The Internationalization of Guizhou-based Small and Medium Enterprises: An Entrepreneurship Study

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Abstract:

The objectives of this study were to 1) identify the international entrepreneurship (IE) dimensions and examine the influence of IE dimensions on the internationalization process of SMEs in Guizhou, China, and 2) investigate the strategies and identify the barriers and challenges encountered during the internationalization of SMEs in Guizhou, China. A mixed-methods approach was employed, combining quantitative and qualitative methods. Surveys were administered to general managers and executive directors of SMEs to collect quantitative data, which were analyzed using multiple linear regression. Qualitative data were gathered through in-depth interviews with senior executives to identify strategies, challenges, and barriers Chinese SMEs encounter during internationalization. The analysis revealed that IE dimensions, both scope and degree of internationalization, significantly influenced the internationalization process of SMEs in Guizhou, China. The scope of internalization became the most significant influence on SMEs' internationalization process. The qualitative findings indicated that expenses for overseas expansion, finding trustworthy partners, and technology or innovation were the top three challenges. At the same time, the shortage of working capital for financing exports was the major barrier to the internationalization of SMEs.

Keywords: SMEs' internationalization, international entrepreneurship, degree of internationalization, exporting funding

Introduction

China's small and medium-sized firms (SMEs) have played a key role in the recent globalization movement, especially in seeking opportunities for global expansion (Jia et al., 2020; Hänle et al., 2022). Due to the recent evolvement of SMEs, China's foreign direct investment (FDI) has reported a compound average growth rate of 80% from 2012 to 2023. Therefore, China's total foreign stock of outward direct investment (OFDI) will achieve approximately $17,000.0 billion in 2023. SMEs in China differ from other sectors in terms of magnitude and quantity. In Guizhou, China, SMEs dominate economic activity by documenting their production processes. They respond rapidly to customer requests. According to the National Bureau of Statistics, 99.7% of Chinese firms are small or medium-sized. The existence of those SMEs has a strategic position in supporting foreign markets.

The data indicated that approximately 68.85% of Chinese SMEs support international economic demands (You & Solomon, 2015; Yao et al., 2016). SMEs possess distinct attributes that can impact their choice to engage in global markets, setting them apart from giant businesses (Svetličič et al., 2007). Several attributes pertain to structure, administration, property limitations, and financial and human resources restraints. Others acknowledge the influence of their acts. SMEs generally perform more flexibility, entrepreneurship, and motivation, while major organizations possess larger economies of scale and coverage and greater financial and technological resources (Niazi, 2017). Large organizations have a greater advantage in overcoming trade obstacles throughout internationalization due to their more advanced resources and capabilities than small companies. Several studies have indicated that SMEs are less committed to internationalization than large businesses (Osei-Bonsu, 2014; Kunday & Şengüler, 2015).

Given the function of SMEs within the current market, numerous evaluations have been conducted on SMEs expanding their operations internationally. Some of these approaches concentrate on particular stages in the internationalization stages of SMEs. In contrast, others address IE as a whole, with SMEs being a subset (Zhang et al., 2017). The first category of reviews includes studies on the participation of well-established international SMEs, the difficulties faced by SMEs in exporting, the motivations for SMEs to engage in international trade, the effect of information and knowledge on SMEs' internationalization, and several ways in which SMEs enter foreign markets (Martineau &Pastoriza,2016; Haddoud et al., 2021). While these studies pertain to the internationalization of SMEs without considering the specific dimension of IE elements, comprehensive research that examines the overseas expansion process of SMEs in the manufacturing area still needs to be conducted.

Research Objectives

1) Determine the dimension of IE that promotes the process of internationalization for SMEs in Guizhou, China.
2) Examine the influence of IE dimensions on the SMEs in Guizhou, China.
3) Investigate the strategies SMEs in Guizhou have taken to broaden their operations globally.
4) Identify the barriers and challenges encountered during internationalization for SMEs in Guizhou, China.

Research Questions

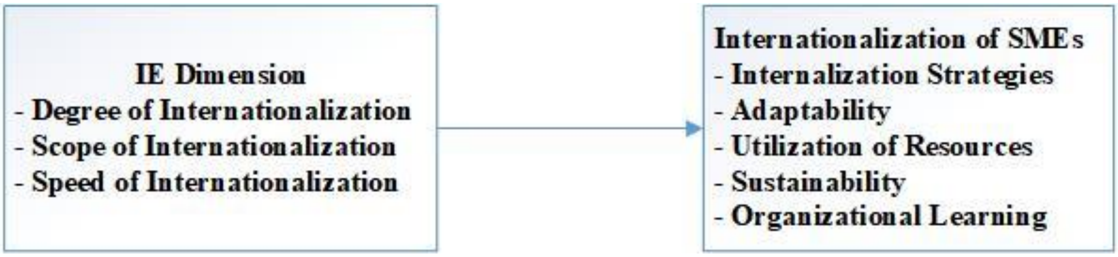
1) What aspects of IE do Guizhou-based SMEs exhibit as they pursue internationalization?
2) How do the IE dimensions inherent in SMEs affect their internationalization?
3) What is the strategy for the phases of the SME internationalization process in Guizhou, China?
4) What are the barriers and challenges in the stages of the SME internationalization process in Guizhou, China?

Research Hypotheses

Hypothesis: The IE dimensions, including degree, scope, and speed of internationalization, influence the internationalization of SMEs.

Research Framework

Previous studies described that IE dimensions facilitate the internationalization of SMEs (Perks & Hughes, 2008; Zahra & George, 2017). The three dimensions of IE, namely degree of internationalization, scope of internationalization, and speed of internationalization, encourage SMEs to enter international markets and compete globally. With the fast-moving business environment, the rapid development of technology and innovation has pushed forward the high competition of international business. Therefore, by identifying the dimensions of IE that encourage the internationalization of SMEs in Guizhou, China, we can clearly define the strategic study steps for the various stages of the SMEs' internationalization process.



Literature Review

Internationalization of SMEs

Due to the highly competitive business environment, there are about five million SMEs in China each year, representing at least a ten percent year-over-year growth rate. According to forecasts, the number of SMEs in China in 2020 will increase by about 10.9 percent compared to the previous year (Statista, 2024). Since the economic reformation in China, SMEs have become one of the driving forces in the economy. Researchers show a growing interest in the internationalization of SMEs. Despite being influenced by many theoretical models (Paul et al. 2017), research on this issue remains fragmented. Kuivalainen et al. (2015) proposed a conceptual framework to enhance the understanding of the internationalization of SMEs. The framework consists of antecedents, internationalization patterns, and outcomes, and it aims to identify research gaps. Since 1999, significant examinations have been conducted on the internationalization of SMEs and international entrepreneurship (IE), starting with the research conducted by Oviatt and McDougall (1999). Most studies have concentrated on particular stages of the SME internationalization process, such as entry modes, international engagement, and exporting stimulus. However, there are also more comprehensive examinations of IE, which encompass the internationalization of SMEs as a subset of the field (Jones et al. 2011).

Integrating techniques prioritizing resource efficiency, organizational learning, adaptability, and sustainability can greatly improve the success of SMEs pursuing internationalization. Teece, Pisano, and Shuen (1997) noted that for SMEs to prosper in various frequently unpredictable worldwide markets, they must be flexible and agile. To better understand local consumer behavior, tastes, and operational flexibility—such as shifting the supply chain from upstream to downstream to accommodate local markets—conduct marketing research, for instance. Barney (1991) highlighted the need for SMEs to use both internal and external resources efficiently. The term "internal resources" describes applying fundamental skills like invention and expertise in technology. Creating alliances and partnerships to reach new markets is called using external resources. According to Elkington (1997), SMEs can improve their brand reputation and compliance with international regulations by incorporating sustainability into their international strategies. Examples include implementing eco-friendly products or engaging in corporate social responsibility (CSR) that benefits local communities in foreign markets. SMEs prioritizing organizational learning are better able to innovate and adapt, which entails continuously gaining and using new knowledge to enhance procedures and strategies.

The following components can be included in an integrated internationalization strategy to improve SME performance significantly. The first component is adaptability. SMEs should continue to be adaptable and sensitive to the demands of the local market, making necessary adjustments to their operations and product lines. Secondly, resource utilization to enhance competitive advantage and operational efficiency makes the most of internal and external networks. Thirdly, sustainability consists of complying with legal obligations, improving the company's reputation, winning over environmentally conscious customers, and integrating environmentally friendly procedures into business models. Finally, organizational learning enhances creativity, strategic flexibility, and decision-making, cultivating an ongoing learning environment.

International Entrepreneurship (IE) Dimensions

The internationalization of SMEs can be defined as the process in which small and medium enterprises or firms expand their operations beyond their domestic borders to engage in global or international markets. This process involves several activities, such as goods and service exports, joint ventures with overseas companies, and setting up production facilities abroad (Haddoud et al., 2021). It also encompasses strategic decision-making and action to tailor the complexities of a firm's operation in different environments, regulations, and cultures, optimizing their resources, assets, and capabilities to achieve sustainable international goals.

The literature on international entrepreneurship has expanded to include the cross-border expansion of enterprises, regardless of their size and age (Zahra & George, 2017). The current article centers on enterprises' entrepreneurial internationalization, which aligns with the subject's progress. Therefore, a significant portion of the existing research focuses on the international expansion of young and small companies, such as born global (Cannone et al., 2014), early internationalization (Gallego & Casillas, 2014), or international new ventures (Kunday & Şengüler, 2015).

Entrepreneurial firms are commonly identified based on their capacity and operations. International expansion refers to companies' inventive and risky actions as they grow or shrink their operations in foreign markets. Entrepreneurial internationalization is a strategic approach that necessitates enterprises to carefully select the optimal degree of foreign engagement to achieve success. Early studies suggest a direct and positive relationship between a company's internationalization and success (Zahra & George, 2017). However, a more comprehensive perspective considers an internationalization plan's advantages and disadvantages. The latter argument is especially relevant in the context of IE due to its inventive, proactive, and hazardous nature (Autio, 2017). Although entrepreneurial internationalization gives organizations chances for expansion and value generation, adopting this strategy exposes them to risks and probable failure, adversely affecting their performance. According to the research, "export turnover," which measures the degree of internationalization, has the most significant effect on small and medium-sized enterprises' internationalization. Lecerf & Omrani, 2020 and Catanzaro & Teyssier, 2021 studies found that the volume of exports significantly measures the degree to which companies participate in international export operations, and increased export activity directly influences the worldwide growth of small and medium-sized enterprises.

Zahra and George (2017) delineate three fundamental aspects of an entrepreneurial global plan. The level of internationalization is a measure of the proportion of a company's total sales that come from foreign markets. It indicates the level of the company's exposure to international markets. The scope of internationalization refers to the range of nations or regions in which an internationalizing entrepreneurial firm operates, reflecting the extent of the firm's international activity. The pace of internationalization refers to the duration from when a company is established to when it makes its initial sales in foreign markets (Zahra & George, 2017). Therefore, this dimension measures the duration until the company initially expands its operations internationally, demonstrating how early it is exposed to foreign market conditions. Internationalization at a younger age means that internationalization happens more quickly. Multiple previous studies concur that the level, coverage, and process of internationalization become significant factors for distinguishing various characteristics of a global first (Perks & Hughes, 2008).

Research on the internationalization of SMEs

Internationalization of SMEs studies have been extensive, emphasizing numerous factors that impact the capability to expand beyond the domestic markets. One area of study is the driving force of internationalization, the significance of globalization, and its IE process. Regarding the IE process, most of the previous findings did not elaborate on SMEs' specific dimensions of IE. If any, most of them are involved beyond the Chinese manufacturing area. Consequently, the findings cannot explain the IE process of specific dimensions, which can provide new horizons for global economic development.

Dimitratos et al. (2016) conducted a study explaining the differences in internationalization strategies between multinational corporations and SMEs. The findings indicate that multinational firms and SMEs had different internationalization processes in terms of the strategic approach. Corporations often involve long-term planning such as acquisition, merger, and establishment wholly-owned subsidiaries. Meanwhile, SMEs needed to follow this complex process. Additionally, Zhang et al. (2017) comprehensively analyzed the literature on IE, encompassing SMEs as a specific sub-domain. There is still a need for investigations that specifically focus on the main characteristics of IE that drive the internationalization of SMEs.

Petković et al. (2016) have highlighted the significance of globalization in assessing the competitiveness of SMEs, resulting in a greater emphasis on effectively overseeing SMEs' internationalization procedures. SMEs utilize the necessary expertise in handling internationalization-related information and knowledge to effectively extend their business operations worldwide. Prior studies indicate that SMEs encounter more intricate challenges when growing their commercial operations globally, in contrast to more giant corporations (Muhammad et al., 2010; Petković et al., 2016). This study also focuses on the obstacles hindering SMEs from entering unfamiliar international markets. Kunday and Şengüler (2015) conducted empirical investigations on factors that impede the internationalization process for SMEs, such as environmental, financial, operational, and organizational limitations. Paul (2020) indicated that SMEs experience higher levels of success in extending the operations globally when utilizing robust internal resources or receive incentives and support from external sources.

Hänle et al. (2022) described the crucial factors that contribute to the effective internationalization of SMEs and how SMEs can obtain support to grow their operations on a global scale. External collaborators, local collaborators in the destination country, collaborators in the home country, and institutions that offer consultancy services or facilitate international trade can provide this support. The specific target of internationalization that SMEs experience, such as start-up, early entry, and international growth, have received limited attention in this dynamic context. Furthermore, there has not been a comprehensive study that examines the different processes of SMEs' internationalization process.

The above studies indicated several research areas regarding IE processes and their impact on globalization. Those studies have provided an understanding of how IE was implemented in various SMEs beyond Chinese manufacturing areas. However, since most of the studies did not investigate the process of IE using specific IE dimensions, we need to help understand what specific dimensions and how these specific dimensions impact the process of IE SMEs. Consequently, this study investigates how specific IE elements contribute to the internationalization formation of Chinese SMEs in Guizhou, China.

Research Methodology

This study employed a sequential explanatory mixed-methods design to gather comprehensive data on the internationalization of SMEs, focusing on IE. The design comprises two stages: gathering quantitative data through questionnaires and collecting qualitative data using in-depth interviews. For quantitative research, data were collected from top-level executives and managers of 20 firms engaged in international expansion from three cities, Guiyang, Zunyi, Bijie, and Liupanshui. Of the 142 target respondents, 102 completed the questionnaires, representing 71.83% of the target respondents.

The questionnaire's construction aims to extract quantitative information relevant to the study questions. The questionnaire is divided into five sections: SME business profile, SME indicators, IE dimensions, internationalization of SMEs, and challenge and barrier. The survey uses multiple-choice, open-ended questions and a 5-point Likert scale to gather various answers. Subsequently, the questionnaire was validated by specialists from the Internationalization Firms Development Board (IFDB) and senior executives from other similar firms who were not participants in this study. The IOC index was used to determine the consistency and rationality of the questionnaire. The pretest of 30 samples was conducted to analyze the reliability of the questionnaire. The results found that Cronbach's alpha coefficients for IE dimensions and internationalization of SMEs were 0.824 and 0.925, which are greater than 0.7 and indicate the reliability of the questionnaire.

Furthermore, semi-structured interviews were implemented to collect qualitative data from the top management of three selected SMEs to gather data on the challenges and obstacles faced in the internationalization process. The interviews focused on three dimensions of internationalization: degree, scope, and speed. A different SME represented each dimension, and two top managers from each SME were individually interviewed. The interviewed participants were selected based on SME categories: micro, small, and macro-SMEs, using the criteria provided by the Ministry of Finance of China. Table 5 presents the respondents' profile.

Table 5 Interviewed subject profile

The initial name of the respondent	Position	Years of Job experience
LJ (macro-SMEs)	Executive director	10
YN (macro-SMEs)	Senior manager	11
NJ (small SMEs)	Executive director	8
LM (small SMEs C)	Senior manager	10
YM (micro-SMEs E	Executive director	11
JS (micro-SMEs)	Senior manager	9

Research Results

SMEs Profile

The profile of SMEs outlined in this section includes the company's operational tenure, its initiation of worldwide expansion, and its scale, as determined by the number of employees, which is shown in Table 6. The distribution of the SMEs under study is based on their duration of operation; out of the total, 13 firms, or 65%, have been operating for more than ten years, while seven companies, or 35%, have been functioning for less than ten years. Considering the size of the SMEs, two companies, accounting for 10% of the total, were classified as micro-scale. Furthermore, there were 12 companies, representing 60% of the total, categorized as small-scale. Lastly, six companies, making up 30% of the total, were classified as macro-scale.

Table 6 The SME Profile

Year in operation	**Frequency**	**Percent**
Less than 10 years	7	35.0%
10 – 15 years	5	25.0%
16 – 20 years	3	15.0%
More than 20 years	5	25.0%
Total	20	100
Year of expansion to the global market	**Frequency**	**Percent**
2 - 3 years	6	30%
4 – 5 years	10	50%
More than 5 years	4	20%
Total	20	100

Number of employees	Frequency	Percent
Micro scale	2	10%
Small scale	12	60%
Macro scale	6	30%
Total	20	100

SMEs Indicators

Participants completed a questionnaire to obtain 6 indicators for measuring the internationalization of SMEs. The indicators include SMEs' direct exports, imports, overseas investment, markets and sales, purchases of SMEs from foreign subcontractors, and SMEs obtained from overseas enterprises. Figure 1 provides the degree of internationalization of SMEs based on 6 indicators that differ significantly among micro, small, and macro-SME groups.

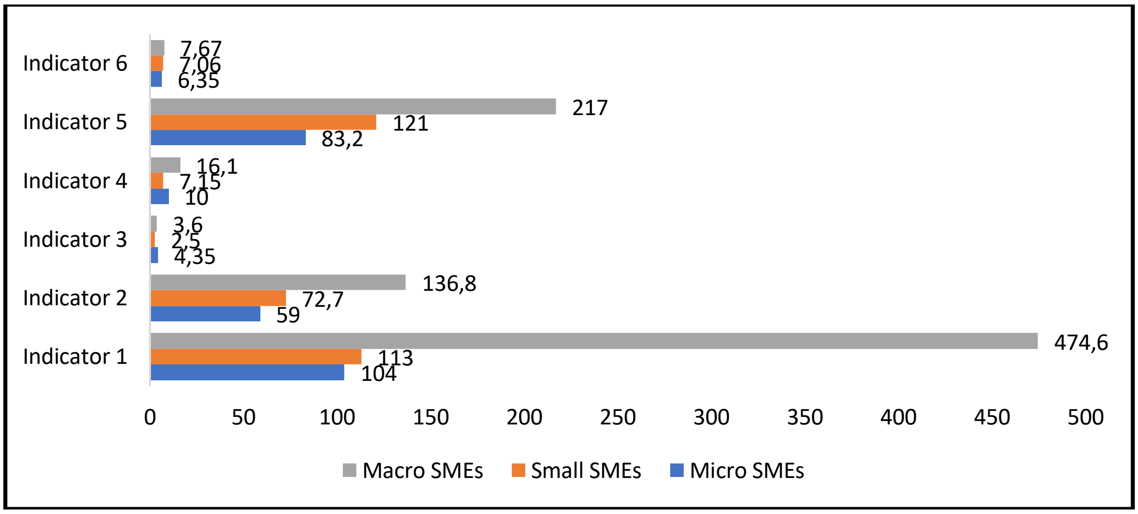


Figure 1: Internationalization of SMEs based on 6 indicators

International Entrepreneurship (IE) Dimension

IE dimensions were determined by degree, scope, and speed of internationalization. Figure 2 demonstrates the degree of internationalization through a number of years to expand international and average export percentage.

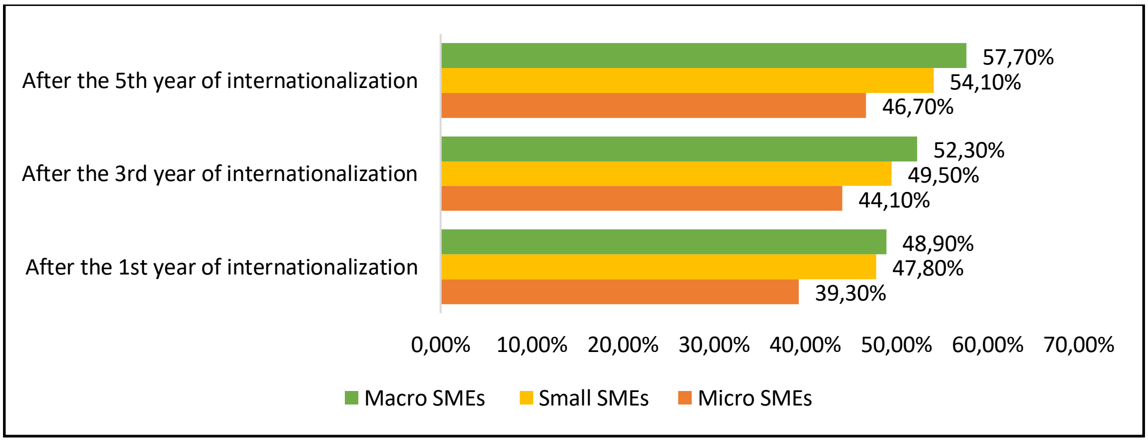


Figure 2: Degree of internationalization: Average proportion of exports

The average export intensity of SMEs varies based on their size. The average export percentage for small SMEs is 39.3% after the first year of internationalization, 44.1% after the third year, and 46.7% after the fifth year. On the other hand, the micro-SMEs group had an average export intensity of 47.8% in the first year of internationalization, 49.5% in the third year, and 54.1% in the fifth year. For the group of SMEs, the average proportion of exports was 48.9% in the first year of internationalization, 52.3% in the third year, and 57.7% in the fifth year.

Furthermore, the scope of internalization is the next aspect of IE dimensions. The geographical reach of SMEs' expansion operations, or the number of countries where a company engages in SME activities, determines the internationalization coverage. Figure 3 shows the scope or coverage of internationalization categorized by SME size. The graph shows a consistent pattern among small SMEs, micro-SMEs, and macro-SMEs in prioritizing and maximizing limited resources by expanding into strategically advantageous locations. Meanwhile, small SMEs are reluctant to develop internationally, unlike micro- and macro-SMEs, as they want to maximize their overseas presence.

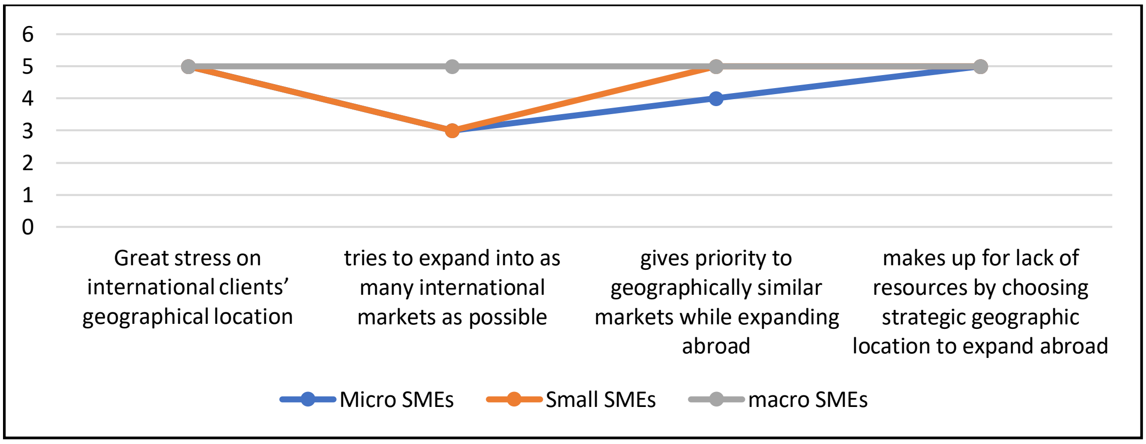


Figure 3: The Scope of internationalization (Geographical perspectives)

Table 7 demonstrates the frequencies and percentages of IE dimensions variables based on a five-point Likert scale. The mean value of the overview of IE dimensions is 1.87, indicating that respondents' opinion on the IE dimensions was lower. Among these lower opinion levels of IE dimensions, the speed of internationalization is in the top ranking, while the scope of internationalization is in the lowest ranking. Due to fewer IE dimensions, there must be space to improve and expedite the business to the international level.

Table 7: Frequency, Mean, and Rank of IE dimensions

	Level of Opinion								
IE dimensions	1	2	3	4	5	Mean	SD	Meaning	Rank
Degree of Internationalization	36	44	20	2	-	1.88	0.787	Less	2

Scope of Internationalization	39	42	17	3	1	1.87	0.864	Less	3
Speed of Internationalization	37	42	20	3	-	1.89	0.819	Less	1
Overview of IE dimensions	34	48	19	1	-	1.87	0.740	Less	

Internationalization of SMEs

For the internationalization of SMEs, this study concentrated on five strategies: international, adaptability, utilization of resources, sustainability, and organizational learning. Table 8 shows the frequencies and percentages of each strategy variable of internationalization of SMEs factor based on a five-point scale. The mean value of the overview of the internationalization of SMEs is 1.88, indicating less opinion on the internationalization of SMEs. Among these lower opinion levels regarding the internationalization of SMEs, the adaptability and organizational learning strategies are equally at the top ranking, while the sustainability strategy is at the lowest ranking.

Table 8: Frequency, Mean, and Rank of Internationalization of SMEs

Inter.-SMEs	1	2	3	4	5	Mean	SD	Meaning	Rank
Inter-strategies	44	42	14	2	-	1.75	0.767	Less	4
Adaptability	36	43	20	1	2	1.92	0.875	Less	1
Utilization of Resources	38	41	18	4	1	1.91	0.891	Less	2
Sustainability	41	43	15	3	-	1.81	0.797	Less	3
Organizational Learning	37	42	19	2	2	1.92	0.898	Less	1
Overview of Inter-SMEs	33	49	19	1	-	1.88	0.735	Less	

Internationalization Strategies

Figure 4 demonstrates four internationalization strategies: direct investment, franchising, joint ventures, and exporting. Top executives' viewpoints regarding their strategy for expanding into overseas markets revealed that exporting was the primary approach for SMEs to expand internationally. This holds for small, micro, and macro-SMEs. Unlike "joint ventures," small and micro-SMEs had similar perspectives, whereas macro-medium-sized enterprises had distinct viewpoints. However, while macro-SMEs had some agreement, it was not as strong as among small and micro-SMEs.

Regarding the preference for franchising, both small and micro-sized SMEs expressed reluctance to adopt this strategy for internationalization. In contrast, macro-sized SMEs endorsed this approach. Similarly, when it came to "direct investment," small and micro-sized SMEs held a similar perspective since they were not inclined to adopt this strategy for internationalization. In contrast, macro-sized SMEs had a different point of view.

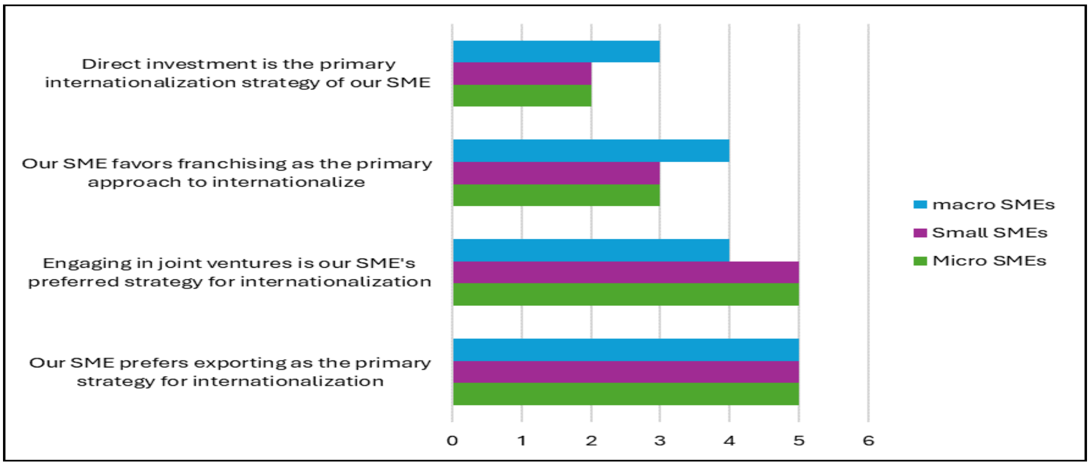


Figure 4: Internationalization Strategies

Inferential statistics

The multiple linear regression analysis was conducted to test the hypothesis that IE dimensions including degree, scope, and speed of internationalization influence internationalization of SMEs, inter-strategies, adaptability, utilization of resources, sustainability, and organization learning. Tables 9 reveal that scope and degree of internationalization have a positive relationship with the internationalization of SMEs, with a multiple correlation (R) of 0.874 and the ability to predict the value of the analysis equation equal to 76.0 percent with statistical significance at 0.05 level.

Table 9: Regression Analysis to predict the influences of IE dimensions on the internationalization of SMEs

Model	R	R^2	Adjusted R^2	Std. Error of the Estimate	Durbin-Watson
Inter-SMEs[a]	0.874	0.764	0.760	0.361	1.569
Inter-strategies[b]	0.713	0.508	0.503	0.540	1.690
Adaptability[c]	0.750	0.563	0.550	0.587	1.657
Utilization of resources[d]	0.734	0.539	0.530	0.611	2.035
Sustainability[e]	0.848	0.719	0.710	0.429	1.908
Organization learning[f]	0.783	0.613	0.601	0.567	1.680

[a]*Predictors: (Constant), scope, degree*
[b]*Predictors: (Constant), scope*
[c]*Predictors: (Constant), scope, degree, speed*

[d]*Predictors: (Constant), scope, speed*
[e]*Predictors: (Constant), scope, degree, speed*
[f]*Predictors: (Constant), scope, degree, speed*

The predictor equations for each hypothesis are summarized in Table 10. The analysis results revealed that the combination of two predictors (scope and degree of internationalization) explained 76.0% of the variances in the internationalization of SMEs. It was found that the significantly predicted scope was higher than the degree of internationalization. If the scope and degree increase, the internationalization of SMEs will be increased. However, the scope of IE dimensions was the most influential variable.

Table 10: Summary of IE dimensions influence internationalization of SMEs

Hypotheses	Forecasting Equations
H_1: IE dimensions influence the internationalization of SMEs	$\hat{Y}_T = 0.283 + 0.552X_2 + 0.300X_1$ (.005*) (.000*) (.000*) *X_1 = Scope, X_2 = Degree*
H1a: IE dimensions influence internationalization strategies	$\hat{Y}_1 = 0.560 + 0.633X_1$ (.000*) (.000*) *X_1 = Scope*
H1b: IE dimensions influences adaptability	$\hat{Y}_2 = 0.214 + 0.388X_1 + 0.278X_2 + 0.242X_3$ (.199) (.000*) (.007*) (.028*) *X_1 = Scope, X_2 = Degree, X_3 = Speed*
H1c: IE dimensions influences utilization of resources	$\hat{Y}_3 = 0.214 + 0.455X_3 + 0.395X_1$ (.055) (.000*) (.000*) *X_1 = Scope, X_3 = Speed*
H1d: IE dimensions influences sustainability	$\hat{Y}_4 = 0.117 + 0.531X_1 + 0.214X_3 + 0.152X_2$ (.333) (.000*) (.008*) (.042*) *X_1 = Scope, X_2 = Degree, X_3 = Speed*
H1e: IE dimensions influences organization learning	$\hat{Y}_5 = 0.244 + 0.634X_1 + 0.495X_2 - 0.233X_3$ (.130) (.000*) (.000*) (.028*) *X_1 = Scope, X_2 = Degree, X_3 = Speed*

Discussion and Recommendations

The analysis revealed that IE dimensions had influenced the internationalization of SMEs in Guizhou, China. These findings emphasize the role of IE in facilitating the rapid worldwide expansion of SMEs. The results are consistent with research conducted by Oparaocha (2015) and Chandra et al. (2020), which found that international entrepreneurship (IE) activities played a significant role in motivating SMEs to engage in international markets, especially through exporting. This study also showed that the scope and degree of IE dimensions substantially influenced the process of internationalizing SMEs. Although both scope and degree have influenced the internationalization of SMEs, the scope had a higher influence than the degree of internationalization. The scope of the IE dimensions refers to the extent to which the firm was involved in several nations, reflecting the diversity of its international activities. At the same time, the degree of internationalization indicated the company's level of exposure to the global market.

IE dimensions highlight the importance of innovation, adaptability, and creativity in engaging with global markets. It also improves the company's ability to take on risks, investigate untapped markets, and compete globally. A strong emphasis on the IE dimensions helps stimulate growth by inspiring companies to broaden their global commercial operations quickly. In addition, the IE dimensions foster robust networks and alliances in global markets, facilitating the acquisition of resources, information, and business prospects that bolster the international expansion of SMEs, ultimately leading to sustainable success in the global market.

A strong IE plan can enhance a company's export volume and value, create market diversification prospects, and improve global market competitiveness. The increase in export quantity and value is evidence of the globalization of SMEs. By prioritizing IE dimensions, SMEs can broaden their export market, overcome financial constraints associated with international expansion, and stimulate business growth by achieving a consistent and sustained rise in export operations. Therefore, integrating IE elements into export strategies is crucial for SMEs to maximize their potential for internationalization and enhance their total export performance (Dey et al., 2022).

The results of the analysis of SMEs' challenges and barriers during the internationalization process were identified through interviews. The top five challenges were expenses for overseas expansion, finding trustworthy partners, technology or innovation, overseas experiences, and rules and regulations.

Regarding barriers to internationalization, SMEs, shortage of working capital for financing exports, difficulty obtaining reliable foreign representation, limited information for identifying overseas target markets, and inability to contact target customers were top barriers, as shown in Figure 5.

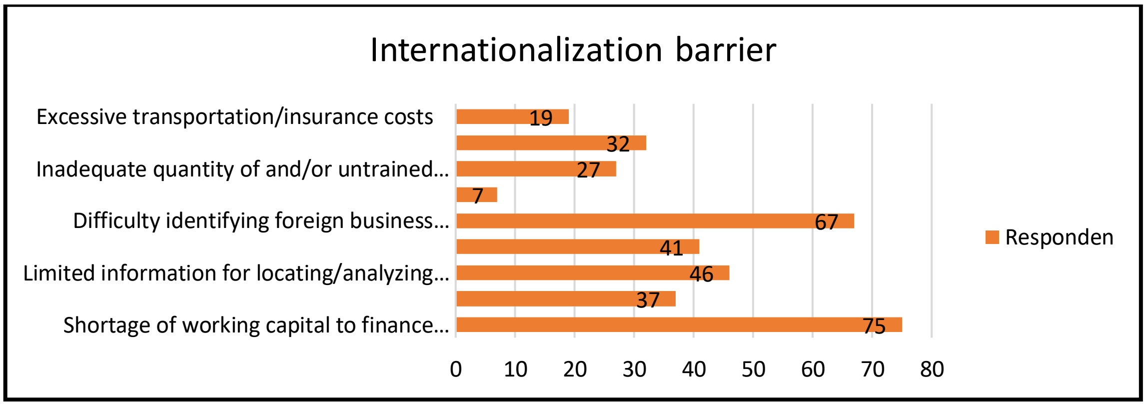


Figure 5 Internationalization barrier: SMEs' perception

Based on respondents' perceptions, the main strategy to internationalize SMEs is 'exporting.' Meanwhile, 'funding for overseas expansion' is the challenge and barrier most SMEs face in their internationalization process. The qualitative method was an in-depth interview with six top management from selected SMEs. The interview aimed to clarify strategies, challenges, and barriers SMEs face while expanding internationally. The interview provides supporting reasons for 'exporting'; exports allow SMEs to introduce their products to foreign markets without investing in large infrastructure investments in the destination country by conducting in-depth market research to identify countries with high demand for SME products. Then, the destination country's regulations must be identified to ensure that the products meet all legal requirements and quality standards enforced in the destination country.

Regarding strategies that may be employed to address the obstacle of insufficient funds to support the international SME process, loans with low interest rates from financial institutes or government-support programs for subsidies, training, and technical assistance would be helpful for international SME expansion. In addition, optimizing the existing resources, such as increasing production efficiency and cutting unnecessary costs, would support expanding available funds.

In conclusion, IE dimensions significantly influence the internationalization of Guizhou-based SMEs. The dimension that has the most significant influence on the internationalization of small and medium-sized enterprises (SMEs) is the "scope of internationalization," in comparison to the other two dimensions, namely the "degree" and "speed" of internationalization. There exist disparities in the strategic approaches employed for internationalization among small, micro, and macro-SMEs. The cost of expansion becomes the primary challenge to SMEs' internationalization. The primary barrier to SMEs' internationalization is a need for working capital to fund exports. Future research should specifically explore comparative studies between countries to understand the similarities, differences, and determinants of internationalization success across diverse global contexts, which are worth exploring.

Limitations and Suggestions for the Future Research

This study has some limitations that provide directions for future research. Initially, this research was limited to SMEs in Guizhou, China. The results might serve as a basis for further research in the other region. Second, this study collected data from managers and executives, which is difficult to reach in a limited time. Reaching a large percentage of respondents requires connecting to the top management. Third, this research was conducted on the SMEs from an overall business perspective. Research on specific SMEs would benefit particular SMEs' expansion. Lastly, this study did not consider the importance of innovation and technology, which rapidly change and affect business operations in highly global competition. It is recommended that future research emphasizes technology and innovation in detail due to their values in supporting SMEs' global expansion.

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