☐	☐	☐	☐
Trained personnel to deal with exports	☐	☐	☐	☐	☐
Timely supply of raw materials	☐	☐	☐	☐	☐
Quality of products	☐	☐	☐	☐	☐
Meeting foreign market standards	☐	☐	☐	☐	☐
Use of updated technology	☐	☐	☐	☐	☐
Access to distribution channel in foreign markets	☐	☐	☐	☐	☐
Contacting prospective clients	☐	☐	☐	☐	☐
Handling of export documents	☐	☐	☐	☐	☐
Rules and regulations in the foreign country (for e.g. Rule of Origin)	☐	☐	☐	☐	☐
Competition from low cost manufacturing countries	☐	☐	☐	☐	☐
Financial assistance from Government	☐	☐	☐	☐	☐
Exchange rate fluctuations	☐	☐	☐	☐	☐
Economic conditions in the foreign market	☐	☐	☐	☐	☐
Tariff and non-tariff barriers	☐	☐	☐	☐	☐
Languages barriers	☐	☐	☐	☐	☐
Cultural barriers	☐	☐	☐	☐	☐
Transportation costs	☐	☐	☐	☐	☐
Shipping arrangements	☐	☐	☐	☐	☐
Government restriction in the foreign markets	☐	☐	☐	☐	☐

SECTION F: INSTITUTIONAL SUPPORT (GOVERNMENT INITIATIVES TO OVERCOME BARRIERS TO INTERNATIONALISATION)

Based on your internationalisation experience, please rate on a scale from 1 to 5 (1 being least important and 5 being very important), the importance of the following initiatives undertaken by the Mauritian Government in encouraging you to internationalise.

GOVERNMENT ACTION TO SUPPORT SMEs	1	2	3	4	5
Providing bridging loans to overcome short-term cash flow problems	☐	☐	☐	☐	☐
Government guaranteeing the loans under specific conditions	☐	☐	☐	☐	☐
Information on low interest loans	☐	☐	☐	☐	☐
Information on the financing of SMEs to participate in international trade fairs	☐	☐	☐	☐	☐
Disseminating information on the various schemes available for exports oriented businesses	☐	☐	☐	☐	☐
Providing information on forthcoming international events	☐	☐	☐	☐	☐
Assisting with access to information on international markets	☐	☐	☐	☐	☐
Creating linkages with foreign clients through Embassies	☐	☐	☐	☐	☐
Providing (part) financing for employees' training	☐	☐	☐	☐	☐
Providing fiscal incentives to businesses that have invested extensively in innovative assets	☐	☐	☐	☐	☐
Renegotiating trade agreements to facilitate regional trade	☐	☐	☐	☐	☐
Encouraging import of foreign labour to overcome labour shortages in the textile industry	☐	☐	☐	☐	☐
Information on the facilitation of administrative procedures	☐	☐	☐	☐	☐

On a scale of 1 (least satisfied) to 10 (most satisfied) rate your overall level of satisfaction with the existing government schemes which aim at encouraging businesses to engage in export activities?

1	2	3	4	5	6	7	8	9	10

To what extent do you think, the withdrawal of the United Kingdom from the European Union could affect the sustainability of the Mauritian textile industry? 1 (Not at all) to 10 (Significant extent)

1	2	3	4	5	6	7	8	9	10

According to you, what can be done to minimise the impact of the withdrawal of the United Kingdom from the European Union on the sustainability of the Mauritian textile industry?

END OF QUESTIONNAIRE

THANK YOU FOR SPARING YOUR PRECIOUS TIME IN PARTICIPATING IN THE SURVEY

Rajesh Sannegadu

APPENDIX D

LINKS BETWEEN THE IN-DEPTH INTERVIEW QUESTIONS, THE LITERATURE AND OBJECTIVES OF THE STUDY

In-depth interview question: How long has the business been in operation?			
Aim	To have an overview of the business's status in terms of the number of years it has been in operation. This information is useful in determining whether long established businesses are more prone to internationalisation or whether new businesses can also engage in international markets at the early stage of their establishment.		
Research objective	Contextually linked to primary objective		
Literature	Contextually linked to empirical study		
Theme	The company's general information	Category	(A) Participant
In-depth interview question: Number of people presently employed by the business			
Aim	To establish the number of employees who are currently employed by the business.		
Research objective	Contextually linked to primary objective		
Literature	Contextually linked to empirical study		
Theme	The company's general information	Category	(B) Employees
In-depth interview question: Number of people employed at (the beginning of operation)			
Aim	To establish the number of employees who were employed at the beginning of the operations. A comparison between the responses obtained from Question 1.2 and Question 1.3 will allow an assessment of the evolution of the business's workforce over the years.		
Research objective	Contextually linked to primary objective		
Literature	Contextually linked to empirical study		
Theme	1 The company's general information	Category	(B) Employees

In-depth interview question: Ownership status			
Aim	To determine the participant's status with regard to the company he/she represents. The participant's position within the business is a good indication of the level of knowledge that the latter has of the business's international involvement as well as its strategic orientation.		
Research objective	Contextually linked to primary objective		
Literature	Contextually linked to empirical study		
Theme	1 The company's general information	Category	(B) Participant
In-depth interview question: For how long has the company been involved in the international market?			
Aim	To determine the number of years that the business has been involved in the international market.		
Research objective	Contextually linked to primary objective		
Literature	Contextually linked to empirical study		
Theme	2 The company's internationalisation process	Category	(A) Process
In-depth interview question: How did you obtain your first international order?			
Aim	To determine how the business obtained its first international order. Participant's response will allow the researcher to understand the internationalisation process more particularly, whether internationalisation was voluntary (arising from unsolicited orders) or whether it was planned.		
Research objective	3		
Literature	Par. 2.4.4, 2.5.2.2 & 3.3.6		
Theme	2 The company's internationalisation process	Category	(A) Process
In-depth interview question: For how long has the company been involved in the international market?			
Aim	To determine the duration that the business has been involved in the international market.		
Research objective	Contextually linked to primary objective		
Literature	Contextually linked to empirical study		
Theme	2 The company's internationalisation process	Category	(C) Countries

In-depth interview question: With which country did you start international transactions?			
Aim	To identify the country/countries that the business started international transactions with. Participant's response will allow the researcher to understand the internationalisation process by analysing whether the first internationalisation step was made in countries that are near or distant to Mauritius. According to literature, businesses tend to start their internationalisation in markets that are close due to the psychic distance.		
Research objective	2		
Literature	Par. 2.5.2		
Theme	2 The company's internationalisation process	Category	(C) Countries
In-depth interview question: In response to the previous question, state why you chose that country to start your internationalisation venture.			
Aim	To analyse the reasons for which the business started its international transactions with the mentioned country/countries.		
Research objective	2		
Literature	Par. 2.5.2		
Theme	2 The company's internationalisation process	Category	(C) Countries
In-depth interview question: Why did you internationalise? Please explain how you decided to internationalise your company.			
Aim	To investigate the reasons/motives for the business's decision to internationalise.		
Research objective	3		
Literature	Par. 2.9 & 2.10		
Theme	2 The company's internationalisation process	Category	(A) Process
In-depth interview question: Did you intend to internationalise at the inception of the operations?			
Aim	To determine whether the business intended to internationalise its operations at the inception of operations.		
Research objective	Contextually linked to primary objective		
Literature	Contextually linked to empirical study		
Theme	2 The company's internationalisation process	Category	(A) Process

In-depth interview question: Do you have a plan or vision for the company's international growth?			
Aim	To investigate whether the business has any plans for international growth and expansion into other markets. This information will help to understand the business's intention to increase its international involvement in the future.		
Research objective	Contextually linked to primary objective		
Literature	Contextually linked to empirical study		
Theme	2 The company's internationalisation process	Category	(A) Process
In-depth interview question: Has innovation been key in your decision to internationalise? Quote examples to justify your stand.			
Aim	To explore whether innovation has been a key aspect in the business's decision to internationalise.		
Research objective	Contextually linked to primary objective		
Literature	Contextually linked to empirical study		
Theme	2 The company's internationalisation process	Category	(B) Process
In-depth interview question: State other countries (in a sequential order) that you entered since then.			
Aim	To identify other countries that the business entered since it started its international activities with the first country mentioned.		
Research objective	Contextually linked to primary objective		
Literature	Contextually linked to empirical study		
Theme	2 The company's internationalisation process	Category	(C) Countries
In-depth interview question: In which country/ies is the company willing to extend its international activities in the future?			
Aim	To explore the countries and markets that the business is looking at to extend its international transactions.		
Research objective	Contextually linked to primary objective		
Literature	Contextually linked to empirical study		
Theme	2 The company's internationalisation process	Category	(C) Countries

In-depth interview question: Why are those markets of particular interest to the company?			
Aim	To identify the reason why the business intends to expand into other markets mentioned as prospective future markets.		
Research objective	Contextually linked to primary objective		
Literature	Contextually linked to empirical study		
Theme	2 The company's internationalisation process	Category	(C) Countries
In-depth interview question: Was the company financially stable when it started international transactions?			
Aim	To determine whether the business was financially stable when it started international transactions.		
Research objective	Contextually linked to primary objective		
Literature	Par. 2.4.7; 2.5.2.3.2 and 3.6.2.1 – Financial resource is considered as one of the essential factors affecting business's internationalisation.		
Theme	3 The company's source of capital for financing international activities	Category	(A) Funding
In-depth interview question: What were the sources of funds?			
Aim	To enumerate the various sources of funds.		
Research objective	Contextually linked to primary objective		
Literature	Contextually linked to empirical study		
Theme	3 The company's source of capital for financing international activities	Category	(A) Funding
In-depth interview question: If the transactions were financed by loans, was it easy to obtain such financial assistance from banks or other financial institutions?			
Aim	To find out whether it was easy or difficult to obtain financial assistance during the initial phases of operations.		
Research objective	Contextually linked to primary objective		
Literature	Contextually linked to empirical study		
Theme	3 The company's source of capital for financing international activities	Category	(A) Funding

In-depth interview question: According to you, how have sources of capital influenced the initiation to international transactions?			
Aim	To assess the influence that sources of capital and the ease of access to financial assistance have on the initiation of international transactions.		
Research objective	Contextually linked to primary objective		
Literature	Contextually linked to empirical study		
Theme	3 The company's source of capital for financing international activities	Category	(A) Funding
In-depth interview question: At the beginning of the internationalisation process, did you seek any institutional support in extending your activities across borders?			
Aim	To determine whether the business sought any institutional support in extending their activities across borders during the initial phases of operations.		
Research objective	Contextually linked to primary objective		
Literature	Par. 3.6.5 – Government support significantly contributes to the internationalisation of SMEs.		
Theme	4 Institutional support provided to the company during their internationalisation process	Category	(B) Contribution
In-depth interview question: Name the institutions that you approached to obtain any support?			
Aim	To identify the institutions that the business approached to obtain initial support.		
Research objective	Contextually linked to primary objective		
Literature	Contextually linked to empirical study		
Theme	4 Institutional support provided to the company during their internationalisation process	Category	(A) Institution

In-depth interview question: Did the support meet your expectations?			
Aim	To determine whether the support offered/provided met the business's expectations.		
Research objective	Contextually linked to primary objective		
Literature	Contextually linked to empirical study		
Theme	4 Institutional support provided to the company during their internationalisation process	Category	(A) Institution
In-depth interview question: Was this support easy to obtain?			
Aim	To assess whether the institutional support was easily obtained or not.		
Research objective	Contextually linked to primary objective		
Literature	Contextually linked to empirical study		
Theme	4 Institutional support provided to the company during their internationalisation process	Category	(A) Institution
In-depth interview question: How has this support been instrumental towards your first step towards internationalisation?			
Aim	To examine the importance of institutional support to the initial stages of internationalisation.		
Research objective	Contextually linked to primary objective		
Literature	Contextually linked to empirical study		
Theme	4 Institutional support provided to the company during their internationalisation process	Category	(B) Contribution

In-depth interview question: Has any institutional support been helpful throughout the business's international growth? Explain how.			
Aim	To examine whether the institutional support provided was indeed instrumental to the initial stages of internationalisation and how so.		
Research objective	Contextually linked to primary objective		
Literature	Contextually linked to empirical study		
Theme	4 Institutional support provided to the company during their internationalisation process	Category	(B) Contribution
In-depth interview question: Do you think that operating at the international level is the business of the big companies only?			
Aim	To evaluate whether the participant feels that operating at an international level is suitable for larger organisations only.		
Research objective	Contextually linked to primary objective		
Literature	Par. 3.6.7.3 – business's size is an important barometer to determine the SME's internationalisation.		
Theme	5 Organisational factors affecting the internationalisation process	Category	(A) Size
In-depth interview question: According to you, does the business's size influence its international success?			
Aim	To evaluate whether the participant thinks that operating at an international level is suitable for larger organisations only.		
Research objective	Contextually linked to primary objective		
Literature	Par. 3.6.7.3 – business's size is an important barometer to determine the SME's internationalisation. Par. 2.7 – The smallness of SMEs poses challenges in terms of scarcity of capital, technology, know-how and human resource (Das, 2015:34).		
Theme	5 Organisational factors affecting the internationalisation process	Category	(A) Size

In-depth interview question: From a resource-based view, did the business have sufficient managerial and financial resources when it first initiated international transactions?			
Aim	To determine whether the business had sufficient managerial and financial resources when it first commenced with its international transactions.		
Research objective	Contextually linked to primary objective		
Literature	Par. 2.5.2.3.2 – Managerial competencies and financial resources are essential in drawing the business's internationalisation process.		
Theme	5 Organisational factors affecting the internationalisation process	Category	(A) Size
In-depth interview question: Based on your experience, what other business's internal factors have influenced (directly or indirectly) the decision to start foreign transaction and its international growth?			
Aim	To identify the internal factors that had a direct or indirect influence on the business's decision to internationalise and its international growth.		
Research objective	Contextually linked to primary objective		
Literature	Par. 2.5.2.3.2		
Theme	5 Organisational factors affecting the internationalisation process	Category	(A) Size
In-depth interview question: Did your company have any previous international experience before initiating international transactions?			
Aim	To find out whether the business had any previous international experience before initiating international transactions.		
Research objective	Contextually linked to primary objective		
Literature	Par. 2.4, 2.5.1, 2.5.3, 2.8 & 3.6.7.3 – International experience is valuable when identifying relevant export market opportunities.		
Theme	5 Organisational factors affecting the internationalisation process	Category	(B) Experience

In-depth interview question: How instrumental has the previous international experience been to the first step towards international markets?			
Aim	To assess whether the business's previous international experience aided in the initial phase of the internationalisation process.		
Research objective	Contextually linked to primary objective		
Literature	Contextually linked to empirical study		
Theme	5 Organisational factors affecting the internationalisation process	Category	(B) Experience
In-depth interview question: Has learning from previous experience helped in dealing with future problems in the international markets?			
Aim	To evaluate whether learning from previous international experiences assisted the business to deal with future problems when dealing with international markets.		
Research objective	Contextually linked to primary objective		
Literature	Par. 2.5.3 (Table 2.5)		
Theme	5 Organisational factors affecting the internationalisation process	Category	(B) Experience
In-depth interview question: How have these previous experience helped in increasing the business's involvement in the foreign markets?			
Aim	To understand whether previous international experience has assisted in increasing the business's involvement in the foreign markets.		
Research objective	Contextually linked to primary objective		
Literature	Contextually linked to empirical study		
Theme	5 Organisational factors affecting the internationalisation process	Category	(B) Experience

In-depth interview question: How can innovation help in the business's internationalisation process?			
Aim	To understand how participants perceive the importance of innovation to the business's internationalisation process.		
Research objective	Contextually linked to primary objective		
Literature	Contextually linked to empirical study		
Theme	2 The company's internationalisation process	Category	(B) Innovation
In-depth interview question: Has innovation been key in the business's internationalisation process? Explain.			
Aim	To examine whether innovation has or has not been a key aspect in the business's actual internationalisation process.		
Research objective	Contextually linked to primary objective		
Literature	Contextually linked to empirical study		
Theme	2 The company's internationalisation process	Category	(B) Innovation
In-depth interview question: What were your strengths/competitive advantage in the initial phase of the internationalisation process? Explain.			
Aim	To identify the business's strengths during the initial phase of the internationalisation process.		
Research objective	Contextually linked to primary objective		
Literature	Par. 2.5.2.3.2 – Internal factors that cause decision-makers to consider foreign markets as a possible growth strategy		
Theme	5 Organisational factors affecting the internationalisation process	Category	(C) Competencies

In-depth interview question: What were your weaknesses in the initial phase of the internationalisation process? Explain.			
Aim	To determine the business's weaknesses during the initial phase of the internationalisation process.		
Research objective	Contextually linked to primary objective		
Literature	Par. 2.5.2.3.2 – Internal factors (weaknesses) that deter decision-makers from considering foreign markets as a possible growth strategy		
Theme	5 Organisational factors affecting the internationalisation process	Category	(C) Competencies
In-depth interview question: How did you overcome these weaknesses? Explain.			
Aim	To find out the strategies adopted by the business to overcome the weaknesses experienced during the initial phase of the internationalisation process.		
Research objective	Contextually linked to primary objective		
Literature	Contextually linked to empirical study		
Theme	5 Organisational factors affecting the internationalisation process	Category	(C) Competencies
In-depth interview question: What were your assets during the initial phase of the internationalisation process and throughout the business's international growth?			
Aim	To discover what the business's initial assets were during the initial phase of the internationalisation process and throughout the business's international growth.		
Research objective	Contextually linked to primary objective		
Literature	Contextually linked to empirical study		
Theme	5 Organisational factors affecting the internationalisation process	Category	(C) Competencies

In-depth interview question: How important are the business's competencies in influencing the business's internationalisation?			
Aim	To determine the importance of the business's competencies in influencing the business's internationalisation.		
Research objective	Contextually linked to primary objective		
Literature	Par. 2.5.2.3.2 – Internal factors that cause decision-makers to consider foreign markets as a possible growth strategy		
Theme	5 Organisational factors affecting the internationalisation process	Category	(C) Competencies
In-depth interview question: How were you made aware of the first international opportunity?			
Aim	To comprehend how the business was first made aware of an international opportunity.		
Research objective	2		
Literature	Contextually linked to empirical study		
Theme	5 Organisational factors affecting the internationalisation process	Category	(D) Network
In-depth interview question: Are you a member of a trade or professional organisation?			
Aim	To identify the business's membership to any trade or professional organisation.		
Research objective	2		
Literature	Par. 2.5.3 – Knowledge gained from networks has tremendous impact on the international growth and expansion of businesses.		
Theme	5 Organisational factors affecting the internationalisation process	Category	(D) Network

In-depth interview question: How important has been the business's network in finding new markets or in strengthening your position in the existing markets?			
Aim	To assess the importance of the business's network in finding new markets and in strengthening the business's position in existing markets.		
Research objective	2		
Literature	Contextually linked to empirical study		
Theme	5 Organisational factors affecting the internationalisation process	Category	(D) Network
In-depth interview question: How would you assess the evolution of your relationships with your foreign trade counterparts?			
Aim	To analyse the evolution of the business's relationships with foreign trade counterparts.		
Research objective	2.		
Literature	Contextually linked to empirical study		
Theme	5 Organisational factors affecting the internationalisation process	Category	(D) Network
In-depth interview question: Do you consider network important in initiating and/or extending international transactions?			
Aim	To assess participants' perceptions on the importance of the business's network in initiating or extending international transactions.		
Research objective	2.		
Literature	Contextually linked to empirical study		
Theme	5 Organisational factors affecting the internationalisation process	Category	(D) Network

In-depth interview question: Did you have knowledge of a foreign language?			
Aim	To find out whether the business or someone in the business had knowledge of a foreign language which could have eased the business's internationalisation.		
Research objective	Contextually linked to primary objective		
Literature	Par. 3.6.7.3 – Familiarity with the language (verbal/nonverbal) of the foreign markets facilitates the international process.		
Theme	6 Managerial factors affecting the internationalisation process	Category	(A) Orientation
In-depth interview question: Have you or any of your managers received foreign education?			
Aim	To find out whether the participant or his/her manager has received foreign education which could have allowed them to have a different view of international markets.		
Research objective	Contextually linked to primary objective		
Literature	Contextually linked to empirical study		
Theme	6 Managerial factors affecting the internationalisation process	Category	(A) Orientation
In-depth interview question: How would you rate your attitude towards the risk of carrying out international transactions? Are you always ready to take risks in international markets?			
Aim	To assess participant's attitude towards the risk of carrying out international transactions as well as their readiness to any such risks in international markets.		
Research objective	Contextually linked to primary objective		
Literature	Par. 2.5.2.3.1 – Decision-maker's perception of risks affect the international behaviour of the business.		
Theme	6 Managerial factors affecting the internationalisation process	Category	(A) Orientation

In-depth interview question: From where do you obtain information about doing business internationally or about foreign market opportunities?			
Aim	To identify the various sources from which the business obtained information about doing business internationally or about foreign market opportunities.		
Research objective	Contextually linked to primary objective		
Literature	Contextually linked to empirical study		
Theme	6 Managerial factors affecting the internationalisation process	Category	(A) Orientation
In-depth interview question: Do you think that someone with an international exposure may be more prone towards internationalising?			
Aim	To determine whether the participant believes that someone who has an international exposure may be more prone towards internationalising.		
Research objective	Contextually linked to primary objective		
Literature	Par. 2.5.2.3.1 – Decision-makers' international background and orientation are likely to impact on the behavioural pattern of the business.		
Theme	6 Managerial factors affecting the internationalisation process	Category	(A) Orientation
In-depth interview question: Has proficiency in a foreign language helped in the business's internationalisation?			
Aim	To analyse whether proficiency in a foreign language has helped in the business's internationalisation and how so.		
Research objective	Contextually linked to primary objective		
Literature	Contextually linked to empirical study		
Theme	6 Managerial factors affecting the internationalisation process	Category	(A) Orientation

In-depth interview question: According to you, what type of network ensures the business's international success?			
Aim	To identify the type of network that the participant believes would ensure the business's international success.		
Research objective	2		
Literature	Par. 2.7.2 – Agents or inter-organisational networks do assist in overcoming challenges at international level.		
Theme	6 Managerial factors affecting the internationalisation process	Category	(B) Contacts
In-depth interview question: Are you a member of any business-related association?			
Aim	To determine membership to any business association.		
Research objective	Contextually linked to primary objective		
Literature	Contextually linked to empirical study		
Theme	6 Managerial factors affecting the internationalisation process	Category	(B) Contacts
In-depth interview question: How would you relate the relationship between the business's international success and the entrepreneur's network?			
Aim	To explore whether there is a relationship between the business's international success and the entrepreneur's network.		
Research objective	2		
Literature	Par. 2.5		
Theme	6 Managerial factors affecting the internationalisation process	Category	(B) Contacts
In-depth interview question: What has been the importance of your personal contacts in the first step towards international market? Please explain.			
Aim	To assess the importance of personal contacts in the initial phase of the internationalisation process.		
Research objective	Contextually linked to primary objective		
Literature	Contextually linked to empirical study		
Theme	6 Managerial factors affecting the internationalisation process	Category	(B) Contacts

In-depth interview question: Are your networking/personal contacts important in stimulating/extending the business's presence in the foreign markets? Please explain.			
Aim	To examine the importance of the entrepreneur's contacts and personal network in stimulating or extending the business's presence in the foreign markets.		
Research objective	Contextually linked to primary objective		
Literature	Contextually linked to empirical study		
Theme	6 Managerial factors affecting the internationalisation process	Category	(B) Contacts
In-depth interview question: Has the presence of external factors such as market trends, competitors, and public pressure motivated you in initiating foreign expansion? Please explain.			
Aim	To determine whether the presence of external factors such as market trends, competitors and public pressure motivated the business to initiate foreign expansion.		
Research objective	3		
Literature	Par. 3.3		
Theme	7 Environmental factors affecting the internationalisation process	Category	(A) External
In-depth interview question: List some of the external factors.			
Aim	To identify the external factors that have/had an influence on the motive to initiate foreign expansion.		
Research objective	3		
Literature	Par. 3.3		
Theme	7 Environmental factors affecting the internationalisation process	Category	(A) External

In-depth interview question: What has been the most influential external factor influencing your decision to conduct international transactions?			
Aim	To identify the most pertinent external factors that have/had an influence on the motive to initiate foreign expansion.		
Research objective	Contextually linked to primary objective		
Literature	Contextually linked to empirical study		
Theme	7 Environmental factors affecting the internationalisation process	Category	(A) External
In-depth interview question: What was the mode of entry at the early stage of internationalisation?			
Aim	To figure out the business's mode of entry at the initial phase of the internationalisation process.		
Research objective	3		
Literature	Par. 3.4		
Theme	8 The modes of entry used during the internationalisation process	Category	(A) Inceptive
In-depth interview question: Why did you use this specific entry mode?			
Aim	To find the reason for selecting the initial mode of entry mentioned.		
Research objective	3		
Literature	Par. 3.4		
Theme	8 The modes of entry used during the internationalisation process	Category	(A) Inceptive
In-depth interview question: Did you change the mode of entry over time?			
Aim	To explore whether the business changed its initial mode of entry over time.		
Research objective	2		
Literature	Par. 2.5 – Behavioural approach to internationalisation (Firms gradually increasing their commitment to international market)		
Theme	8 The modes of entry used during the internationalisation process	Category	(A) Inceptive

In-depth interview question: If yes to question 12.3, what factors did influence subsequent modes of entry?			
Aim	To investigate the factors that influenced the subsequent modes of entry, if any.		
Research objective	3		
Literature	Contextually linked to empirical study		
Theme	8 The modes of entry used during the internationalisation process	Category	(A) Inceptive
In-depth interview question: Do you think that a gradual involvement in the international market is advisable? I.e. starting from low commitment (export) to high commitment (FDI)? Justify your answer.			
Aim	To determine whether the participant believes that a gradual involvement in the international market is advisable or not.		
Research objective	3		
Literature	Par. 2.5 – Behavioural approach to internationalisation (Firms gradually increasing their commitment to international market)		
Theme	8 The modes of entry used during the internationalisation process	Category	(A) Inceptive
In-depth interview question: Explain the importance of agents in the export process.			
Aim	To explore the importance of agents in the export process.		
Research objective	3		
Literature	Par. 2.5.3 – Knowledge gained from agents has tremendous impacts on the international growth and expansion of businesses.		
Theme	8 The modes of entry used during the internationalisation process	Category	(C) Strategy

In-depth interview question: How important do you think is knowledge in the business's internationalisation process?			
Aim	To assess the importance of knowledge in the business's internationalisation process.		
Research objective	2		
Literature	Par. 2.5.2.1.2, 2.5.3 & 2.5.2.3.2 – Knowledge assists in identifying business opportunities which accelerates the internationalisation process.		
Theme	8 The modes of entry used during the internationalisation process	Category	(B) Knowledge
In-depth interview question: Explain the operations involved in penetrating international markets.			
Aim	To depict the methodology followed when the business penetrates international markets.		
Research objective	Contextually linked to primary objective		
Literature	Contextually linked to empirical study		
Theme	8 The modes of entry used during the internationalisation process	Category	(C) Strategy
In-depth interview question: How do you obtain information about new markets?			
Aim	To locate the sources from where the business obtains knowledge about new markets.		
Research objective	Contextually linked to primary objective		
Literature	Contextually linked to empirical study		
Theme	8 The modes of entry used during the internationalisation process	Category	(B) Knowledge

In-depth interview question: Do you think that the Internet can influence the internationalisation process?			
Aim	To evaluate the extent to which the participant believes that the Internet can influence the internationalisation process and how.		
Research objective	Contextually linked to primary objective.		
Literature	Par. 3.3.6 – Small businesses become aware of opportunities in foreign markets through information searches on the Internet.		
Theme	8 The modes of entry used during the internationalisation process	Category	(C) Strategy
In-depth interview question: Does the physical distance have an impact on the choice of entry mode? Please explain why.			
Aim	To conclude whether the participant believes that physical distance has an impact on the choice of entry mode or not.		
Research objective	Contextually linked to primary objective		
Literature	Contextually linked to empirical study		
Theme	8 The modes of entry used during the internationalisation process	Category	(C) Strategy
In-depth interview question: Do you think that export would be the most appropriate mode of entry for medium-sized businesses from a Small Island Developing State like Mauritius? Explain your answer.			
Aim	To determine whether participants consider export as the most appropriate mode of entry for medium-sized businesses from a Small Island Developing State like Mauritius.		
Research objective	Contextually linked to primary objective		
Literature	Par. 3.5		
Theme	8 The modes of entry used during the internationalisation process	Category	(D) Barriers

In-depth interview question: List some export barriers that may affect the business's international performance.			
Aim	To identify export barriers that can potentially affect the business's international performance.		
Research objective	Contextually linked to primary objective		
Literature	Par. 3.6 – Businesses face export barriers at every stage of internationalisation (Leonidou, 2004:281).		
Theme	8 The modes of entry used during the internationalisation process	Category	(D) Barriers
In-depth interview question: According to you, which is the most pertinent one affecting the business's international performance?			
Aim	To locate the most pertinent export barrier that can affect the international performance of the medium-sized textile manufacturing businesses.		
Research objective	Contextually linked to primary objective		
Literature	Contextually linked to empirical study		
Theme	8 The modes of entry used during internationalisation	Category	(D) Barriers
In-depth interview question: How would you describe your international performance over the years?			
Aim	To analyse the business's international performance over the years.		
Research objective	Contextually linked to primary objective		
Literature	Contextually linked to empirical study		
Theme	2 The company's internationalisation process	Category	(A) Process
In-depth interview question: Indicate any comments, concerns or any issues that have not addressed about the internationalisation of your business.			
Aim	To consider participants' comments, concerns or any issues concerning the business's internationalisation which have not been addressed in the previous questions.		
Research objective	Contextually linked to primary objective		
Literature	Contextually linked to empirical study		
Theme	2 The company's internationalisation process	Category	(A) Process

In-depth interview question: According to you, what should policy makers do to facilitate the internationalisation of medium-sized textile manufacturing businesses in Mauritius?			
Aim	To gauge participants' perception on the policies that should be implemented to facilitate the internationalisation of medium-sized textile manufacturing businesses in Mauritius.		
Research objective	Contextually linked to primary objective		
Literature	Contextually linked to empirical study		
Theme	2 The company's internationalisation process	Category	(A) Process
In-depth interview question: Suggest the names of institutions or stakeholders who could provide pertinent information on the internationalisation of businesses in Mauritius			
Aim	To identify stakeholders who can provide valuable information and facilitate their internationalisation.		
Research objective	Contextually linked to primary objective		
Literature	Contextually linked to empirical study		
Theme	1 The company's internationalisation process	Category	(A) Participants

APPENDIX E

FACTORABILITY CORRELATION MATRICES

SECTION B: INTERNATIONALISATION CONSIDERATIONS

Internal considerations

B1 to B23 in the table below refer to the chronological ascending questions in section B of the questionnaire pertaining to the internal considerations.

	B1	B2	B3	B4	B5	B6	B7	B8	B9	B10	B11	B12	B13	B14	B15	B16	B17	B18	B19	B20	B21	B22	B23
B1	1,000	0,066	-0,170	0,149	-0,044	0,143	0,245	0,395	0,375	0,338	0,246	0,168	0,277	0,503	0,357	0,157	0,324	0,342	0,414	0,185	0,074	0,278	0,252
B2	0,066	1,000	0,613	-0,044	0,256	-0,174	0,000	-0,044	-0,075	0,333	0,316	0,219	0,113	0,070	0,173	0,142	0,196	0,041	0,310	-0,125	0,125	0,246	0,196
B3	-0,170	0,613	1,000	-0,038	0,439	0,150	0,080	0,114	-0,192	0,082	0,461	0,263	0,290	0,271	0,222	0,285	0,303	0,174	0,465	-0,179	0,072	0,281	0,303
B4	0,149	-0,044	-0,038	1,000	-0,089	0,337	0,411	0,505	0,304	0,305	0,070	0,268	0,163	0,273	0,457	0,366	0,416	0,224	0,106	0,031	0,261	-0,254	0,270
B5	-0,044	0,256	0,439	-0,089	1,000	0,231	0,106	0,148	-0,259	-0,057	0,230	-0,011	0,320	0,158	0,160	0,078	0,216	-0,045	0,375	-0,022	-0,142	-0,050	0,251
B6	0,143	-0,174	0,150	0,337	0,231	1,000	0,378	0,445	0,214	0,055	0,250	0,062	0,244	0,346	0,338	0,261	0,356	0,164	0,213	-0,089	0,028	-0,138	0,068
B7	0,245	0,000	0,080	0,411	0,106	0,378	1,000	0,353	0,117	0,147	0,004	0,210	0,192	0,430	0,373	0,426	0,492	0,347	0,146	-0,111	0,137	0,040	0,288
B8	0,395	-0,044	0,114	0,505	0,148	0,445	0,353	1,000	0,396	0,187	0,266	0,159	0,443	0,447	0,618	0,424	0,562	0,375	0,442	0,187	0,261	0,186	0,318
B9	0,375	-0,075	-0,192	0,304	-0,259	0,214	0,117	0,396	1,000	0,273	-0,054	0,128	-0,146	0,065	0,117	0,279	0,107	0,183	0,066	0,428	0,093	-0,101	0,025
B10	0,338	0,333	0,082	0,305	-0,057	0,055	0,147	0,187	0,273	1,000	0,145	0,106	0,243	0,203	0,293	0,225	0,267	0,028	0,235	0,071	-0,012	0,084	0,267
B11	0,246	0,316	0,461	0,070	0,230	0,250	0,004	0,266	-0,054	0,145	1,000	0,540	0,550	0,491	0,421	0,467	0,452	0,166	0,586	-0,219	0,026	0,273	0,521
B12	0,168	0,219	0,263	0,268	-0,011	0,062	0,210	0,159	0,128	0,106	0,540	1,000	0,151	0,313	0,406	0,584	0,514	0,209	0,097	0,001	0,216	0,115	0,514
B13	0,277	0,113	0,290	0,163	0,320	0,244	0,192	0,443	-0,146	0,243	0,550	0,151	1,000	0,700	0,334	0,295	0,489	0,191	0,576	-0,117	-0,151	0,245	0,428
B14	0,503	0,070	0,271	0,273	0,158	0,346	0,430	0,447	0,065	0,203	0,491	0,313	0,700	1,000	0,418	0,427	0,574	0,448	0,539	-0,058	-0,131	0,216	0,381
B15	0,357	0,173	0,222	0,457	0,160	0,338	0,373	0,618	0,117	0,293	0,421	0,406	0,334	0,418	1,000	0,515	0,625	0,412	0,326	-0,076	0,297	0,075	0,387
B16	0,157	0,142	0,285	0,366	0,078	0,261	0,426	0,424	0,279	0,225	0,467	0,584	0,295	0,427	0,515	1,000	0,573	0,344	0,250	-0,059	0,072	0,170	0,521
B17	0,324	0,196	0,303	0,416	0,216	0,356	0,492	0,562	0,107	0,267	0,452	0,514	0,489	0,574	0,625	0,573	1,000	0,285	0,467	-0,023	0,270	0,098	0,482
B18	0,342	0,041	0,174	0,224	-0,045	0,164	0,347	0,375	0,183	0,028	0,166	0,209	0,191	0,448	0,412	0,344	0,285	1,000	0,412	0,009	0,231	0,172	0,285
B19	0,414	0,310	0,465	0,106	0,375	0,213	0,146	0,442	0,066	0,235	0,586	0,097	0,576	0,539	0,326	0,250	0,467	0,412	1,000	-0,003	-0,032	0,286	0,509

	B1	B2	B3	B4	B5	B6	B7	B8	B9	B10	B11	B12	B13	B14	B15	B16	B17	B18	B19	B20	B21	B22	B23
B20	0,185	-0,125	-0,179	0,031	-0,022	-0,089	-0,111	0,187	0,428	0,071	-0,219	0,001	-0,117	-0,058	-0,076	-0,059	-0,023	0,009	-0,003	1,000	0,178	-0,133	0,114
B21	0,074	0,125	0,072	0,261	-0,142	0,028	0,137	0,261	0,093	-0,012	0,026	0,216	-0,151	-0,131	0,297	0,072	0,270	0,231	-0,032	0,178	1,000	0,203	0,178
B22	0,278	0,246	0,281	-0,254	-0,050	-0,138	0,040	0,186	-0,101	0,084	0,273	0,115	0,245	0,216	0,075	0,170	0,098	0,172	0,286	-0,133	0,203	1,000	0,158
B23	0,252	0,196	0,303	0,270	0,251	0,068	0,288	0,318	0,025	0,267	0,521	0,514	0,428	0,381	0,387	0,521	0,482	0,285	0,509	0,114	0,178	0,158	1,000

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0,663
Bartlett's Test of Sphericity	Approx. Chi-Square	477,112
	df	253
	Sig.	0,000

External considerations

B24 to B43 in the table below refer to the chronological ascending questions in section B of the questionnaire pertaining to the external considerations.

	B24	B25	B26	B27	B28	B29	B30	B31	B32	B33	B34	B35	B36	B37	B38	B39	B40	B41	B42	B43	B44	B45	B46
B24	1,000	0,693	0,795	0,257	0,078	0,123	0,165	0,099	0,284	0,352	0,424	0,335	0,475	0,440	-0,083	0,218	0,390	0,450	0,166	0,549	0,190	0,160	0,013
B25	0,693	1,000	0,732	0,443	0,294	0,352	0,446	0,367	0,421	0,358	0,446	0,196	0,306	0,351	0,151	0,177	0,233	0,384	0,092	0,507	0,269	0,108	0,199
B26	0,795	0,732	1,000	0,324	0,298	0,348	0,310	0,209	0,331	0,390	0,409	0,262	0,360	0,435	-0,143	0,222	0,255	0,407	0,153	0,611	0,093	0,171	0,060
B27	0,257	0,443	0,324	1,000	0,664	0,528	0,484	0,617	0,410	0,216	0,194	0,145	-0,086	-0,009	0,344	-0,105	0,175	0,004	0,077	0,175	0,185	-0,071	0,163
B28	0,078	0,294	0,298	0,664	1,000	0,862	0,706	0,805	0,298	0,162	-0,031	0,075	-0,037	0,037	0,269	0,051	0,037	0,014	0,041	0,181	0,098	-0,151	0,058
B29	0,123	0,352	0,348	0,528	0,862	1,000	0,872	0,766	0,384	0,151	0,009	0,168	0,088	0,153	0,194	0,072	0,147	0,036	-0,044	0,151	0,092	-0,028	0,078
B30	0,165	0,446	0,310	0,484	0,706	0,872	1,000	0,801	0,444	0,318	0,032	0,219	0,157	0,296	0,246	0,141	0,161	0,091	0,069	0,141	0,065	0,061	0,156
B31	0,099	0,367	0,209	0,617	0,805	0,766	0,801	1,000	0,356	0,423	-0,035	0,131	0,021	0,128	0,424	0,067	-0,003	0,048	0,110	0,065	0,029	-0,085	0,004
B32	0,284	0,421	0,331	0,410	0,298	0,384	0,444	0,356	1,000	0,167	0,232	0,025	0,177	0,212	0,031	0,013	0,144	0,031	0,007	0,233	-0,002	0,058	0,369
B33	0,352	0,358	0,390	0,216	0,162	0,151	0,318	0,423	0,167	1,000	0,357	0,487	0,416	0,344	0,123	0,220	0,244	0,505	0,102	0,170	0,056	0,252	-0,047
B34	0,424	0,446	0,409	0,194	-0,031	0,009	0,032	-0,035	0,232	0,357	1,000	0,536	0,582	0,422	0,069	0,283	0,254	0,527	0,205	0,455	0,304	0,330	0,108
B35	0,335	0,196	0,262	0,145	0,075	0,168	0,219	0,131	0,025	0,487	0,536	1,000	0,686	0,475	0,162	0,176	0,387	0,397	0,074	0,223	0,392	0,399	-0,020

	B24	B25	B26	B27	B28	B29	B30	B31	B32	B33	B34	B35	B36	B37	B38	B39	B40	B41	B42	B43	B44	B45	B46
B36	0,475	0,306	0,360	-0,086	-0,037	0,088	0,157	0,021	0,177	0,416	0,582	0,686	1,000	0,444	0,101	0,398	0,345	0,503	0,139	0,234	0,230	0,408	0,018
B37	0,440	0,351	0,435	-0,009	0,037	0,153	0,296	0,128	0,212	0,344	0,422	0,475	0,444	1,000	-0,005	0,279	0,304	0,540	0,267	0,368	0,140	0,366	0,034
B38	-0,083	0,151	-0,143	0,344	0,269	0,194	0,246	0,424	0,031	0,123	0,069	0,162	0,101	-0,005	1,000	0,014	0,151	0,061	0,253	-0,047	0,298	-0,110	0,093
B39	0,218	0,177	0,222	-0,105	0,051	0,072	0,141	0,067	0,013	0,220	0,283	0,176	0,398	0,279	0,014	1,000	0,202	0,450	0,191	0,236	0,172	0,119	-0,028
B40	0,390	0,233	0,255	0,175	0,037	0,147	0,161	-0,003	0,144	0,244	0,254	0,387	0,345	0,304	0,151	0,202	1,000	0,364	0,256	0,250	0,519	0,266	0,107
B41	0,450	0,384	0,407	0,004	0,014	0,036	0,091	0,048	0,031	0,505	0,527	0,397	0,503	0,540	0,061	0,450	0,364	1,000	0,358	0,615	0,342	0,448	-0,133
B42	0,166	0,092	0,153	0,077	0,041	-0,044	0,069	0,110	0,007	0,102	0,205	0,074	0,139	0,267	0,253	0,191	0,256	0,358	1,000	0,494	0,346	0,175	-0,191
B43	0,549	0,507	0,611	0,175	0,181	0,151	0,141	0,065	0,233	0,170	0,455	0,223	0,234	0,368	-0,047	0,236	0,250	0,615	0,494	1,000	0,384	0,328	-0,153
B44	0,190	0,269	0,093	0,185	0,098	0,092	0,065	0,029	-0,002	0,056	0,304	0,392	0,230	0,140	0,298	0,172	0,519	0,342	0,346	0,384	1,000	0,198	0,048
B45	0,160	0,108	0,171	-0,071	-0,151	-0,028	0,061	-0,085	0,058	0,252	0,330	0,399	0,408	0,366	-0,110	0,119	0,266	0,448	0,175	0,328	0,198	1,000	0,217
B46	0,013	0,199	0,060	0,163	0,058	0,078	0,156	0,004	0,369	-0,047	0,108	-0,020	0,018	0,034	0,093	-0,028	0,107	-0,133	-0,191	-0,153	0,048	0,217	1,000

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0,560
Bartlett's Test of Sphericity	Approx. Chi-Square	629,296
	df	253
	Sig.	0,000

SECTION C: ENTREPRENEURIAL ACTIONS

C1 to C11 in the table below refer to the chronological ascending questions in section C of the questionnaire pertaining to the entrepreneurial actions.

	C1	C2	C3	C4	C5	C6	C7	C8	C9	C10	C11
C1	1,000	0,559	0,506	-0,181	-0,284	0,383	0,090	0,056	0,078	0,333	0,290
C2	0,559	1,000	0,403	-0,087	-0,301	0,289	0,158	0,284	0,225	0,409	0,311
C3	0,506	0,403	1,000	0,074	-0,131	0,475	0,172	0,071	0,221	0,366	0,177
C4	-0,181	-0,087	0,074	1,000	0,646	0,257	-0,066	-0,025	-0,105	0,121	-0,038
C5	-0,284	-0,301	-0,131	0,646	1,000	0,285	0,134	-0,121	0,045	0,065	-0,051
C6	0,383	0,289	0,475	0,257	0,285	1,000	0,294	0,056	0,187	0,693	0,182
C7	0,090	0,158	0,172	-0,066	0,134	0,294	1,000	0,023	0,516	0,302	0,226
C8	0,056	0,284	0,071	-0,025	-0,121	0,056	0,023	1,000	0,463	0,287	0,305
C9	0,078	0,225	0,221	-0,105	0,045	0,187	0,516	0,463	1,000	0,206	0,124
C10	0,333	0,409	0,366	0,121	0,065	0,693	0,302	0,287	0,206	1,000	0,260
C11	0,290	0,311	0,177	-0,038	-0,051	0,182	0,226	0,305	0,124	0,260	1,000

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0,603
Bartlett's Test of Sphericity	Approx. Chi-Square	157,103
	df	55
	Sig.	0,000

SECTION D: MODES OF ENTRY

D1 to D9 in the table below refer to the chronological ascending questions in section D of the questionnaire pertaining to the modes of entry.

	D1	D2	D3	D4	D5	D6	D7	D8	D9
D1	1.000	.448	.112	.163	.028	.534	.230	.117	.245
D2	.448	1.000	.528	.301	-.044	.250	.269	.589	.323
D3	.112	.528	1.000	.270	-.067	.348	.421	.643	.347
D4	.163	.301	.270	1.000	-.212	.297	.182	.438	.153
D5	.028	-.044	-.067	-.212	1.000	.229	-.270	-.090	-.293
D6	.534	.250	.348	.297	.229	1.000	.198	.134	-.067
D7	.230	.269	.421	.182	-.270	.198	1.000	.251	.448
D8	.117	.589	.643	.438	-.090	.134	.251	1.000	.553
D9	.245	.323	.347	.153	-.293	-.067	.448	.553	1.000

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0,582
Bartlett's Test of Sphericity	Approx. Chi-Square	131.049
	df	36
	Sig.	.000

SECTION E: INTERNATIONALISATION BARRIERS

E1 to E25 in the table below refer to the chronological ascending questions in section E of the questionnaire pertaining to the modes of entry.

Correlation Matrix

	E1	E2	E3	E4	E5	E6	E7	E8	E9	E10	E11	E12	E13	E14	E15	E16	E17	E18	E19	E20	E21	E22	E23	E24	E25
E1	1,000	-0,024	0,683	0,225	0,051	0,011	0,008	-0,120	0,009	0,185	0,173	0,258	0,034	0,244	-0,026	0,209	0,236	0,283	0,100	0,213	-0,034	0,102	0,163	0,080	0,015
E2	-0,024	1,000	0,195	0,354	0,112	0,165	0,282	0,197	0,255	0,053	0,066	0,114	0,296	0,203	-0,136	0,370	0,075	0,128	-0,015	0,109	0,032	-0,105	0,037	0,163	-0,004
E3	0,683	0,195	1,000	0,212	0,001	0,107	0,352	0,038	0,054	0,221	0,227	0,227	0,038	0,118	-0,202	0,432	0,382	0,201	0,316	0,264	-0,050	0,050	0,325	0,265	-0,079
E4	0,225	0,354	0,212	1,000	0,499	0,505	0,276	0,070	0,376	0,262	0,079	0,368	0,296	0,347	0,135	0,292	0,326	0,420	0,250	0,138	0,275	0,068	0,155	-0,132	0,218
E5	0,051	0,112	0,001	0,499	1,000	0,587	0,214	0,090	0,282	0,204	-0,009	0,180	0,244	0,623	0,214	-0,053	0,227	0,221	0,116	0,008	0,486	0,233	0,163	-0,112	-0,002
E6	0,011	0,165	0,107	0,505	0,587	1,000	0,433	0,252	0,476	0,354	-0,174	0,001	0,131	0,491	0,241	0,073	0,251	0,177	0,229	0,246	0,307	0,212	0,180	0,063	0,186
E7	0,008	0,282	0,352	0,276	0,214	0,433	1,000	0,121	0,131	0,160	0,076	0,265	-0,050	0,258	-0,189	0,550	0,342	0,216	0,319	0,196	0,248	0,238	0,431	0,458	-0,213
E8	-0,120	0,197	0,038	0,070	0,090	0,252	0,121	1,000	0,567	0,396	-0,038	0,046	0,078	0,206	0,363	0,146	-0,004	-0,167	0,080	0,238	0,013	-0,171	-0,055	-0,121	0,087
E9	0,009	0,255	0,054	0,376	0,282	0,476	0,131	0,567	1,000	0,677	0,167	-0,024	0,238	0,344	0,569	0,046	0,212	-0,032	-0,075	0,220	0,190	-0,106	0,039	-0,080	0,268
E10	0,185	0,053	0,221	0,262	0,204	0,354	0,160	0,396	0,677	1,000	0,180	0,200	0,164	0,314	0,499	-0,012	0,104	-0,069	-0,075	0,390	0,021	-0,293	0,235	-0,083	0,337
E11	0,173	0,066	0,227	0,079	-0,009	-0,174	0,076	-0,038	0,167	0,180	1,000	0,389	0,083	0,088	0,074	0,287	0,291	0,033	0,079	-0,150	0,070	0,033	0,086	0,134	-0,269
E12	0,258	0,114	0,227	0,368	0,180	0,001	0,265	0,046	-0,024	0,200	0,389	1,000	0,444	0,435	0,089	0,471	0,390	0,394	0,479	0,026	0,301	0,078	0,091	0,206	0,100
E13	0,034	0,296	0,038	0,296	0,244	0,131	-0,050	0,078	0,238	0,164	0,083	0,444	1,000	0,431	0,268	0,054	-0,007	-0,048	0,086	-0,038	0,093	-0,143	-0,354	-0,083	0,211
E14	0,244	0,203	0,118	0,347	0,623	0,491	0,258	0,206	0,344	0,314	0,088	0,435	0,431	1,000	0,399	0,096	0,288	0,115	0,013	0,062	0,552	0,310	0,028	0,080	-0,034
E15	-0,026	-0,136	-0,202	0,135	0,214	0,241	-0,189	0,363	0,569	0,499	0,074	0,089	0,268	0,399	1,000	-0,338	-0,083	-0,171	-0,417	-0,168	0,215	-0,245	-0,228	-0,235	0,272
E16	0,209	0,370	0,432	0,292	-0,053	0,073	0,550	0,146	0,046	-0,012	0,287	0,471	0,054	0,096	-0,338	1,000	0,511	0,385	0,484	0,192	0,181	0,232	0,370	0,461	-0,089
E17	0,236	0,075	0,382	0,326	0,227	0,251	0,342	-0,004	0,212	0,104	0,291	0,390	-0,007	0,288	-0,083	0,511	1,000	0,419	0,487	-0,092	0,337	0,450	0,310	0,264	0,022
E18	0,283	0,128	0,201	0,420	0,221	0,177	0,216	-0,167	-0,032	-0,069	0,033	0,394	-0,048	0,115	-0,171	0,385	0,419	1,000	0,451	0,069	0,253	0,291	0,272	0,220	0,260
E19	0,100	-0,015	0,316	0,250	0,116	0,229	0,319	0,080	-0,075	-0,075	0,079	0,479	0,086	0,013	-0,417	0,484	0,487	0,451	1,000	0,344	0,088	0,208	0,196	0,286	0,053
E20	0,213	0,109	0,264	0,138	0,008	0,246	0,196	0,238	0,220	0,390	-0,150	0,026	-0,038	0,062	-0,168	0,192	-0,092	0,069	0,344	1,000	-0,141	-0,225	0,408	0,029	0,220
E21	-0,034	0,032	-0,050	0,275	0,486	0,307	0,248	0,013	0,190	0,021	0,070	0,301	0,093	0,552	0,215	0,181	0,337	0,253	0,088	-0,141	1,000	0,540	0,025	0,079	-0,025
E22	0,102	-0,105	0,050	0,068	0,233	0,212	0,238	-0,171	-0,106	-0,293	0,033	0,078	-0,143	0,310	-0,245	0,232	0,450	0,291	0,208	-0,225	0,540	1,000	0,109	0,253	-0,230
E23	0,163	0,037	0,325	0,155	0,163	0,180	0,431	-0,055	0,039	0,235	0,086	0,091	-0,354	0,028	-0,228	0,370	0,310	0,272	0,196	0,408	0,025	0,109	1,000	0,402	0,110
E24	0,080	0,163	0,265	-0,132	-0,112	0,063	0,458	-0,121	-0,080	-0,083	0,134	0,206	-0,083	0,080	-0,235	0,461	0,264	0,220	0,286	0,029	0,079	0,253	0,402	1,000	-0,272
E25	0,015	-0,004	-0,079	0,218	-0,002	0,186	-0,213	0,087	0,268	0,337	-0,269	0,100	0,211	-0,034	0,272	-0,089	0,022	0,260	0,053	0,220	-0,025	-0,230	0,110	-0,272	1,000

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0,504
Bartlett's Test of Sphericity	Approx. Chi-Square	595,729
	df	300
	Sig.	0,000

SECTION F: INSTITUTIONAL SUPPORT

F1 to F25 in the table below refer to the chronological ascending questions in section D of the questionnaire pertaining to the modes of entry.

	F1	F2	F3	F4	F5	F6	F7	F8	F9	F10	F11	F12	F13
F1	1,000	0,753	0,640	0,619	0,580	0,489	0,616	0,304	0,608	0,300	0,174	0,304	0,339
F2	0,753	1,000	0,554	0,563	0,481	0,510	0,499	0,186	0,580	0,186	0,080	0,289	0,398
F3	0,640	0,554	1,000	0,699	0,751	0,611	0,683	0,309	0,388	0,276	0,136	0,383	0,444
F4	0,619	0,563	0,699	1,000	0,648	0,659	0,637	0,268	0,395	0,285	0,076	0,247	0,377
F5	0,580	0,481	0,751	0,648	1,000	0,678	0,801	0,546	0,401	0,356	0,186	0,367	0,423
F6	0,489	0,510	0,611	0,659	0,678	1,000	0,853	0,459	0,295	0,463	0,269	0,361	0,542
F7	0,616	0,499	0,683	0,637	0,801	0,853	1,000	0,511	0,474	0,425	0,207	0,307	0,509
F8	0,304	0,186	0,309	0,268	0,546	0,459	0,511	1,000	0,184	0,592	0,419	0,208	0,373
F9	0,608	0,580	0,388	0,395	0,401	0,295	0,474	0,184	1,000	0,170	0,087	0,229	0,189
F10	0,300	0,186	0,276	0,285	0,356	0,463	0,425	0,592	0,170	1,000	0,578	0,414	0,374
F11	0,174	0,080	0,136	0,076	0,186	0,269	0,207	0,419	0,087	0,578	1,000	0,506	0,184
F12	0,304	0,289	0,383	0,247	0,367	0,361	0,307	0,208	0,229	0,414	0,506	1,000	0,542
F13	0,339	0,398	0,444	0,377	0,423	0,542	0,509	0,373	0,189	0,374	0,184	0,542	1,000

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0,800
Bartlett's Test of Sphericity	Approx. Chi-Square	341,832
	df	78
	Sig.	0,000

APPENDIX F

CONFIRMATION LETTER FROM EXPERT ON QUALITATIVE RESEARCH



Dr Roland Goldberg

Dr RH Goldberg
Lecturer
North-West University
Potchefstroom
South Africa

20 February 2019

Mr Rajesh Sannegadu
Lecturer / Ph.D Student
University of Mauritius
Réduit
Mauritius

To Whom It May Concern:

PEER REVIEW OF RAJESH SANNEGADU'S QUALITATIVE DATA ANALYSIS

This letter verifies that I, Roland Goldberg (Lecturer in marketing at the North-West University; Staff No. 20770626) meticulously reviewed the qualitative analysis of the transcribed data of Mr Sannegadu's thesis entitled "Internationalisation strategy for textile firms in Mauritius". Moreover, I reviewed Mr Sannegadu's use of the Morse and Field approach towards analysing qualitative data. Conclusively, this letter confirms that Mr Sannegadu rigorously analysed the data and verifies that the themes identified reflect both confirmability and dependability.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Roland Goldberg', written over a light blue grid background.

Dr RH Goldberg

APPENDIX G

CONFIRMATION LETTER FROM EXPERT ON STATISTICAL ANALYSIS



Private Bag X6001, Potchefstroom
South Africa 2520

Tel: 018 299-1111/2222
Web: <http://www.nwu.ac.za>

Statistical Consultation Services
Tel: +27 18 285 2016
Fax: +27 0 87 231 5294
Email: suria.ellis@nwu.ac.za

15 November 2019

Re: Dissertation, Mr R Sannegadu, student number 26815303

We hereby confirm that the Statistical Consultation Services of the North-West University assisted with the interpretation of the results. However, any opinion, findings or recommendations contained in this document are those of the author, and the Statistical Consultation Services of the NWU (Potchefstroom Campus) do not accept responsibility for the statistical correctness of the data reported.

Kind regards

A handwritten signature in black ink, appearing to read 'SM Ellis'.

Prof SM Ellis (Pr. Sci. Nat.)

Associate Professor: Statistical Consultation Services

APPENDIX H

CONFIRMATION LETTER FROM LANGUAGE EDITOR

TRANSLATING • WRITING • EDITING • PROOFREADING

Anna-Mart Bonthuys (D Litt et Phil – SA)

Independent Contractor

Email: annamart.bonthuys@gmail.com

Website: www.annamartbonthuys.co.za

Always in excellence mode / 'Vitmundheid bo alles

DECLARATION: EDITING

TO WHOM IT MAY CONCERN

I, the undersigned Dr Anna-Mart Bonthuys, hereby declare that I am a fully qualified and experienced language practitioner, and that I have thoroughly edited and proofread the doctoral thesis of Rajesh Sannegadu, titled

“An internationalisation strategy for medium-sized textile manufacturers in a small island developing state” (NWU),

to the very best of my abilities.


.....
Dr Anna-Mart Bonthuys

19 November 2019
.....
Date