

# Entrepreneurial Orientation and Internationalisation Scope: A Study of Malaysian International SMEs

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## Abstract

**Purpose:** This study aims to enrich understanding of the effects of entrepreneurial orientation (EO) on the internationalisation of small and medium enterprises (SMEs) by considering the effects of individual EO dimensions that support firms to broaden their scope of internationalisation.

**Design/methodology/approach:** A sample of 253 international SMEs is collected in Malaysia and explored using logistic regression analysis.

**Findings:** The findings reveal the nuanced independent roles of two individual EO dimensions, i.e. innovativeness and pro-activeness, on the firm's tendency to enter multiple foreign countries.

**Research limitations:** The study uses single respondent and cross-sectional data that might have some limitations in terms of data rigorousness and findings generalisability.

**Practical implications:** The findings provide important managerial and policymaking implications.

**Originality/value:** The findings advance international entrepreneurship (IE) research by enriching the understanding of internationalisation scope by explicating the individual EO dimensions effect on the likelihood of firms expanding to multiple foreign countries.

**Keywords:** Internationalisation, Internationalisation Scope, Entrepreneurial Orientation, SMEs

## Introduction

The idea of expanding internationally is often deemed to be out of reach for small and medium enterprises (SMEs) because, according to the definition of small and medium sized, firms have limited resources and expertise compared with large and multi-national enterprises. Despite their small size, many SMEs have significantly increased their involvement in internationalisation (Chandra et al., 2020; Jafari-Sadeghi et al., 2020; Paul, 2020). Greater involvement in internationalisation is often linked with greater competition among firms. Many attributes have been explored and discussed in the extant literature to assist SMEs in overcoming competition in internationalisation; however, entrepreneurial orientation (EO) of firms is commonly acknowledged as the crucial one (Dai et al., 2014; Karami and Tang, 2019; Thanos et al., 2017).

Within the international entrepreneurship (IE) domain, EO is one of the central constructs that hold promise for understanding SMEs' internationalisation (Covin and Miller, 2014). While

EO has received significant scholarly interests, the construct of EO has not been consistently conceptualised (Covin and Miller, 2014; Covin and Wales, 2019; Wales et al., 2020). Over the years, EO is subjected to the conceptualisation debate as either a unidimensional construct (Covin and Slevin, 1989; Miller, 1983) or a multidimensional construct (Lumpkin and Dess, 1996). Nonetheless, Covin and Lumpkin (2011, p. 860) commented that "the two conceptualisations of EO are fundamentally different and neither is inherently superior to the other". They hence suggested that scholars have the choice to conceptualise EO as a unidimensional or multidimensional construct based on the objectives and questions of a study. There are two dominant themes of the influence of EO on firms' internationalisation: 1) outcome and 2) process. The former theme received most empirical evidence in the literature concerning different research questions, such as 'how EO influences international performance' and 'to what extent EO explains the firms' international performance' (Forcadell and Úbeda, 2020; Karami and Tang, 2019; Sedziniauskienė and Sekliuckienė, 2020; Thanos et al., 2017). The latter theme received a relatively lack of empirical evidence (Dai et al., 2014; Felzensztein et al., 2015). The internationalisation process has three key dimensions: 1) speed (initial time involved in international business development), 2) degree/intensity (contribution of international sale of outputs), and 3) scope (involvement in multiple foreign countries). In comparison to the speed and degree/intensity dimension, knowledge of the influence of EO on firms' internationalisation scope is relatively under-developed (Dai et al., 2014; Felzensztein et al., 2015; Jafari-Sadeghi et al., 2020).

With the aim to address the knowledge gap mentioned above, this study examines the effect of the individual EO dimensions of innovativeness, pro-activeness and risk-taking on SMEs' internationalisation process, specifically, on the internationalisation scope, in Malaysia. Covin and Miller (2014) suggested that future studies should not disregard the potential of spilling effect of the various EO dimensions on the firms' internationalisation scope. This study, thus, articulates EO as a multidimensional construct to understand which individual dimensions of EO enable firms to have a broader internationalisation scope. Furthermore, the extant empirical contexts used to examine the effects of EO on firms' internationalisation are dominated by developed economies and warranted opportunities to investigate the phenomenon of interest in developing economies, such as Malaysia.

The main contribution is that this study advances IE research by enriching the understanding of internationalisation scope by explicating the individual EO dimensions effect on the likelihood of firms expanding to multiple foreign countries. An intriguing insight coming light from the findings demonstrate that not all individual EO dimensions play the same roles in supporting firms to broaden their internationalisation scope hence advancing EO knowledge that fosters the development of SMEs' internationalisation. Additionally, this study contributes to the much-debated aspect of EO's conceptualisation. Understanding the effect of various individual EO dimensions may provide notable insights for firms with the intention to broaden their internationalisation scope and the institutional policymakers in providing relevant supports to enhance the manifestation of EO of the firms.

The remaining of the paper is structured as follows. The following section reviews the literature behind this study, and hypotheses are developed. In section three, the data and methods used are explained, and in section four, findings are reported and discussed. Last, this paper presents the conclusions, implications, and limitations of the study.

## **Literature Review**

### ***SMEs' internationalisation and IE***

Despite receiving significant scholarly interest in so many decades, there is still a lack of agreement on the definition of internationalisation (Shen et al., 2017). Nevertheless, extant literature generally discussed internationalisation as an entry into foreign markets (Lu and

Beamish, 2001). The study of internationalisation can be categorised into two, 1) inward and 2) outward cross-border links. This study emphasises on the later, outward internationalisation of firms, i.e. involvement in various international activities from exporting to foreign direct investment.

The study of SMEs' internationalisation started in the late 1980s, intending to understand the phenomenon of firms that internationalise early from inception, commonly refers as international new ventures or born global firms (Zucchella and Magnani, 2016). Over time, this field of inquiry has grown and developed tremendously. Accordingly, significant development of SMEs' internationalisation is acknowledged as a field of study that lies at the intersection of international business and entrepreneurship, prompting the emergence of IE (Reuber et al., 2018; Zahra and George, 2017).

In IE, there are two domains of research; 1) international new ventures and 2) entrepreneurial behaviour (McDougall, 1989; McDougall and Oviatt, 2000; Zahra, 1993). The domain in international new ventures is based on the pioneer study of IE conducted by McDougall (1989) on the differences between new ventures started on domestic versus international scale. Hence, in international new ventures, IE is generally defined as firms, from their inception, involved and engaged in internationalisation (McDougall, 1989). Conversely, the domain in entrepreneurial behaviour focuses on both new and established firms. Thus, IE is defined as "a combination of innovative, pro-active, and risk-seeking behaviour that crosses or is compared across national borders and is intended to create value in business organisations" (McDougall and Oviatt, 2000, p. 903).

The earlier conceptualisation of EO dimensions, i.e. innovativeness, proactiveness and risk-taking (Miller, 1983, Miller and Friesen, 1982) is explicitly incorporated in this initial definition by McDougall and Oviatt (2000). Miller (1983) viewed these three dimensions together as comprising a basic, unidimensional EO. However, this definition is criticised because the idea that IE is reflected as a unidimensional of EO (innovative, proactive and risk-seeking behaviour) is questioned as these are not the only EO dimensions that scholars have developed and acknowledged (e.g. Lumpkin and Dess, 1996, 2001). Lumpkin and Dess (1996) proposed a multidimensional EO with additional two dimensions (competitive aggressiveness and autonomy) along with the earlier three dimensions. As a result, Oviatt and McDougall (2005) revised their prior definition. They suggested that IE is "the discovery, enactment, evaluation, and exploitation of opportunities – across national borders – to create future goods and services" (Oviatt and McDougall, 2005, p. 540). According to them, this definition does not explicitly associate with any EO dimensions. Thus, it can elude unwarranted debate over EO conceptualisation yet highlights the importance of EO to support discovery of entrepreneurial opportunity and activity across national borders.

### ***The resource-based view and EO***

Among various theories that have been adopted to study the SMEs' internationalisation phenomenon, the resource-based view is widely employed. The resources-based view asserts that a firm's resources are critical in determining the internationalisation processes and outcomes of the firm (Elia et al., 2021; Keskin et al., 2021; Kiyabo and Isaga, 2020). A firm's resources can be categorised into two; 1) tangible (e.g. physical assets, and 2) intangible (e.g. processes, practices, knowledge, etc.) (Barney, 1991). The preceding review, thus far, has discussed the internationalisation of SMEs and the emergence of IE. Despite the debate over the conceptualisation, EO is considered as a central construct has been explicitly included in the definition of IE (see McDougall and Oviatt, 2000). EO refers to the firm's practices, processes or activities that support entrepreneurial endeavours (Lumpkin and Dess, 1996); hence, EO is commonly regarded as intangible resources of a firm (Elia et al., 2021; Keskin et al., 2021; Kiyabo and Isaga, 2020).

Firms with high levels of EO are commonly presumed to be more proactive and assertive to scan for and identify new business opportunities, develop innovative products, and willing to take risks to pursue untapped and unproven market prospects to reap targeted outcomes than their competitors (Karami and Tang, 2019; Zhang et al., 2012). In the international context in which market conditions and resource needs are significantly different from and present higher risks than those of the domestic market, the effects of EO on internationalisation is magnified. Additionally, extant studies provide empirical evidence to support the argument that internationalised firms tend to have a higher level of EO than their non-internationalised counterparts (e.g. Brouthers et al., 2015; Karami and Tang, 2019; Thanos et al., 2017).

Within the IE research, scholars commonly examine the effect of EO on either the firm's internationalisation outcome performance or process (Covin and Miller, 2014). The majority of the extant studies have examined the relationship between EO-performance outcomes (e.g. profit, sales growth), providing empirical evidence for its influence (e.g. Forcadell and Úbeda, 2020; Karami and Tang, 2019; Sedziniauskiene and Sekliuckiene, 2020; Thanos et al., 2017). In contrast, studies on the process are relatively under-examined, with most focus on the speed and degree/intensity of internationalisation. Consequently, less attention has been devoted to examining the internationalisation scope which hinder its advancement and the ability to understand firms' choices in expanding to multiple foreign countries (Dai et al., 2014; Felzensztein et al., 2015; Jafari-Sadeghi et al., 2020). According to Dai et al. (2014, p.512), it is crucial conducting more studies on the firms' internationalisation scope because "seeking opportunities across a large number of countries, is an exceptional achievement that reflects a firm's ability to develop global geographic diversification, organisational flexibility, and overseas opportunities". Hence, the importance to explore this critical process of firms' internationalisation.

Therefore, articulating EO as intangible resources of a firm, this study employed the resource-based view as the underpinning theory to theorise that individual EO dimensions affect the extent to which firms can broaden its' scope into multiple foreign countries. The hypothesised relationships are discussed and developed as follows.

### ***Individual EO dimensions and internationalisation scope***

#### ***Innovativeness***

Innovativeness refers to the ability of a firm to create new or enhanced existing products or processes (Lumpkin and Dess, 1996). Expanding into a foreign market exposes firms to business environments with significant differences in terms of culture, political, economic and legal systems. As such, firms are required to adapt and modify their products to suit the unique need of the diverse foreign markets (Boso et al., 2016; Dai et al., 2014; Felzensztein et al., 2015). Thus, innovativeness has an important influence on firms' ability to internationalise. Moreover, the need to be more innovative is heightened when a firm internationalises into a more diverse set of foreign markets. Innovativeness can help firms cater successfully to their foreign customers because high levels of innovativeness enable them to adapt their products to satisfy a diverse foreign customer base (Boso et al., 2016; Oura et al., 2015). Hence, expanding into a more diverse set of foreign countries require firms to be more innovative, and the following hypothesis is put forward:

**Hypothesis 1:** Firms with a higher level of innovativeness are more likely to have a broader internationalisation scope.

*Pro-activeness*

Pro-activeness refers to a firm's ability in seeking opportunities (Lumpkin and Dess, 1996). According to Lan and Wu (2010), pro-active firms tend to look and scan the business environment differently, allowing them to seize opportunities that their competitors might not know. Hence, proactive firms have "the advantages of prioritised actions; being the first to march into new markets and charge higher prices and would exceed competitors and become leaders of their industries" (Lan and Wu, 2010, p. 55-56). Proactive firms thus are more initiated in seeking opportunities and attain greater international reach than their competitors. As such, the following hypothesis is proposed on the relationship between pro-activeness and internationalisation scope:

**Hypothesis 2:** Firms with a higher level of pro-activeness-activeness are more likely to have a broader internationalisation scope.

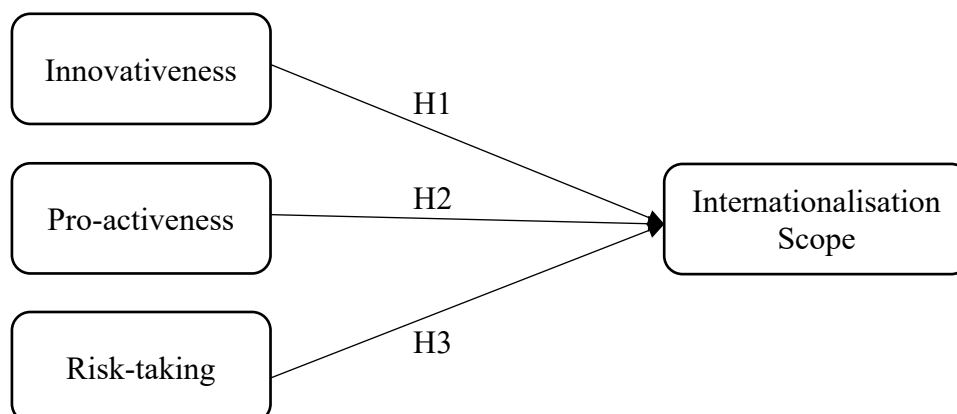
*Risk-taking*

Risk-taking refers to a firm's ability to embrace risk in its business activities and willingness to channel resources to invest in high-risk activities that are deemed to have a higher return of investment (Chew et al., 2021; Hughes and Morgan, 2007). Lumpkin and Dess (1996) explained that risk has to be understood according to the context in which it is applied. In the internationalisation context, risk can be viewed through uncertainties operating in foreign countries. Due to the significant differences between domestic and international markets in various aspects such as culture, politics, economics, and legal systems, firms are exposed to greater liabilities of foreignness. Thus, firms that are more willing to undertake risks are able to perform better in foreign countries (Felzensztein et al., 2015; Ma et al., 2012; Thanos et al., 2017). Targeting multiple foreign countries requires a firm to have a higher level of risk tolerance and commitment. As such, when a firm expands to more markets, the firm is exposed to more risks. The ability to embrace the risk of foreignness and newness in a diverse set of foreign markets broaden the firms' internationalisation scope; thus, this study proposes the hypothesis as follows:

**Hypothesis 3:** Firms with a higher level of risk-taking are more likely to have a broader internationalisation scope.

The above-hypothesised relationships are incorporated into the research model as follows (see Figure 1).

**Figure 1 Research model**



## **Methods**

### ***Sample, data collection and respondents***

This study focuses on international SMEs in Malaysia. International business has always been important to the Malaysian economy. Despite the corona virus 2019 (COVID 19) outbreak, the country experiences the highest trade surplus in 2020 and consequently marked the twenty-third consecutive years of trade surplus since 1998 (MATRADE, 2021). This remarkable trade performance makes Malaysian an interesting study setting. Consistent with SME Corporation (2020) Malaysia, SMEs are defined and operationalised based on the firm's size (measure in the number of employees) in this study. Based on size, the Malaysian SMEs are divided into micro (less than 5 employees), small (5 to 74 employees), and medium (75 to 200 employees). Malaysian SMEs represent almost 98 per cent of total business establishments and they form the backbone of the country's economy (MATRADE, 2021). Despite their small sizes, Malaysian SMEs increasingly exhibit high level of international activity every year and their contribution to the international trade are vital for assisting the country to be a fully developed and industrialised nation by the year 2050 (MATRADE, 2021; SME Corporation Malaysia, 2020). Hence, examining the entrepreneurial behaviour of SMEs in Malaysia has important implications for countries in the Southeast Asia region and for other developing countries that projecting similar development progress.

The sample frame of the study was obtained from the Malaysian Investment Development Authority (MIDA), the government's principal agency, to oversee and drive investment into the manufacturing and services industry in Malaysia. Following the established practice from extant studies (e.g. Chew et al., 2021; Thanos et al., 2017), the sample frame was requested from MIDA based on three criteria, i.e. 1) SMEs in terms of the number of employees (based on SME definition), 2) the SME must already be involved in international business activities, and 3) domestically owned. After applying these three criteria, a total of 518 SME addresses were provided by MIDA. The questionnaire was distributed via post and addressed to the owner-managers of SMEs as on the database record because, as the key decision-makers in the firms, they are the most knowledgeable with regards to their firm's international activities (Chew et al., 2021; Karami and Tang, 2019; Thanos et al., 2017).

A total of 253 Malaysian international SMEs returned the completed questionnaire, which provides a response rate of 48.84 per cent. To ensure that sample representation is satisfactory, independent *t*-tests to check for any potential non-response bias were performed between two groups of respondents (early respondents and late respondents) based on the following characteristics: 1) the age of the firms, 2) the number of employees, and 3) the type of industry. Additionally, this study also employed the same independent *t*-tests to check for a non-response bias between the final sample of 253 responding SMEs and 265 non-responding SMEs (Felzensztein et al., 2015; Karami and Tang, 2019). The independent *t*-tests show no issue of statistical representation problems (i.e.  $p < 0.05$ ) between the two groups of respondents. Hence, it is concluded that the sample of the respondents indicated no response bias issues present. Table 1 summarises the descriptive data of the 253 Malaysian international SMEs.

### ***Controlling common method variance***

As a quantitative approach is adopted and data is collected via survey questionnaire, this study employed some procedural and statistical methods to address the potential of common method variance (Podsakoff et al., 2012). First, to create a psychological separation of the study's variables, the measurement items for internationalisation scope and EO are organised into different subsections in the survey questionnaire. Second, as informants tend to provide similar responses to measurement items that coded in the same way (e.g. positive statement) thus, some measurement items were purposely chosen to be reverse-coded (negative statement) to warrant the validity of their responses. Third, following extant studies (e.g. Chew et al., 2021),

Harman's single factor test is conducted. This test is essential to warrant that no single factor of the data is explained by the majority of the variance. Results of this test indicated the data is without variance issue (i.e. < 50%) By applying all these methods, it is believed that common method variance did not pose a severe problem in the data.

**Table 1 Descriptive data of the respondent firms**

Profile	Description	Frequency
Key informant in the company (position)	Owner/Managing Director	90
	General Manager	69
	Sales/Marketing Manager	38
	Others managerial positions	56
	<b>Total (N)</b>	<b>253</b>
Firm Age	1 - 6 years	48
	7 - 12 years	56
	13 - 18 years	40
	19 - 25 years	40
	More than 25 years	69
	<b>Total (N)</b>	<b>253</b>
Firm Size	Micro (1- 4 employees)	13
	Small (5 - 74 employees)	132
	Medium (75 - 200 employees)	108
	<b>Total (N)</b>	<b>203</b>
Types of Industry	Manufacturing	187
	Services	66
	<b>Total (N)</b>	<b>253</b>

### Measures

*Internationalisation scope.* Following the practice of extant studies, internationalisation scope refers to firms' involvement in multiple foreign countries which was measured based on the geographical scope of international business activities (Tang, 2011). Respondents in this study were asked to list countries that their firms currently have international business activities. Then, the listed countries were categorised into five groups of regional divisions (i.e. Asia, Africa, the Americas, Europe and Oceania) based on their geographical and cultural distance (Reuber and Fisher, 1997; Tang, 2011). To meet the criterion of involvement in multiple countries, firms must have international business activities in at least two groups of regional divisions (0 = single foreign country 1= multiple foreign countries). Among the sample of 253 international SMEs in Malaysia, 60.1 per cent of firms expanded to at least two groups of regional divisions, whereas 39.9 per cent of firms expanded to foreign countries in only one regional division.

*EO.* This paper adopted Covin and Slevin's (1989) scale to measure EO. This scale consists of nine items that each respective dimension with three items, i.e. innovativeness, pro-activeness, and risk-taking. All questions were anchored in seven-point Likert-scale (i.e. '1' = 'strongly disagree' to '7' = 'strongly agree'). Whilst this scale has been utilised in different setting and demonstrated good reliability and validity, two statistical tests were employed to ensure that the individual dimensions of EO were robust. First, the Kaiser-Meyer-Olkin (KMO) statistic was measure for the degree of intercorrelation between constructs and the results show that KMO was 0.812 which is above the rule-of-thumb of 0.50 (Ucbasaran et al., 2006). Second, the reliability of Cronbach's alpha was analysed. The Cronbach's alphas for innovativeness,

pro-activeness, and risk-taking were 0.82, 0.85 and 0.83, respectively. Thus, the measure of individual EO dimensions has an acceptable reliability and validity.

*Control variables.* Four variables of interest were controlled as they might affect the research model in this study: 1) firm size – measure with the total number of employees, 2) firm age – measure with the number of years established, 3) firm international experience – measure with the number of years of experience involved in international business activities, and 4) type of industry. All these variables have been acknowledged in the extant literature to play significant roles on the internationalisation of SMEs (Karami and Tang, 2019; Thanos et al., 2017).

### Analysis

As proposed in the hypotheses, this study aims to examine the probability of international SMEs having a broader internationalisation scope, i.e., expanding into multiple foreign countries. Accordingly, this study assessed the effects of each independent variable (innovativeness, pro-activeness, risk-taking) on the probability that the dependent variable to take the value of 1 (multiple foreign countries) as opposed to a value of 0 (single foreign country). In doing so, the dependent variable is categorical-binomial (i.e., single and multiple foreign countries), and a logistic regression model was employed to corroborate the proposed hypotheses in this study. The analysis enabled this study to identify which individual EO dimensions have the nuanced role in determining firms' ability to expand into a single or multiple foreign country.

### Results

The descriptive statistics are summarised in Table 2. Prior to hypotheses testing, multicollinearity in the dataset was examined. To address the potential of multicollinearity, the variance inflation factor (VIF) for the independent variables were calculated, and all VIF values were between 1.16 to 1.43, uniformly below the rule-of-thumb value of 5 (Hair et al., 2017). Therefore, this infers the dataset that no serious collinearity problems are present, and it does not present an unwanted issue for the hypotheses testing analysis.

**Table 2 Descriptive statistics and correlation matrix**

	Mean	S.D	VIF	1	2	3	4	5	6
1. Size	79	83.2	-	1.00					
2. Age	22	17.4	-	0.21	1.00				
3. International experience	18	14.6	-	-0.18	0.14	1.00			
4. Innovativeness	5.43	1.01	1.28	-0.05	0.17**	0.03	1.00		
5. Pro-activeness	5.59	1.14	1.16	0.22	0.04	0.16	0.03**	1.00	
6. Risk-taking	5.47	1.03	1.21	0.14*	0.21	0.05	0.11	0.08**	1.00

Note: Standard deviation (S.D). \*\*Correlation is significant at the 0.01 level. \*Correlation is significant at the 0.05 level.

The results of the logistic regression analysis are provided in Table 3. The Hosmer and Lemeshow test ( $p < 0.05$ ) provided support to the significant goodness-of-fit of model 1 (four control variables) and model 2 (four control variables and three independent variables). The chi-square statistic demonstrated a rise of value from model 1 (10.117) to model 2 (97.314), and the predicted correct classification of firms also improved from 39.3 per cent (model 1) to 83.1 per cent (model 2). This indicates that the inclusion of the independent variables significantly explained the dependent variable in this study.

Among the four control variables, only firms' international experience was significantly associated with the firms' involvement in multiple foreign countries in both model 1 and model 2.

Of the three proposed hypotheses, two hypotheses, i.e. Hypothesis 1 (1.309,  $p < 0.05$ ) and Hypothesis 2 (1.191,  $p < 0.05$ ), received empirical supports, while Hypothesis 3 (-0.556,  $p < 0.87$ ) was not supported. Hypothesis 1 and Hypothesis 2 concern the influence of

innovativeness and pro-activeness, respectively, in supporting firms to broaden their internationalisation scope.

**Table 3 Results of the logistic regression analysis**

	B	S.E.	Wald	Exp (B)
Size	.004	.011	.223	.991
Age	.701	.335	3.204	1.012
International experience	<b>.801*</b>	<b>.318</b>	<b>3.412</b>	<b>1.577</b>
Industry	-.640	.396	4.322	1.178
Innovativeness ( <i>H1</i> )	<b>1.309**</b>	<b>.344</b>	<b>10.527</b>	<b>3.731</b>
Pro-activeness ( <i>H2</i> )	<b>1.191**</b>	<b>.325</b>	<b>10.005</b>	<b>3.039</b>
Risk-taking ( <i>H3</i> )	-.556	.320	1.664	.989
Model	1		2	
Chi-square	10.117 (4)*		97.314 (4)***	
Hosmer and Lemeshow test	9.058 (8)**		14.696 (8)**	
Predicted % correct	39.3%		83.1%	
N observations	253			

Model 1: Enter control variables; Model 2: Enter control and independent variables.

\*\*\*p< 0.01; \*\*p< 0.05; \*p< 0.10.

### Discussion of Findings

This study is developed with the assumption that EO plays a significant role in the internationalisation process of firms, particularly on the internationalisation scope. This study argues explicitly that there are different influences of individual EO dimensions on firms' tendency to broaden their internationalisation scope.

Thus, it is hypothesised that the individual EO dimensions, i.e. innovativeness, pro-activeness and risk-taking, would influence firms' likelihood to expand into multiple foreign countries. The findings show that a positive and significant relationship is established between innovativeness and internationalisation scope (Hypothesis 1). The findings reveal that firms with higher innovativeness have broader scope of internationalisation, corroborating previous studies (Meliá et al., 2010; Ngoma et al., 2017; Ruzzier et al., 2014). Moreover, the findings indicate a positive and significant relationship between pro-activeness and internationalisation scope (Hypothesis 2). The findings support previous studies that illustrate high responsiveness of pro-active firms in seeking opportunities in multiple foreign countries than those do not (Ngoma et al., 2017; Taylor, 2013).

It is somewhat surprising that among the three dimensions of EO, a high level of risk-taking (Hypothesis 3) was not associated with a higher tendency of firms to internationalise in multiple foreign countries. Additionally, the findings reveal a negative association between risk-taking and internationalisation scope, the opposite of the positive association proposed in this study, albeit the relationship is not significant. This perhaps might be explained by the significant influence of one of the control variables, i.e. firms international experience, on internationalisation scope. Firms with more international experience are more equipped with the knowledge they learned from international business activities (Bruneel et al., 2010; Menguzzato-Boulard et al., 2007; Oehme and Bort, 2015). Thus, this valuable experience provides firms with better confidence to venture into a more diverse set of countries in different world regions as they have learned from the experience of the risk inherent in internationalisation. In other words, the international experience that firms can accumulate and gain is rather crucial than the tendency to tolerate risk without experience. These findings appear to corroborate Bruneel et al.'s (2010) study that found empirical support of international experience increases firms' confidence to expand their foreign markets despite being inhibited by their liability of smallness and limited availability of resources. Another possible reason for this surprising finding can be explained based on the study conducted by Dai et al. (2014),

which found that firms produce greater internationalisation scope with moderate levels of risk-taking than do either low or high levels of risk-taking.

## **Conclusion**

### ***Theoretical Implications***

While scholars have put tremendous efforts to have better understanding of SMEs' internationalisation in the domain of IE, it is still plagued by a knowledge gap concerning the role of EO in the pursuit of internationalisation scope by SMEs. This gap is significant because seeking opportunities in multiple foreign countries depend heavily on the firms' ability to expand internationally (Dai et al., 2014; Ngoma et al., 2017). To enrich this knowledge gap, this study explicitly articulates the individual EO dimensions that influence firms' likelihood of expanding into multiple foreign countries

The findings reveal intriguing insight that not all individual EO dimensions influence firms' internationalisation scope. Notably, the findings illustrate richer relationships between individual EO dimensions and firm involvement in multiple foreign countries. Both innovativeness and pro-activeness show a linear relationship with internationalisation scope hence adding nuanced to these two dimensions of EO. Furthermore, the findings reveal that high risk-taking is not influenced firms' tendency to broaden their internationalisation scope. This enriches the understanding of the debate on EO conceptualisation because not all individual EO dimensions should be treated uniformly to have the desired effect on internationalisation scope (Dai et al., 2014; Wales et al., 2020). After all, some of the dimensions might be suppressed or offset by other factors such as the firms' international experience (De Clercq et al., 2005) and limitations of firms' inherent resources (Dai et al., 2014).

Moreover, the findings also substantiate the limited studies conducted based on developing economies such as Africa (Ngoma et al., 2017; Okpara, 2009), Chile (Felzensztein et al., 2015) and China (Zhang et al., 2012). It shows that the construct of EO, particularly the dimension of innovativeness and pro-activeness, commonly demonstrated a significant positive association on internationalisation on developed economies, having similar effects on firms in developing economies. It thus further advances the knowledge of EO across contexts (Covin and Miller, 2014; Covin and Wales, 2019).

### ***Managerial and Practical Implications***

The findings also offer some insight for business practitioners and policymakers.

For firms that are considering their expansion into new foreign markets, particularly those culturally distance countries, this study highlights high levels of innovativeness and pro-activeness, fostering firms' tendency to broaden their internationalisation scope. Thus, it encourages business practitioners to nurture their firms to be more open to new and creative ideas, products and processes, and eager in seeking opportunities ahead of their competitors. In doing so, firms can enhance their ability to internationalise into a more diverse set of foreign markets by offering products that can greatly fulfil and satisfy various customers' tastes and preferences in international markets (Ma et al., 2012; Ngoma et al., 2017; Zhang et al., 2012). For policymakers, they could assist firms in enhancing their level of innovativeness and pro-activeness. While EO leads to positive results in firms' internationalisation, EO is a resource-demanding orientation (Covin and Slevin, 1991; Wiklund and Shepherd, 2005). Hence, better access to resources facilitates the manifestation of EO. Improved access to resources is of particular importance to smaller firms which generally face more substantial inherent resource constraints and liabilities of size (Chandra et al., 2020; Jafari-Sadeghi et al., 2020; Paul, 2020). These liabilities are intensified in the pursuit of international business activities, which require heavier investments while involving higher risks and uncertainties. Hence, policymakers could

provide support such as subsidies in technology which enable firms to increase their research and development activities towards products and processes to better cater to international markets demands and preferences. Additionally, they could also invite firms to be actively involved with international trade exhibitions so that firms are more exposed to the opportunities available in the foreign markets.

### ***Limitations and Suggestions for Future Research***

This study has some limitations. First, this study adopted a multidimensional conceptualisation of EO, which among the five dimensions (innovativeness, pro-activeness, risk-taking, autonomy, and competitive aggressiveness) proposed by Lumpkin and Dess (1996), only three dimensions (innovativeness, pro-activeness, and risk-taking) were investigated. Future research could investigate the individual effect of all five EO dimensions in order to shed more insights into this research theme. Second, to enhance the findings derived from a quantitative approach employed in this study, future research could adopt a qualitative approach to supplement the limited understanding and knowledge with regard to the long-term effects of individual EO dimensions on internationalisation outcome and process. As Covin and Miller (2014) suggested, there might be a potential of unknown spilling effect of the individual EO dimensions on internationalisation, which could be explored more rigorously via qualitative approaches such as longitudinal studies. Third, this study focused only on a single country context, and data collected from a single respondent in each firm as commonly practised in SMEs internationalisation study. Future research could improve the robustness of the study by using secondary data to substantiate and triangulate EO measures based on primary data (Covin and Wales, 2019) and extend the research model to other countries to enhance the generalisability of the findings as well as provide additional insights.

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