From Local to Global: Strategies for Manufacturing SMEs to Expand into International Markets

Si Thu Maung Maung[1]
Chompu Nuangjamnong[2*]

[1, 2] Master of Business Administration
Graduate School of Business and Advanced Technology Management
Assumption University of Thailand
[*] Corresponding author
[1] Email: stmm.sithumgmg@gmail.com
[2] Email: chompunng@au.edu

Abstract

This study explored how to strategize (1) logistics and distribution, (2) SME characteristics, (3) environmental characteristics, (4) network, (5) entry mode and (6) marketing to expand into international markets for manufacturing SMEs. The researchers conducted a quantitative survey of 377 individuals with experience in managing manufacturing SMEs in Myanmar and Thailand in international markets. The statistical tools for data analysis were based on four frameworks from earlier research to construct a new conceptual framework. The study revealed that firm characteristics and host-country characteristics positively influence the choice of entry mode, which in turn significantly affects the internationalization of manufacturing SMEs. The research also identified that effective entry mode selection is critical for successful international expansion, highlighting the importance of strategic alignment with both internal capabilities and external market conditions. The study acknowledged that the focus on manufacturing SMEs within a specific geographic region could affect the generalizability of the findings. The obtained findings are expected to contribute to a limited literature on internationalization strategies for manufacturing SMEs, as well as provide a comprehensive analysis of the most efficient approaches or best practices in the SME industry.

Keywords: SME characteristics, environmental characteristics, network, entry mode, logistics and distribution, marketing strategy, internationalization

1. Introduction

1.1 Background of the Study

Businesses of all sizes now have more opportunities than ever to expand their operations internationally because of globalization. International expansion is a critical route to growth, diversification, and long-term sustainability for small and medium-sized firms (Osano, 2019). As the firms try to look for opportunities in the international market, the competition has increased in terms of products, technologies, and strategies. Nevertheless, it is a challenge to move from the local market into international markets that requires thorough strategy planning and implementation.

The rapid globalization of markets has created new opportunities for SMEs to access international customers, suppliers, and partners (Wright & Etemad, 2001). SMEs encounter competition not only from local rivals but also from multinational corporations. Developing effective strategies to compete on a global scale is critical for survival and growth. SMEs play a crucial role in economic development of many developing countries, and they make up the majority of businesses globally and play a significant role in the creation of jobs (World Bank, 2019).

Additionally, cultural and language differences, as well as logistical complexities, further complicate the internationalization process for SMEs. To overcome these barriers,SMEs must adopt effective internationalization strategies.Successful approaches include understanding environmental and SMEs characteristics, adapting products and services to meet the standards and preferences of international markets, and choosing the right entry method to enter international market. Additionally, SMEs can benefit significantly from participation in international trade fairs and networks (Measson & Campbell-Hunt, 2015).

While extensive research has been carried out on the general principles of internationalization for SMEs, there is still a need to conduct more detailed studies that deal with strategies which apply according to individual sectors and market conditions. It is essential for SMEs to have access to market specific information and practical advice, given that each industry and market context presents its own unique opportunities and challenges. Additionally, for SMEs businesses to succeed in the global marketplace and maintain their competitiveness, industry and government cooperation is required to solve some of the challenges that small and medium-sized enterprises (SMEs) face (Osano, 2019).

In the context of the current conditions of SMEs, this study was to discover how to strategize effectively for manufacturing SMEs to expand internationally. The researchers expected to determine the effect of logistics and distribution, marketing strategy on firm characteristics, firm and host-country characteristics and network on the entry mode and to determine the effect of entry mode on internationalization.

1.2 Rationale of the Study

Manufacturing small and medium-sized firms (SMEs) are essential drivers of innovation, jobs, and economic stability in the increasingly globalized economy (Gherghina et al., 2020). Due to the rise of internationalization, which is seen as a crucial component of optimizing business prospects and giving companies access to a wide range of markets, new suppliers, new consumers, and collaborative opportunities. However, despite the vital role of SMEs, they often face substantial barriers when attempting to enter the international markets. These barriers include limited financial resources, insufficient knowledge of foreign markets, regulatory and intense competition from well-established multinational corporations (Al-Hyari et al., 2012). Additionally, the lack of access to networks and partnerships further complicates their ability to penetrate new markets. According to Akbar et al. (2018), many firms generally follow a traditional approach to nearest international markets through exports without considering several other strategies, such as FDI (Foreign Direct Investment) and JVs (Joint Ventures). As a result, there is a need for targeted strategies that address these unique

challenges, enabling manufacturing SMEs to leverage their strengths and capitalize on global opportunities. Therefore, it is critical to research barriers and devise strategies for SMEs in the manufacturing sector.

3. Research Objectives

The objective of the study was how to strategize entry mode to enter international market by utilizing marketing, logistics and distribution, firm and host-country characteristics and network in SMEs. The study specifically explored: (i) logistics and distribution on firm characteristics toward manufacturing SMEs, (ii) marketing strategy on firm characteristics toward manufacturing SMEs, (iii) firm characteristics on entry mode toward manufacturing SMEs, (iv) host-country characteristics on entry mode toward manufacturing SMEs, (v) network on entry mode toward manufacturing SMEs, and (vi) entry mode on internationalization toward manufacturing SMEs.

Research Questions

The research questions are based on the research objectives as follows:

- Do *logistics and distribution* have a significant effect on firm characteristics toward internationalization?
- Does *marketing strategy* have a significant effect on firm characteristics toward internationalization?
- Do *firm characteristics* have a significant effect on entry mode toward internationalization?
- Do *host-country characteristics* have a significant effect on entry mode toward internationalization?
- Does *network* have a significant effect on entry mode toward internationalization?
- Does *entry mode* have a significant effect on internationalization?

Significance of the Study

SMEs are essential to both job creation and economic growth. This study aimed to boost the international competitiveness of SMEs and promote broader economic development by identifying effective strategies for international expansion. In maintaining their competitiveness in the global market, SMEs can benefit from this research by learning how to best utilize their individual strengths and capabilities.

In this study, SMEs will be the primary benefactors. These companies will get insightful knowledge and useful tactics for growing into foreign markets, which will support their expansion, and improvement of global competitiveness. It will be advantageous to SMEs' owners and managers in their decision-making procedures. They will acquire the knowledge and skills to evaluate their strategies for global growth, pinpoint appropriate markets, and execute the best entry mode.

The study's conclusions can be used by experts who provide SMEs with consulting services to help them make better decisions about expanding into foreign markets. They can create specialized plans that complement the study's findings and make better-informed recommendations. The study can be helpful to academics and researchers who are interested in manufacturing SME development, and international business. The in-

depth analysis on manufacturing SMEs can contribute to academic research on SME internationalization.

4. Previous Studies and Hypotheses Development
4.1 Theories Related to Each Variable
4.1.1 Logistics and Distribution

Logistics and distribution are critical components of supply chain management, involving the efficient movement, storage, and delivery of goods from producers to consumers. Efficient logistics ensures that products are available at the right time and place, minimizing costs and maximizing customer satisfaction (Puri, 2022). Logistics connect to the strategic planning and execution of product transit, storage, and inventory control (Bempong, 2019). It involves activities, such as managing the flow of goods, transportation and warehousing. It ensures that products are moved efficiently from their point of origin to their destination. Distribution focuses specifically on streamlining the physical transportation of goods (Kapoor & Kansal, 2007). It bridges the gap between production and the end consumer. Distribution includes activities like delivering finished goods from manufacturers or suppliers directly to retailers or distribution centers.

4.1.2 Marketing Strategy

A marketing strategy is a comprehensive plan developed by a business to promote its products or services and achieve specific goals. It is a business's game plan for reaching potential consumers and turning them into customers of their products or services (Carpenter & Shankar, 2013). It involves identifying target markets, understanding customer needs, and creating value propositions that differentiate the business from competitors. Key components of a marketing strategy include market research, segmentation, positioning, and the marketing mix (product, price, place, and promotion). The goal of a marketing strategy is to achieve and communicate a sustainable competitive advantage over rival companies. By strategically positioning themselves in the market, businesses will be able to attract and retain customers effectively (Nadube & James, 2018). By analyzing market trends and consumer behavior, companies can tailor their approaches to meet the demands of their target audience. Additionally, a well-crafted marketing strategy aligns with the overall business objectives, ensuring that all marketing efforts contribute to the company's success and growth.

4.1.3 Firm Characteristics

A firm's characteristics involve the distinctive attributes that define its identity and influence its operations and performance. These characteristics include the firm's size, structure, industry and resources (Handoyo et al., 2023). Size refers to the scale of the firm which can range from small and medium-sized enterprises (SMEs) to large multinational corporations. Structure refers to the organization set up such as hierarchical or flat structures which affect decision-making processes and efficiency (Ahmady et al., 2016). The industry indicates the sector in which the firm operates, shaping its competitive environment, particularly food and beverage. Resources include both tangible assets, such as capital and technology, and intangible assets, such as brand reputation and intellectual property (Kamasak, 2017). These characteristics cooperatively determine a firm's capabilities,

strategies, and potential for growth, influencing how it navigates challenges and opportunities in the market.

4.1.4 Host-Country Characteristics

Host country characteristics refer to the specific attributes and conditions of a country that affect foreign businesses operating within its borders. Host-market size indicates the number of potential customers, since larger market sizes provide more latent partners and the opportunity for higher returns (Morschett et al., 2010). The success of a firm in a host country is greatly affected by its market environment, which includes elements like market size, competition intensity, economic stability and the government policies of the host country (Fazal et al., 2017). According to Correa da Cunha et al. (2023), the culture of the host country significantly affects the performance of its foreign subsidiary companies. Understanding these characteristics helps firms adapt their strategies to the local context, mitigate risks, and seize opportunities for successful operations in the host country.

4.1.5 Network

Network plays an important role in networks of interpersonal relationships, trust, and institutionalization in promoting businesses in specific regions to come together (Chen et al., 2021). The network approach to internationalization has become a prominent framework for understanding and explaining the internationalization process. This perspective considers a company's internationalization as a network phenomenon, where businesses are integrated into a web of interconnected relationships that provide essential resources for expanding into foreign markets (Johanson & Kao, 2010). A network refers to the interconnected relationships and collaborations between a firm's various stakeholders, including suppliers, distributors, partners, and customers across different countries. These networks facilitate the firm's entry into and expansion within international markets by providing market knowledge, distribution channels and resource access to gain a sustainable competitive advantage in internationalization (Tao et al., 2013).

4.1.6 Entry Mode

Entry mode is a strategy or a method that firms employ to enter international markets. It is one of the most crucial strategic decisions for a company in internationalization. Entry mode can be categorized into exporting which a firm exports its products to a host country, non-equity and equity modes. Non-equity modes include licensing and franchising, management-service contracts, whereas equity modes include joint ventures and wholly owned subsidiaries (Krishna Erramilli et al., 2002). The challenges of expanding internationally are intensified by the limited resources and characteristics of SMEs, amplifying the negative impacts of their expansion efforts. To mitigate these difficulties, selecting the right entry mode is crucial. For instance, in countries with high environmental uncertainty, SMEs might benefit from choosing a low-equity investment mode, like an international joint venture (IJV), to maintain flexibility, share costs and risks, and improve their chances of success (Nisar et al., 2018). Each mode of market entry has its own advantages and disadvantages. Firms need to evaluate their options to choose the entry mode that best suits their strategy and goals.

4.1.7 Internationalization

Internationalization refers to the process by which businesses extend their activities outside of their nation of origin to penetrate overseas markets is known as internationalization (Schmid, 2018). Seeking new markets, diversifying income sources, obtaining access to resources and technologies, and gaining a competitive edge are some of the main forces behind internationalization (Al-Hyari et al., 2012). Numerous advantages come with the internationalization process, such as expanded market penetration and possibility for improved profitability. But it also comes with difficulties including cultural differences, legal compliance, and logistical difficulties (Chen et al., 2021). Planning strategically before entering a new market is necessary for successful internationalization. By diversifying their operations internationally, companies can increase their market share, revenue, and competitive advantage.

4.2 Related Previous Studies

4.2.1 Logistics and Distribution, Marketing Strategy and Firm Characteristics

Understanding the relationship between logistics and distribution, marketing strategy, and firm characteristics is crucial for businesses to achieve competitive advantage and impacts on firms' performance. According to Christopher (2016), An efficient supply chain is a must for a firm. Improved delivery times, lower costs, and higher customer satisfaction are all possible with effective logistics in a firm (Bempong, 2019). Rushton et al. (2017) emphasize how crucial it is to select the right distribution channels for a firm in internationalization. Forming strategic partnerships with regional distributors can offer logistical help and insightful market information.

A well-formulated marketing strategy is vital for firms to successfully penetrate and grow in international markets within the framework of 4ps--Product, Price, Place, and Promotion of businesses in international markets. Douglas and Craig (2011) highlight the importance of brand positioning by a firm in international markets. Firms must position their brands to appeal to local consumers while maintaining global brand consistency. Firms must position their brands to appeal to local consumers while maintaining global brand consistency. Utilizing 4ps (Product, Price, Place, and Promotion) effectively can enhance a firm's competitive advantage and market presence.

Hypothesis 1 (H1): Logistics and distribution have a significant effect on firm characteristics toward SMEs internationalization.

Hypothesis 2 (H2): Marketing strategy have a significant effect on firm characteristics toward SMEs internationalization.

4.2.2 Firm Characteristics, Host-country Characteristics, Network and Entry Mode

Firm characteristics--size, resources, experience, and structure--significantly impact the choice of entry mode. SMEs often prefer lower-control entry modes like exporting or licensing due to resource constraints. Firms with extensive international experience tend to adopt high-commitment entry modes. Johanson & Vahlne (2009) suggested that more developed businesses are more at ease with greater levels of investment and management because they have acquired the skills and information needed to run overseas operations successfully. Higher levels of human capital and the presence of foreign shareholders in small and medium-sized enterprises (SMEs) have a beneficial impact on these businesses' internationalization, according to an Italian study (Cerrato & Piva, 2012).

Host-country characteristics, including economic, political, and cultural factors, influence the attractiveness and feasibility of different entry modes. In uncertain economies with a rapid rate of growth, businesses are more likely to invest in joint ventures in order to share risks and make it easier to withdraw from that market in the event that operating conditions worse (Álvarez, 2003). Potential investors who are aware of the associated uncertainties over regulations, policies and tax, are less willing to make a long-term equity investment (Henisz & Macher, 2004). Decisions of entry modes may be influenced by cultural differences between the home and host countries. Businesses tend to select partnerships or joint ventures when there is a culture distance from home country in order to take advantage of local expertise and handle cultural issues (Henisz & Macher, 2004).

Networks provide users access to important data, opportunities, and resources. Businesses that are part of robust networks can more successfully penetrate international markets by utilizing their social capital (Johanson & Kao, 2010). Networks can improve market knowledge, save transaction costs, and help find local partners. Creating partnerships with regional businesses can be a smart way to enter a market, particularly in a country with high uncertainty (Ozcan, 2018). Through alliances, businesses can share those risks and combine resources. The firm's choice of entry mode is influenced by its position within its network. Companies occupying key positions in international networks could have easier access to resources and information, allowing them to pursue more aggressive entrance strategies like acquisitions or fully owned subsidiaries (Meyer & Thu Tran, 2006).

Hypothesis 3 (H3): Firm Characteristics have a significant effect on entry mode toward SMEs internationalization.

Hypothesis 4 (H4): Host-country characteristics have a significant effect on entry mode toward SMEs internationalization.

Hypothesis 5 (H5): Network have a significant effect on entry mode toward SMEs internationalization.

4.2.3 Entry Mode and Internationalization

Entry modes refer to the methods that firms use to enter foreign markets, each offering different levels of control, risk, and resource commitment. The primary entry modes include exporting, licensing and franchising, joint ventures, and wholly owned subsidiaries. Selling domestically manufactured items to international markets is known as exporting, and it is frequently the first stage of internationalization. It lets businesses test international markets with comparatively little risk and costs little capital (Cavusgil & Knight, 2015). Licensing and franchising involve giving foreign companies the authority to manufacture and market goods under the home company's brand (Tao et al., 2013). In joint ventures, resources, risks, and benefits are shared with associated businesses. This entry strategy might lessen cultural and legal barriers while giving access to local market expertise (Álvarez, 2003). Wholly owned subsidiaries include full ownership and control of foreign operations. It offers maximum control and profit while it exposes the firm to higher risks (Álvarez, 2003).

Hypothesis 6 (H6): Entry Mode have a significant effect on SMEs internationalization.

4.3 Conceptual Framework

Four theoretical frameworks were adopted to construct the conceptual framework of this study. Firstly, from Global expansion of SMEs: role of global market strategy for Kenyan SMEs by Osano (2019). Secondly, from Entry Mode Choice: A Meta-Analysis of Antecedents and Outcomes by Wan et al. (2023). Thirdly, from Chinese Firms' Outward FDI Entry Mode Choice: The Role of Ownership and Network by Tao et al. (2013). Lastly, from Cluster Internationalization: Qualitative Review, Theoretical Direction, and the Rise of Emerging Markets' Themes by Chen et al. (2021). The conceptual framework is based on earlier research, theoretical ideas, and elements influencing entry mode, such as firm and host-country characteristics, and network. The determinants of firm characteristics, and entry mode toward internationalization in manufacturing SMEs are shown in Figure 1 conceptual framework.

Figure 1.

Determinants of Firm Characteristics, Entry Mode toward Internationalization in Manufacturing SMEs
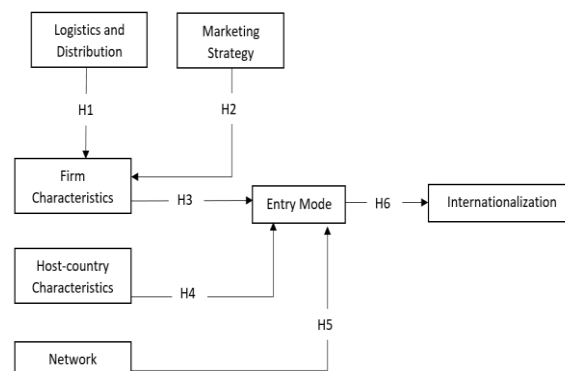
Source: Maung Maung & Nuangjamnong (2025)

5. Research Methodology

5.1 Research Design

This study was designed to develop entry strategies for international markets, focusing on small and medium-sized manufacturing enterprises (SMEs). It examined the impact of various factors, including marketing, logistics and distribution, firm and host-country characteristics, and networking, on the choice of entry mode. The research aimed to assess the relative influence of each element on the entry mode decision.

A quantitative approach was adopted, utilizing four methods: Multiple Linear Regression (MLR), Cronbach's alpha, Simple Linear Regression (SLR), and Descriptive Statistics. The questionnaire was structured into three sections, containing 34 questions related to seven research model variables. There were three screening questions, seven demographic items, and 24 questions designed to measure the variables of interest. Cronbach's Alpha was to evaluate the reliability of the questionnaire and to identify any ambiguous or unclear items.

A pilot study with 60 participants was conducted to validate the reliability of the questionnaire and to identify any uncertainties in the survey items. MLR was then used to explore the effects of logistics and distribution and marketing strategy on firm characteristics. Additionally, the study examined how network, host-country characteristics,

and firm characteristics influence entry mode, and how entry mode affects internationalization using SLR.

5.2 Sampling Plan

This study secured data online from individuals with experience managing manufacturing SMEs in Myanmar and Thailand who engage in international business operations. The sample size was estimated using the Raosoft sample size calculator, with a confidence level of 95%. The study determined a sample size of 377 respondents working as either owners or managers of SMEs. Given that the actual population size is unknown, a figure of 20,000 was used as a reference, as recommended by Raosoft's guidelines, which suggest that beyond this threshold, the required sample size remains stable (Raosoft, 2004).

A non-probability sampling method, specifically purposive sampling, was utilized to gather data. This method was chosen for its effectiveness in collecting targeted information from respondents who meet specific criteria.

5.3 Validity and Reliability

5.3.1 Content Validity (IOC)

The Item Objective Congruence (IOC) Index was used to assess the quality of each questionnaire item. Content validity was established by consulting three experts. Questions with IOC scores exceeding 0.5 were retained for distribution to the respondents.

5.3.2 Reliability Test (Pilot Test)

A pilot test involving 60 participants was conducted to identify any inconsistencies or issues with the questionnaire's variables. Cronbach's alpha was used to measure the internal consistency of the items. As noted by Taber (2018), reliability is typically assessed through pilot tests, with Cronbach's Alpha serving as the standard measure for studies employing 5-point Likert scales, as used in this research.

The pilot test yielded Cronbach's alpha values for the following variables: logistics and distribution (LD) $\alpha = 0.749$ (4 items), marketing strategy (MS) $\alpha = 0.795$ (4 items), firm characteristics (FC) $\alpha = 0.802$ (3 items), host-country characteristics (HC) $\alpha = 0.795$ (3 items), network (NW) $\alpha = 0.740$ (4 items), entry mode (EM) $\alpha = 0.806$ (3 items), and internationalization (IN) $\alpha = 0.764$ (3 items).

All constructs demonstrated internal consistency, with alpha values exceeding the 0.6 threshold, confirming that the questionnaire is reliable for use in the main study.

6. Analysis of Results

6.1 The Respondents' Demographic Data

The researchers conducted a descriptive analysis of demographic data from respondents with experience as managers or owners of manufacturing SMEs located in Bangkok and Myanmar using the Jamovi software. The analysis covered various demographic aspects, including primary industry, number of employees, operating regions, market entry modes, existence of business strategies, ownership structures, and the roles of participants. The following summarizes the frequency distribution and percentage breakdown of 377 respondents.

Primary Industry: The majority of respondents (60.5%) were from the food and beverage industry. The chemicals sector accounted for 10.3%, while textiles and apparel

made up 10.1%. Both the electronics and machinery sectors represented 9% of respondents each. The construction industry had 0.5%, and the cosmetics and rattan furniture sectors each accounted for 0.3% of the respondents.

Number of Employees: SMEs with 51-100 employees comprised 26.8% of the respondents. Those with 101-250 employees represented 22.5%, and SMEs with 251-500 employees accounted for 20.7%. SMEs with more than 500 employees made up 18.8%, while those with 11-50 employees constituted 10.9%. Only 0.3% of respondents were from SMEs with 1-10 employees.

Regions of Operation: The majority of SMEs (48.3%) operated solely in Asia, with 182 respondents. Another 17.2% operated in both Asia and Australia, 7.4% in Australia, the Middle East, and Asia, and 27% operated across multiple regions.

Market Entry Modes: Exporting was the most common market entry mode, used by 59.7% of respondents. Licensing was chosen by 13.5%, joint ventures by 11.7%, wholly owned subsidiaries by 9.5%, and franchising by 5.6%. This distribution reflects the diverse strategies employed by SMEs when entering new markets.

Existence of Business Strategies: A significant majority (66.6%) of respondents reported having a business strategy in place, while 33.4% indicated they did not. This suggests that strategic planning is prevalent among the surveyed businesses.

Ownership Structures: Family-owned businesses were the most common, representing 35.3% of the respondents. Partnerships accounted for 23.3%, private limited companies made up 16.2%, and sole proprietorships constituted 21.2%. Public limited companies were the least common, at only 4.0%.

Roles of Participants: The largest group of respondents were owners, making up 43.5% of the total, followed by managers at 40.6%. Directors accounted for 14.3%, and CEOs and presidents were the smallest group, at 1.6%.

This analysis provides a comprehensive overview of the characteristics of the respondents and their businesses.

6.2 Descriptive Analysis with Mean and Standard Deviation

The mean and standard deviation for each group variable, such as logistics and distribution, marketing strategy, firm characteristics, host-country characteristics, network, entry mode and internationalization, are summarized in this section. The criteria for evaluating the mean scores are listed below and were taken from Imsa-ard et al. (2021). The criteria of the interpretation of mean scores:

Mean score	Interpretation
4.21 - 5.00	Strongly agree
3.21 - 4.20	Agree
2.61 - 3.20	Neutral
1.81 - 2.60	Disagree
1.00 - 1.80	Strongly disagree

Table 1 provides an overview of the mean scores for various statements related to logistics, distribution, marketing strategy, firm characteristics, host-country characteristics, networks, entry modes, and internationalization.

For logistics and distribution, the statement "Logistics and distribution should be considered in manufacturing SMEs when entering international markets" received a mean score of 4.89, indicating strong agreement among the respondents. Similarly, the statement "Our SMEs are satisfied with the current market's ability to support our SMEs" had a mean score of 4.68, also reflecting strong agreement. The statement "Our logistic operations are agile in responding to shifts in demand" had a mean score of 4.29, showing general agreement, while "Our logistics and distribution capabilities are perceived as a competitive advantage in international markets" scored 4.12, indicating agreement.

Regarding marketing strategy, the statement "Our international market segmentation strategy effectively reaches diverse customer groups" had a mean score of 4.24, indicating strong agreement. The statement "Our product, pricing, promotion, and place strategies are customized for international markets" scored 4.50, showing strong agreement, while "Our international marketing efforts have been successful in acquiring new customers" received a mean score of 4.40, also reflecting strong agreement. Lastly, "Our marketing strategy is perceived as playing a crucial role in gaining a competitive edge in international markets" had a mean score of 4.20, indicating agreement.

As for firm characteristics, the statement "Our firm's financial resources can support international expansion efforts" received a mean score of 3.93, indicating agreement. The statement "Our firm has a high level of experience in dealing with international markets and cross-border operations" had a mean score of 3.95, also indicating agreement, while "Our firm is agile in responding to changes in international market conditions and regulatory environments" scored 3.75, reflecting agreement. These findings suggest that the respondents generally view their firms as having adequate financial resources, experience, and agility to operate effectively in international markets.

Regarding host-country characteristics, the statement "The size of the target market in the host country is significant" had a mean score of 4.53, indicating strong agreement. The statement "The ease of doing business in the host country, in terms of regulatory and compliance, is favorable" scored 4.49, also indicating strong agreement, while "Our firm's products or services align well with the cultural preferences and values of the host country population" had a mean score of 4.34, reflecting strong agreement.

For network-related factors, the statement "Our firm's network of business contacts and partners in international markets is extensive" had a mean score of 4.25, indicating strong agreement. The statement "Our relationships with key stakeholders (e.g., suppliers, distributors, customers) in international markets are strong" scored 4.44, showing strong agreement, while "We frequently collaborate with international partners on joint ventures, product development, or innovation" had a mean score of 3.79, reflecting agreement. Lastly, "Our network strongly influences our strategic decisions regarding internationalization" received a mean score of 4.32, indicating strong agreement. These results suggest that the respondents generally view their firm's network as extensive, strong, and influential in international markets.

In terms of entry mode, the statement "The entry mode (exporting, joint ventures, franchising, and wholly owned subsidiaries) is important in achieving our international business objectives" had a mean score of 4.06, indicating agreement. The statement "We were able to enter the international market quickly using our chosen entry mode" scored 4.22, showing strong agreement, while "Our entry mode allows for effective adaptation to local market conditions and consumer preferences" also had a mean score of 4.06, reflecting agreement.

Finally, for internationalization, the statement "Our resources (financial, human, and technological) are suitable for internationalization" had a mean score of 4.01, indicating agreement. The statement "Our chosen entry mode (e.g., exporting, joint ventures, franchising) has been successful in achieving our international goals" scored 4.33, reflecting strong agreement. Lastly, the statement "Significant strategic adjustment was required to enter and succeed in international markets" had a mean score of 4.19, showing agreement among the respondents.

Table 1: Mean and Standard Deviation

	Mean	Std. Deviation	Interpretation
Logistics and distribution (LD)	**4.50**	**0.590**	Strongly agree
LD1: Logistics and distribution should be considered in manufacturing SMEs when entering international market.	4.89	0.333	Strongly agree
LD2: Our SMEs are satisfied to reach markets with the ability of the current logistic and distribution network.	4.68	0.536	Strongly agree
LD3: Our logistics operations are agile in responding to sudden shifts in demand.	4.29	0.732	Strongly agree
LD4: Our logistics and distribution capabilities are perceived as a competitive advantage in international markets.	4.12	0.759	Strongly agree
Marketing strategy (MS)	**4.34**	**0.725**	Strongly agree
MS1: Our international market segmentation strategy effectively reaches diverse customer groups.	4.24	0.758	Strongly agree
MS2: Our product, pricing, promotion, and place strategies are customized for international markets.	4.50	0.649	Strongly agree
MS3: Our international marketing efforts have been successful in acquiring new customers.	4.40	0.680	Strongly agree
MS4: Our marketing strategy is perceived as playing a crucial role in gaining a competitive edge in international markets.	4.20	0.811	Agree
Firm characteristics (FC)	**3.88**	**0.937**	Agree
FC1: Our firm's financial resources can support international expansion efforts.	3.93	0.917	Agree
FC2: Our firm has a high level of experience in dealing with international markets and cross-border operations.	3.95	0.941	Agree
FC3: Our firm is agile in responding to changes in international market conditions and regulatory environments.	3.75	0.952	Agree

Host-Country characteristics (HC)	**4.45**	**0.765**	Strongly agree
HC1: The size of the target market in the host country is significant.	4.53	0.736	Strongly agree
HC2: The ease of doing business in the host country, in terms of regulatory and compliance is favorable.	4.49	0.809	Strongly agree
HC3: Our firm's products or services align well with the cultural preferences and values of the host country population.	4.34	0.749	Strongly agree
Network (NW)	**4.20**	**0.888**	Agree
NW1: Our firm's network of business contacts and partners in international markets is extensive.	4.25	0.780	Strongly agree
NW2: Our relationships with key stakeholders (e.g., suppliers, distributors, customers) in international markets are strong.	4.44	0.874	Strongly agree
NW3: We frequently collaborate with international partners on joint ventures, product development, or innovation.	3.79	1.030	Agree
NW4: Our network strongly influences our strategic decisions regarding internationalization.	4.32	0.869	Strongly agree
Entry mode (EM)	**4.11**	**0.890**	Agree
EM1: The entry mode (exporting, joint ventures, franchising, wholly owned subsidiaries) is important in achieving our international business objectives.	4.06	0.931	Agree
EM2: We were able to enter the international market quickly using our chosen entry mode.	4.22	0.838	Strongly agree
EM3: Our entry mode allows for effective adaptation to local market conditions and consumer preferences.	4.06	0.900	Agree
Internationalization (IN)	**4.18**	**0.753**	Agree
IN1: Our resources (financial, human, technologies) are suitable for internationalization.	4.01	0.787	Agree
IN2: Our chosen entry mode (e.g., exporting, joint ventures, franchising) has been successful in achieving our international goals.	4.33	0.747	Strongly agree
IN3: Significant strategic adjustment was required to enter and succeed in international markets.	4.19	0.726	Agree

6.3 Hypothesis Testing Results

6.3.1 Results of Multiple Linear Regression for H1 and H2

Statistical Hypothesis:

H0: Logistics and distribution (H1) and marketing strategy (H2) have no significant effect on firm characteristics in manufacturing SMEs.

Ha: Logistics and distribution (H1) and marketing strategy (H2) have a significant effect on firm characteristics in manufacturing SMEs.

Table 2 presents the summary of the multiple linear regression analysis for Hypotheses 1 and 2, which examines the impact of logistics and distribution, and marketing strategy on firm characteristics. The results in Table 2 show that the significance levels for both logistics and distribution (H1) and marketing strategy (H2) were less than 0.05, leading to the rejection of the null hypotheses. The R^2 value was

0.161 at a 95% confidence level, indicating that the independent variables (logistics and distribution and marketing strategy) collectively explain approximately 16.1% of the variance in the dependent variable (firm characteristics).

When analyzing the individual contributions of each predictor, the results revealed that logistics and distribution (**β** = 0.189, p < .001) have a positive and significant impact on firm characteristics. Similarly, the marketing strategy (**β** = 0.288, p < .001) also shows a positive and significant effect on firm characteristics. The VIF values for both hypotheses were 1.17, demonstrating that there was no multicollinearity among these independent variables, as the VIF was well below the threshold of 5.

Table 2: Multiple Linear Regression Analysis Summary for H1 and H2

Hypothesis	B	SE B	β	t	p	VIF
H1: LD → FC	0.341	0.092	0.189	3.700	<0.001*	1.17
H2: MS → FC	0.364	0.065	0.288	5.630	<0.001*	1.17

Notes: R^2 = 0.161, Adjusted R^2 = 0.156, *p < 0.05. Dependent Variable = Firm Characteristics (FC) | Independent Variable = Logistics and distribution (LD) | Independent Variable = Marketing strategy (MS)
B = Unstandardized coefficients B | SE B = Standard error of the unstandardized coefficient | β = Standardized beta coefficient
t = t-value (> 1.96 is significant) | p = p-value (< 0.05 indicates significance) | VIF = Variance Inflation Factor (< 5 is acceptable)

6.3.2 Results of Multiple Linear Regression for H3, H4, and H5
Statistical Hypothesis

H0: Firm characteristics (H3), host-country characteristics (H4), and network (H5) have no significant effect on entry mode for manufacturing SMEs.

Ha: Firm characteristics (H3), host-country characteristics (H4), and network (H5) have a significant effect on entry mode for manufacturing SMEs.

Table 3 presents the results of the multiple linear regression analysis for Hypotheses 3, 4, and 5, focusing on the effects of firm characteristics, host-country characteristics, and network on entry mode. The analysis reveals that the significance levels for firm characteristics (H3) and host-country characteristics (H4) are below 0.05, leading to the rejection of the null hypotheses for these variables. This suggests that both firm and host-country characteristics significantly influence entry mode in manufacturing SMEs. Conversely, the significance level for network (H5) is above 0.05, indicating that the null hypothesis cannot be rejected for this variable, meaning the network does not have a significant impact on entry mode.

The R-square value is 0.219, meaning that approximately 21.9% of the variance in the dependent variable (entry mode) is explained by the independent variables (firm characteristics, host-country characteristics, and network). Specifically, the results indicate that firm characteristics (β = 0.257, p < 0.05) and host-country characteristics (β = 0.314, p < 0.05) have a positive and significant relationship with entry mode. However, network (β = 0.039, p > 0.05) does not significantly affect entry mode.

The VIF values for Hypotheses 3, 4, and 5 are 1.12, 1.09, and 1.06, respectively, indicating no issues with multicollinearity among the independent variables, as these VIF values are well below the threshold of 5

Table 3: Multiple Linear Regression Analysis Summary for H3, H4 and H5

Hypothesis	B	SE B	β	t	p	VIF
H3: FC → EM	0.248	0.047	0.257	5.308	0.001*	1.12
H4: HC → EM	0.353	0.054	0.314	6.556	0.001*	1.09
H5: NW → EM	0.038	0.046	0.039	0.818	0.414	1.06

Note: R^2= 0.219, Adjusted R^2= 0.213, *$p < 0.05$. Dependent Variable = Entry Mode (EM) | Independent Variable = Firm Characteristics (FC) | Independent Variable = Host-country characteristics (HC) | Independent Variable = Network (NW)
B = Unstandardized coefficients B | SE B = Standard error of the unstandardized coefficient | β = Standardized beta coefficient
t = t-value (> 1.96 is significant) | p = p-value (< 0.05 indicates significance) | VIF = Variance Inflation Factor (< 5 is acceptable)

6.3.3 Result of Simple Linear Regression of H6
Statistical Hypothesis

H0: Entry Mode(H6) has no significant effect on internationalization for manufacturing SMEs.

Ha: Entry Mode(H6) has a significant effect on internationalization for manufacturing SMEs.

Simple linear regression was performed to determine whether entry mode (H6) significantly impacts internationalization, as detailed in Table 4. The results show a significance level of 0.043, which is below the 0.05 threshold, leading to the rejection of the null hypothesis. This indicates that entry mode has a significant effect on internationalization. The regression analysis revealed that the model is statistically significant ($p < 0.05$) and explains 10.9% of the variance in internationalization, with an R-square value of 0.109 at a 95% confidence level. This result confirms that entry mode significantly influences internationalization (β = 0.104, $p < 0.05$). Furthermore, the VIF value for entry mode is 1.000, indicating no issues with multicollinearity, as it is well below the threshold of 5.

Table 4: Simple Linear Regression Analysis Summary for H6

Variables	B	SE B	β	t	p	VIF
H6: EM → IN	0.09	0.044	0.104	2.03	0.043*	1.000

Note: R^2= 0.0109, Adjusted R^2= 0.008, *$p < 0.05$. Dependent Variable = Internationalization (IN) | Independent Variable = Entry Mode (EM)
B = Unstandardized coefficients B | SE B = Standard error of the unstandardized coefficient | β = Standardized beta coefficient
t = t-value (> 1.96 is significant) | p = p-value (< 0.05 indicates significance) | VIF = Variance Inflation Factor (< 5 is acceptable)

Figure 2: The Results of Structural Model
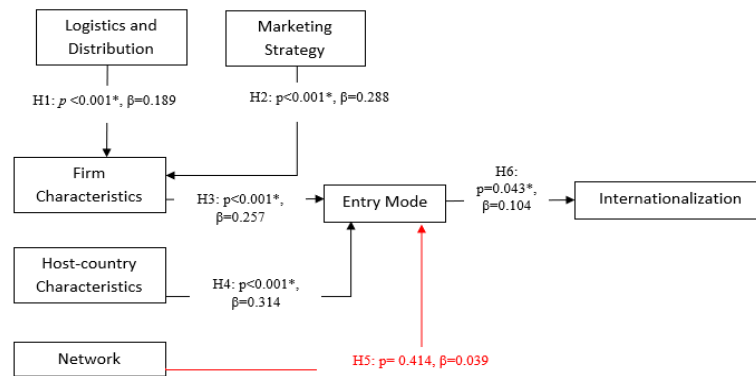
Source: Maung Maung & Nuangjamnong (2025)

7. Conclusion and Discussion

7.1 Research Intentions

The primary aim of this research was to develop effective strategies for the international expansion of small and medium-sized enterprises (SMEs) in the manufacturing sector. These SMEs are vital for innovation, job creation, and economic stability. Despite numerous opportunities, SMEs face significant challenges when entering global markets, including limited financial resources, inadequate knowledge of foreign markets, intense competition, and difficulties in forming networks and collaborations. This study addressed these challenges by examining the influence of logistics and distribution, marketing strategies, firm and host-country characteristics, and network factors on entry modes and their subsequent impact on the internationalization process.

7.2 Major Findings

This research explored strategies for the international expansion of manufacturing SMEs, focusing on how various factors impact entry modes and the internationalization process.Quantitative data were obtained from 377 managers and owners of manufacturing SMEs in Bangkok and Myanmar. The sample was selected through non-probability purposive sampling, and data were collected online using a structured questionnaire validated by a Cronbach alpha reliability test ($\alpha > 0.60$). The analysis involved descriptive statistics and regression techniques to evaluate the hypotheses.

The study found that the majority of respondents have experience in the food and beverage industry (60.5%), with most firms employing between 51-100 people (26.8%) and operating primarily within Asia (48.3%). Exporting emerged as the most common entry mode (59.7%), and a significant proportion of firms (66.6%) have formal strategies for internationalization. Additionally, 35.3% of the firms are family-owned, and 43.5% of respondents are the owners.

Descriptive analysis revealed that logistics and distribution had the highest mean score (4.89), followed by host-country characteristics (4.54), marketing strategy (4.50), internationalization (4.33), and entry mode (4.22). Firm characteristics had the lowest mean score (3.95). Regression analysis indicated that logistics and distribution,

marketing strategy, firm characteristics, and host-country characteristics significantly affect firm characteristics and entry modes. Specifically, logistics and distribution (β = 0.341, p< .001*) and marketing strategy (β = 0.364, p< .001*) positively influence firm characteristics. Firm characteristics (β =0.257, p p<.001*) and host-country characteristics (β = 0.314, p< .001*) significantly affect entry modes, while network factors (β = 0.039, p = 0.414) did not have a significant impact.

Simple linear regression demonstrated that entry mode significantly affects internationalization (β = 0.104, p< .001*), accounting for 10.9% of the variance. These findings suggest that manufacturing SMEs can enhance their international expansion efforts by focusing on effective logistics and distribution, strategic marketing, and understanding both firm-specific and host-country factors. However, network factors did not significantly influence entry modes in this study, indicating that other factors may be more critical in shaping internationalization strategies.

7.3 Discussion of Effect Factors

7.3.1 Firm Characteristics

The analysis reveals that logistics and distribution (β = 0.341, p< .001*) and marketing strategy (β = 0.364, p< .001*) are significant positive factors influencing firm characteristics. Among these, marketing strategy exhibits the strongest effect, suggesting that well-developed marketing plans are crucial for shaping firm characteristics. Logistics and distribution also play a vital role but with a slightly lesser impact compared to marketing strategy. This indicates that, while operational efficiency and distribution capabilities are important, strategic marketing is more influential in defining firm characteristics (Carpenter & Shankar, 2013; Nadube & James, 2018; Handoyo et al., 2023).

7.3.2 Entry Mode

Firm characteristics (β = 0.257, p < 0.001*) and host-country characteristics (β = 0.314, p < 0.001*) significantly affect entry modes, with host-country characteristics showing a stronger effect. This underscores the importance of aligning entry modes with the specific characteristics of the host country, such as regulatory environment and market conditions. Firm characteristics also play a significant role, but the stronger impact of host-country characteristics suggests that SMEs must adapt their entry strategies to the local context to achieve successful internationalization (Morschett et al., 2010; Fazal et al., 2017; Correa da Cunha et al., 2023).

7.3.3 Internationalization

Entry mode (β = 0.104, p< .001*) has a notable effect on internationalization, explaining 10.9% of the variance. Although the effect size is moderate, it confirms that the choice of entry mode is an important factor in the international expansion of SMEs. This indicates that selecting the appropriate entry strategy is critical for firms aiming to enhance their international presence and achieve successful global operations (Johanson & Kao, 2010; Al-Hyari et al., 2012; Tao et al., 2013; Nisar et al., 2018; Chen et al., 2021).

Overall, the research highlights that marketing strategy and host-country characteristics are the strongest factors affecting firm characteristics and entry modes, respectively. Entry mode, while having a moderate effect, is still a crucial element influencing the success of internationalization efforts.

8. Implications of the Study

The findings of this study offer several key implications for manufacturing SMEs aiming to expand internationally. Firstly, the strong influence of marketing strategies on firm characteristics highlights the critical need for SMEs to invest in comprehensive and tailored marketing approaches. Theoretical frameworks, particularly the Resource-Based View (RBV), suggest that leveraging unique internal resources, including marketing capabilities, can provide a competitive advantage in international markets. Secondly, the significant role of logistics and distribution underscores the importance of optimizing supply chain operations to enhance market entry and sustain international growth. This aligns with the Transaction Cost Economics (TCE) theory, which emphasizes the need for efficient logistics to minimize transaction costs and ensure effective market penetration.

The impact of host-country characteristics on entry modes suggests that SMEs must adapt their strategies to fit local conditions, supporting the Institutional Theory, which stresses the importance of aligning with local norms and regulations to achieve successful internationalization.

Lastly, while network factors did not show a significant effect on entry mode decisions, they remain important for overall international business success. The findings imply that SMEs should integrate network strategies with other operational and strategic elements, aligning with the Network Theory, which emphasizes the role of relationships in gaining access to resources and market opportunities.

These implications suggest that manufacturing SMEs need a holistic approach to internationalization, combining strong marketing strategies, optimized logistics, adaptive entry modes, and strategic network management to successfully navigate global markets.

9. Recommendations

Strengthen Marketing Strategies

Given that marketing strategy has the strongest effect on firm characteristics, manufacturing SMEs should focus on developing comprehensive, tailored marketing strategies to enhance their international presence. This involves conducting thorough market research to understand local consumer preferences, cultural nuances, and competitive landscapes in target markets. Investing in brand development, digital marketing, and localized advertising campaigns can help SMEs differentiate themselves and establish a strong foothold in new international markets.

Optimize Logistics and Distribution

While logistics and distribution also significantly impact firm characteristics, their effect is slightly less pronounced compared to marketing strategies. SMEs should prioritize optimizing their logistics and distribution networks to ensure efficient operations and timely delivery in international markets. This includes investing in robust supply chain management systems, forming partnerships with reliable logistics providers, and implementing agile practices to respond swiftly to changes in demand and market conditions.

Adapt to Host-Country Characteristics

Host-country characteristics have a notable impact on entry mode decisions. Therefore, SMEs must adapt their strategies to align with the specific regulatory, economic, and cultural conditions of the host countries. Conducting detailed market analyses and engaging with local experts or consultants can provide valuable insights into local business practices and regulatory requirements. This will enable SMEs to select the most suitable entry modes, such as joint ventures or franchising, that are best suited to the host country's environment.

Leverage Firm Characteristics in Strategic Planning

Firm characteristics also influence entry modes, though less so than host-country characteristics. SMEs should leverage their internal strengths, such as technological capabilities, managerial expertise, and financial resources, to develop effective internationalization strategies. This includes assessing their internal resources and capabilities to ensure they align with their international expansion goals and selecting entry modes that best utilize these strengths.

Re-evaluate Network Strategies

Although networks did not show a significant impact on entry mode decisions, they still play a role in the broader context of international expansion. SMEs should continue to build and maintain strong networks of business contacts, including suppliers, distributors, and partners, to support their international operations. Networking can facilitate market entry through partnerships, provide valuable market intelligence, and enhance business relationships. However, it may be beneficial to focus more on aligning network strategies with operational and marketing goals rather than relying solely on networks to influence entry mode decisions.

Focus on Effective Entry Modes

Entry mode decisions are critical for successful internationalization, with the choice of entry mode affecting the internationalization process. SMEs should carefully evaluate different entry modes, considering factors, such as market size, regulatory environment, and competitive dynamics. Tailoring entry strategies to match these factors can help SMEs achieve their international expansion objectives more effectively. Using a combination of entry modes, such as exporting and joint ventures, may also offer flexibility and risk management benefits in diverse international markets.

By implementing these recommendations, manufacturing SMEs can enhance their internationalization strategies, address key challenges, and capitalize on opportunities in global markets.

10. Limitations of the Study

This study acknowledges limitations that may affect the generalizability of the findings. First, the research is geographically limited to SMEs in Bangkok and Myanmar, which may not fully represent the broader context of international manufacturing SMEs. Second, the reliance on self-reported data from surveys could introduce bias, as responses may reflect subjective perceptions rather than objective realities. It should be noted that the study's cross-sectional design captures a snapshot in time, potentially missing dynamic changes in market conditions or firm strategies. These

perceived limitations should be considered when interpreting the findings and applying them to broader contexts.

11. Future Research

Future research could build on these findings by expanding the geographical scope to include SMEs from diverse regions and industries to enhance the generalizability of the results. Longitudinal studies could offer insights into how strategies for internationalization evolve over time and adapt to changing market conditions. Additionally, incorporating qualitative methods, such as interviews or case studies, could provide a deeper understanding of the nuanced experiences of SMEs in global markets. Investigating the impact of emerging technologies and geopolitical factors on internationalization could also offer valuable perspectives for developing more comprehensive strategies for global expansion

12. The Authors

The two authors--Si Thu Maung Maung and Chompu Nuangjamnong—are in the Master of Business Administration Program, Graduate School of Business and Advanced Technology Management, Assumption University of Thailand. They share research interest in strategies for manufacturing SMEs, international market expansion, and current issues in international marketing management.

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