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INNOVATION FOR TECHNOLOGY

**NETWORKING AND
INTERNATIONALISATION
OF SMALL AND MEDIUM
ENTERPRISES (SMES) IN
SIDS ECONOMIES: A
SURVEY AMONG EXPORT
ORIENTED SMES IN
MAURITIUS**

Final Report

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*MAURITIUS RESEARCH
COUNCIL*

REPORT

*Report on the study “Networking
and Internationalisation of Small
and Medium Enterprises (SMEs) in
SIDS economies: A Survey among
export oriented SMEs in Mauritius”
(Ref: MRC/RSS-1706)*

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This present study is an effort to (i) analyse the barriers to SMEs' internationalisation and (ii) to assess the roles and sources of networking of SMEs' internationalization in Small Island Developing States (SIDS) economies. The study would not have taken the present shape without the help and guidance of a number of people. First and foremost, I would like to thank the Director General, Mauritius Research Council (MRC) for funding the project and the administrative staff of the MRC for providing assistance throughout the research. I also acknowledge, with a deep sense of appreciation, the contribution of:

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EXECUTIVE SUMMARY

This study aimed at (i) identifying the main barriers to SMEs' internationalisation and (ii) assessing the importance, roles and sources of networking to SMEs' internationalisation. Being the first study to investigate this phenomenon in a Small Island Developing States (SIDS), this study fills in an apparent gap in extant literature on the importance, roles and sources of networking to SMEs' internationalisation in SIDS economies. A comprehensive review of the literature revealed that the majority of the studies on networking and SMEs internationalisation have been conducted in developed countries and while in a Small Island Developing State (SIDS) context no research has been undertaken as at date to investigate the importance, roles and sources of networking to SMEs internationalisation.

To achieve the objectives for the study, a questionnaire was administered among 101 owners/managers/directors of SMEs in Mauritius and the data collected were processed using the IBM SPSS Statistics V21.0. According to the findings of the study, informational and political-economic barriers have been identified as the main barriers to SMEs internationalisation in Mauritius. It has also been found that the networking challenges as well as the sources of networking may influence the scope of SMEs' internationalisation.

Based on the findings of the study, recommendations have been proposed to the policy makers so that effective policies are formulated to support SMEs' internationalisation and secondly to entrepreneurs of SMEs who can set in place appropriate strategies and structures to benefit from networking throughout the internationalisation process.

Key words: Internationalisation of SMEs, Internationalisation Barriers, Networking, Small Island Developing State, Mauritius

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1.0 Introduction

For many countries, Small and Medium sized Enterprises (SMEs) play a significant role in their socio economic development by creating jobs and contributing to the Gross Domestic Product (GDP) of the country (Daszkiewicz & Wash, 2012). This is also true for a Small Island Developing State like Mauritius where the SMEs are considered as the backbone of the economy since they contribute to around 40% of GDP and 50% of employment. According to Statistics Mauritius (2013), the number of SMEs has increased over the years to reach more than 125,000 in 2013. These SMEs produced some 120 billion Mauritian rupees worth of output annually and employed 250,000 men and women in different sectors of the economy.

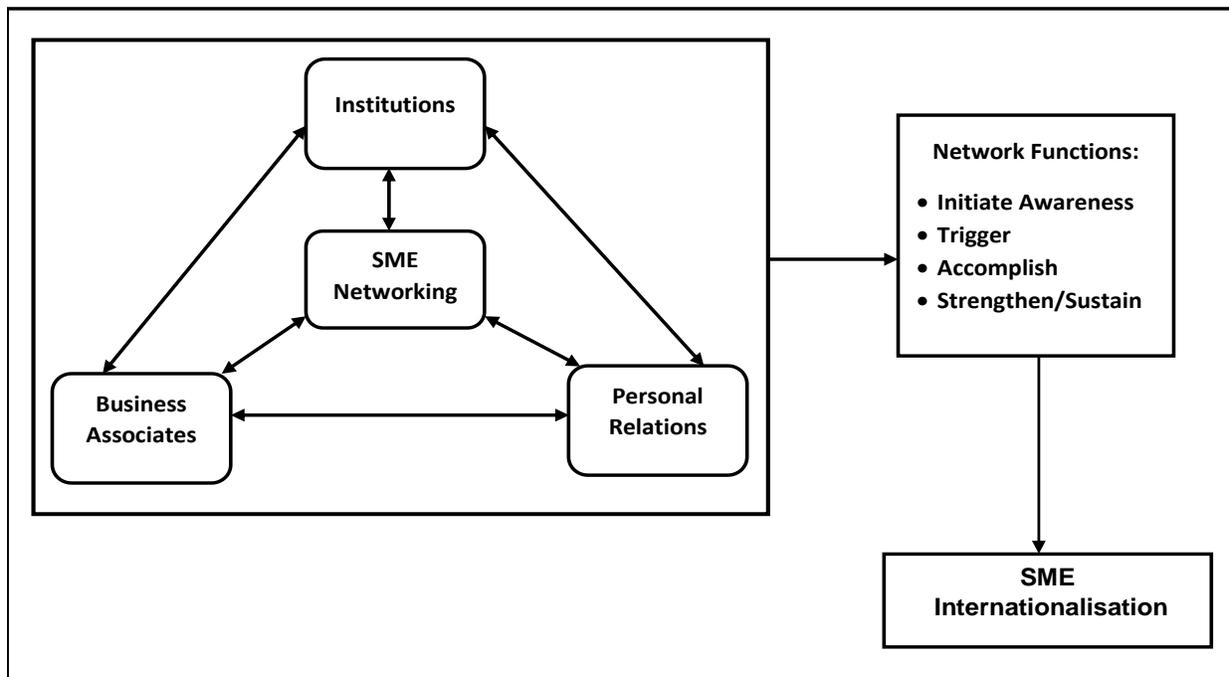
On the other hand, globalisation, fueled by the steady growth of low cost Information and Communication Technology (ICT) and the reduction in trade barriers, has driven the internationalisation of both large and small businesses (Gjellerup, 2000). According to Johanson and Vahlne (1990:11), internationalisation is the “cumulative process in which the enterprise gradually increases its international involvement through the continuous establishment, and development of relationship”. In a similar vein, Eriksson (2016:27) defines internationalisation as “a change process that unfolded through a number of stages by which a firm gradually increased its foreign commitment”. In a nutshell, internationalisation is the process by which firms increase their international involvement. According to Hill (2011), the development of the global economy presents a lot of opportunities to businesses such as new markets, the possibility of diversifying the risks, the reduction in dependency on the local markets and the increased corporate image amongst others.

Over the years, the increasing international involvement of SMEs has caught the attention of many researchers and academics that has given rise to a new stream of literature, that is, International Entrepreneurship (IE). McDougall and Oviatt (2000) define international entrepreneurship as “combination of innovative, proactive, and risk-seeking behavior that crosses national borders and is intended to create value in organizations”. The innovation related internationalisation model presents internationalisation as an innovation strategy for the firms as effective foreign operations require innovative ideas. The international entrepreneurship literature focuses on several issues surrounding the internationalisation of SMEs. These include the reasons for which SMEs involved

in international markets, the risks and challenges faced by SMEs in the internationalisation process, the roles of the managers in facilitating the internationalisation process amongst others.

The role of networking in supporting and enhancing the internationalisation process of SMEs has been widely acknowledged in the literature. For example, Johanson and Mattson (1988) argue that organisations form part of networks of businesses and that the relationships between the networks of businesses facilitate their internationalisation process. Similarly, Eriksson et al. (2000) note that network exposes SMEs to international markets through an accumulation of institutional, business and internationalisation knowledge which provide intelligence to support the internationalisation process. In addition, networks help businesses to gain knowledge about foreign institutions dealing with current rules and regulations (Senik, Scott-Ladd, Entekin and Adham, 2011:261). To Rickne (2006), different approaches to networking practiced among different industries, governments, agencies and other firms assist the internationalisation of firms. Analysing the roles and sources of networking of SMEs internationalization in Malaysia, Senik, Scott-Ladd, Entekin & Adham (2011:261) proposed the following networking linkages model for SMEs' internationalization.

Figure 1: Networking linkages model for SMEs' internationalization.



Source: Senik et al. (2011:261)

1.1 Problem Statement

Globalisation presents a great deal of international opportunities to all businesses irrespective of their sizes. According to MEXA (2016), the value of exports in 2015 recorded an increase of 0.3% to reach Rs49.23 billion as compared to Rs49.07 billion in 2014. The Government is relying a lot on the contribution of the Small and Medium Enterprises (SMEs) to boost the economy and to transform the island into a High Income Economy (HIE). SMEs in Mauritius have a huge potential to grow locally and regionally. However, on their own, SMEs may find it difficult to engage in international markets. Presently, various institutional supports are given to the SMEs to facilitate their growth. Studies have shown that networking with business associates, institutions and personal relations help in initiating awareness of internationalisation, triggering the need for internationalisation and accomplishing, strengthening and sustaining internationalisation. Thus, it becomes important to consolidate and reinforce the network to ensure international success of SMEs. Against this backdrop, this study aims at identifying the sources of networking that may assist SMEs' internationalisation and at evaluating the roles/functions of networking that assist SMEs' internationalisation.

1.2 Aim and Objectives

The aim of this study is to evaluate the roles/functions of networking to SMEs' internationalisation.

The specific objectives are:

1. To analyse the barriers that SME's are faced with in their internationalisation process.
2. To assess the importance that SMEs' attach to the different sources of networking while conducting foreign transaction.
3. To evaluate the benefits of networking to SMEs' internationalisation.
4. To identify the challenges faced by SMEs' in developing and using network in the foreign markets.

1.3 Significance of Study

The contribution of this study can be evaluated from two perspectives. Firstly, it is found from the internet search that research on networking and internationalisation of SMEs is scarce and that existing research has been carried in developed and developing countries while research in a small island developing state is inexistent. Hence, this study is the first of its kind to address the issues

specific to the Mauritian context with respect the internationalisation of SMEs. Therefore, this study endeavors to fill this apparent research gap by analyzing the importance and roles of networking in SMEs internationalisation in SIDS economy. Secondly, based on the outcomes of the research, policy makers will be in a position to make informed decisions on how to strengthen and sustain the network linkages that can facilitate SMEs' internationalisation. The increased internationalisation of SMEs will further contribute to an increase in export earnings and the viability of the economy.

LITERATURE REVIEW

2.0 INTRODUCTION

Living in a fast tracked world where globalization and financialisation is taking up new heights, it becomes pivotal for every businesses irrespective of their size to consider foreign markets as part of their long term strategy. On the other hand, Fonfara, Łuczak and Małys (2012:115) consider that relational resources constitute important assets in the internationalisation process. The main objective of this study is to provide new insights on the roles and contribution of networking in SMEs' internationalisation that can help firms to better strategize on the effective use of networking in conducting international transactions. Moreover, policy makers will also formulate effective strategies with regards to amplifying the growth of SMEs towards the international markets through the use of network. However, in order to attain our research objectives, it is important to bring up a comprehensive and detailed literature review so as to enlighten the readers with the concepts at hand. Therefore, this chapter will provide an insightful theoretical and empirical framework of Networking and Internationalisation of SMEs in Small Island Developing States (SIDS) using Mauritius as a case. The Chapter shall ravel the following:

- Theoretical review for Internationalisation.
- The Network Model of Internationalisation.
- An insightful knowledge on SMEs and their importance to the Mauritian economy.
- Theoretical and Empirical framework of Networking and Internationalisation of SMEs.

The last section shall presents the main insight in this chapter whereby the use of accredited and scholarly journal articles, relevant books and websites have been used vigorously. The chapter will be useful in allowing the study to go further in the analysis part as models selected from the literature review shall be utilized for the primary research and statistical test.

2.1 THEORY OF INTERNATIONALISATION

2.1.1 Definition of Internationalisation

Definitions of internationalisation have been varying among authors although some similarities can always be found. A simple definition of internationalisation is that given by Welch and Luostarinen (1988) who explain that internationalisation is the process of showing the involvement and interaction in international markets. To Welch and Luostarinen (1988), internationalisation refers to the cross border exchange which increases the value added component on different goods and services. Johanson and Mattson (1988), on the other hand, considers internationalisation as a cumulative process, in which relationship are continually established, maintained, developed, broken and dissolved in order to achieve the objectives of the firm. In a similar vein, Albaum *et al.* (2005), define internationalisation as a process, end result and way of thinking whereby a company becomes more involved in and committed to serving markets outside its home country while Mathews (2006) relates internationalisation to the integration of business and economic activities that take place outside the home country.

Before bouncing on the models and techniques that a business can use to internationalise, it is important to understand the importance of internationalisation. This is described in the next section.

2.1.2 Importance of Internationalisation

Internationalisation has always been seen as a bundle of untapped opportunities for all types of businesses such that in the last two decades, thousands of enterprises have been actively involved in international markets (Rundh, 2007; Zeng, Xien Tam & Wan, 2009). According to Melin (1992), internationalization is a critical component of business strategy for many enterprises in the world (Irungu & Marwa, 2010). Internationalisation is considered as a strategic move to gain economic, cultural and operational benefits from the foreign markets. It is also considered as the next step for businesses to achieve renaissance of sorts and strengthen the business both at local level and international level by multiplying all objectives necessary. In general, firms may consider internationalisation as an alternative growth strategy for several reasons, including the possibility of (i) accessing new markets for existing products or services and valuable factors of production such as cheap labour or cheap raw materials (ii) diversifying risks and (iii) developing know-how and technology competencies via technical cooperation.

2.1.3 Internationalisation Motives

According to Czinkota and Ricks (1983), the major motives for going international export can be characterized into two groups:

- *Proactive motives*
- *Reactive motives*

Proactive motives show how internationalisation is important in pursuing firm’s internal interests such as management of firm and how it influences the technological capabilities, core competences and resources to the new potential markets. Reactive factors focus on the external motives of internationalisation, based on the firm’s external interest such as pressure from competitors and small or saturated size domestic market.

In the simpler terms, proactive motives may be defined as the objectives that have been planned in order to internationalise while reactive motives, on the other hand, refers to those aims that cannot be anticipated while moving to the international markets (Czinkota & Ricks, 1983). Table 1 summarises the motives of why firms tend to “go global” and why internationalisation is considered to be important for the sustainability of the business.

Table 1: Proactive vs Reactive motives as drivers of Internationalisation

PROACTIVE	REACTIVE
<ul style="list-style-type: none"> • <i>Profitability</i> • <i>Growth Motives</i> • <i>Managerial Urge</i> • <i>Technological Innovation</i> • <i>High Productivity</i> • <i>Economies of Scale</i> • <i>Easy access to Raw materials</i> • <i>Exclusive Information</i> <i>Tax benefits</i> 	<ul style="list-style-type: none"> • <i>Competitive pressures</i> • <i>Market Opportunities</i> • <i>Overproduction</i> • <i>Declining domestic sales</i> • <i>Excess Capacity</i> • <i>Saturated Domestic markets</i> • <i>Proximity to customers and ports</i>

Source: Adapted from Czinkota (2004)

2.1.4. Internationalisation Theories

Extant literature classifies internationalisation theories into three main streams namely:

1. Economic Approach
2. Behavioral Approach
3. Network Approach

2.1.4.1 The Economic Approach

The economic approach to internationalisation is related to the economic school of Foreign Direct Investment (FDI) Theory (Beamish, 1990). It posits that the possibility to trade at the global level is driven by market power and the firm's monopolistic advantage. In short, it explains that successful internationalisation depends on the strong market power and the firm's competitive advantage. For instance, firms should try to capitalize capabilities that cannot be found in the other foreign investors. Such strategy will weaken collusion and competition, leading to the acclamation of huge profits. Therefore, by forging such requirements and investments, the business may flourish through limiting competition amongst rivals, having high entry and exit barriers to newcomers and outsiders while espousing a broaden network. The theories under the economic approach include, the Coase theory (1937), the Penrose theory (1959), the monopolistic advantage theory by Hymer (1960), the product Life cycle (PLC) theory by Vernon (1966), the oligopolistic theory to internationalisation by Knickerbocker (1973), and the eclectic paradigm by Dunning (1977). Hymer (1976) and Kindleberger (1969) argue that the following strategies are important in drawing the path towards successful internationalisation:

- Implementation of good marketing strategies along with diversification, product differentiation, pricing strategies and quality check on goods and services.
- Firms should highlight an experienced team, build up better technology as well as a superior management and leadership knowledge to get access to different factor and capital markets.
- Advantages of economies of scale both internal and external are necessary.
- Government Intervention in relevant to trade policies can act as a high spot for moving to the global markets.

2.1.4.2 The Behavioural Approach

Also referred to as the “process” approach in the organizational theory (Hermannsdottir, 2008), the behavioral approach to internationalisation finds its roots in the behavioral theory which analysed the patterns of entrepreneurs, firms and markets. In simpler terms, the behavioral approach of internationalisation examines in details the overall behavior and performance of the organization such as its goals and objectives, managers, employees, directors, workers, customers, suppliers and the external environment. For example, the behavior of managers are important in understanding the firm’s international exposure as well as in determining international strategies (Andersson, 2000). Another important aspect of the internationalisation process is the organizational knowledge (De Clercq, Sapienza & Crijns, 2005). Various theories and models led to the development of behavioural approach to internationalisation including Aharoni’s decision making model, the Uppsala model and the Innovation Related Internationalisation model. However, all these models present internationalisation as a sequence of steps by which businesses acquire experience and knowledge about external markets through gradual commitment of resources and learning by doing.

2.1.4.3 The Network Approach

The traditional approaches to internationalisation such as the economic approach and the behavioral approach focus on the concept that only decision making by the parent company can make internationalisation a success target. However, as time passed, most researches started to improvise on a recent view of internationalisation whereby international networks are considered as a strong approach to “go global” (Johanson & Mattsson 1988, 1993, Sharma, 1992). Since the focus of this study is on the role and contribution of networking to the internationalisation of SMEs, the following paragraphs explore in details the Network model of internationalisation.

2.2 THE NETWORK MODEL

The term ‘Network’ has been defined differently among various spheres of fields. However, whether it is in technological dialogue or business and economic framework, networking has one thing in common, it means connection. In other words, networks refer to the exchange relationships which connect companies to each other (Rietveldt & Goedegebuure, 2014). In the business and economics framework, the Networking process is often labelled as the Network Model of Internationalisation, Network Theory, Network Approach or Network Perspective.

Developed by Johanson and Mattsson, the network model of internationalization first appeared in the late 1980s (Ojala 2009:51). It was considered as the new wave of internationalisation of any businesses, irrespective of their sizes including SMEs. Indeed, the importance of Networking to the firm's growth has since then been acknowledged in many studies including Möller and Halinen (1999); Carson, Gilmore and Rocks (2004) and Håkansson and Snehota (2006) amongst others. Networking shows the connection between inter firms and organization structures focusing on social exchanges and interpersonal relationships. Anderson *et al.* (1994) cited that a network is a dichotomy of business relationships which is established between two business "actors". By "actors", Johnson and Johnson (1999) referred to people, businesses, departments, personal relationships such as family. According to Zain and Ng (2006), a network is defined as the relationship among the management team of a company vis-à-vis other third parties such as customers, suppliers, distributors, competitors, private and public support agencies, banks, families, friends and relatives, government and other institutions that facilitate the process of bridging the gap to internationalize. Therefore, the process of networking incorporate both formal and informal exchanges and relationships (Coviello & Munro, 1995; Collinson & Houlden, 2005; Mort & Weerawardena, 2006). In short, internationalisation is never addressed as a quick and solo achievement since it amalgams connections between internal and external relationships, showing the third party contribution in making internationalisation a success (Mtigwe, 2006).

Compared to the other schools of thought, the Network Theory provides a broader approach to internationalisation, for instance, the FDI theory does not take into consideration the importance of social relationships in businesses (Granovetter, 1985). Furthermore, compared to the behavioural approach which explain a unilateral process, the Network theory stated a more multilateral element to internationalisation (Johanson & Vahlne, 1992). Firms choose customers relationships and network process as their main analysis for internationalisation instead the usual traditional country market selection approach (Axelsson & Vahlne, 1992).

It has been found that firms establish business relationships with other business actors through mutual trust and commitment (Ford, 1980; Hakansson, 1982; Turnbull & Valla, 1986). Networking is also fostered through different bonds such as economic, technical, business, social, cognitive, administrative, legal ties among others (Johanson & Vahlne, 1990). The network theory in business framework implies that all participants in a network are more or less active and that there is the

establishment of new ties with the maintenance and development of old relationships through interaction among parties (Johanson & Vahlne, 1990). In short, for networking to be successful, every participants involved should be equally motivated to engage in the interaction that shall led to something demanding and resourceful in business strategies (Johanson & Vahlne, 1990).

2.2.1 Internationalisation and the Network Model

As stated by Johanson and Vahlne (1992), the network theory is viewed as a rapid process for internationalisation of a firm, however, the development of internationalisation by network models is dependent on two criteria: the firm and the market. It presents four different cases based on the degree of internationalisation of the market and the degree of internationalisation of the business as shown in Figure 2 below.

Figure 2: Classification of the business’ position in the network and the internationalisation process

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

Source: (Johanson & Mattsson, 1988)

❖ ***The Early Starter***

The Early Starter is considered as the case whereby firms just commenced their internationalisation process via networking (Hiltunen & Kuusisto, 2010). In this particular case, the firm does have few and unimportant networks in the international markets (Karlsen, 2000). In simpler terms, the firm has customers, suppliers, competitors and other relationships in the local market but has very little connections abroad. This means in an Early Starter case, the firm has minimal knowledge about internationalisation. In order to gain knowledge from abroad, the early starter needs to penetrate the markets via the use of resources from the agents which may help in reducing investments and risk uncertainties (Johanson & Mattsson 1988). Thus, the stratagem to start internationalisation for the Early Starter case come through the use of the assets from users who are already established in the

international market. Albeit, the firm will then build up its own network hereinafter (Johanson & Mattsson, 1988). With time, as the firm starts being more connected to international relationships and start being more internationalised, it changes from Early Starter to Lonely International.

❖ ***The Lonely International***

The Lonely International case occurs when the firm has already built up networks with others from abroad. In this particular case, the firm is already highly internationalised compared to its domestic market environment which is not internationalised at all. In following the footsteps and acquiring the knowledge of the established foreign markets, the firm has already outclassed failures and losses that may get in the factors (Johanson & Mattsson, 1988). In the situation of the Lonely International, the firm has an edge over the local competitors as the business has already established itself in the international arena compared to the domestic rivals. In simpler words, the firm has developed business network positions before their competitors (Chetty, 2006). In such case, the firms has already acquired knowledge to operate in the foreign market through networking and as such can promote its business further by higher integration of the production net (Johanson & Mattsson 1988:256).

❖ ***The Late Starter***

The Late Starter is characterised by a low degree of internationalisation of the business with a high degree of network internationalisation. Late Starters have indirect connections with its foreign networks such as suppliers, customers and competitors (Johanson & Mattsson 1988). Informal relationships is considered as the pillar to drive more firms into the international business. By having indirect relationships, the domestic firm may be “pulled out” into the internationalisation process by complementary foreign firms (Johanson & Mattsson, 1988). In this situation, the firm may use its domestic market assets to internationalise while the foreign markets can operate in more distant markets to make the investment abroad large. By adopting such as approach, the internationalisation process is accelerated. They are considered to be more specialized as they can easily adapt to product needs of customers.

❖ ***The International Among Others***

The fourth type, the International among Others is where both the firms and its environment are internationalised. In such case, the firms are enjoying high revenues as well as having a well-

equipped international level. They are powerful enough to influence decision making as well as to coordinate various activities in different markets. The positions that international among others occupies in international networks gives it access to external resources (Agndal & Chetty, 2006). Through its customers or joint venture partners in foreign markets the firm has the opportunity to enter third countries (Agndal & Chetty, 2006). In the International Among Others, sales subsidiaries is seen at a peak level while firms can undertake major changes such as Joint Ventures, acquisitions, and amalgamation. It can, therefore, be deduced that networking has proved to be an important contributor for businesses that wish to grow further into the global world.

The following paragraphs present an overview of SMEs.

2.3 SMALL MEDIUM ENTERPRISES (SMEs)

2.3.1 Definition of SMEs

As there is no universal definition that has been put into place for Small Medium Enterprises (SMEs), different countries define the concept in their own way based on established criteria such as turnover and the number of employees. The harmonization of a proper definition has been rarely put into place since SMEs as a whole is a heterogeneity topic whereby it is diverse in its own way. OECD (2005) defines SMEs as non-subsiary, independent enterprises which employ a few number of workers. Although the number of employees is flexible across different nations, the most common limit used was designated to 250 employees as per European Union.

In Mauritius an enterprise or business is considered to fit the category of Small Medium Enterprise (SME) if it fulfils any of the one criteria given below (SMEDA Act, 2017):

- A Small Enterprise is defined as an enterprise which has an annual turnover of not more than 10 million MUR
- A Medium Enterprise is defined as an enterprise which has an annual turnover of more than 10 million MUR but not more than 50 million MUR

2.3.2 Mauritius – An Economic summary

Ever since its independence in 1968, Mauritius was constantly criticized by the developing world concerning the sustainability of the economy. After independence, Mauritius was perceived as a frail island in the Indian Ocean with unravelling uncertainties and dangers from cyclonic weathers,

lack of educated workforce, no natural resources and over dependence on the singular agricultural sector. However, over the years Mauritius has been successful in defying all the predictions and vulnerabilities and established itself as an economically and politically strong country in the African continent and the Indian Ocean. Mauritius provided a remarkable path of success during the momentums of crises that economists and analysts around the globe labelled it as an “economic miracle”. Although having no natural resources, Mauritius has been dynamic and forward looking when it comes to the formulation of its socio economic development strategy. From reinforcing the sugar sector to a motivating textile sector to a highly dominant tourism sector and lately the services sector, Mauritius had done it all to outclass its performance over the international markets which has been a true success. In order to be well diversified and be more equipped to sustain the international pressures, Mauritius extended its pillars to level five with Sugar, Textile, Tourism and Hospitality, ICT and BPO Sector and Financial Services. These five pillars invigorated the investment and growth engine of our small island.

Today, Mauritius is well known for its beautiful landscapes and beaches which attract tourists from all over the globe. Mauritius has an excellent track record of political stability, democracy and sustained economic growth of around 3.8% (2017). Mauritius is applauded as the most business friendly country in the Africa with an attractive investment regime, blend of multicity of cultures, skilled workforce, and preferential access to the European Market as well as Africa and USA, established rule of law as well as one of the largest Exclusive Economic Zones of the world. Mauritius is acclaimed as leading investment destination that led to an accolades of awards and recognitions such as:

- 1st in Africa for World Bank Doing Business 2018 (25th out of 190 countries for the global rank)
- 1st in Africa for Global Competitiveness Index 2017-2018 (45th out of 137 countries for the global rank)
- 1st in Africa for Economic Freedom of the World 2017 - (Fraser Institute) (7th out of 159 countries in the global rank)
- 2nd in Africa for Human Development Index 2016 (64th out of 188 countries in the global rank)

These are a few examples in the midst of the many recognitions that Mauritius has achieved over the years which show its strength of our Labour force and decisive strategies for success.

2.3.3 SMEs in Mauritius

However, it is an undeniable fact that Mauritius stands at a crossroad faced with numerous dangers ahead in the economic, social and political morale. Accompanied by international pressures and uncertainties in the global arena as well as challenges in the local level such as high public debt ratio, rising labour costs and so on, Mauritius still needs to fuel and find new development and growth paths. The engine therefore needs fresh and powerful propellers that will sustain the economic activity on a rising growth trajectory and eventually attain the league of high-income countries. In the near future, the SME sector will be called upon to play an increasingly important role to drive the economy to a higher level of development.

In this respect, the Government of Mauritius and stakeholders, together, geared the way for an Entrepreneurial Vision for the nation by pioneering the Small and Medium Enterprises. The Government believes that by encouraging more young people to develop entrepreneurial spirit and put their ideas into viable and successful projects, shall trigger solutions to many difficulties that the economy is currently facing. An entrepreneurial spirit among young people is not only a challenging alternative to the routine work of employees, but also a powerful driver of innovation, performance, job creation and wealth and social economic and independence. Government together with the private stakeholders aim to project the SME sector as another pillar for Mauritian economy. The sector presents unique opportunities for the country to create quality jobs, diversify and democratize the economy, leverage innovation and increase export earnings (10-year Master Plan for SMEs in Mauritius, 2015).

The contribution SMEs to Mauritius' economy is significant and has been growing to reach one quarter of its economic output. The island economy is focusing on the SME sector as a growth engine, and has started working on a roadmap for the inclusive development of SMEs in Mauritius in the years to come (10-year Master Plan for SMEs in Mauritius, 2015).

However, in general, the SMEs sector keeps on growing stronger with the aids from every stakeholders of the country. There are many policy supports that work together to stem up the growth of SMEs in Mauritius through formulation, development, financial, managerial, training

and consulting, advisory, legal and other services. Table 2 presents a list statutory bodies that support of SMEs in Mauritius. These institutions have been set up to promote and support SMEs growth in Mauritius as well as their internationalisation process. Examples of institutional support provided by these organizations include the financing of their participation in international market fairs and buyers/sellers meetings, technical support, income tax holidays and mentoring services amongst others.

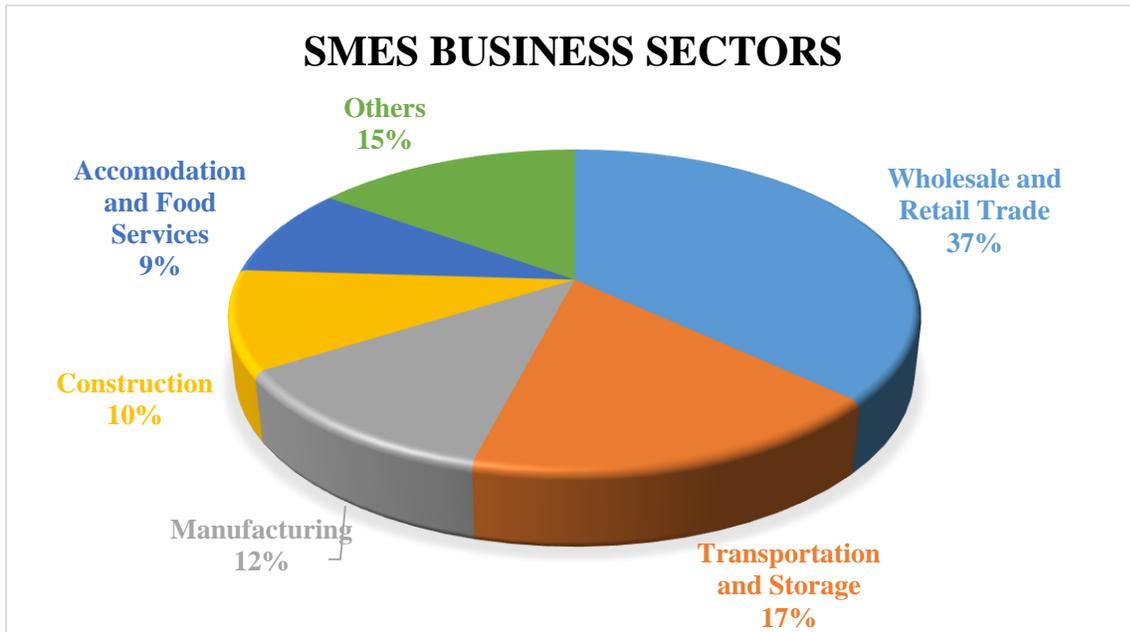
Table 2: Statutory Bodies for the support of SMEs in Mauritius

Policy Support	Trade Support
<ul style="list-style-type: none"> • Ministry of Business, Enterprise and Cooperatives • Small and Medium Enterprise Development Authority (SMEDA) • Ministry of Industry, Commerce and Consumer Protection • Ministry of Finance and Economic Development • Mauritius Revenue Authority (MRA) • The Food and Agricultural Research and Extension Institute (FAREI) • Competition Commission of Mauritius (CCM) • National Women Entrepreneur Council (NWECC) • Human Resource Development Council (HRDC) • National Computer Board (NCB) • State Investment Corporation (SIC) • Board of Investment (BOI) • Development Bank of Mauritius (DBM) • MauBank • National Empowerment Foundation (NEF) 	<ul style="list-style-type: none"> • Enterprise Mauritius (EM) • Mauritius Chamber of Commerce and Industry (MCCI) • Association of Mauritian Entrepreneurs • Association of Mauritian Manufacturers (AMM) • Mauritius Export Association (MEXA) • Mauritius Standards Bureau (MSB) • National Institute for Co-operative Entrepreneurship (NICE) • Business Mauritius

Source: Mauritius National Export Strategy, SME internationalisation cross sector, 2017-2021

Small and Medium Enterprises account for around 99% of all establishments operating in different sectors of the economy (Statistics Mauritius, 2015). As per the last Census Economic Activities (CEA) conducted in 2013 (which is normally surveyed every five years), the number of SMEs have spurred from 92,400 in 2007 to 125,543 in 2013. This represents a rise of 36%.

Figure 3: Breakdown of SMEs in Mauritius by business sectors



Source: (Statistics Mauritius)

Figure 3 shows the business sectors that SMEs operated in 2013. As can be seen, at least one third of the SMEs operate in the Wholesale and Retail Trade.

Table 3: SMEs’ contribution to GDP

	2002	2007	2013
Value added of SMEs (MUR million)	43400	72647	114094
GDP at basic prices (MUR million)	125777	226662	329009
% Contribution of SMEs to GDP	35	32	35

Source: Statistics Mauritius

As can be seen in Table 3, the growth of SMEs kept a consistent growth with an increase in the percentage of SMEs contribution to GDP by 3% from 2007 to 2013. In 2013, SMEs exported goods amounting to about Rs 4,200 million, representing 7% of total domestic exports of goods. In 2016, The Minister of Business, Enterprise and Cooperatives applauded the efforts of the development of SMEs which contributed around 40% to GDP and generate 54% of jobs.

Table 4: Employment in SMEs of Mauritius

	2007	2013
Employment in SMEs	229700	264900
Total employment	504400	552000
Share of SMEs in total employment	46	48

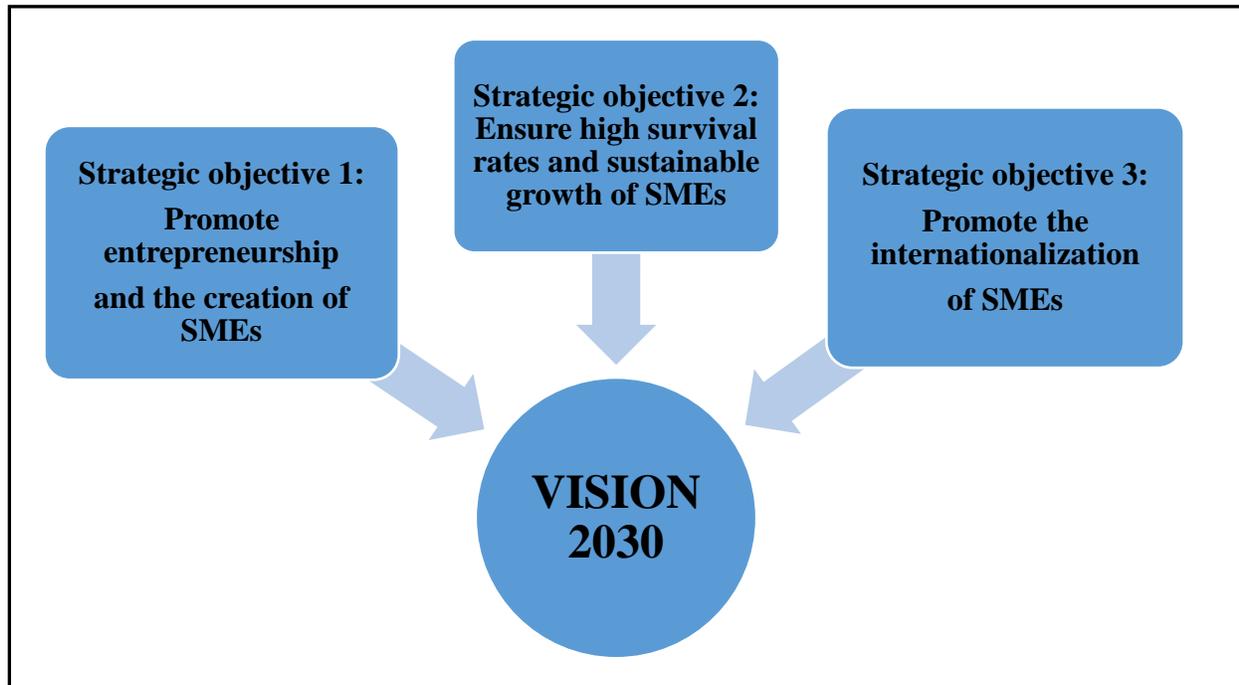
Source: Statistics Mauritius

From 2007 to 2013, employment in SMEs increased by 15% from 229,700 to 264,900. The contribution of SMEs to total employment increased from 46% to 48%. According to Statistics Mauritius, the top five employment sectors for SMEs workers consists of:

- Wholesale and Retail Trade
- Manufacturing
- Agriculture, Forestry and Fishing
- Construction
- Transportation and Storage

The Government of Mauritius aims to make the SME sector a spearhead force for the growth and development of the economy by 2030. However, the sector is faced with numerous challenges posed globalisation. According to Kisto (2012), SMEs in Mauritius have suffered from financing problems, lack of skilled workforce, lack of entrepreneurial mindset, price shocks for raw materials, in competitiveness vis a vis other countries' SMEs, lengthy procedures. Therefore, to make the SME sector an engine for the growth and development of the economy and to provide “A vibrant export-oriented SME sector”, the stakeholders of the country need to think and act outside the box and take the leap of faith in order to survive in the long run and make a mark in history books. To achieve the vision of transforming the sector into a vibrant, stakeholders have set three main strategic objectives as depicted in Figure 4.

Figure 4: Strategic Objectives of SMEs in Mauritius



Source: Mauritius National Export Strategy, SME internationalisation cross sector, 2017-2021

This research study is more concerned with strategic **objective 3** as it is believed that the internationalisation of SMEs would facilitate the achievement of the other aims and goals.

Internationalisation of SMEs means the participation of the SMEs in international trade, through its increased integration in global value chains. The government and the stakeholders firmly believe that if the SMEs are connected to the global markets, form partners and alliances, acquire international exposure and knowledge and form different kinds of appropriate relationships to strengthen the business, it would be easier to make the SMEs sector the backbone of the economy and also increase profitability and gains for the entrepreneurs. This is where the connection between Networking and Internationalisation in the SMEs market stem up.

2.4 NETWORKING AND INTERNATIONALISATION OF SMES

The rapid changes that have occurred during the past decades, have exposed many companies to at least some kind of international challenge such as international sales and marketing, international sourcing, international joint ventures, international cooperation, and Foreign Direct Investments (FDI) (Kalinic & Forza, 2012). According to Kalinic and Forza (2012), those challenges also regard small to medium enterprises (SMEs), a class of companies with high and increasing relevance in

the worldwide economic systems (OECD, 1997; Shrader, Oviatt, & McDougall, 2000). Due to the increasing importance of SMEs to the socio economic development of the country, the government has implemented various policies and strategies to strengthen SMEs in the international markets. It is believed that the next step for SMEs survival will depend on its ability to internationalise their activities.

While in previous section (Par 2.2), the linkage between networking and firm's internationalisation (in general) has been discussed, the following paragraphs analyse the relationship between Networking and Internationalisation in SMEs. As stated in the problem statement (par 1.1), being the first study in its kind, it presents a unique opportunity to obtain new insights on the Networking and Internationalisation of SMEs in SIDS economies in particular in the Mauritian context..

According to Cavusgil (1980) and Johanson and Vahlne (1977), research regarding SMEs internationalization began in the early 1970s in the Nordic countries. At the beginning, the Uppsala Model (U Model) which is described as “*a gradual acquisition, integration and use of knowledge about foreign markets and operations and a successively increasing commitment to foreign markets*” (Gankema, Snuiff, & Zwart, 2000:16) is the most widely used model to analyse internationalisation of firms. However, while previous studies tend to focus on the internationalisation of SMEs in developed economies, recent research interest on the internationalization of SMEs started to focus on the emerging economies (Kalinic & Forza, 2012).

2.4.1 Importance of Networking to SMEs' internationalisation

Networking is an important aspect of a firm's internationalisation process as its relationships within a network can be used as bridges to other networks. Networking is well perceived by businesses due to the vast benefits that it provides. According to Mort and Weerawardena (2006), networking has created a hegemony in internationalisation as it helps firms including SMEs, in combatting their resource and business constraints by linking activities and tying connections together. The importance of networking in enhancing internationalisation process of SMEs has been well studied and documented in existing literature (refer to Coviello & Munro 1997; Fuller-Love & Thomas 2004; Wincent, 2005).

The main benefits of Networking to SMEs internationalisation are summarised in the following paragraphs.

❖ **Trigger and motivate firms' initial internationalization intention.**

Network relationships are recognised for triggering knowledge opportunities for businesses and motivating firms to enter international markets (Ellis, 2000; Korhonen, Luostarinen, & Welch, 1995; Sharma & Johanson, 1987). Chetty and Patterson (2002) claimed that working together collectively can help firms overcome adversity and lack of motivation. Networks expose SMEs to international markets through an accumulation of institutional, business, and internationalization knowledge, which provide the necessary intelligence in support of the process (Eriksson *et al.* 2000; Mejri and Katsuhiko, 2010).

❖ **Influence on firms' market-selection decision and entry-mode decision.**

Due to their size, exposure and resource constraints, SMEs find it difficult to make their first step towards internationalisation. However, inter-firm relationships with customers, suppliers and distributors appear influential in market selection and mode of entry for small firms (Bell, 1995). To Coviello and Munro (1997), the firms' involvement in international networks, with major partners often guide them in the foreign market selection and providing the mechanism for market entry. Similarly, Johanson and Mattsson (1988) and Chen (2003) consider that connections within the network allow SMEs to gain knowledge on foreign markets, access to required resources and capabilities, and assist them to reduce entry barriers (Johanson & Mattsson, 1988; Chen 2003; Coviello & Munro, 1995).

❖ **Enhance access to additional relationships and established channels.**

International success depends to a large extent on the firms' ability to develop effective distribution channel to market its products. However, due to serious limiting factors SMEs often find it difficult to initiate international steps. To overcome these challenges, Coviello and Munro (1995) propose the development of network relationships with a foreign partner, particularly, one with well-established distribution channels. Furthermore, network relationships also help business people connect to potential buyers (Bjorkman & Kock, 1995). Moreover, Welch (1992) found that the use of alliances or cooperative arrangements by small firms can improve foreign market penetration by providing access to additional relationships.

❖ **Access to local market knowledge and gain initial credibility.**

Network relationships represent an important source of information of the local market and business in general (Coviello & Munro, 1995; Osland & Yaprak, 1995; Chetty & Patterson, 2002). Therefore, establishing credibility and trust with its foreign partners represents an area that a firm needs to work on in its effort to establish its international presence. Networking can be a significant means for gaining knowledge or learning about international opportunities, and thus can motivate SMEs to enter international markets (Andersen and Buvik 2002; Ellis 2000; Sharma and Johanson 1987). Credibility and trust are developed in an incremental way by working together (Bucklin & Sengupta, 1993; Larson, 1992). Network relationships can therefore provide opportunity for firms to build credibility and trust with other members (Fukuyama, 1995; Chetty & Patterson, 2002).

❖ **Low costs and minimization of risk associated with internationalization.**

Business networks in the form of social capital provide firms with a wide range of competitive advantage, such as reduced transaction and search costs for buyers (Hamilton, 1991). When faced with uncertainty in entering new markets, decision makers typically minimize their risks by drawing on their known contacts and connections with others (Ellis & Pecotich, 2001). Through collaboration, high-tech firms can achieve rapid internationalization, which can help them to minimize risks (Burgel & Murray, 2000). Therefore, networking offers SMEs a reduced risk when entering into other markets (Coviello & McAuley, 1999).

❖ **Accelerated internationalization pace and pattern.**

Close relationships with customers can influence the pace and pattern of international market growth and choice of entry mode for small firms (Lindqvist, 1988). For example, Coviello and Munro (1995) found that network relationships allow firms to internationalize very quickly by linking themselves to extensive, established networks. In a similar vein, Jones (1999) found that experiential knowledge gained through networking is key to the rate and scope of SMEs internationalization.

❖ **Identifying new opportunities.**

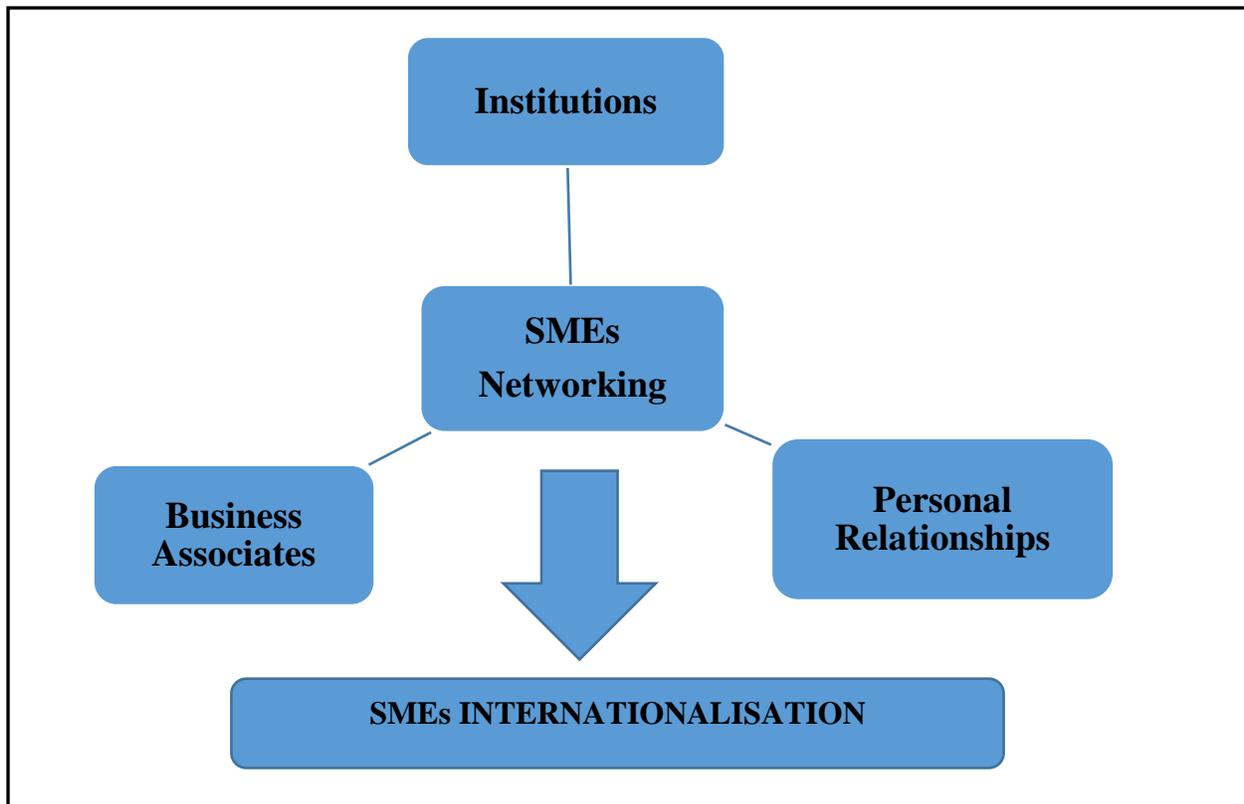
Networks contribute to the success of the firms by helping to identify new market opportunities and motivate firms to enter the international markets (Coviello & Munro, 1995). Through Networking, firms can connect with more established and well placed international firms and organisations that

may help in lessening the risk and overcoming size inconveniences (Madhok, 1997). Furthermore, the use of networks foster in building product development and improving the quality of products as well as deciding foreign entry mode choice (Coviello and Munro 1995; Johanson and Mattsson 1988).

2.4.2 Sources of Networking in SMEs internationalisation

The focal part of our study is also based on the sources and roles of Networking in facilitating SMEs internationalisation. According to Senik (2011), there are three main sources of networking that trigger a rapid internationalisation. This can be shown in a Figure 5 below:

Figure 5: Sources of networking linkages



Source: Senik (2011)

Senik (2011) agreed that there are three sources of networking that accomplish SMEs internationalisation. Firstly, the institutions available at the need for SMEs, including, for instance, all the supporting government agencies and financial institutions. Secondly, personal relationships such as family, friends, and relatives and so on that facilitate the process to move to international markets. Finally, other SMEs owners, directors, or managers of other companies either locally or

foreign based are also important sources of networking. All the aforementioned stakeholders strengthen the process of internationalisation through their own forms such as provision of training and consultancy, financial assistance, international trade fairs, exchanges of resources and knowledge just to name a few.

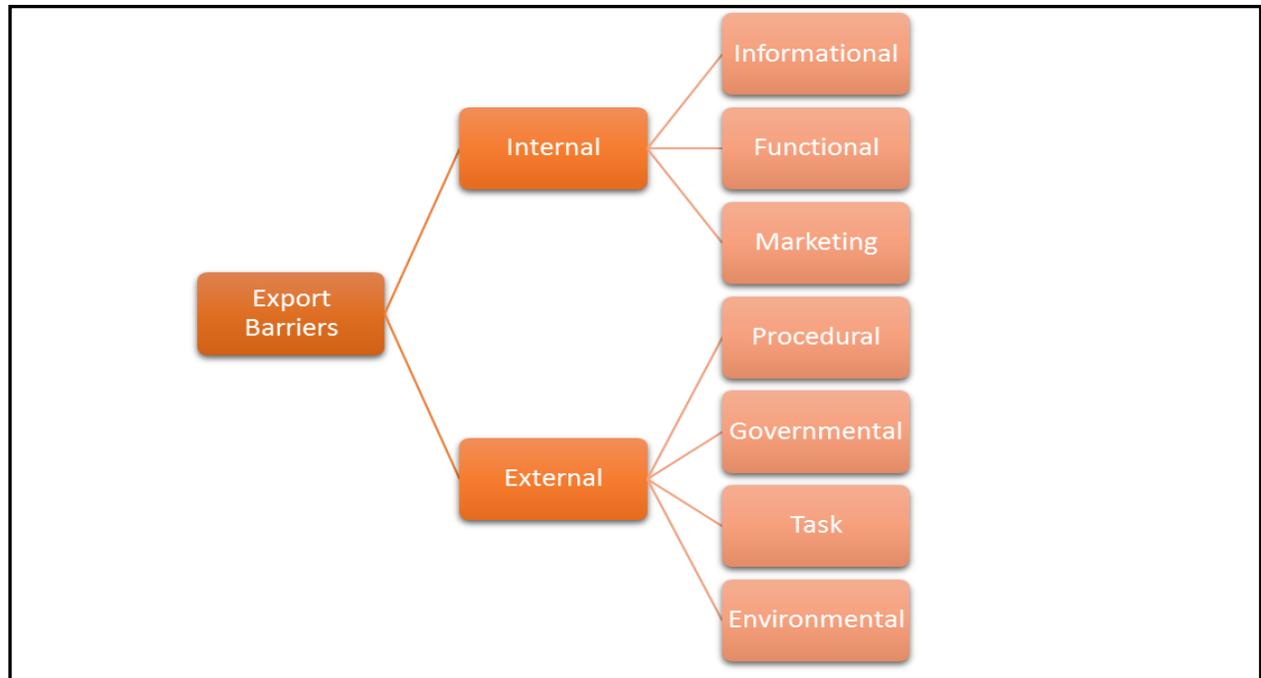
2.5. SMEs' Mode of Internationalisation

Mode of entry pertains to the decisions on how firms enter foreign markets (Ferreira, Eiriz & Soares, 2013:275) According to existing literature, SMEs are more prone to use export as their mode of entry into foreign markets as it is the simplest mode (Ruzzier *et al*, 2013). Moreover, exporting does not require large capital investments, and carries less commercial and financial risk compared to other equity mode of entry.

2.6 Internal and External Export Barriers

In conjunction with objective 1 of the study (par. 1.2), this sections elaborates on the main SMEs' internationalisation barriers, in particular the export barriers. Leonidou (2004) classifies export barriers into two namely internal and external barriers as presented in Figure 6.

Figure 6: Internal and External Export Barriers



Source: Leonidou (2004:283)

Table 5: Internal and External export barriers

Internal Barriers	<i>Informational</i>	Lack of information on export activities restrict SMEs' Internationalisation.
	<i>Functional</i>	Issues related to finance, human resources, and production.
	<i>Marketing</i>	Relate mainly to businesses' products, pricing, distribution, logistics and promotional activities across borders.
External Barriers	<i>Procedural</i>	Relate to unfamiliar exporting procedures/paperwork, poor communication with overseas customers, delay in payments from abroad.
	<i>Governmental</i>	Pertains to a lack of government assistance/incentives, and unfavourable government imposed rules and regulations.
	<i>Task</i>	Relates to the differences in foreign customers' habits/attitudes and fierce competition in the overseas markets.
	<i>Environmental</i>	Pertains to changes in the economic, political-legal and sociocultural environments of the markets where businesses are exporting their products.

3. METHODS OF INVESTIGATION

This section is a detailed explanatory note on the research methodology applied to address the research problem of the current study. The following paragraphs describe the different steps applied to achieve the objectives that were formulated.

3.1 Step 1: Formulate the research problem

Formulating a research problem is the first and most important step in the research process (Rubin & Babbie, 2007:137). The problem statement of this study has been presented at par 1.1. To recap, the research problem was identified as a gap in the literature on networking and internationalisation of SMEs in a Small Island Developing State (SIDS). Review of extant literature revealed that most of the studies on networking and internationalisation of SMEs have been conducted in developed countries while such studies have never been undertaken in a SIDS context. This gap in literature represents a serious limitation when it comes to policy decisions aimed at facilitating the internationalisation of Mauritian SMEs which have a huge potential to grow internationally. Indeed, SMEs contribute significantly to the Mauritius economy. For example, statistics revealed that the SME sector is a vibrant sector contributing 37% to the Gross Domestic Product, produce some 120 million Mauritian rupees worth of output annually and employ on average about 250,000 men and women. The unit of analysis in this study are the Mauritian SMEs currently servicing the international market.

3.1.1 Research Objectives

Based on the research problem identified, the primary objective set for the study is to evaluate the roles/functions of networking in assisting SMEs' internationalisation.

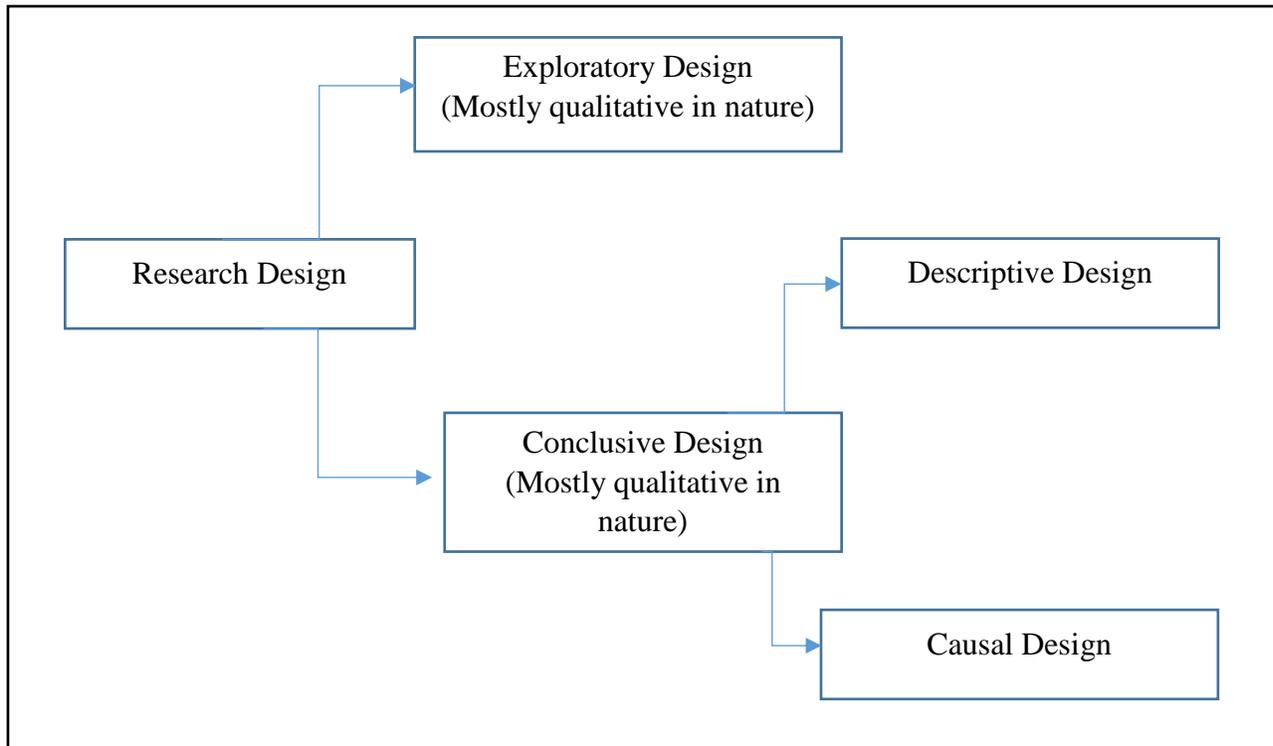
The specific objectives are:

1. To analyse the barriers that SMEs are faced with in their internationalisation process.
2. To assess the importance that SMEs attach to the different sources of networking while conducting foreign transaction.
3. To evaluate the benefits of networking to SMEs' internationalisation.
4. To identify the challenges faced by SMEs in developing and using network in the foreign markets

3.2. Research Design

The research design explains how the researcher will find answers to the research questions (Kumar, 2011:24). There are three main research designs namely, exploratory, descriptive and causal research (Hyman & Sierra, 2010:40). An exploratory research is conducted to investigate an issue or topic in order to develop new insight and ideas about its underlying nature (McNabb, 2004:96). A descriptive research is used when the researcher is to accurately describe and predict what people think, feel or do (Mitchell & Jolly, 2009:212). Descriptive research questions tend to be answered by the collection of quantitative data. According to Shukla (2010:44), causal research design provides answers to questions by explaining which variables are the cause (independent variables) and which are the effect (dependent variables).

Figure 7: Classification of research Design



Source: Hyman & Sierra (2010:40)

3.2.1 Qualitative Research Design

The qualitative approach emphasizes primarily on exploratory research. It is used mainly to understand the underlying reasons, opinions, and motivations. It also provides an insight into the problem or helps to develop ideas or hypotheses for potential quantitative research. Qualitative design relies more on the inductive component of the scientific method.

3.2.2 Quantitative Research Design

Under the quantitative approach, the problem is being quantified by generating numerical data or data that can be transformed into useable statistics. The main characteristics of the quantitative research design are that (i) it focuses on the deductive component of scientific method (aims at testing theory and hypothesis) and (ii) it is confirmatory as researchers tend to confirm the hypothesis (Daniel & Sam, 2011:46).

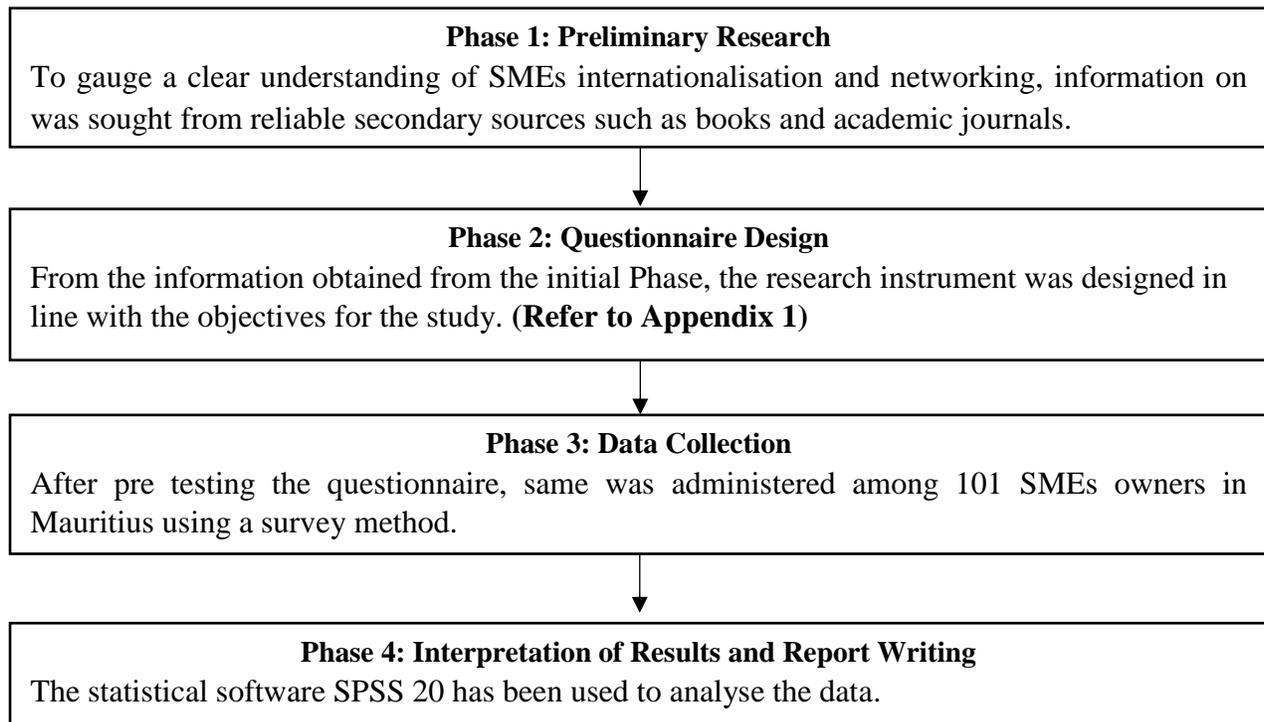
3.2.3 Mixed Method Design

Punch (2009:288) defines mixed methods as ‘empirical research that involves the collection and analysis of both qualitative and quantitative data’. The mixed method design adopts a combination of methods and approaches, rather than purely applying just one or other of qualitative and quantitative means for social and behavioural investigation (Teddlie & Tashakkori, 2009).

3.2.4 Research Design Adopted for this study

In order to achieve the objectives of the current study, a quantitative method has been utilised where in the researcher administered a quantitative instrument among 101 SMEs owners using the survey method.

Figure 8: Research Design Adopted for the current study



3.3. Study Population

The definition of the target population is very crucial for any study. It defines those units for which the findings of the survey are meant to generalize (Lavrakas, 2008). The population of interest for the study are the SMEs in Mauritius currently servicing the international markets. As at 2013, there were around 32,000 SMEs registered in Mauritius (Statistics, 2013). However, limited information is available on the SMEs that are directly involved in the international markets.

3.3.1 Sample Size

Cochran (1977) provides many justifications for estimating the sample size of a survey as well as determining the sample design. The appropriate sampling method depends on the objective of the study. Based on the Survey Monkey sample size calculator, the sample size for this study is estimated at 380 (Population size: 33,000; Confidence Interval: 95% and Margin of Error: 5%). Nevertheless, the sample of 380 SMEs includes both companies that may or may not deal with foreign clients. Given the above limitation (par 3.3), it was difficult to delineate exporting and non-exporting firms.

3.3.2 Sampling Strategy

The sample design is based on the determination of sample size, allocating them to the selected sample and ways of grouping units on a frame (Statistics Canada, 2009). The two categories of sampling are probability and non-probability sampling (Hall, 2008). Under probability sampling, each element has a known non-zero chance of being included in the sample. Also, the confidence interval for the statistic can be estimated since the proportion of the population that the sample is representing is known. Examples are simple random sampling, stratified sampling, systematic sampling, cluster sampling and multi-stage sampling. Non-probability sampling is one where there is no random selection and the proportion of the population the sample is representing is unknown. Examples of non-probability sampling include convenient sampling, quota sampling, snow ball sampling. For this study, a convenient sampling method has been selected. Convenience sampling, also known as availability sampling, is a specific type of non-probability method that relies on data collection from population members who are conveniently available to participate in study. Although, convenience sampling carries some limitations in safeguarding absolute representativeness, the researcher has ensured that to the best of his abilities that the samples were

reasonably representative and not strongly biased. Moreover, contact details of the SMEs owners were obtained from the official list from SME Mauritius (Ex- SMEDA).

3.4 The Study Instrument

❖ 3.6.1 Designing the study questionnaire

To answer the research questions of this study, a questionnaire has been designed. The questionnaire comprises of the following parts:

- **Part I-** General Information
- **Part II-** Company's Profile
- **Part III-** Internationalisation of Business
- **Part IV-** Internationalisation Barriers- *Measured on 5 point Likert Scale ranging from 1 to 5 (1 being Minor obstacle; 5 being Major obstacle),*
- **Part V-** Sources of Networking- *Measured on 10 points Likert Scale ranging from 0 to 10 (0 being "least important" and 10 being "most important")*
- **Part VI-** Benefits of Networking- *Measured on 5 point Likert Scale ranging from 1 to 5 (1 being to a small extent; 5 being to a very great extent)*
- **Part VII-** Challenges of Networking- *Measured on 5 point Likert Scale ranging from 1 to 5 (1 being to a small extent; 5 being to a very great extent)*
- **Part VIII-** Roles of Networking in assisting SMEs Internationalisation- *Measured on 5 point Likert Scale ranging from 1 to 5 (1 being Strongly Disagree; 5 being Strongly Agree)*

Table 6 presents the set of statements was formulated for each construct

Table 6: Construct Development

Construct	Barriers
<p>Internationalisation Barriers</p> <p><i>Measured on 5 point Likert Scale ranging from 1 to 5 (1 being Minor obstacle; 5 being Major obstacle)</i></p>	<ol style="list-style-type: none"> 1. Cash flow to finance exports. 2. Knowledge of foreign markets. 3. Availability of local skilled workforce. 4. Information on foreign markets. 5. Knowledge on export procedures/documentation. 6. Managerial time to deal with exports. 7. Trained personnel to deal with exports. 8. Timely supply of raw materials. 9. Quality of products. 10. Meeting foreign market standards. 11. Use of updated technology. 12. Access to distribution channel in foreign markets. 13. Contacting prospective clients. 14. Handling of export documents. 15. Rules and regulations in the foreign country (for e.g. Rule of Origin). 16. Competition from low cost manufacturing countries. 17. Financial assistance from Government. 18. Exchange rate fluctuations. 19. Economic conditions in the foreign market. 20. Tariff and non-tariff barriers. 21. Languages barriers. 22. Cultural barriers. 23. Transportation costs. 24. Shipping arrangements. 25. Government restriction in the foreign markets.

Construct	Sources/Statements
<p>Sources of Networking</p> <p><i>Measured on 10 points Likert Scale ranging from 0 to 10 (0 being “least important” and 10 being “most important”)</i></p>	<ol style="list-style-type: none"> 1. Government agencies (Ex-SMEDA/Ministries/EM) 2. Family and relatives. 3. Friends. 4. Employees. 5. Foreign Partners. 6. Local Partners. 7. Competitors. 8. Acquaintances. 9. Business Associates such MCCL. 10. Foreign agents. 11. Existing clients 12. Participation in buyers/sellers meeting. 13. Affiliation with foreign institutions. 14. Social Media Network (LinkedIn, Viber, Twitter & Facebook) 15. Suppliers 16. Banks
<p>Benefits of Networking</p> <p><i>Measured on 5 point Likert Scale ranging from 1 to 5 (1 being to a small extent; 5 being to a very great extent)</i></p>	<ol style="list-style-type: none"> 1. Increase in market share. 2. Improved financial performance. 3. Increasing the firm’s sales turnover. 4. Sharing of information. 5. Reduction in risks, cost and time in placing new products in the market. 6. Economies of scale. 7. Improved competitiveness 8. Sharing of business and other related skills 9. Access to cheaper resources (raw materials and specialized labour) 10. Identifying new foreign markets opportunities

Construct	Sources/Statements
<p>Benefits of Networking</p> <p><i>Measured on 5 point Likert Scale ranging from 1 to 5 (1 being to a small extent; 5 being to a very great extent)</i></p>	<ol style="list-style-type: none"> 17. Access to new foreign contacts 18. Improved business image. 19. Increase in the productivity of the business 20. Participation in innovative projects. 21. Developing sustainable competitive advantage 22. Access to new technologies advancement. 23. Increase in bargaining power with suppliers. 24. Protection against rivals 25. Seizing opportunities faster than competitors 26. Gathering information about the target markets 27. Improving supply chain of the business. 28. Building strategic partnerships. 29. Reduce the institutional distance
<p>Challenges of Networking-</p> <p><i>Measured on 5 point Likert Scale ranging from 1 to 5 (1 being to a small extent; 5 being to a very great extent)</i></p>	<ol style="list-style-type: none"> 1. Trust between the local firm and foreign firm. 2. Conflicts among partners 3. Communication problems 4. Lack of coordination and collaboration 5. Geographical imbalances in international co-operation patterns 6. Financial difficulties 7. Insufficient interaction among partners. 8. Lack of commitment from parties. 9. Language and cultural differences. 10. Uncertainties such as foreign market risks, currency risk

Construct	Statements
<p>Roles of Networking in assisting SMEs Internationalisation</p> <p><i>Measured on 5 point Likert Scale ranging from 1 to 5 (1 being Strongly Disagree; 5 being Strongly Agree)</i></p>	<ol style="list-style-type: none"> 1. Internationalizing through government agencies is easier than internationalising on my own. 2. Participating in exhibitions organised by government agencies enhance networking within and outside Mauritius. 3. Industrial linkages programs developed by supporting bodies such as SMEDA is important in enhancing networking within and outside Mauritius 4. The support of government agencies in providing advice on the rules, procedures or political issues such as customs, exporting or forwarding agents are important to understand international markets. 5. Assistance and information support from Mauritian Embassies is important in penetrating international markets. 6. Strong relationships with other local SMEs helps in entering foreign markets. 7. Collaboration with local and foreign suppliers facilitate the internationalisation process. 8. Networks with friends, families and relatives ease the internationalisation process 9. Personal relationship eases the process of internationalization

3.5. Editing, Coding, Data Entry and analysis of completed questionnaire

Completed questionnaires may contain blanks or irrelevant answers. Before the data are processed and analyzed, they should be remedied. Prior to data entry, the answers have to be coded using a symbol or value. The data were then captured for eventual processing and analysis using computer software such as R, SPSS and Matlab amongst others. For this study, the Statistical Package for Social Sciences (SPSS) Version 21 has been used to analyze the data. Finally, the data were analyzed using descriptive statistics and well as statistical models such as Factor analysis to derive conclusion on the study.

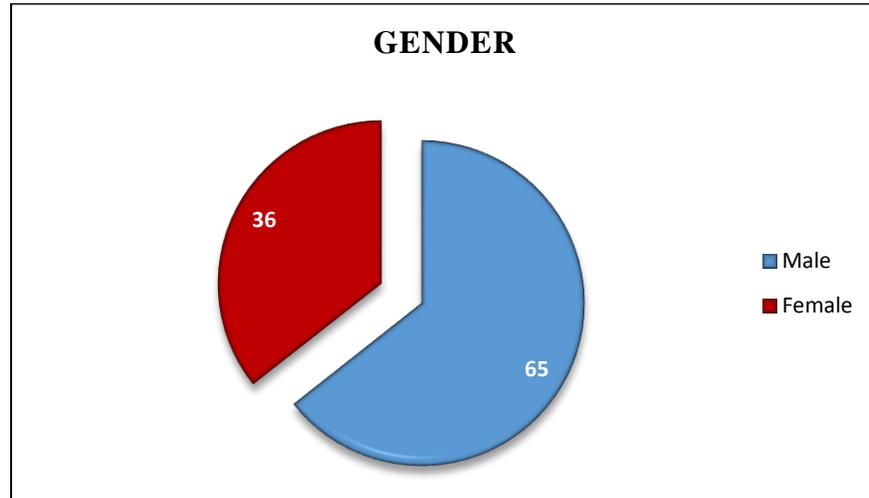
The next section presents the findings of the research.

4.0 Analysis of the Findings

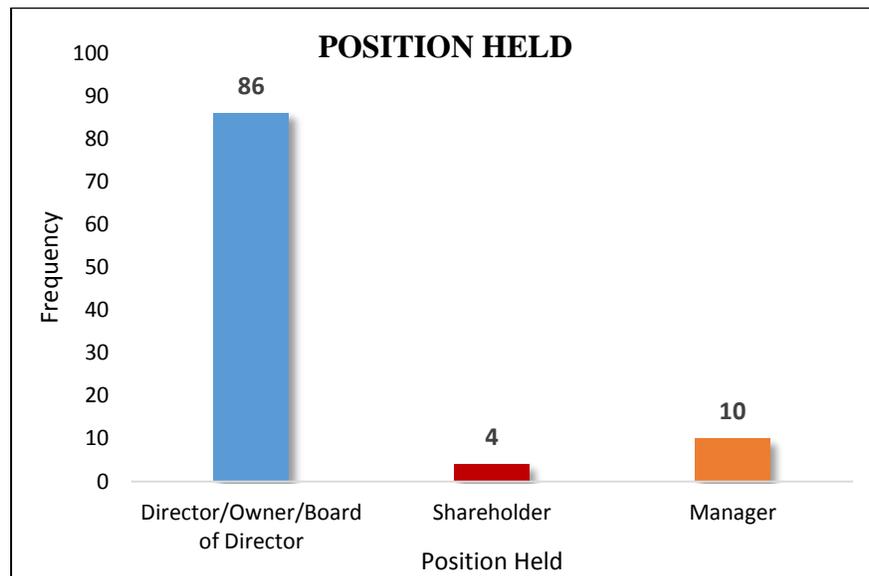
4.1 Introduction

This section aims at presenting and analysing the data collected.

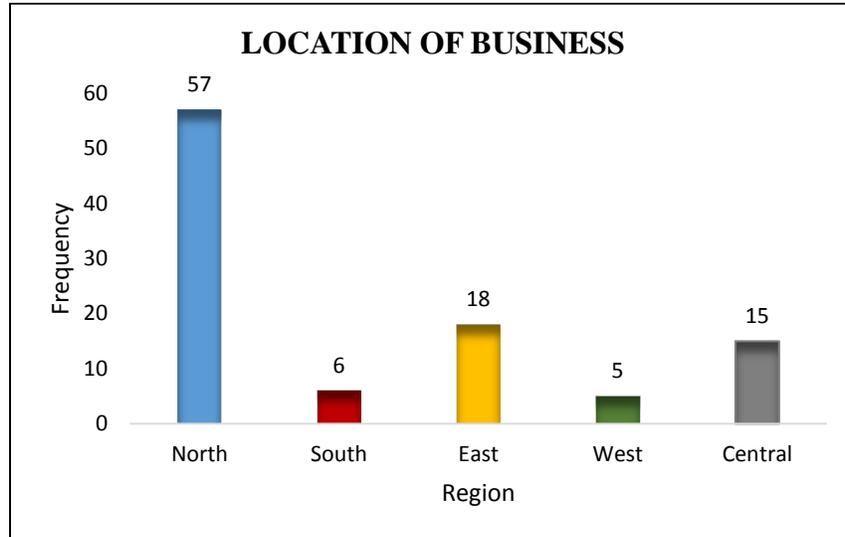
Respondent's Demographic Profile



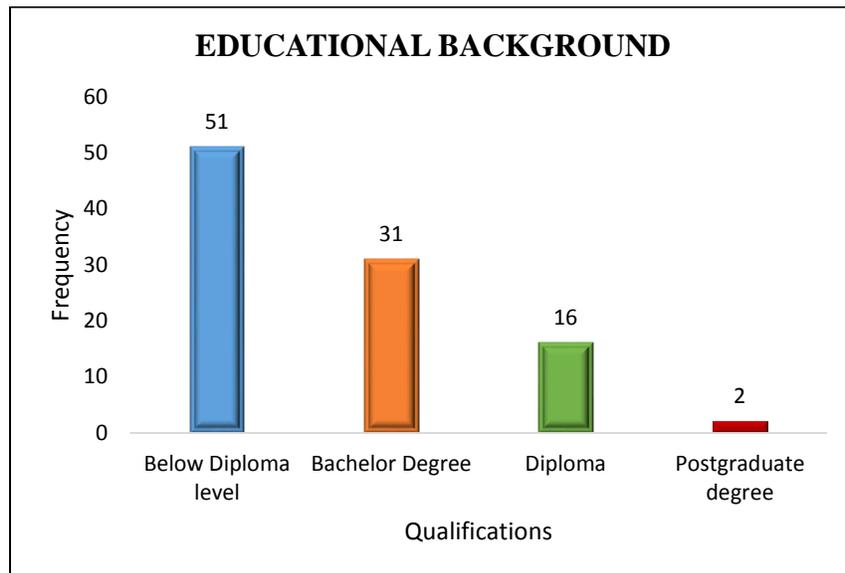
With respect to gender, majority (64.4%) of the respondents were male while 35.6% are female.



85 % of the respondents are Director/Owner/Board of Director, 4 % were shareholders and 10% had a managerial position within the business.

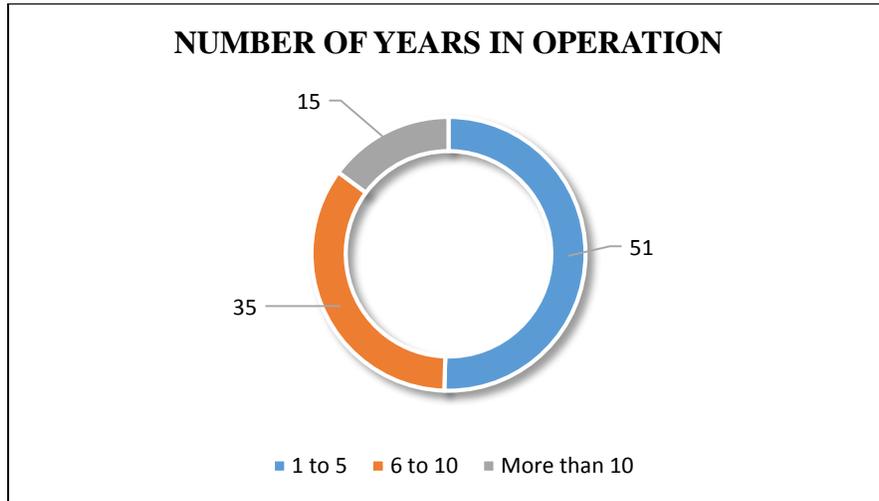


With regards to the location of business, most of them (57%) were located in the Northern region of the island and 20% from the Eastern region.

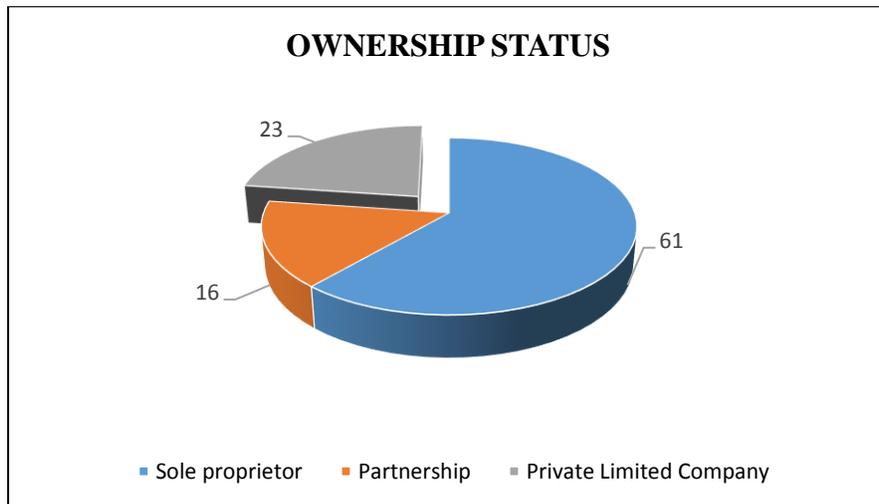


Findings from the research revealed that these businesses were being managed by qualified people having some forms of academic qualifications as shown above.

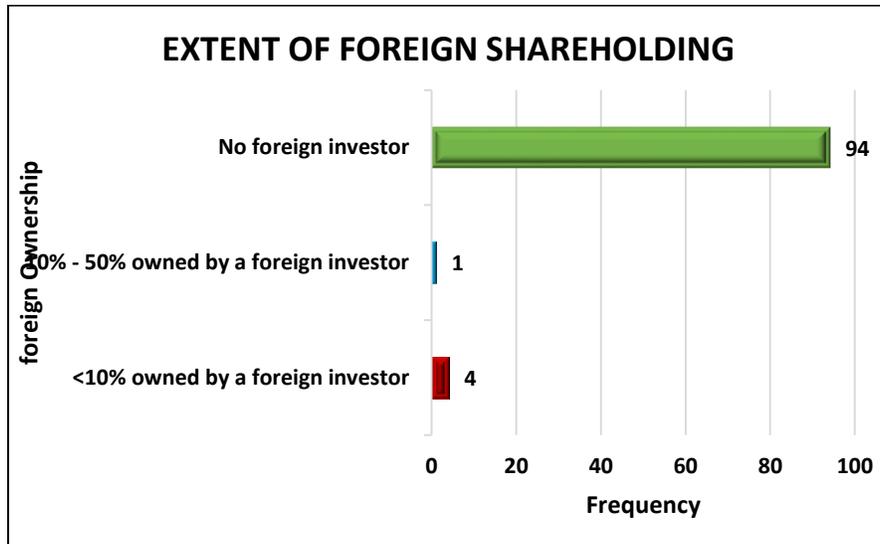
4.3 Company's Profile



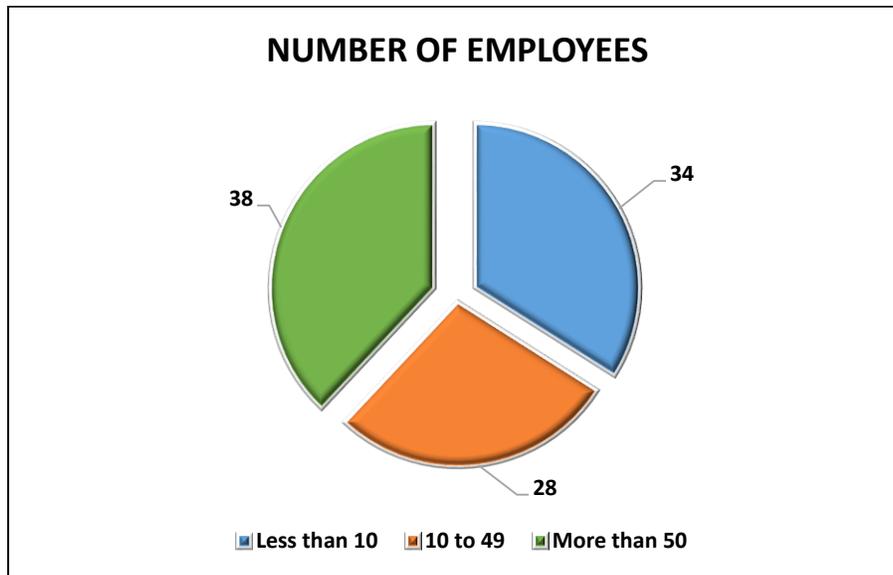
Majority of these businesses (51%) have been trading for 1 to 5 years, 35% have been in operation for 6 to 10 years while 15% have been conducting business for more than 1 decade.



With regards to the ownership status, 61 % have a sole proprietorship status, 16% were in partnership while 23% were operating as a private limited company.



In very few cases, foreigners have stake in these businesses. Majority of these businesses (95%) are solely owned by Mauritians.

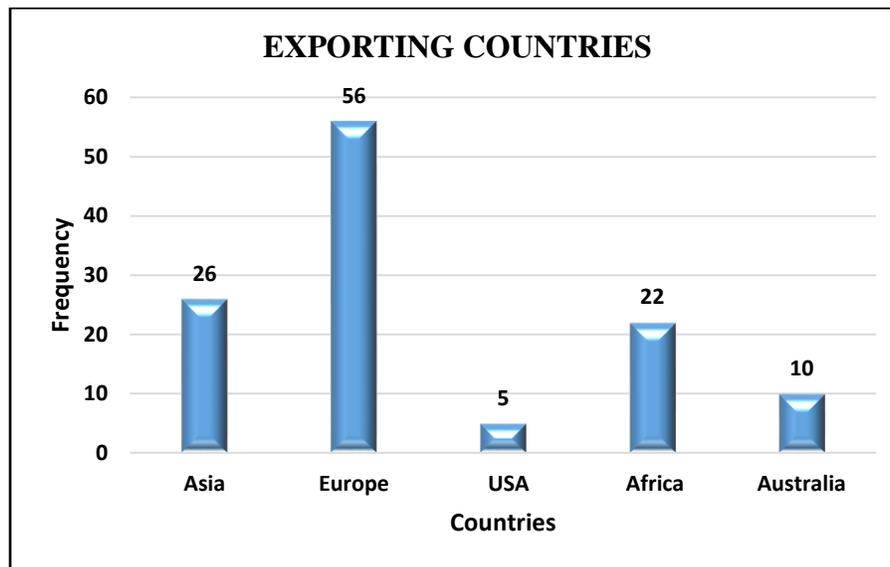


34% of businesses employed less than 10 employees, 28% employed 10-49 employees and 38% had more than 50 employees in service.

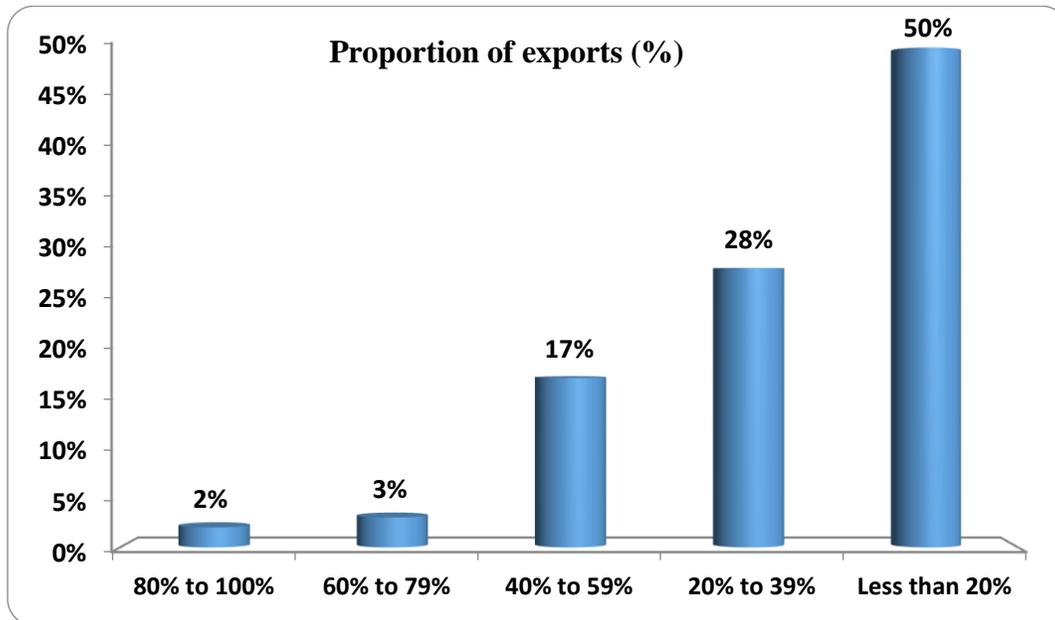
Number of years in international market

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 to 5	59	58.4	64.8	64.8
	6 to 10	32	31.7	35.2	100.0
	Total	91	90.1	100.0	
Missing	System	10	9.9		
Total		101	100.0		

Majority of these businesses (64%) have been operating in the international market for 1 to 5 years while the remaining 36% have 6 to 10 years' experience dealing with foreign markets.



Findings of the study revealed around three-quarters (74.3%) of sampled companies were dealing with the Asian continent, whereas 55.4% of them were dealing with Europe. While 21.8% had deals with Africa, 9.9% and 5.0% were dealing with Australia and the USA respectively.



Besides the extreme negative skewness of the above distribution of responses, it is observed that the number of companies consistently decreases with increasing proportion of exports. While half of the companies exported less than 20% of their production, 28% and 17% of them respectively exported 20-39% and 40-59% of what they produce. Only 5% of companies exported at least 60%, including 2% that exported 80-100% of their production.

In line with objective 1 of the study, the next section investigates the potential barriers that these firms may be faced with during the export process.

4.4 Inferential Analysis

4.4.1. Exploratory Factor Analysis – (Export Barriers)

Exploratory factor analysis was conducted with the aim of identifying the major underlying export barriers to the internationalisation of SMEs. Prior to conducting the analysis, the factorability of the 25 items representing the barriers was tested by means of some well-established criteria, as listed below:

- Every item had a minimum correlation of 0.3 with at least another item
- The Kaiser-Meyer-Olkin statistic for sampling adequacy was 0.849, lying above the recommended value of 0.5 (Field, 2005)

- Bartlett's test of sphericity was significant ($\chi^2(300) = 2078.978, p < .01$)
- The diagonals of the anti-image correlation matrix were all over 0.7, meaning that the each item could be included in the factor analysis
- The communalities were all above 0.6, further confirming that each item shared some common variance with other items.

As a result of the above indicators, it was considered appropriate to conduct factor analysis with all 25 items. Principal components analysis, with orthogonal (Varimax) rotation, was used to extract underlying factors that were as distinct as possible. Using the Kaiser method, six factors were extracted, with the first three initially explaining 41.552%, 10.726% and 6.902% of the variance. The total variance explained was 74.820%, which was excellent for the purpose of analysis.

The six-factor solution was confirmed by the corresponding scree plot, which showed a clear-cut levelling-off of eigenvalues after six factors. Moreover, orthogonal rotation was justified, given that the magnitudes of several component correlations did not exceed the threshold value of .32 (Tabachnick & Fidell, 2007:646).

Based on the grouping of factor loadings in the rotated component matrix, the underlying barriers were labelled as *Environmental*, *Informational*, *Functional*, *Procedural*, *Logistical* and *Politico-economic*. The internal consistency of each factor was examined using Cronbach's alpha, and it was found that the alphas were relatively high, except for the sixth factor: .896 for *Environmental* (5 items), .899 for *Informational* (4 items), .876 for *Functional* (6 items), .890 for *Procedural* (5 items), .834 for *Logistical* (3 items) and .529 for *Politico-economic* (2 items).

Table 7: Exploratory factor analysis (Barriers to SMEs Internationalisation)

<i>Rotated factors (% variance explained; eigenvalue)</i>	<i>Barriers to SME' Internationalisation</i>	<i>Factor loading</i>	<i>α</i>
Environmental (15.554%; 10.388)	Cultural barriers	.793	0.896
	Languages barriers	.780	
	Economic conditions in the foreign market	.779	
	Exchange rate fluctuations	.772	
	Tariff and non-tariff barriers	.610	
Informational (15.091%; 2.682)	Information on foreign markets	.871	0.899
	Knowledge of foreign markets	.861	
	Knowledge on export procedures/documentation	.822	
	Managerial time to deal with exports	.713	
Functional (14.814%; 1.725)	Quality of products	.753	0.876
	Meeting foreign market standards	.667	
	Use of updated technology	.644	
	Availability of local skilled workforce	.616	
	Timely supply of raw materials	.606	
	Trained personnel to deal with exports	.575	
Procedural (12.363%; 1.551)	Handling of export documents	.765	0.890
	Rules and regulations in the foreign country	.749	
	Competition from low cost manufacturing countries	.749	
	Access to distribution channel in foreign markets	.574	
	Contacting prospective clients	.554	
Logistical (9.818%; 1.275)	Shipping arrangements	.833	0.834
	Transportation costs	.816	
	Government restriction in the foreign markets	.719	
Political-economic (7.179%; 1.085)	Cash flow to finance exports	.752	0.529
	Financial assistance from Government	.736	

Composite scores were computed for the six factors, based on the mean of the items which had their primary loadings on each factor, with higher scores indicating greater barriers. Firstly, all the factors had negatively skewed distributions, implying that most respondents considered them to be significant obstacles to the internationalisation of SMEs.

Environmental Barrier

Environmental barrier including, cultural barriers, languages barriers, tariff and non-tariff barriers has been identified as one underlying export barriers to the internationalisation of SMEs in Mauritius. These findings are similar to the conclusions drawn from studies conducted by the Organisation for Economic Co-operation and Development (OECD). For example, OECD, (2005:40; 2008:149) found that restrictions on exporting country by government in foreign markets will have an adverse impact of SMEs' exports. Similarly, Huber, Nerudová, and Rozmahel (2015:106) found that cultural and language barriers also impede on SMEs' Internationalisation.

Informational Barrier

Another barrier affecting the internationalisation of SMEs is the informational barrier. These findings are consistent with the OECD's (2008:149) and Franz, Kaletka, Pelka, & Sarcina' (2018:50) studies which suggest that successful internationalisation of SMEs depends to a great extent on the access to tailored, up-to-date and reliable information. Examples of these include information on the markets conditions, national regulations and competitions (OECD, 2008:24). In this respect, Johnson and Turner (2000:138) note that SMEs internationalisation policies should aim at increasing the awareness of international opportunities as well as to help these businesses exploit foreign markets. Moreover, Hashim (2010:77) argue that information on government policies and programmes to support SMEs' growth and internationalisation should be communicated to SMEs so that the latter can be motivated to move/increase their international involvement.

Functional Barrier

Another underlying export barrier identified in this study that restricts the internationalisation of SMEs in Mauritius is the functional barrier. As can be seen at Table 7, these barriers are internal to the firms and include the quality of products, the skilled labour force, the use of updated technology as well as trained personnel to deal with exports. These findings are consistent with the results obtained from similar studies. For example, Dominguez and Mayrhofer (2018:236) found that the

quality of the product is seen as a competitive advantage in the foreign market. However, Huber, Nerudová, and Rozmahel (2015:106) concluded that inability to produce high quality products by SMEs restrict their internationalisation scope. Furthermore, OECD (2008:70) note that SMEs face a shortage of skilled labour as they are not able to attract them due to financial restriction. Thus, lack of skilled labour force has an adverse impact on the quality of product. Moreover, according to OECD (2008:111), SMEs that wish to internationalise must be able to use updated technologies. However, due to financial constraints, SMEs are not able to invest on updated technologies. In a similar vein, Dominguez and Mayrhofer (2018:237) note that a firm's ability to overcome export barriers depends a lot on the personnel having the right skills and expertise to deal with exports. Thus, a lack of qualified personnel to deal with exports can represent an obstacle to initiate export activities.

Procedural Barrier

The next barrier identified in the study is the procedural barrier which include competition from low cost manufacturing countries, access to distribution channel in foreign markets and problems of establishing contact with prospective clients. For example according to Doole and Lowe (2008:182; Garcia, 2015), manufacturing SME exporters from developing countries struggle to compete with companies from emerging markets because of their lower labour costs. Moreover, difficulty to access distribution channel in the foreign countries is also perceived by Dominguez and Mayrhofer (2018:238) as a serious impediment to SMEs internationalisation as it may lead to delays and an increase in the cost of marketing the product. Furthermore, according to OECD (2007:95); OECD (2008), inability to contact potential overseas customers may result in limited information to locate and analyze foreign markets opportunities.

Logistical Barriers

Results of the survey also showed that logistics barriers (such as shipping arrangements and Transportation costs) affect negatively SMEs internationalisation. These findings are consistent with the findings of similar studies such as OECD (2007); Etemad (2013). However, Garcia (2015) notes that logistics barriers are reduced to a large extent when trading partners are bonded by trade agreements.

Political-economic

Another internationalisation barrier identified in this study is the political-economic barrier. This finding are in conformity with other studies such as OECD (2007); Dana (2008) and Dominguez

and Mayrhofer (2018) which identified shortage of capital as one of the top main internationalisation barriers. According to OECD (2007); SMEs facing a lot of problems in obtaining finance which limit their scope to expand internationally. Moreover, findings of the study identify “Lack of government support” as a major internationalisation barrier for exports by SMEs. This finding is in line with that of OECD (2015) which suggests that Government support is essential in enhancing SMEs internationalisation strategy. Those support can take the form of loans, grants, tax incentives, equity financing.

The highest means were recorded for *Informational* ($M = 4.341$, $SD = 0.657$) and *Political-economic* ($M = 4.341$, $SD = 0.717$), which were considered as the two major barriers to the internationalisation of SME, both with negatively skewed distributions and positive kurtosis ($\gamma_1 = -1.711$, $\beta_2 = 5.771$ for *FAC2*) and ($\gamma_1 = -1.227$, $\beta_2 = 1.631$ for *FAC6*).

To a slightly lesser extent, *Functional* ($M = 4.017$, $SD = 0.794$, $\gamma_1 = -0.432$, $\beta_2 = -0.618$), *Logistical* ($M = 3.970$, $SD = 0.869$, $\gamma_1 = -0.532$, $\beta_2 = -0.494$) and *Procedural* ($M = 3.889$, $SD = 0.885$, $\gamma_1 = -0.695$, $\beta_2 = 0.175$), in that order, also constituted relatively big barriers to the internationalisation of SME networking. *Environmental* ($M = 3.551$, $SD = 1.027$, $\gamma_1 = -0.303$, $\beta_2 = -0.868$) was considered to be a minor barrier by respondents. The non-normality of each factor was confirmed via the Shapiro-Wilk test in SPSS, whereby all six p -values less than 0.01.

4.5 Sources of Networking

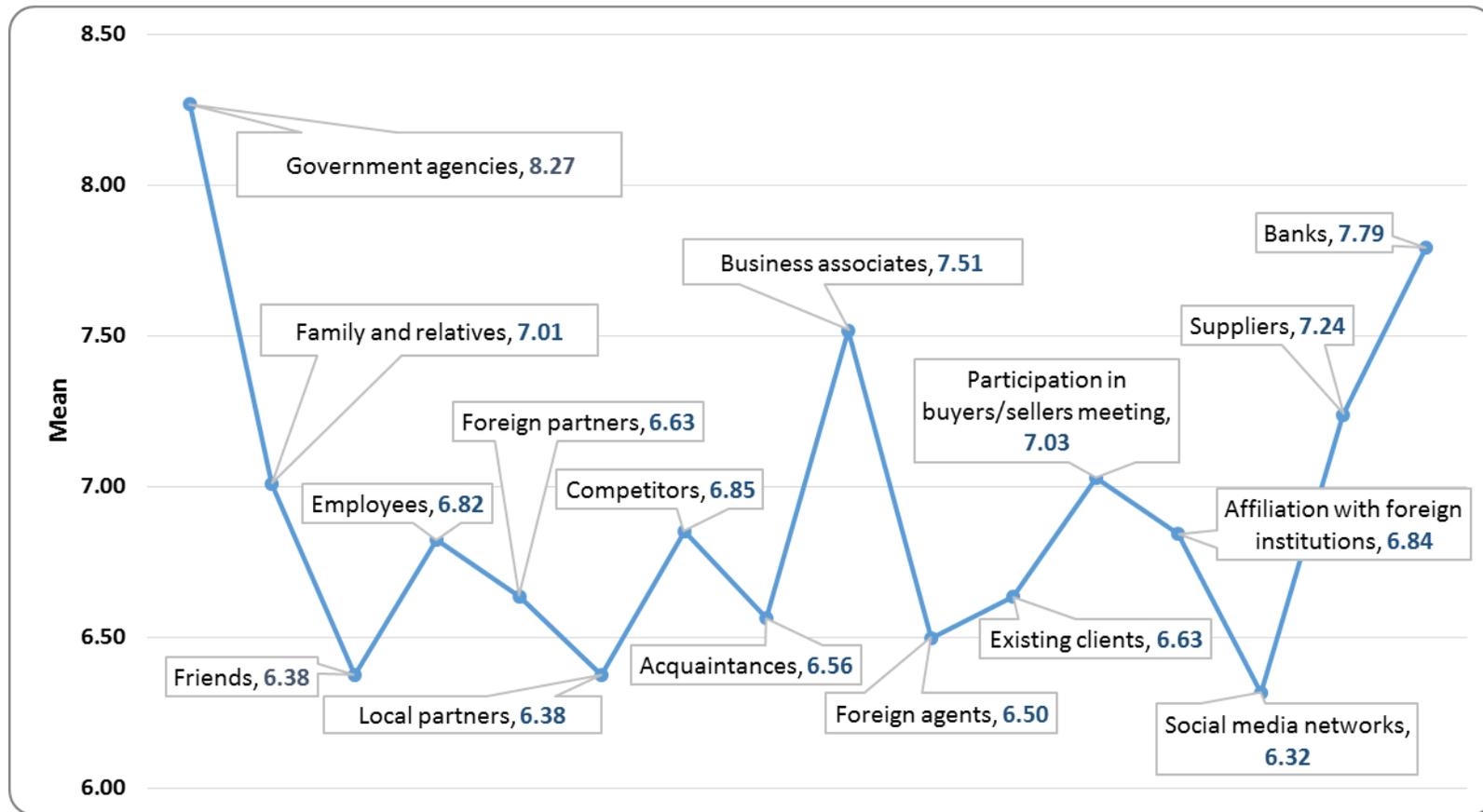
The main sources of networking are elaborated at par 2.4.2. To recap, the primary sources of networking include supporting government agencies and financial institutions (Findlay, 2015:355), personal relationships such as family, friends, and relatives (Jones, 2009:24) and other SMEs owners, directors, or managers of other companies (Lloyd-Reason & Sear, 2007:85). According to Senik (2011), all these stakeholders strengthen the process of internationalisation through their own forms such as provision of training and consultancy, financial assistance, international trade fairs, and exchanges of resources and knowledge amongst others. Findings pertaining to the sources of networking among SMEs in Mauritius are presented in the following paragraphs.

The proposed sources of networking were each measured on a 10-point semantic differential scale (1 = “Least important” to 10 = “Most important”), so that a mean score was computed for each, prior to classifying them in terms of importance to sampled companies. Figure 9 revealed that

Government agencies ($M = 8.27$) was, by far, the most important source of networking. According to respondents, banks ($M = 7.79$), business associates ($M = 7.51$) and suppliers ($M = 7.24$) also provided them with a sound amount of networking, while participation in buyers/sellers meetings ($M = 7.03$), as well as family and relatives ($M = 7.01$), had an important role to play in networking opportunities.

To a slightly lesser extent, sampled companies' networking was enhanced by their affiliation with foreign institutions ($M = 6.84$), apart from their competitors ($M = 6.85$) and employees ($M = 6.82$). A third group consisting of three sources also contributed to companies' networking: existing clients ($M = 6.63$), acquaintances ($M = 6.56$) and foreign agents ($M = 6.50$). However, relatively less networking opportunities came from friends ($M = 6.38$), local partners ($M = 6.38$) and social media ($M = 6.32$).

Figure 9: Sources of Networking



4.6 Factor Analysis- Benefits of Networking to SMEs Internationalisation

The benefits of networking to SMEs internationalisation are discussed at par 2.4.1. These include enhanced access to additional relationships, accelerated internationalization pace and pattern, identification of new opportunities and competitive advantage developed through the accumulation of international knowledge (Zhou, Wu & Luo, 2007).

Table 8: Exploratory factor analysis (Benefits of networking)

<i>Rotated factors (% variance explained; eigenvalue)</i>	<i>Benefits of Networking</i>	<i>Factor loading</i>	<i>α</i>	<i>Mean</i>	<i>Standard deviation</i>
Factor 1: Strategic Advantage (35.378%; 12.663)	Seizing opportunities faster than competitors	.848	0.965	3.632	1.005
	Protection against rivals	.836			
	Increase in bargaining power with suppliers	.830			
	Reduce the institutional distance	.825			
	Building strategic partnerships	.813			
	Gathering information about the target markets	.812			
	Access to new technologies advancement	.768			
	Improving supply chain of the business	.743			
	Developing sustainable competitive advantage	.711			
	Increase in the productivity of the business	.670			
	Participation in innovative projects	.666			
	Improved business image	.642			
Access to new foreign contacts	.498				
Factor 2: Cost reduction & identification of foreign market opportunities (15.409%; 2.383)	Economies of scale	.669	0.851	3.916	0.849
	Access to cheaper resources	.637			
	Improved competitiveness	.614			
	Identifying new foreign markets opportunities	.585			
Factor 3: Sharing of risk & Information (13.395%; 1.351)	Sharing of information	.843	0.838	4.020	0.767
	Reduction in risks, cost and time in placing new products in the market	.768			
	Sharing of business and other related skills	.660			
Factor 4: Financial Benefits (11.448%; 0.998)	Improved financial performance	.854	0.834	4.300	0.572
	Increasing the firm's sales turnover	.800			
	Increase in market share	.658			

Strategic Importance

Findings of the study revealed that SMEs considered that networking has strategic ramifications for their internationalisation. These findings are comparable to findings of similar studies. For example, Dominguez and Mayrhofer (2018:86) found that networks can considerably affect a firm's ability to sustain competitive advantages by helping managers to access new resources and information faster than competitors. Moreover, Parietti (2017:55) note that business network embeddedness in the host country may have implications for SMEs' internationalisation. Furthermore, according to the United Nations Economic and Social Commission for Asia and the Pacific (2007:78), clustering and networking may facilitate SMEs ability to access external market as well as to enhance their corporate image. In a similar vein, Susman (2007:184) argues that local networks helps SMEs to gain access to knowledge and to technology which are vital for their internationalisation.

Cost reduction & identification of foreign market opportunities

“Cost reduction & identification of foreign market opportunities” is another underlying benefit of networking to the internationalisation of SMEs identified in this study. Several studies have confirmed the potential of network in reducing transaction costs. For example, Chetty and Agndal (2007) found that networking reduces transaction costs and facilitates knowledge creation and transfer. In a similar vein, Dunning and Lin (2007:391) note that network can reduce the cost of information search on buyers, sellers and products. Furthermore, Man (2004:21) note that to resist competition SMEs from fragmented businesses can team up to reduce costs.

Sharing of risk and knowledge

Another underlying benefit of networking to the internationalisation of SMEs identified in this study is the *“Sharing of risk and knowledge”*. Other studies have also concluded that collaborative network allows for the sharing risks among partners. For example, Ratten, Braga and Marques (2017:61) concluded that from an opportunity based view, the core function of networking in the internationalization process is co-creation of an opportunity for internationalization through sharing of available resources. Risk sharing can also be achieved by *“Cooperation”* (Competitive Cooperation).

Financial Benefits

Another underlying benefit of networking to the internationalisation of SMEs is the “*Financial Benefits*”. According to OECD (1993:43), networking may help in improving the SMEs’ financial situation by easing access to finance which remains a serious limitations for these businesses.

The highest mean was recorded for *FAC4* ($M = 4.300$, $SD = 0.572$), while *FAC3* ($M = 4.020$, $SD = 0.767$) closely followed, these two being the greatest benefits of internationalisation of SME networking. Both factors were negatively skewed ($\gamma_1 = -0.327$ for *FAC4* and $\gamma_1 = -0.857$ for *FAC3*), but they had varying kurtosis ($\beta_2 = -0.400$ for *FAC4*) and ($\beta_2 = 1.648$ for *FAC3*).

FAC2 ($M = 3.916$, $SD = 0.849$, $\gamma_1 = -0.363$, $\beta_2 = -0.782$) was a lesser benefit, as compared with the first two, while *FAC1* ($M = 3.632$, $SD = 1.005$, $\gamma_1 = -0.435$, $\beta_2 = -0.660$) was the smallest benefit brought about by the internationalisation of SME networking.

The method of weighted means was used to compute means for all the statements under *Challenges in networking* (par 4.7) and *Role of Networking in SME Internationalisation* (par 4.8), so as to rank them within their respective sets. In both cases, the ordinal five-point Likert scale used was assumed to be interval in order to calculate the weighted means, whereby a higher mean implied a greater challenge and a greater level of agreement respectively.

4.7 Challenges of Networking

Despite the cooperative spirit in collaborative spirits, network are not without challenges (Shafritz, & Hyde, 2016:590). These include conflict among members (Klein & Poulymenakou, 2006), communication problems (Vladlena, Tuninga & Saridakis, 2016:258), financial difficulties (Teixeira, Costa & Lisboa, 2019:378) and languages and cultural difficulties (Bhalla, 2013:320) among others.

Table 9: Challenges in networking

	<i>SM</i>	<i>SO</i>	<i>M</i>	<i>G</i>	<i>VG</i>	<i>Mean</i>
Financial difficulties	0.0%	1.0%	6.9%	51.5%	40.6%	4.32
Conflicts among partners	0.0%	1.0%	10.9%	50.5%	37.6%	4.25
Trust between the local firm and foreign firm	1.0%	1.0%	4.0%	63.4%	30.7%	4.22
Communication problems	2.0%	1.0%	8.9%	56.4%	31.7%	4.15
Lack of coordination and collaboration	2.0%	0.0%	16.8%	48.5%	32.7%	4.10
Insufficient interaction among partners	0.0%	3.0%	13.9%	55.4%	27.7%	4.08
Geographical imbalances in international co-operation patterns	1.0%	4.0%	14.9%	51.5%	28.7%	4.03
Lack of commitment from parties	4.0%	5.9%	14.9%	43.6%	31.7%	3.93
Uncertainties such as foreign market risks, currency risk	4.0%	7.9%	21.8%	45.5%	20.8%	3.71
Language and cultural differences	8.9%	9.9%	15.8%	47.5%	17.8%	3.55

All row percentages add up to 100%

In **Table 9** and **Table 10**, the five options on the Likert scale have been respectively abbreviated by *SM*, *SO*, *M*, *G* and *VG* (for “To a small extent” until “To a very great extent”) and *SA*, *A*, *N*, *D* and *SD* (for “Strongly agree” until “Strongly disagree”). Emphasis was laid on relatively high percentages (usually at least 20%) to support the interpretation of figures. The scores for the statements have been arranged in descending order of weighted means in the respective tables, so as to facilitate interpretation of results.

From the figures in **Table 9**, the three main challenges in networking were financial difficulties ($G = 51.5\%$, $VG = 40.6\%$, $M = 4.32$), conflicts among partners ($G = 50.5\%$, $VG = 37.6\%$, $M = 4.25$) and lack of trust between local and foreign firms ($G = 63.4\%$, $VG = 30.7\%$, $M = 4.22$).

The next three challenges were all related to the interaction between companies, namely communication problems ($G = 56.4\%$, $VG = 31.7\%$, $M = 4.15$), lack of coordination and collaboration ($G = 48.5\%$, $VG = 32.7\%$, $M = 4.10$) and insufficient interaction among partners ($G = 55.4\%$, $VG = 27.7\%$, $M = 4.08$), while geographical imbalances in international patterns ($G = 51.5\%$, $VG = 28.7\%$, $M = 4.03$) also constituted a relatively big challenge, according to the SMEs.

The bottom three (relatively minor) challenges were attributed to a lack of commitment from parties ($G = 43.6\%$, $VG = 31.7\%$, $M = 3.93$), risks related to foreign market and currency ($G = 45.5\%$, $VG = 20.8\%$, $M = 3.71$), and language and cultural differences ($G = 47.5\%$, $VG = 17.8\%$, $M = 3.55$).

4.8. Roles of Networking to SMEs Internationalisation

In **Table10**, most companies strongly agreed that internationalisation can be enhanced by industrial linkages programs developed by supporting bodies such as SME Mauritius (Ex-SMEDA) ($A = 44.6\%$, $SA = 51.5\%$, $M = 4.47$), participation in exhibitions organised by government agencies ($A = 52.5\%$, $SA = 46.5\%$, $M = 4.46$) and internationalising through government agencies instead of doing it by themselves ($A = 53.5\%$, $SA = 44.6\%$, $M = 4.42$).

Companies also acknowledged that internationalisation can be reinforced by the support and advice (on rules, procedures, customs, exporting or forwarding agents) of government agencies ($A = 46.5\%$, $SA = 46.5\%$, $M = 4.37$), assistance and information support from Mauritian embassies ($A = 41.6\%$, $SA = 46.5\%$, $M = 4.30$), strong relationships with other local SMEs ($A = 42.6\%$, $SA = 41.6\%$, $M = 4.21$) and collaboration with local and foreign suppliers ($A = 43.6\%$, $SA = 36.6\%$, $M = 4.11$).

Lastly, to a lesser extent, it was observed by companies that internationalisation was enhanced by their personal relationships ($A = 40.6\%$, $SA = 28.7\%$, $M = 3.78$) and networks with friends, families and relatives ($A = 38.6\%$, $SA = 27.7\%$, $M = 3.67$).

Table 10: Role of networking in assisting SME internationalisation

	<i>SD</i>	<i>D</i>	<i>N</i>	<i>A</i>	<i>SA</i>	<i>Mean</i>
Industrial linkages programs developed by supporting bodies such as SMEDA	0.0%	1.0%	3.0%	44.6%	51.5%	4.47
Participating in exhibitions organised by government agencies	0.0%	0.0%	1.0%	52.5%	46.5%	4.46
Internationalising through government agencies	0.0%	1.0%	1.0%	53.5%	44.6%	4.42
The support of government agencies in providing advice on the rules, procedures or political issues such as customs, exporting or forwarding agents	0.0%	3.0%	4.0%	46.5%	46.5%	4.37
Assistance and information support from Mauritian Embassies	1.0%	3.0%	7.9%	41.6%	46.5%	4.30
Strong relationships with other local SMEs	0.0%	5.0%	10.9%	42.6%	41.6%	4.21
Collaboration with local and foreign suppliers	1.0%	4.0%	14.9%	43.6%	36.6%	4.11
Personal relationship	5.0%	9.9%	15.8%	40.6%	28.7%	3.78
Networks with friends, families and relatives	7.9%	10.9%	14.9%	38.6%	27.7%	3.67

All row percentages add up to 100%

4.9 Analysing the role, source and importance of networking on internationalisation of SMEs

❖ Multinomial logistic regression analysis

To find the significant determinants of *SME's internationalisation (in particular the role, source and importance of networking)*, a multinomial logistic regression analysis was conducted using *proportion of activities constituting exports* as the proxy dependent variable, the latter being measured on an ordinal scale. The predictors, which were all computed as the overall mean score of the statements representing them, were *Barriers to Internationalisation, Sources of Networking, Benefits of Networking, Challenges in Networking, and Role of Networking in Internationalisation*.

Prior to conducting multinomial logistic analysis, the following data assumptions were checked:

- The dependent variable was measured on an ordinal scale, which may also accommodate for multinomial logistic regression analysis (Laerd Statistics, 2018b:1).
- There were five independent variables, and they were all measured on continuous scales.
- Observations were independent (retrieved from different respondents) and the categories of the dependent variable were mutually exclusive and exhaustive.
- The matrix of correlations of independent variables showed that only one coefficient exceeded 0.5. However, the VIF for each predictor was above 1, so that multicollinearity could be safely ignored for analysis purposes.
- The linearity between predictors and the dependent variable.
- There were no outliers in the dataset.

❖ Results and Interpretation of the Multinomial logistic regression analysis

On running multinomial logistic regression in SPSS, the following results were obtained, as shown in Table 11 below.

Table 11: Goodness-of-Fit

	<i>Chi-Square</i>	<i>df</i>	<i>Sig.</i>
Pearson	245.103	376	1.000
Deviance	196.513	376	1.000

According to the goodness-of-fit table above, the p -value corresponding to Pearson's chi-squared statistic was not significant at the 5% level ($\chi^2 = 245.103, p = 1.000$), meaning that the multinomial regression model fitted the data relatively well.

This was confirmed by the figures of **Table 12** (below), which showed that the final model was significantly better than a model containing just the intercept ($p = 0.004$). Therefore, some predictor variables did have a significant impact on *Internationalisation of SME*.

Table 12: Model Fitting Information

<i>Model</i>	<i>Model Fitting Criteria</i>		<i>Likelihood Ratio Tests</i>		
	-2 Log Likelihood	Chi-Square	df	Sig.	
Intercept Only	237.535				
Final	196.513	41.022	20	.004	

Table 13: Pseudo R-Square

Cox and Snell	.336
Nagelkerke	.371
McFadden	.173

The Pseudo *R*-square table above indicated that the model explained a moderate amount of variance in the dependent variable (Laerd Statistics, 2018b:1). In this study, based on the Nagelkerke pseudo R^2 measure, the predictors accounted for 37.1% of the variability in *Internationalisation of SME*.

Table 14: Likelihood Ratio Tests

<i>Effect</i>	<i>Model Fitting Criteria</i>		<i>Likelihood Ratio Tests</i>		
	-2 Log Likelihood of Reduced Model	Chi-Square	df	Sig.	
Intercept	207.865	11.352	4	.023	
<i>Barriers to Internationalisation</i>	208.356	11.843	4	.019	
<i>Sources of Networking</i>	211.654	15.141	4	.004	
<i>Benefits of Networking</i>	201.301	4.788	4	.310	
<i>Challenges in Networking</i>	213.147	16.634	4	.002	
<i>Role of Networking in Internationalisation</i>	202.628	6.115	4	.191	

The chi-square statistic is the difference in -2 log-likelihoods between the final model and a reduced model. The reduced model is formed by omitting an effect from the final model. The null hypothesis is that all parameters of that effect are 0.

Table 13 above highlights the significant determinants of *Internationalisation of SME* based on the responses obtained in this study. Figures show that three predictors were significant indicators of

Internationalisation of SME: Barriers to Internationalisation ($p = 0.019$) at the 5% level, and *Sources of Networking* ($p = 0.004$) and *Challenges in Networking* ($p = 0.002$) at the 1% level.

Taking into account the measurement scales of the three significant predictors and the figures output by SPSS in the table of Parameter Estimates, the above results may be interpreted as follows:

1. An increase in barriers would restrict the proportion of export activities to less than 20%.
2. The proportion of export activities may vary between 20%-39% or 60%-79%, depending on the nature of the challenges in networking.
3. The proportion of export activities may vary between 20%-39%, depending on the sources of networking.

5. Conclusion

This study aimed at (i) identifying the main barriers affecting SMEs' internationalisation and (ii) assessing the importance, roles and sources of networking to SMEs' internationalisation. A comprehensive review of the literature revealed that the majority of the studies on networking and SMEs internationalisation have been conducted in developed countries and while in a Small Island Developing State (SIDS) like Mauritius no research has been undertaken as at date to investigate the importance, roles and sources of networking to SMEs internationalisation. Against this backdrop, it is believed that research investigating the role and importance of networking to the SMEs internationalisation in Mauritius was warranted as it will provide for evidence based policies for supporting internationalisation of SMEs. 101 owners/managers/directors were surveyed using and the data were processed using the IBM SPSS Statistics V21.0. Findings of the study identified, informational and political-economic barriers as the main barriers to SMEs' internationalisation in Mauritius. It has also been found that the networking challenges as well as the sources of networking may influence the scope of SMEs' internationalisation.

6. Recommendations

Based the empirical findings of this study, the following recommendations are made to facilitate and promote the internationalisation of local SMEs through networking

- ❖ **Provide maximum information to SMEs on (i) existing policies aimed at facilitating SMEs' internationalisation and (ii) opportunities arising in the international markets**

As revealed in the findings of the study, informational barrier has been identified by SMEs in Mauritius as one of the most important internationalisation barriers. Therefore, it is recommended

that maximum information is made accessible by respective government bodies/institutions to SMEs on (i) existing policies aimed at facilitating their internationalisation (ii) opportunities arising in the international markets. Information on the markets conditions, national regulations and competitions (OECD, 2008:24) will not only facilitate them in identifying foreign market opportunities but also support their internationalisation.

❖ **Provide support to SMEs to consolidate their existing position in the foreign markets as well as to those that intend to make their first international step.**

Findings of this study as well as existing studies lead us to conclude that the size of the SMEs act as a major limitation to their internationalisation. In most of the cases and especially in a SIDS context, SMEs are faced with serious resource constraints that limit their internationalisation scope. Given the socio economic contribution of this sector to the Mauritius economy, it is believed that the Government has a major role to play in providing the right ecosystem to facilitate SMEs internationalisation in Mauritius. For example, even in the most industrialised countries supports are provided by the government to facilitate SMEs internationalisation (United States International Trade Commission (USITC), 2010: 2-22). For a small country like Mauritius, such supports are more felt among the SMEs. Hence to promote and facilitate SMEs' internationalisation, it is recommended that government provide financial, technical and institutional support to them. These can include but not limited to the organisation of and participation in international market fairs (buyers' and sellers' meeting) to enhance networking inside and outside Mauritius, establishment of contacts with local and international organisations as well as designing industrial linkages programs.

Recommendations to overcome the internationalisation Barriers (Firm Level)

- ❖ To overcome the informational barriers, it is recommended that these businesses make intensive use of Information and Communication Technology (ICT) which has emerged as a strategic tool for identifying opportunities arising in international market. Thus, SMEs should establish an online presence in the form of a website which will enable them to have an exposure to new foreign markets, to gain customer insights and to find new contact.
- ❖ Insufficient financial resources has been identified as one of the key factors determining the success of export ventures by SMEs. Existing literature also posits that financial barriers can be detrimental to the SMEs' internationalisation process. Therefore, to overcome the

financial constraints arising due their smallness, SMEs can consider other forms of business structures such as partnerships and/or joint ventures instead of relying solely on finance provided to them at high cost by banks and other financial institutions.

- ❖ Since networking is considered as an important contributor to the internationalisation of SMEs, SMEs owners should be encouraged to co-operate with multiple stakeholders and to put considerable efforts into networking with institutions, business organisation and international authorities. For instance, Osipov (2013:1083) consider coompetition (Cooperative competition) as a new business strategy in response to the hyper competitive environment in which businesses are operating.
- ❖ Institutional networking with Universities, research centres and business associates can also prove to be effective in supporting SMEs internationalisation by providing empirical research information for future decision making.
- ❖ Other forms of low cost networking, in particular, “Personal Relations” (connections with relatives, families, friends and colleagues) should also not be ignored by these businesses.
- ❖ To establish new network, SMEs should be encouraged to participate in exhibitions, seminars and conferences to increase their social capital.

7. Limitations & Future Research

This study contributes to the existing research in the field of networking, SMEs Internationalisation as well as International Entrepreneurship (IE). However, as with all studies, this study also has its own limitations which can narrow down scope of the conclusions. The first limitation is derived from the geographical location of the current research (i.e. Mauritius) and its application to other SIDS economies. It is believed that the findings may be applicable to other SIDS economies that share common demographic characteristics with Mauritius. However, the findings may not be necessarily relevant to other SIDS economies having different levels of socioeconomic development. Therefore, one should be cautious about making causal interpretations of these findings. Hence, further studies in different SIDS countries would most likely strengthen and validate the findings of this study. Moreover, given the uniqueness of each country and its cultural settings, future research can consider other possible social and cultural factors that can influence SMEs owners’ perceptions of networking on the internationalisation process. Furthermore, the authors advise cautions against generalisation from the findings due to the small sample size. Therefore, future studies may be conducted among a wider pool of SMEs. This study has

investigated the link between networking and internationalisation of SMEs from a broad perspective. However, although it provides an overview of the status of networking and internationalisation of SMEs, future research may focus on specific industry/sector of the economy where such study is warranted.

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**NETWORKING AND INTERNATIONALISATION OF SMES:
EVIDENCE FROM MAURITIUS**

Dear Participant,

You are invited to participate in the above survey which is conducted jointly by the University of Mauritius and the Mauritius Research Council. The aim of this study is to evaluate the importance of networking to the internationalisation process of SMEs in Mauritius.

This questionnaire should take you around 10 minutes to complete. As such, there is no right or wrong answers. However, the usefulness of survey findings depends on the accuracy of your answers. Rest assured that all data will be kept confidential and used for research purposes only, and that research findings will be published in an impartial manner.

Your participation is entirely voluntary and you have the right to withdraw at any given moment. Should you have any queries or concerns about being part of this survey, please contact me via e-mail: urvashibolaky@gmail.com.

Thank you for your precious time and co-operation in giving your honest personal views.

Urvashi Bolaky Research Assistant	University of Mauritius	Tel: 59112589/2612445
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PLEASE READ THESE INSTRUCTIONS CAREFULLY

1. Please use black or blue ink to fill the questionnaire by ticking the appropriate box (es).
2. In accordance with the Data Protection Act 2004, responses are anonymous and completely confidential. By responding to this questionnaire, you are agreeing that the data that you provide may be used for research.

I. GENERAL INFORMATION

(Please tick [✓] where appropriate)

1. Gender

- Male
 Female

2. Working Position in the business

- Director/Owner/Board of Director
- Shareholder/Investor
- Manager
- Other Please specify (_____)

3. Number of years in business

- 1 – 5
- 6 – 10
- Over 10 years

4. Location of the business

- North
- South
- East
- West
- Central

5. Educational Background

- Below Diploma
- Diploma
- Bachelor Degree
- Post Graduate Degree

II. COMPANY PROFILE

1. Number of years that the business is in operations

- 1 – 5
- 6 – 10
- Over 10 years

2. Ownership Status

- Sole Proprietor
 - Partnership
 - Private Limited Company
 - Joint Stock Company
 - Other Please specify (_____)
-

3. Does your company have foreign shareholders?

- Less than 10% owned by a foreign investor
- Between 10% and less than 50% owned by a foreign investor
- 50% or more owned by a foreign investor
- Wholly owned by a foreign investor
- No foreign investor

4. Number of Employees

- Less than 10
- 10 – 50
- More than 50

III. INTERNATIONALISATION OF BUSINESS
--

1. How many years have you been involved in the international markets?

- 1 – 5
- 6 – 10
- Over 10 years

2. In which of the following country/ies are you presently dealing with?

- Asia
- Europe
- USA
- Africa
- Australia
- Other Please specify (_____)

3. Which proportion (by value) of your activities constitutes exports?

- 80% - 100%
 - 60% - 80%
 - 40% - 60%
 - 40% - 20%
 - Less than 20%
-

IV. INTERNATIONALISATION BARRIERS

Based on your experience from international markets, please rate on a scale of 1 to 5 (1 being Minor obstacle; 5 being Major obstacle), the extent to which the following can represent an obstacle to the initiation or growth of the firm's export activity?

	1	2	3	4	5
	Minor Obstacle				Major Obstacle
Cash flow to finance exports.	<input type="checkbox"/>				
Knowledge of foreign markets.	<input type="checkbox"/>				
Availability of local skilled workforce.	<input type="checkbox"/>				
Information on foreign markets.	<input type="checkbox"/>				
Knowledge on export procedures/documentation.	<input type="checkbox"/>				
Managerial time to deal with exports.	<input type="checkbox"/>				
Trained personnel to deal with exports.	<input type="checkbox"/>				
Timely supply of raw materials.	<input type="checkbox"/>				
Quality of products.	<input type="checkbox"/>				
Meeting foreign market standards.	<input type="checkbox"/>				
Use of updated technology.	<input type="checkbox"/>				
Access to distribution channel in foreign markets.	<input type="checkbox"/>				
Contacting prospective clients.	<input type="checkbox"/>				
Handling of export documents.	<input type="checkbox"/>				
Rules and regulations in the foreign country (for e.g. Rule of Origin).	<input type="checkbox"/>				
Competition from low cost manufacturing countries.	<input type="checkbox"/>				
Financial assistance from Government.	<input type="checkbox"/>				
Exchange rate fluctuations.	<input type="checkbox"/>				
Economic conditions in the foreign market.	<input type="checkbox"/>				
Tariff and non-tariff barriers.	<input type="checkbox"/>				
Languages barriers.	<input type="checkbox"/>				
Cultural barriers.	<input type="checkbox"/>				
Transportation costs.	<input type="checkbox"/>				
Shipping arrangements.	<input type="checkbox"/>				
Government restriction in the foreign markets.	<input type="checkbox"/>				

	1 = To a small extent 4 = To a great extent	2=To some extent 5 = Very great extent	3 = To a moderate extent	1	2	3	4	5
7.	Improved competitiveness.			<input type="checkbox"/>				
8.	Sharing of business and other related skills.			<input type="checkbox"/>				
9.	Access to cheaper resources (raw materials and specialized labour)			<input type="checkbox"/>				
10.	Identifying new foreign markets opportunities.			<input type="checkbox"/>				
11.	Access to new foreign contacts.			<input type="checkbox"/>				
12.	Improved business image.			<input type="checkbox"/>				
13.	Increase in the productivity of the business.			<input type="checkbox"/>				
14.	Participation in innovative projects.			<input type="checkbox"/>				
15.	Developing sustainable competitive advantage.			<input type="checkbox"/>				
16.	Access to new technologies advancement.			<input type="checkbox"/>				
17.	Increase in bargaining power with suppliers.			<input type="checkbox"/>				
18.	Protection against rivals.			<input type="checkbox"/>				
19.	Seizing opportunities faster than competitors.			<input type="checkbox"/>				
21.	Gathering information about the target markets			<input type="checkbox"/>				
22.	Improving supply chain of the business.			<input type="checkbox"/>				
23.	Building strategic partnerships.			<input type="checkbox"/>				

VII. CHALLENGES IN NETWORKING

Based on your experience, rate the extent to which you consider that the following may represent a challenge/problem in developing and using network in the foreign markets

	1 = To a small extent 4 = To a great extent	2=To some extent 5 = Very great extent	3 = To a moderate extent	1	2	3	4	5
1.	Trust between the local firm and foreign firm.			<input type="checkbox"/>				
2.	Conflicts among partners			<input type="checkbox"/>				
3.	Communication problems.			<input type="checkbox"/>				
4.	Lack of coordination and collaboration.			<input type="checkbox"/>				
5.	Geographical imbalances in international co-operation patterns			<input type="checkbox"/>				
6.	Financial difficulties.			<input type="checkbox"/>				
7.	Insufficient interaction among partners.			<input type="checkbox"/>				
8.	Lack of commitment from parties.			<input type="checkbox"/>				
9.	Language and cultural differences.			<input type="checkbox"/>				
10.	Uncertainties such as foreign market risks, currency risk.			<input type="checkbox"/>				

VIII. ROLES OF NETWORKING IN ASSISTING SME' INTERNATIONALISATION

Please rate the extent to which you agree with the following statements pertaining to roles of networking in assisting SME internationalization.

	1 = Strongly disagree 2 = Disagree	3 = Neutral/Not sure	4 = Agree 5 = Strongly agree	1	2	3	4	5
1.	Internationalizing through government agencies is easier than internationalising on my own.			<input type="checkbox"/>				
2.	Participating in exhibitions organised by government agencies enhance networking within and outside Mauritius.			<input type="checkbox"/>				
3.	Industrial linkages programs developed by supporting bodies such as SMEDA is important in enhancing networking within and outside Mauritius			<input type="checkbox"/>				
4.	The support of government agencies in providing advice on the rules, procedures or political issues such as customs, exporting or forwarding agents are important to understand international markets.			<input type="checkbox"/>				
5.	Assistance and information support from Mauritian Embassies is important in penetrating international markets.			<input type="checkbox"/>				
6.	Strong relationships with other local SMEs helps in entering foreign markets.			<input type="checkbox"/>				
7.	Collaboration with local and foreign suppliers facilitate the internationalisation process.			<input type="checkbox"/>				
8.	Networks with friends, families and relatives ease the internationalisation process			<input type="checkbox"/>				
9.	Personal relationship eases the process of internationalization.			<input type="checkbox"/>				

END OF QUESTIONNAIRE

Thank you again for your participation.

Appendix B (Factor Analysis- Barriers to Internationalisation) - Networking and Internationalisation of SMEs in SIDS economies: Evidence from Mauritius

Correlation matrix for the 25 items (barriers) subjected to factor analysis

1	1.000																								
2	.329	1.000																							
3	.454	.271	1.000																						
4	.219	.766	.258	1.000																					
5	.155	.736	.299	.726	1.000																				
6	.209	.618	.240	.606	.714	1.000																			
7	.273	.438	.401	.416	.471	.591	1.000																		
8	.250	.500	.422	.440	.517	.686	.571	1.000																	
9	.306	.212	.472	.222	.362	.447	.563	.543	1.000																
10	.401	.535	.458	.434	.538	.714	.605	.733	.622	1.000															
11	.287	.296	.566	.355	.417	.461	.535	.528	.606	.553	1.000														
12	.191	.377	.293	.343	.469	.462	.461	.608	.624	.634	.596	1.000													
13	.151	.382	.307	.382	.492	.512	.428	.544	.427	.534	.453	.665	1.000												
14	.172	.362	.095	.419	.454	.440	.388	.403	.335	.428	.437	.646	.597	1.000											
15	.220	.322	.329	.239	.344	.455	.427	.582	.459	.498	.583	.557	.546	.532	1.000										
16	.220	.322	.329	.239	.344	.455	.427	.582	.459	.498	.583	.557	.546	.532	.992	1.000									
17	.389	.134	.341	.124	.133	.105	.254	.217	.208	.156	.272	.140	.294	.289	.258	.258	1.000								
18	.241	.134	.263	.092	.311	.162	.254	.289	.361	.318	.293	.376	.444	.350	.335	.335	.419	1.000							
19	.141	.179	.220	.214	.356	.268	.375	.392	.405	.286	.433	.381	.487	.308	.404	.404	.342	.683	1.000						
20	.134	.264	.266	.215	.336	.330	.396	.512	.476	.467	.480	.639	.444	.468	.451	.451	.179	.540	.537	1.000					
21	.141	.191	.244	.230	.355	.290	.355	.487	.432	.348	.483	.414	.417	.300	.464	.464	.331	.568	.694	.610	1.000				
22	.231	.350	.359	.307	.463	.348	.371	.486	.446	.487	.415	.447	.540	.308	.421	.421	.432	.637	.667	.599	.817	1.000			
23	-.006	.136	.127	.100	.229	.207	.211	.376	.141	.178	.402	.320	.232	.326	.437	.437	.060	.358	.429	.397	.405	.352	1.000		
24	.036	.177	.233	.184	.285	.339	.223	.376	.106	.195	.307	.302	.377	.270	.340	.340	.094	.410	.408	.425	.360	.378	.704	1.000	
25	.195	.137	.292	.128	.218	.211	.152	.186	.105	.132	.288	.226	.397	.226	.329	.329	.327	.490	.474	.328	.376	.424	.557	.616	1.000

** The 25 statements have been renamed as 1-25 in the order that they appear under Section I of the survey questionnaire*

Appendix B (Factor Analysis- Barriers to Internationalisation) - Networking and Internationalisation of SMEs in SIDS economies: Evidence from Mauritius

Anti-image correlation matrix for **the 25 items (barriers)** subjected to factor analysis

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
1	.793																								
2	-.284	.844																							
3	-.206	.060	.727																						
4	.007	-.472	-.070	.874																					
5	.212	-.373	-.235	-.211	.868																				
6	.017	.008	.425	-.067	-.446	.805																			
7	.049	-.118	-.108	-.006	.048	-.159	.952																		
8	.059	-.078	-.274	-.071	.120	-.319	.023	.857																	
9	-.099	.222	-.205	.031	-.010	-.185	-.211	-.007	.911																
10	-.225	-.069	-.136	.093	.151	-.416	-.129	-.279	-.022	.872															
11	.010	.111	-.447	-.136	.010	-.160	-.032	.288	-.103	-.124	.867														
12	.001	-.063	.220	.052	-.147	.306	.067	-.198	-.349	-.179	-.230	.880													
13	.173	.014	-.039	.026	.017	-.033	-.030	-.164	.094	.001	-.021	-.315	.878												
14	-.103	.142	.186	-.272	-.096	-.070	-.048	.226	.085	-.040	.035	-.272	-.309	.840											
15	.001	-.018	-.007	.020	.013	-.009	.004	-.013	-.006	.003	-.016	.001	-.016	-.023	.843										
16	.001	-.018	-.007	.020	.013	-.009	.004	-.013	-.006	.003	-.016	.001	-.016	-.023	-.981	.843									
17	-.207	-.006	-.080	.070	.106	.001	-.147	-.259	.068	.277	-.172	.122	.066	-.330	.001	.001	.704								
18	-.095	.065	.013	.143	-.247	.212	.067	.101	-.108	-.232	.176	.056	-.021	-.115	.001	.001	-.197	.874							
19	-.029	.055	.178	-.088	-.041	.032	-.156	-.069	-.107	.155	-.146	.106	-.200	.131	.000	.000	.012	-.374	.915						
20	.117	-.131	-.032	.095	.149	.021	-.060	-.109	-.003	.004	-.063	-.299	.248	-.226	.005	.005	.166	-.163	-.080	.912					
21	-.060	.197	.213	-.081	-.041	.039	-.062	-.298	.004	.229	-.275	.065	.166	-.019	-.015	-.015	.131	-.039	-.157	-.126	.840				
22	.080	-.149	-.116	-.007	-.105	.081	.125	.230	-.080	-.342	.244	.034	-.269	.200	.006	.006	-.335	-.039	-.078	-.156	-.662	.834			
23	.099	-.066	.252	.145	-.102	.297	-.060	-.343	.023	-.010	-.318	.050	.371	-.269	-.015	-.015	.213	.031	-.090	.145	.086	-.143	.707		
24	-.016	.093	-.229	-.058	.101	-.332	-.014	-.031	.186	.223	.091	-.060	-.160	.084	.008	.008	.115	-.175	.056	-.171	.046	-.039	-.509	.809	
25	-.130	.007	-.241	-.039	.096	-.261	.097	.339	.109	.074	.128	-.081	-.248	.175	-.004	-.004	-.208	-.115	-.092	-.055	-.068	.053	-.384	-.152	.798

* The 25 statements have been renamed as 1-25 in the order that they appear under Section I of the survey questionnaire

Appendix B (Factor Analysis- Barriers to Internationalisation) - Networking and Internationalisation of SMEs in SIDS economies: Evidence from Mauritius

KMO and Bartlett's test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.849
Bartlett's Test of Sphericity	Approx. Chi-Square	2078.978
	df	300
	Sig.	.000

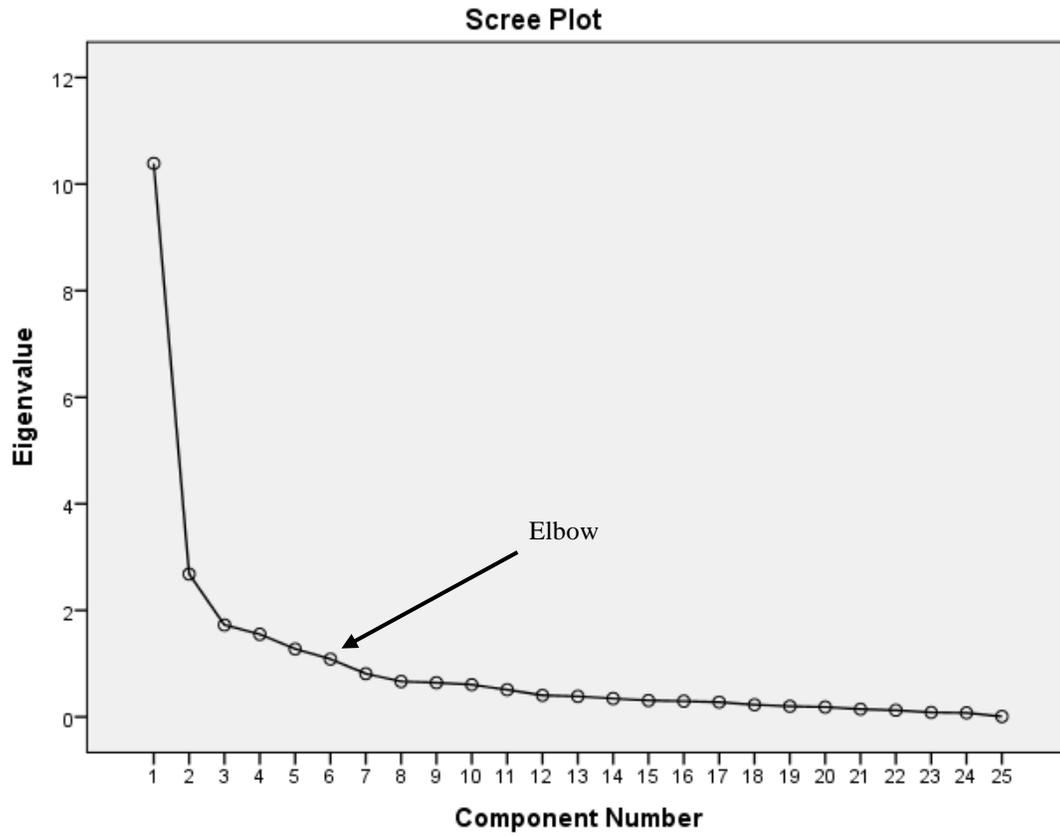
Total variance explained

Component	Initial Eigenvalues		
	Total	% of Variance	Cumulative %
1	10.388	41.552	41.552
2	2.682	10.726	52.278
3	1.725	6.902	59.179
4	1.551	6.203	65.383
5	1.275	5.098	70.481
6	1.085	4.339	74.820
7	.811	3.243	78.063
8	.665	2.658	80.721
9	.642	2.568	83.288
10	.604	2.416	85.704
11	.510	2.039	87.743
12	.405	1.619	89.361
13	.386	1.542	90.903
14	.345	1.379	92.283
15	.308	1.232	93.514
16	.296	1.183	94.697
17	.278	1.111	95.809
18	.228	.912	96.720
19	.199	.798	97.518
20	.185	.738	98.256
21	.145	.578	98.835
22	.125	.498	99.333
23	.083	.332	99.665
24	.076	.303	99.968
25	.008	.032	100.000

Extraction Method: Principal Component Analysis.

Appendix B (Factor Analysis- Barriers to Internationalisation) - Networking and Internationalisation of SMEs in SIDS economies: Evidence from Mauritius

Scree plot



Appendix C (Factor Analysis- Benefits of Networking) - Networking and Internationalisation of SMEs in SIDS economies: Evidence from Mauritius

Correlation matrix for the 23 items (benefits of networking) subjected to factor analysis

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	
1	1.000																							
2	.660	1.000																						
3	.518	.704	1.000																					
4	.559	.425	.406	1.000																				
5	.528	.444	.458	.740	1.000																			
6	.334	.295	.421	.609	.582	1.000																		
7	.357	.474	.569	.420	.473	.657	1.000																	
8	.434	.322	.385	.563	.614	.554	.527	1.000																
9	.356	.335	.417	.406	.444	.599	.587	.607	1.000															
10	.261	.242	.273	.463	.401	.496	.516	.594	.699	1.000														
11	.410	.461	.426	.466	.499	.552	.524	.526	.693	.675	1.000													
12	.330	.326	.395	.230	.312	.430	.553	.401	.622	.646	.652	1.000												
13	.274	.261	.481	.266	.345	.464	.535	.418	.584	.550	.642	.838	1.000											
14	.279	.289	.364	.289	.435	.479	.577	.592	.657	.594	.555	.685	.676	1.000										
15	.202	.262	.301	.234	.365	.374	.501	.528	.610	.596	.539	.639	.679	.703	1.000									
16	.246	.342	.363	.294	.333	.442	.555	.453	.634	.615	.633	.692	.711	.738	.824	1.000								
17	.367	.237	.351	.298	.331	.380	.385	.436	.554	.516	.547	.726	.688	.655	.647	.716	1.000							
18	.359	.295	.374	.371	.417	.394	.450	.523	.621	.534	.591	.610	.704	.724	.707	.777	.779	1.000						
19	.345	.343	.350	.348	.354	.286	.514	.513	.613	.544	.619	.539	.545	.652	.672	.776	.721	.831	1.000					
20	.359	.298	.461	.270	.391	.370	.521	.565	.546	.556	.583	.670	.752	.671	.692	.698	.757	.745	.732	1.000				
21	.443	.453	.446	.408	.453	.347	.549	.515	.463	.487	.584	.545	.624	.564	.681	.660	.573	.657	.721	.754	1.000			
22	.406	.331	.375	.332	.304	.312	.489	.457	.546	.549	.584	.701	.670	.649	.496	.632	.755	.707	.768	.722	.687	1.000		
23	.462	.362	.383	.387	.444	.456	.572	.487	.536	.530	.646	.683	.678	.696	.631	.755	.768	.770	.752	.768	.813	.800	1.000	

* The 23 statements have been renamed as 1-23 in the order that they appear under Section IV of the survey questionnaire

Appendix C (Factor Analysis- Benefits of Networking) - Networking and Internationalisation of SMEs in SIDS economies: Evidence from Mauritius

Anti-image correlation matrix for the 23 items (benefits of networking) subjected to factor analysis

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	
1	.885																							
2	-.442	.751																						
3	.013	-.552	.863																					
4	-.246	-.025	-.004	.816																				
5	-.037	-.017	-.074	-.505	.908																			
6	.090	.122	.000	-.347	-.027	.855																		
7	.082	-.148	-.224	.077	-.017	-.488	.875																	
8	-.145	.092	-.016	-.125	-.134	-.115	-.049	.942																
9	-.167	.098	-.130	.151	.010	-.279	-.020	-.094	.948															
10	.100	.149	.032	-.362	.153	.112	-.087	-.136	-.224	.900														
11	.088	-.340	.129	.086	-.143	-.231	.276	-.055	-.212	-.304	.888													
12	-.094	-.192	.186	.168	-.056	.114	-.193	.086	-.081	-.305	-.059	.905												
13	.014	.381	-.335	-.118	.072	-.003	-.089	.143	.040	.267	-.350	-.512	.834											
14	.092	-.064	.024	.174	-.188	-.039	-.053	-.242	-.101	-.029	.149	-.088	-.037	.958										
15	.052	-.035	.170	.166	-.123	.098	-.065	-.182	-.135	-.128	.132	-.052	-.130	-.130	.892									
16	.175	-.252	.030	-.067	.158	-.161	.092	.143	.027	-.139	.071	-.006	-.206	-.123	-.415	.914								
17	-.082	.104	-.168	-.092	.042	-.206	.334	.067	.046	.106	.101	-.338	.124	.089	-.269	.017	.904							
18	-.011	-.127	.054	-.041	-.047	-.062	.253	-.042	-.090	-.042	.202	.212	-.442	-.147	-.055	.051	-.127	.909						
19	.023	.164	-.014	-.117	.046	.365	-.375	.023	-.163	.169	-.372	.108	.450	.026	-.020	-.379	-.157	-.511	.841					
20	-.051	.071	-.146	.293	-.100	.000	.002	-.255	.113	-.192	.068	.103	-.297	.010	.038	.065	-.277	.039	-.184	.939				
21	.036	-.208	-.011	-.153	.013	.035	.064	-.027	.089	.003	.060	.127	-.198	.180	-.459	.204	.338	.188	-.226	-.233	.880			
22	.042	-.127	.079	-.072	.149	.091	.045	-.095	-.072	-.150	.174	-.143	-.273	-.163	.372	.185	-.221	.153	-.412	.056	-.127	.908		
23	-.234	.220	.098	.099	-.091	-.081	-.228	.125	.149	.115	-.250	-.087	.257	-.160	.221	-.337	-.252	-.273	.236	-.068	-.551	-.265	.883	

* The 23 statements have been renamed as 1-23 in the order that they appear under Section IV of the survey questionnaire

Appendix C (Factor Analysis- Benefits of Networking) - Networking and Internationalisation of SMEs in SIDS economies: Evidence from Mauritius

KMO and Bartlett's test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.891
Bartlett's Test of Sphericity	Approx. Chi-Square	2279.141
	df	253
	Sig.	.000

Total variance explained

Component	Initial Eigenvalues		
	Total	% of Variance	Cumulative %
1	12.663	55.055	55.055
2	2.383	10.361	65.417
3	1.351	5.875	71.291
4	.998	4.340	75.631
5	.726	3.157	78.788
6	.655	2.849	81.637
7	.546	2.372	84.009
8	.516	2.244	86.253
9	.501	2.176	88.429
10	.415	1.802	90.232
11	.341	1.481	91.713
12	.330	1.437	93.150
13	.252	1.097	94.247
14	.238	1.035	95.281
15	.201	.875	96.156
16	.195	.848	97.004
17	.144	.627	97.631
18	.135	.587	98.217
19	.121	.528	98.746
20	.104	.451	99.196
21	.082	.354	99.551
22	.063	.274	99.825
23	.040	.175	100.000

Extraction Method: Principal Component Analysis.

Appendix C (Factor Analysis- Benefits of Networking) - Networking and Internationalisation of SMEs in SIDS economies: Evidence from Mauritius

Scree plot

