



UNIVERSITI PUTRA MALAYSIA

***FACTORS AFFECTING INTERNATIONALISATION OF MALAYSIAN
MANUFACTURING SMES***

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**FACTORS AFFECTING INTERNATIONALISATION OF MALAYSIAN
MANUFACTURING SMES**

By

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**Thesis submitted to the Graduate School of Management, Universiti Putra
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June 2013

Abstract of thesis presented to the Senate of University Putra Malaysia in fulfilment
of the requirement for the degree of Doctor of Philosophy

**FACTORS AFFECTING INTERNATIONALISATION OF MALAYSIAN
MANUFACTURING SMES**

By

AKBAR AFSHARGHASEMI

June 2013

Chair: Professor Mohd Zain Mohamed, PhD

Faculty: Graduate School of Management

The dissertation investigated factors contributing to the internationalisation of small and medium sized manufacturing enterprises in Malaysia. As a newly industrialized country, the Malaysian economy predominantly depends on the small and medium enterprise (SME) sector. However, this research seeks to redress this by reporting the key drivers influencing the internationalisation process of SMEs such as firm specific, key personnel and environmental factors as well as to determine the role of market turbulence and competitive advantage on internationalization of manufacturing SMEs in Malaysia. To empirically test the developed framework, primary data was gathered using the survey questionnaire method. The survey instrument was distributed to all manufacturing SMEs involved in exporting which are located in the Klang Valley of Malaysia (FMM, 2012) which are 770 firms. In order to examine the causal structure of the research framework, Structured Equation Modelling (SEM) technique was utilised in this research. A total of 257 questionnaires were usable and analysed. This study has obtained a better understanding on factors that influence internationalisation of manufacturing SMEs by provided an empirical evidence for effect of firm resource,

entrepreneurial orientation and market orientation on internationalisation as firm specific factors. Furthermore, it has determined the effect of human capital as key personnel factor as well as government regulation as an environmental factor on internationalisation of manufacturing SMEs in Malaysia. Furthermore, the study has added to the body of knowledge by introducing competitive advantage as a mediating variable between firm resources, entrepreneurial orientation, market orientation, human capital and government regulation with internationalization of manufacturing SMEs in Malaysia. Last but not least, in this study market turbulence found to moderate the relationship between entrepreneurial orientation and internationalization of manufacturing SMEs in Malaysia in high market turbulence situation. Based on the influential variables obtained from the analysis, an integrated model was developed which predicted 68% of variance in internationalization of SMEs in Malaysia.

Abstrak kertas project yang dikemukakan kepada Senat Universiti Putra Malaysia sebagai memenuhi sebahagian keperluan untuk ijazah Doktor Falsafah.

**FAKTOR-FAKTOR MEMPENGARUHI PENGANTARABANGSAAN
PEMBUATAN PKS DI MALAYSIA**

Oleh

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Disertasi ini telah disiasat mengenai faktor-faktor yang menyumbang kepada pengantarabangsaan pembuatan perusahaan kecil dan sederhana di Malaysia. Sebagai sebuah negara perindustrian baru, ekonomi Malaysia merupakan sebahagian besar bergantung kepada perusahaan kecil dan sederhana (PKS). Walau bagaimanapun, kajian ini adalah bertujuan untuk mengkaji semula dengan melaporkan pemandu utama yang mempengaruhi proses pengantarabangsaan PKS seperti khusus firma, kakitangan utama dan faktor-faktor alam sekitar serta untuk menentukan peranan pergolakan pasaran dan kelebihan daya saing pada pengantarabangsaan PKS pembuatan di Malaysia. Untuk empirikal menguji rangka kerja maju, data utama dikumpul dengan menggunakan kaedah soal selidik. Instrumen soal selidik telah diedarkan kepada semua PKS pembuatan yang terlibat dalam mengeksport yang terletak di Lembah Klang Malaysia (FMM, 2012) yang 770 firma. Dalam usaha untuk memeriksa struktur sebab-musabab rangka kerja penyelidikan, Structured Persamaan Permodelan teknik (SEM) telah digunakan dalam kajian ini. Sebanyak 257 soal selidik telah digunakan dan dianalisis. Kajian ini telah mendapat pemahaman yang

lebih baik kepada faktor-faktor yang mempengaruhi pengantarabangsaan PKS pembuatan dengan memberi bukti empirikal untuk kesan sumber firma, orientasi keusahawanan dan orientasi pasaran di peringkat antarabangsa sebagai faktor-faktor tertentu yang kukuh. Tambahan pula, ia telah menentukan kesan modal insan kakitangan faktor utama serta peraturan kerajaan sebagai faktor alam sekitar terhadap pengantarabangsaan PKS pembuatan di Malaysia. Selain itu, kajian itu telah menambah kepada badan pengetahuan dengan memperkenalkan kelebihan daya saing sebagai pembolehubah pengantara antara sumber firma, orientasi keusahawanan, orientasi pasaran, modal insan dan peraturan kerajaan dengan pengantarabangsaan PKS pembuatan di Malaysia. Akhir sekali, dalam pergolakan pasaran kajian mendapati sederhana hubungan antara orientasi keusahawanan dan pengantarabangsaan PKS pembuatan di Malaysia dalam pasaran yang tinggi keadaan gelora. Berdasarkan pembolehubah berpengaruh diperolehi daripada analisis, model bersepadu telah dibangunkan yang meramalkan 68% daripada varians dalam pengantarabangsaan PKS di Malaysia.

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May ALLAH S.W.T. bless all of us.

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CHAPTER 1- INTRODUCTION TO RESEARCH

1.1 Introduction

The thesis examines factors influencing the internationalisation of small and medium sized manufacturing enterprises in Malaysia. As a newly industrialized country, the Malaysian economy predominantly depends on the small and medium enterprise (SME) sector. However, very little is understood about the role of SME internationalisation and influential factors that affect internationalisation process (Senik, 2010). This research seeks to redress this by categorizing and investigating the key drivers influencing the internationalisation process of manufacturing SMEs in Malaysia.

The internationalisation of SMEs in manufacturing industries in Malaysia warrants investigation because this sector produces goods for international trade. However, there is little empirical evidence of influential factors that affect internationalisation process of Malaysian Manufacturing SMEs (Ruzzier et al., 2006). SMEs play an important role in all economies in the world by contributing 80 percent of global economic growth (Osman et al., 2011) and in developing and emerging economies SMEs play an important role as they represent a major source of employment and generate significant revenue and export earnings (Javalgi and Todd, 2011). SME is defined as “a firm with an annual sales turnover of not exceeding RM 25 million or full time employees of not exceeding 150” which was approved by the National SME Development Council (NSDC, 2005). This study employed quantitative methods to understand about views of experts and SME practitioners through

questionnaires. The results are largely deductive and statistical analysis was used to understand Malaysian manufacturing SMEs internationalisation process.

The study consists of six chapters. Chapter 1 introduces the thesis and presents the research background, its setting and focus. Chapter 2 reviews relevant literature on SME internationalisation. Chapter 3 is the hypothesis development to provide a foundation for the integrative conceptual framework for the study. Using the quantitative approach, Chapter 4 discusses the research design of the study. In chapter 5, statistical results are presented to determine the factors influencing internationalisation of SMEs. Chapter 6 discusses the findings in comparison to the literature to develop a framework of influential factors that affect Malaysian SMEs internationalisation. The next section introduces the chapter and background of the research.

The chapter begins with an introduction and discussion of the background of the research. The following sections provide a review of the research setting to explain the business contexts of the SMEs included in this study and why the internationalisation of SMEs firms is critical for the country. The next section discusses the research problem, in terms of the aims, objectives and issues involved in conducting the research as well as the significance of the study.

1.2 Background of the Study

The research on internationalisation of firms' process has grown throughout the last forty years and covers one of the broadest scopes of research today. However, there

is a need to study more about essential factors that contribute to the internationalisation of SMEs in developing countries (Ruzzier et al., 2006). There are numbers of key motivating factors for SME internationalisation, including growth motives; knowledge-related motives; network/social ties; and domestic/regional market factors (Lloyd-Reason et al., 2009).

Moreover, SMEs internationalisation has been studied from a variety of perspectives. Theories and models have been proposed to explain the international involvement of firms, including: the economic theory, the process or stages models, the innovation-related models, the pre-export and export start models, the network theory, and the international entrepreneurship theory. Each of these theories and models has shed light on some aspect of internationalisation and provided us with some insightful results (Mejri & Umemoto, 2010). Therefore, the conceptual framework of this study integrates these four internationalisation perspectives: The Uppsala (stage model), the network model, the resource-based view and the Eclectic Paradigm (OLI framework) to provide a comprehensive manufacturing on Malaysia SMEs internationalisation process.

Previous studies on SMEs internationalisation that focus on the manufacturing has been conducted in developed industrialized countries (Katsikea et al., 2007; Chelliah et al., 2010). Only recently has focused on research for SMEs in developing countries or newly industrialized countries (NICs) (Chung, 2008; Senik et al., 2010). Evidence from developing or newly industrialized countries is still limited (Kwon & Hu, 2001). Furthermore, there have not been many studies into the internationalization within the manufacturing sector (Chelliah et al., 2010).

A newly industrialized country is defined as a country that has recently increased the portion of its national production and exports derived from industrial operations. Malaysia best fits the classification of a newly industrialized country for two reasons. First, for the past five years, the country's export recorded a growth of about 10 percent a year (Senik, 2010), and second, among the ASEAN-4 (Indonesia, Thailand, The Philippines and Malaysia), Malaysia's net growth has increased from 5.6 percent in 2006 to 7.2 percent in 2010 respectively (IMF, 2011) compared to three other countries.

It is generally held that SMEs have the flexibility and the ability to adapt to their environment more quickly than large enterprises, SMEs must be able to use these advantages in internationalizing (Mockaitis et al., 2006) and SMEs account for more than 95% of all firms in many countries (Chiao et al., 2006). Significantly, in East Asia, 90 % of all business enterprises are SMEs, which suggests they play a strong role in enhancing their nation's employment, and economic and social development (Hall, 2002). High rates of SME internationalisation in developed and industrialised countries demonstrate the benefits NICs and developing countries can gain from their SMEs and Malaysia is encouraged to follow the trend (Senik, 2010).

The internationalisation of SMEs from developing countries and transition economies has attracted increased attention in recent time (Ibeh & Kasem, 2010). Significantly, manufacturing SMEs are playing increasingly important role in global markets and some of these SMEs are generating earning in international markets more than in domestic market (Chelliah et al., 2010).

SMEs have played, and are increasingly playing, an important economic role in the individual economies of East Asia and in the broader regional economy including that of Asia Pacific Economic Cooperation (APEC) and the Association of Southeast Asian Nations (ASEAN) (Harvie & Lee, 2002). SMEs in Malaysia are an important segment of the nation wealth creation eco-system and can be traced back to 1971 with the implementation of the New Economic Policy. SMEs account for 99.2% of total established businesses in Malaysia. SMEs employment share is 59.5% and contribute to 32% of the country's Gross Domestic Product (National SME Development Council, 2012). However, a question worth asking is what factors best fit and affect the internationalisation of SMEs in manufacturing sector within the NIC?

Accordingly, this research tries to investigate internationalisation of manufacturing SMEs in Malaysia. To enable a better understanding of the research setting, concise information about Malaysia and the significant factors affecting Malaysian SME internationalisation will be examined.

1.3 Definition of SMEs

The term SMEs is often used interchangeably with small and medium scale industries (Burhanuddin et al., 2009). SMEs are defined by a number of factors and criteria such as location, size, age, structure, organisation, number of employees, sales volume or worth of assets, ownership through innovation and technology (Deros, 2006).

In Malaysia, until the establishment of the National SME Development Council (NSDC) in 2004, there was no common definition of SMEs among the different

Malaysian agencies and institutions (Senim, 2010). In 2005 the NSDC introduced a new definition of SMEs in the manufacturing, manufacturing related services, primary agriculture and services sector (NSDC, 2005).

The criteria used in defining SMEs are based on annual sales turnover and number of employees of the SMEs (Table 1.1). A broad definition of SMEs is provided, along with specific definitions for micro, small and medium enterprises. For wider coverage, businesses are considered as SMEs as long as they meet either the threshold set for annual sales turnover, or in terms of the number of full-time employees (NSDC, 2005).

Table 1.1: Standard SME Definitions

Size	Number of Full-Time Employees		Annual Sales Turnover	
	Manufacturing (including Agro-based & MRS)	Service Sector (including ICT and Primary Agriculture)	Manufacturing (including Agro-based & MRS)	Service sector (including ICT and Primary Agriculture)
Micro	Less than 5 employees	Less than 5 employees	Less than RM 250,000	Less than RM 200,000
Small	Between 5 and 50 employees	Between 5 and 19 employees	Between RM 250,000 & less than RM 10 Million	Between RM 200,000 & less than 1 million
Medium	Between 51 and 150 employees	Between 20 and 50 employees	Between RM 10 million & RM 25 million	Between RM 1 million & RM 5 million

Source: National SME Development Council (2005), SME Annual Report

Therefore, this study uses common definition which was approved by NSDC and is a small and medium enterprise in manufacturing with full-time employees not exceeding 150 or with annual sales turnover not exceeding RM25 million (NSDC, 2005).

1.3.1 SMEs in Malaysia

SMEs play a vital role in the Malaysian Economy and are considered to be the backbone of industrial development in the country (Saleh & Ndubisi, 2006). Moreover, the interest in the SMEs in Malaysia has witnessed a significant growth over the years. The enterprises operate in almost every key and major industry in the country (Hashim, 2000).

Malaysian SMEs are a vital component of the country's economic development. According of SME Corporation Malaysia, SMEs contribute about RM4.3 billion or approximately 20 % of the Malaysian gross domestic product (GDP) in 1990. In 2012, its contribution had increased to about 32.5 per cent of GDP, an increased 12.5 per cent in 22 years. The increase in its contribution to the total GDP over the years signifies that SMEs has the potential to promote domestic-led growth in existing and new industries, and to strengthen the resilience of the economy in an intensifying global economic competition. Compared to other countries, Malaysian SMEs have contributed a creditable share as Germany recorded 57% share, Italy 36.7 %, Taiwan 31.4 %, Japan 20.3 % and Republic of Korea 16% (Abdullah & Zain, 2011).

According to SME annual report in November 2011 published by NSDC the total number of SME establishments in Malaysia was 548,267 and the SME contribution to value added growth by key economic activity was 8.4% in 2010. SME can also contribute to the GDP (by key economy activity) via 31.9% in 2010. Therefore, SMEs are expected to contribute 50% of the gross domestic product (GDP) in 2020 (Hashim, 2000).

SMEs that are within manufacturing sector are mainly concentrated in the Central Region (Federal Territory of Kuala Lumpur and Selangor), accounting for 37.1 per cent. Johor is the state with the next highest concentration with 10.4 per cent. Other Malaysian states accounted for less than 10 per cent (NSDC, 2010). Moreover, According to United Nations Development Programme (2011) some advanced economies have succeeded in achieving their targeted country performance because SMEs form a fundamental part of the economy, comprising over 98% of total establishments and contributing to over 65% of employment as well as of over 50% of the gross domestic product.

The status of SMEs in Malaysia within three sectors i.e. manufacturing, services and agriculture is shown in table 1.2. The table shows that manufacturing SMEs hold 7.2% of total SMEs in 2010. Most of the SMEs fall under services section (86.6%) and agriculture section includes 6.2 % of total SMES in Malaysia (NSDC, 2010).

Table 1.2: General profile of SMEs

Sector	Micro	Small	Medium	Total SMEs	Total SMEs	Large	Total Establishment
	Number of Establishment				%share	Number	Number
Manufacturing	21,516	15,796	2,061	39,373	7.2	1,420	40,793
Services	381,585	83,037	10,084	474,706	86.6	2,819	477,525
Agriculture	31,838	1,775	575	34,188	6.2	343	34,531
Total SMEs	434,939	100,608	12,720	548,267	100	4,582	552,849

Source: SME Annual Report 2012

Interestingly, the distribution of SMEs in manufacturing sector (according to company size) in 2010 is shown in Table 1.2. It shows that out of the 40,793 active manufacturing companies, 39,373 (96.5%) were SMEs.

1.4 Problem Statement

As one of the recently industrialised countries, Malaysia has acknowledged the international trade as a crucial development realm. Malaysia's open policy has made multinational corporations (MNCs) to focus on manufacturing activities in the country (Sieh, 2000). Accordingly, with the increasing financial support for training, growth and export improvement, the Malaysian government is propelling SMEs into international markets. Furthermore, there is a massive opportunity for SMEs to take on a bigger role in elevating the nation's economy (Muhammad Masroor, 2010).

The SMEs Master Plan announcing "SMEs encouragement will lead to take advantage of external investment occasions..." focuses on SMEs international function and concentrates on the special needs of the different categories of the SMEs such as micro, small and medium where their needs will be addressed (MITI, 2006, P.163). Moreover, the Malaysian Government acknowledges the fact that many successful and large organisations start off as a micro, small or medium organization. Since SME is the backbone of the Malaysian economy, it is crucial to understand why some SMEs are successful and others fail in the Malaysian business context. For small businesses, success is when customers purchase goods and services which contribute to profits (Abdul-Mohsina et al, 2012).

The role of SMEs in Malaysia is vital in this process. Therefore, Tun Mahathir Mohamed, the previous prime minister of Malaysia, has trusted the Malaysian SMEs into global direction and functions of the highest quality, visualising that the country would be an entirely urbanised and industrialised country in the Vision 2020 (NST, 1996). Recently, Prime Minister Datuk Seri Najib Tun Razak in 23th of November 2011 underlined six high impact programmes that will boost the growth of SMEs to 8.7 percent by 2020. By achieving the SME development target, he said, it would meet the macro target stipulated under the masterplan, namely to raise SME contribution to GDP from 32 percent in 2010 to 41 percent in 2020 (PMO, 2011).

Some studies have been found on SME internationalisation within Malaysia context such as, issue and problem in export management (Abdul Rashid et al., 2002), the influence of networking and relationships on the SME internationalisation process (Zain & Ng, 2006), influential factors for internationalisation in Malaysia (Senik et al., 2010) and the moderating effect of firm size in internationalisation of SMEs (Chelliah et al., 2010). Even though, these articles provided some evidence of evaluating internationalisation issue, but none of the evidence that were obtained from the aforesaid articles to evaluate internationalisation issue has fully examined the factors affecting internationalisation of SMEs inside the manufacturing sector. Thus, It is absolutely necessary to develop an inclusive structure of internationalisation process in order to compensate the identified gap in the literature (Gassmann & Keupp, 2007) and a deep study at a recognised background will generalise and anticipate SME internationalisation behaviour (Senik, 2010).

To date, the reasons for internationalisation of SMEs within the manufacturing sector in Malaysia have been known, but the factors supporting them to do so are still vague and need to be determined. According to Dana (2006) the importance of internationalisation issue to business becomes more and more, the need to research is increasingly growing and that to find out when, how, and why enterprisers internationalise their firms as important as well. There still exists a lack of evidence to help this process within the manufacturing sector since internationalisation research on SMEs in recently industrialised countries (such as Malaysia) is at its early stage (Ghauri et al, 2003). Furthermore, Senik (2010) suggested, for future research to prove the interrelated factors, categories and items identified in the existing literature through statistical analysis within manufacturing SMEs in Malaysia is required.

1.5 Research Question

In line with the research problem stated above, the general question of this study is to determine “What are the factors that influence SMEs internationalisation within manufacturing industries in Malaysia?” This research addresses this by proposing an integrative framework that incorporates influential factors in the existing literature within manufacturing SMEs in Malaysia. Therefore, this study hopes to answer the following questions:

- I. To what extent do firm specific factors affect SMEs internationalisation within the manufacturing sector in Malaysia?
- II. What are the roles of key personnel factors on SMEs internationalisation within the manufacturing sector in Malaysia?

- III. How do environmental factors influence SMEs internationalisation within the manufacturing sector in Malaysia?
- IV. Does market turbulence play a moderating role on SMEs internationalisation within the manufacturing sector in Malaysia?
- V. Does competitive advantage play a mediating role on SMEs internationalisation within the manufacturing sector in Malaysia?

1.6 Research Objective

The general aim of this study is to explore and examine factors that affect internationalisation of SMEs within the manufacturing sector in Malaysia. International related issues were observed in terms of exporting, policy, culture, management, problems and challenges in exporting and the challenges of industrial linkages programme, however empirical evidence on Malaysian SMEs internationalisation has not been the central issue (Bjerke, 2000 & Mori, 2005).

Having recognised that internationalisation research into SMEs in newly industrialised countries (such as Malaysia) is in its infancy and evidence within the manufacturing sector is still inadequate (Senik, 2010), the main objective of this study, therefore, is to examine factors influencing the internationalisation process of the SMEs within the manufacturing sector in Malaysia which are existing in the past studies. To fulfil this objective, specific objectives set out to achieve are:

- To determine the effect of firm specific factors on the internationalisation of SMEs within the manufacturing sector in Malaysia.

- To investigate the influence of key personnel factors on the internationalisation of SMEs within the manufacturing sector in Malaysia.
- To examine the effect of environmental factors on the internationalisation of SMEs within the manufacturing sector in Malaysia.
- To determine the effect of moderating role of market turbulence on the internationalisation of SMEs within the manufacturing sector in Malaysia.
- To investigate the effect of competitive advantages on the internationalisation of SMEs within the manufacturing sector in Malaysia.

1.7 Scope of Study

Located in Southeast Asia, Malaysia is a developing country that supports SMEs to become international players. Malaysia has advantages such as political stability, a first-class physical infrastructure, and a skilled, multicultural and multilingual workforce. Currently, the country is among the world's top 20 trading nations for its competitiveness in attracting direct foreign investments (FMM, 2012).

There are 548,267 SME representing 99.2% of total business establishments in Malaysia. Out of this, only 21% are active exporters who are contributing to the total of Malaysian exports and they are mainly located in the manufacturing sector (57.6%), services (40.6%) and agriculture (1.8%)(NSDC, 2011). Major export destinations for manufactured products are the ASEAN countries (27.2%), the USA (23.4%), the European Union (10.4%), Japan (7.4%), Hong Kong (7%), People's

Republic of China (6.1%) and the rest of the world (18.5%). The statistics above show that the Malaysian economy does depend on SME and to increasing reliance on international trade as well demonstrated (Senik et al., 2010). Recently, the term ‘SME internationalisation’ has been applied in research, focusing on a range of issues within the SME sector. These include internationalisation strategies, network relationship and influential factors to Internationalisation (Andersson et al., 2006; Zain & Ng, 2006; Senik et al., 2010). However, inclusive evidence of internationalisation within Malaysian SMEs in various manufacturing industries is still absent.

Since, few studies have determined the internationalisation process in emerging market countries; this has led imperfect evidence of the processes that helped to SME internationalisation development (Coviello & Jones, 2004; Mtigwe, 2005). Although wide study into the internationalisation process of SME has been undertaken in developed countries (Gemser, Brand & Sorge, 2004; Wickramasekera & O’Donovan, 2004), and western internationalisation theories have been extensively applied, these are still the lenses of others. Researchers acknowledged that the approved western-based management practices within Asian context differ because of dissimilar business and culture terms (Nguyen, 2008). Therefore, perhaps the evidence is not fully examined in order to understanding the Malaysian context. For example Crick and Dana (2004) mentioned that western and eastern perceptions of what effects internationalisation are not entirely comparable since Malaysia practices various values, beliefs, politics and cultures. Therefore, study within the Malaysian context, can help to determine if existing western models are in any way relevant.

The First Malaysian Plan (1966-1970) started the focus on SMEs development (Moha Asri, 1999) and was the turning point of the Malaysian industrialisation drive (Sieh, 2000). From then onwards, Malaysia has transformed from a commodity-based economy to a manufacturing and services-oriented nation. The Ninth Malaysia Plan (2006-2010) emphasised for SME internationalisation ventures by the need for outlining three issues: 1) to strategize international collaboration with high-technology industries; 2) to develop innovation-driven SMEs; and 3) to promote cross border investments (MITI, 2006).

Therefore, this study focuses to determine influential factors which are existing in the previous studies that affecting internationalisation of SMEs within manufacturing sector especially in the central region of Malaysia, i.e. Kuala Lumpur (12.4%) and Selangor (17.7%) that forms the Klang Valley because the largest concentration of SMEs are established in the central region (37.1%) (NSDC, 2010). Moreover, the population of this research includes all Malaysian manufacturing SMEs which is involved in exporting and enlisted in FMM Directory of Malaysian Industries (2012) located within the Klang Valley area which is counted 770 firms. Hence, based on the “Required Sample Size” table published by “The Research Advisor, 2006” with 95% level of confidence, 5% margin of error, and a population size which equals to 770, the sample size needed is $n = 257$ and because of low response rate in Malaysia which is 27% (Chelliah et al., 2010) we distributed questionnaires to CEOs, managers and owners of all companies.

1.8 Summary

In chapter one, the background of the study in internationalisation and definition of SMEs has been reviewed and the gap of study has been determined. Based on the gap, the problem statement of this study has been formed. Therefore, in line with the problem statement, the objectives of the study have been developed to fill out the gap. In accordance with objective of study five questions have been developed. At the end of this chapter scope of study has been described.



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