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## Challenges of Internationalisation for the SMEs of Bangladesh

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### **Abstract:**

*Bangladesh is one of the developing nations with a GDP growth rate is close to the emerging economy level like Brazil, Russia, India, China and South Africa together commonly known as BRICS. Small and medium size enterprises (SMEs) are the backbone for the development of this economy. As majority of the organisations in this country are considered as SME, the increasing number of internationalisation of SMEs mean the access to the more foreign currencies, increased job and business opportunities, and overall improvement of the size of the GDP. Thus, the purpose of this study is identifying the major challenges of internationalisation for the SMEs of Bangladesh so that the challenges can be mitigate strategically. To meet the purpose of the research the target research population is divided into three categories as current exporters, previous exporters and potential exporters to test the significance of different perceived challenge among three different groups. A questionnaire based mail survey method was used to access data from 103 current exporters using random sampling with 25.75% response rate. Another 100 non-exporters consist of previous and potential exporters were also selected using judgmental sampling techniques. After gathering and analysing all the data from the three groups a list of 39 factors have identified which could be considered as challenges of internationalisation for the SMEs of Bangladesh, although the intensity of these challenges is different among the three targeted groups. The study is conducted among the SMEs in three different regions of Bangladesh namely Dhaka, Chittagong and Khulna division. Therefore, caution should be taken in generalisation of the research. Besides, this research is significantly different from other studies, as the research is intend to cover most industries other than the textile, ready-made garments (RMG) and pharmaceutical industries of Bangladesh. The researchers intentionally omitted these three industries as hundreds of researches are previously conducted based on these three industries and most of the organizations in these three sectors are considered as big enterprise.*

**Keywords:** SMEs, Internationalisation, Export, Internal and external challenges, Bangladesh

### **1. Introduction**

Bangladesh is a lower-middle income developing country. According to the Goldman Sachs, Bangladesh is one of the next eleven (N-11) countries of the world, which signifies that the economic prospect and prosperity of this country is next to the BRICS nations (Goldman Sachs, 2015). Bangladesh got independence from Pakistan in 1971. Within less than 50 years of independence this country managed to get this status because her hard-working population. Moreover, according to the National committee for International Cooperation and Sustainable Development (NCDO) a Netherland based NGO, Bangladesh is one of the most vulnerable countries due to the natural disaster. Every year this country had to undergo several natural disasters. Although these natural disasters cause heavy damage to Bangladesh economy, but still this country managed to maintain GDP growth rate over 6.00% in last six consecutive years. The growth rate was staggering 7.05% in 2016, which is close to the BRICS economies (Trading Economics, 2017).

Small and medium size enterprises (SMEs) are the backbone of the Bangladesh economy. According to the report of International Monetary Fund (IMF) in 2012, SME encompassed 99% percent of the private sector industries and created 70-80% of non-agricultural job in Bangladesh (Alauddin & Chowdhury, 2015). This signifies that the growth of SMEs is quite impressive as Ahmed (2003) suggested that in 2001 SMEs encompassed 90% of the industrial sectors comparing to only 60% in 1980. 93.6% of these SMEs are small and only 6.4% can be consider as a medium size enterprise (Rahman M. F., 2015). In 2006, SMEs contributed 25% of GDP and generated 85% of industrial jobs in Bangladesh (Alam & Ullah, 2006). Although, the number of SMEs are increasing day-by-day, and their contribution to GDP also improving, but the presence of SMEs in international business operation is still limited. Other than some companies of the textile, readymade garments (RMG) and pharmaceutical industries most of the small and medium size companies are only operating in Bangladesh. Basically, till data not many data available to explain, how many Bangladeshi companies are operating in the international market, but as Bangladesh Garments Manufacturer and Exporters Association (BGMEA) and Bangladesh Knitwear Manufacturer and Exporters Association (BKMEA) claimed that the RMG sector is almost cent percent export

oriented, then it can be presumed that many SMEs in this industry are exporting goods to the international market. On the other hand, the recent report of the International Trade Administration (ITA, 2016), the pharmaceutical industries of Bangladesh are quite large and exporting products around 85 countries of the world.

Surprisingly, not too many data available about how other industries are performing worldwide, especially the SMEs. Here, lies the significance of this study. This study in an attempt to identify the major challenges that the SMEs of different sectors of Bangladesh may face in different cycle of internationalisation, basically through exporting. For simplification reason, this study does not examine the SMEs of textile, RMG and Pharmaceutical sectors as these industries already performing very well in contributing heavily to the GDP of Bangladesh and many previous researches conducted based on these three sectors.

## 2. Definition of SMEs in Bangladesh

The definition of SMEs for Bangladesh, differs from European Union standard. According to the EU, a company with 50 employees and turnover around €10 million is considered as small size enterprise, while employee numbers below 250 and with a turnover at least €50m are known as the medium size enterprise (Liikanen, 2003). But due to difference of various economic parameters the ministry of industry of Bangladesh and Bangladesh Bank (The central Bank of Bangladesh) define SMEs differently. The next two tables given below shown the definition of SMEs in Bangladesh.

### 2.1. Small Size Enterprise

| Serial | Sector                            | Fixed Asset other than Land and Building (Tk.) | No. Employed Manpower (not above) |
|--------|-----------------------------------|--|-----------------------------------|
| 1      | Service/Business                  | 500,000 – 10,000,000                           | 10-25                             |
| 2      | Manufacturing Industry/Enterprise | 5,000,000 – 100,000,000                        | 25-99                             |

Table 1: Small Size Enterprise Definition; Source: (BDnews24, 2011; Rahman M. F., SME: new definition to herald new life, 2011)

### 2.2. Medium Size Enterprise

| Serial | Sector                            | Fixed Asset other than Land and Building (Tk.) | No. Employed Manpower (not above) |
|--------|-----------------------------------|--|-----------------------------------|
| 1      | Service/Business                  | 10,000,000 – 150,000,000                       | 50-100                            |
| 2      | Manufacturing Industry/Enterprise | 100,000,000 – 300,000,000                      | 100-300                           |

Table 2: Medium Size Enterprise Definition. Source: (BDnews24, 2011; Rahman M. F., SME: new definition to herald new life, 2011)

Bangladesh is a country of huge population and because of this large number of population the labour cost is very cheap in compare to other neighbouring nations. Therefore, number of small and medium size enterprises are continuing to be up every year to take the lower cost labour advantages. Previously it was really hard to get funding for SME development. Generally, the financial institutes were reluctant of providing funds for SME development as SMEs are considered as high-risk borrower because of low asset and capital and insufficient collateral (Rikta, 2007). But the government of Bangladesh made getting bank fund easier for SME development after 2005, especially when they decided to empower more SMEs of some particular sectors. In 2005 the government of Bangladesh identified eleven positive sectors which have high potentiality to grow. These industries were electrical and electronics, lightening, software developing, agro-food processing, leather, readymade garment, plastic and synthetics, healthcare, pharmaceutical, educational service and high fashion industries. To encourage growth of SMEs in these sector the government of Bangladesh had taken some measures that time including SMEs loan, tax redemption policies etc. (Haque, 2012).

## 3. SMEs Internationalisation and Exporting

'Internationalisation' in business refers as cross border trading which creates added value on different products and services (Welch & Luostarinen, 1988). Mathews (2006) narrated internationalisation is a process of becoming integrated in international economic activities. Internationalisation is the outcome of dynamic interaction between institutes and organisations across the world (Yamakawa, Peng, & Deeds, 2008). In the last two decades, hundreds to thousands of companies started their international operation (Rundh, 2007; Tam, Zeng, Xie, & Wan, 2009) to gain different economic, cultural and operational benefits from the foreign markets. Previously there was a common notion that only the big firms compete internationally, while small and medium size firms concentrate on regional and local markets, but the perception has changed in recent years, basically due to the blessings of globalisation (Dicken, 2014) and the advancement of information technologies (Castells, 2000). The idea of globalisation makes the world economy more integrated (Lu & Beamish, 2001), which results large number of big companies of developed countries are now dependent of the performance of the various SMEs of the developing countries due to the increase number of outsourcing or offshoring activities. Welch and Luostarinen (1988) mentioned this internationalisation is a sequential process by which firms become committed to work in the international market, while Johanson and Vahlne (1990) view internationalisation as a development of network through business relationship which is done through business integration and market penetration. Therefore, internationalisation is process of developing operational, managerial, economic and technical capacities and capabilities (Ruzzier, Hisrich, & Antonicic, 2006) by

establishing a sequential network (Welch & Luostarinen, 1988) for business integration through market penetration and vertical integration (Johanson & Vahlne, 1990; Buckley & Casson, 1995).

According to the Uppsala model this business networking or internationalisation processes start firstly by gaining experiences from the local market, then gradually operating in different geographically close markets by using different intermediaries and then directly (Johanson & Wiedersheim-Paul, 1975). On the other hand, the contingency approach of internationalisation identifies that a firms' approach to the international market is based on market opportunities disregarding to close geographic location (Okoroafo, 1990). The establishment of the business networks internationally can be done through exporting, licensing, joint venturing, franchising, foreign direct investment and different other ways.

Among them exporting is the most popular and commonly used practice of internationalisation especially among the SMEs (Westhead, 2008; Eusebio, Andreu, & Belbeze, 2007). Kazem and Heijden (2006) noted that for the developing nations exporting worked as vehicle of international business growth. Exporting is an important internationalisation strategy for both firm level and national level. For the firms, in the developing nation; different exporting strategies not only help to avoid intensive global competition that other form of internationalisation offer, but also exporting strategies provide the opportunities of growing internationally using minimum resources and capacities. Exporting strategies also helpful in developing managerial capabilities, promoting innovation by adopting new technologies and overall increasing profit compare to going business only in the home market (Lages & Montgomery, 2004). On the other hand, the exporting helps the government of a developing nations to minimise trade deficit, developing sound relationship with many countries, and increase foreign reserve (Morgan & Katsikeas, 1997; Czinkota, 1994).

#### **4. Challenges in SMEs Export Operation**

The success for SMEs export operation depends on firm level strengths as well as business level opportunities and challenges. A favourable business environment both in home and foreign markets is very important for getting success in international business operation for the SMEs. An unfavourable business environment in home or international market hurts more to the SMEs than to a large company in international operation (Wilkinson & Brouters, 2006). In export operation, most of SMEs face different challenges or barriers. These challenges can be differentiated into two broad categories namely internal barriers and external challenges (Leonidou, 2004; Leonidou, 1995).

##### *4.1. Internal Barriers*

The internal barriers are often considered as firm level challenges which associated with organisational resource, capabilities and exporting strategies of an exporting organisation. The internal barriers of a firm depend on the resource base view (RBV) of an organisation. The RBV framework suggests that a firm encompasses with various tangible and intangible resources (Wernerfelt, 1984). A firm rich with both tangible and intangible resources, observe less barriers in internationalisation process. In considering the firm level challenges Okpara and Koumbiadis (2009) identified, lack of export market knowledge is the main barriers of export operation for the SMEs of developing nation. Bilkey and Teaser (1977) pointed out that, insufficient experience of international operation for SMEs creates additional worries in both short and long run. In this notion Morgan and Katsikeas (1997) added that the inexperience management team of SMEs always find difficulties to identify the market gap and opportunities. Leonidou (1995) identified poor and inappropriate export strategies and inadequate internal resources to face external challenges also responsible for hardship in internationalisation process. Almost all the studies about SMEs internationalisation and export operation indicated the lack of working capital relating finance is the major firm level challenges of the SMEs (Pankaj & D'Souza, 2009; Leonidou, 2004; Okpara & Koumbiadis, 2010; Morgan & Katsikeas, 1997; Leonidou, 1995).

Besides financial and human skills different operational obstacles like lack of brand recognitions, inadequate marketing research activities, inability to use the marketing mix properly are also considered as a firm level challenges for SMEs internationalisation (Morgan & Katsikeas, 1997). On the other hand, Pinho and Martins (2010) found that SMEs which have insufficient ICT infrastructure always find difficulties to find out international market opportunities due to lack of market information. Leonidou (2004) also identified this issue, where he suggested that lack of market information could be a big issue that deprives many SMEs of getting more business in comparing to the large companies. Besides, many challenges like problematic international market data, inability of identify foreign business opportunity, lack of contract with overseas customers, lack of time of management to deal with export, untrained workforces for export management, inability to meet excess production capabilities, lack of capabilities to produce new products for the foreign markets, inability to adopt export oriented product design, failure of products to meet the export standard, inability of meeting export packaging or levelling requirements, incompetence of providing after sales services, inability of offer products in competitive price, lack of ability of offer credit facilities to the foreign customer, complexity in foreign distribution channel, lack of accessibility to appropriate distribution channel, difficulty to supply inventory abroad, inaccessibility to required warehouse in foreign lands, excessive transport and insurance cost, and lack of export oriented promotional mix can also be considered as internal barriers of internationalisation for the SMEs (Leonidou, 1995; Leonidou, 2004).

##### *4.2. External Barriers*

In export operation SMEs also face immense challenges due to several external barriers. These external barriers, often known business level challenges associated with political, economic, social, technological, environmental and legal issues (together commonly known as PESTEL issues) of both home and host countries (Leonidou, 2004; McManus, White, & Botten, 2008). In different stage of internationalisation SMEs face different economic challenges regarding foreign currency rate fluctuations, different tax and tariff related issues (Okpara & Koumbiadis, 2010). Besides the inflation rate of home country and host countries are yearly adjusted

(Kyophilavong, Sanesouphap, Suvannaphakdy, & Nakiengchan, 2007), which may also create some hurdle for the SMEs operating internationally. Leonidou (2004) identifies different business environment related issues which challenges the SMEs in internationalisation process. Infact he identified 39 export related challenges form 32 empirical observation among them 15 of them are challenges related to the business environment which includes unfamiliarity on documentation and legal requirements for export, miscommunication or problematic communication with the overseas customers, inadequate home government support, foreign customer's different attitude and behaviour, lack of contemporary government rules and regulation on exporting, language and cultural difference of international market, tariff and non-tariff barriers, political instability of the international market, slow payment form overseas partner, different cultural traits, unfamiliar business condition, foreign currency exchange rate fluctuation, strict foreign market environment, hard competition in the foreign market and poor economic condition of the foreign market.

Besides these issues, most of the Bangladeshi companies usually face challenges in exporting due to unsettled political condition of Bangladesh, complexity on legal procedure, Inadequate financial support from financial institute for exporting, lack of infrastructure and express delivery service, lack of training facilities, language and cultural difference, and inadequate technologies and warehouse facilities (Rahman, Lodorfos, & Uddin, 2013).

## 5. Hypothesis Development

Based on the literature review we have identified overall 47 potential challenges of internationalisation for the SMEs of Bangladesh which are enlisted on table 3 below. Among them 29 factors can be considered as internal barriers and another 18 factors as external challenges, especially when exporting is the primary way to access the foreign market. Therefore, our hypothesis for this study is-

Ho<sub>(null)</sub> – Each of the identified components do not create any challenges for the SMEs of Bangladesh in internationalisation process.

Ha<sub>(alternative)</sub> – Each of the identified components create significant challenges for the SMEs of Bangladesh in internationalisation process.

| Internal   | External   |
|--|--|
| <ol style="list-style-type: none"> <li>1. Lack of organisational resource and capabilities (Leonidou, 2004);</li> <li>2. Inappropriate exporting strategies (Leonidou, 2004);</li> <li>3. Lack of export market knowledge(Okpara, 2009; Okpara &amp; Koumbiadis, 2010);</li> <li>4. Fear and insufficient experience of international business operations (Bilkey and Teaser,1977);</li> <li>5. Insufficient ICT infrastructures (Pinho and Martins, 2010);</li> <li>6. Inability to use the marketing mix properly (Morgan &amp; Katsikeas, 1997);</li> <li>7. Inexperience Management team (Morgan and Katsikeas, 1997);</li> <li>8. Lack of working capital or finance (Pankaj &amp; D'Souza, 2009; Leonidou, 2004; Okpara &amp; Koumbiadis, 2010; Morgan &amp; Katsikeas, 1997);</li> <li>9. Lack brand recognition (Morgan &amp; Katsikeas, 1997);</li> <li>10. Insufficient market research activities (Morgan &amp; Katsikeas, 1997);</li> <li>11. Problematic international market data (Leonidou, 2004);</li> <li>12. Inability of identify foreign business opportunity (Leonidou, 2004);</li> <li>13. Lack of contract with overseas customer (Leonidou, 2004);</li> <li>14. Lack of time of management to deal with export (Leonidou, 2004);</li> <li>15. Untrained workforces for export management (Leonidou, 2004);</li> <li>16. Inability to meet excess production capabilities (Leonidou, 2004);</li> <li>17. Lack of capabilities to produce new product for the foreign markets (Leonidou, 2004);</li> <li>18. Inability to adopt export product design (Leonidou, 2004);</li> <li>19. Failure of products to meet the export standard (Leonidou, 2004);</li> <li>20. Inability of meeting export packaging or levelling requirements (Leonidou, 2004);</li> </ol> | <ol style="list-style-type: none"> <li>1. Tax and tariff related issues(Okpara &amp; Koumbiadis, 2010);</li> <li>2. Inflation rate of home country and host countries (Kyophilavong, Sanesouphap, Suvannaphakdy, &amp; Nakiengchan, 2007);</li> <li>3. Unfamiliarity on documentation and legal requirements for export (Leonidou, 2004);</li> <li>4. Miscommunication or problematic communication with the overseas customers (Leonidou, 2004);</li> <li>5. Inadequate home government support (Leonidou, 2004);</li> <li>6. Foreign customer's different attitude and behaviour (Leonidou, 2004);</li> <li>7. Lack of contemporary government rules and regulations on exporting (Leonidou, 2004);</li> <li>8. Language and cultural difference of international market (Leonidou, 2004; Rahman, Lodorfos, &amp; Uddin, 2013);</li> <li>9. Political instability of the international market (Leonidou, 2004);</li> <li>10. Slow payment from overseas partner (Leonidou, 2004);</li> <li>11. Unfamiliar business condition (Leonidou, 2004);</li> <li>12. Foreign currency exchange rate fluctuation (Leonidou, 2004);</li> <li>13. Strict foreign market environment (Leonidou, 2004);</li> <li>14. Hard competition in the foreign market (Leonidou, 2004);</li> <li>15. Poor economic condition in some foreign markets (Leonidou, 2004);</li> <li>16. Instable political condition of home country (Rahman, Lodorfos, &amp; Uddin, 2013);</li> <li>17. Inadequate SME finance for exporting (Rahman, Lodorfos, &amp; Uddin, 2013);</li> <li>18. Lack of infrastructure and express delivery service availability (Rahman, Lodorfos, &amp; Uddin, 2013).</li> </ol> |

21. Incompetence of providing after sales services (Leonidou, 2004);
22. Inability to offer products in competitive price (Leonidou, 2004);
23. Lack of ability of offer credit facilities to the foreign customer (Leonidou, 2004);
24. Complexity in foreign distribution channel (Leonidou, 2004);
25. Lack of accessibility to appropriate distribution channel (Leonidou, 2004);
26. Difficulties to supply inventory abroad (Leonidou, 2004)
27. Inaccessibility of warehouse in foreign lands (Leonidou, 2004);
28. Excessive transport and insurance costs (Leonidou, 2004)
29. Lack of export oriented promotional mix (Leonidou, 2004).

*Table 2: Internal Barriers and External Challenges of SMEs*

## 6. Research Methodology

In this study, we have examined the intensity of these challenges for among the exporting and non-exporting SMEs of Bangladesh. Here we defined non-exporting SMEs as previous exporters and potential exporters, where previous exporters mean those companies whose were engaged in exporting previously, but now temporarily or permanently suspended the international market operations and potential exporters are those companies that have potentiality to export in future and expressed their interest in exporting through different mediums. In the questionnaire, we asked to mark the intensity of the challenges in 1-10 point Likert scale, where 1 means less perceived challenge and 10 means more perceived challenge from the particular factor. All the data were collected from three different regions of Bangladesh including Dhaka, Chittagong and Khulna divisions. Using the random sampling we have collected data from 103 current exporters. Around 400 emails were sent to our identified current exporters, but only 118 people replied back the answer of the questionnaire, among which 103 replies were found to be useable as 15 respondents did not answer maximum questions. Therefore, the response rate in this segment were only 25.75% which is not uncommon in mail survey studying international operation (Armstrong & Overton, 1977).

On the other hand, to identify non-exporter we have used judgmental sampling to identify 50 previous exporters and 50 potential exporters from these three regions. All these participating firms belong to Bangladesh Banks defined SME category. The data were collected from January 2015 to August 2015.

The rationale of using judgmental or purposive sampling was to get the accurate data from the accurate population which result in save of valuable time, and access to reliable data from verified resources. As in this research we omitted textile, RMG and pharmaceutical sectors; the judgmental sampling techniques were found to be more effective selecting the target population initially. Then we randomly chosen 50 previous exporters and 50 potential exporters from our initially screened target population.

Before sending the questionnaire, we have conducted a small-scale pretesting among five academics located in UK, and five practitioners from Bangladesh to test the reliability of the questionnaire. The Cronbach's Alpha of that reliability test was 0.851. The pre-tested Cronbach's Alpha proved that the internal consistency of the questionnaire was around 85.1% which was highly satisfactory on reliability test (Carmines & Zeller, 1979), therefore we send this questionnaire to our potential respondents.

## 7. Data Analysis and Findings

In this study 79 participating firm were from Dhaka, where number of participating SMEs from Chittagong and Khulna regions were 73 and 51 respectively. Among 203 participating firm 103 were current exporters, 50 firms were previous exporters and 50 firms were potential exporters. In the Chittagong region, most of the found respondents were current exporters, where maximum number of previous and potential exporters were found from Dhaka region (refer to table 4).

| Respondents in Different Regions |            |                              |                    |                     |       |
|----------------------------------|------------|------------------------------|--------------------|---------------------|-------|
|                                  |            | Type of Internationalisation |                    |                     | Total |
|                                  |            | Current Exporters            | Previous Exporters | Potential Exporters |       |
| Location                         | Dhaka      | 31                           | 22                 | 26                  | 79    |
|                                  | Chittagong | 45                           | 18                 | 10                  | 73    |
|                                  | Khulna     | 27                           | 10                 | 14                  | 51    |
| Total                            |            | 103                          | 50                 | 50                  | 203   |

*Table 3: Location and Internationalisation Cross-tabulation*

140 out of 203 participating SMEs, belong to either service or business sector, while rest 63 firms were engaged in manufacturing products or raw materials. Out of 140 respondents from business and service sectors, 69 firms were found to be current exporters rest 35 and 36 firms were previous and potential exporters respectively. On the other hand, most of the firms in manufacturing industry were found to be current exporters (refer to table 5).

According to the definition of SMEs set by government of Bangladesh, a total 77 participating firms were identified as small size enterprise among them 49 belongs to business or service industry and 28 belongs to manufacturing industry. On the other hand, the rest 126 firms were identified as medium size industry based on the number of workers. Among this 126 firms 91 firms belongs to service or business industry and 35 firms belongs to manufacturing industry (refer to figure 1).

| Number of Respondents in Different Business Functions |                    |                  |                                     |       |
|---|--------------------|------------------|-------------------------------------|-------|
|   |                    | Type of Industry |                                     | Total |
|   |                    | Service/Business | Manufacturing Industry / Enterprise |       |
| Type of Internationalisation                          | Exporter           | 69               | 34                                  | 103   |
|   | Previous Exporter  | 35               | 15                                  | 50    |
|   | Potential Exporter | 36               | 14                                  | 50    |
| Total   |                    | 140              | 63                                  | 203   |

Table 4: Internationalisation and Type of Industry Cross-tabulation

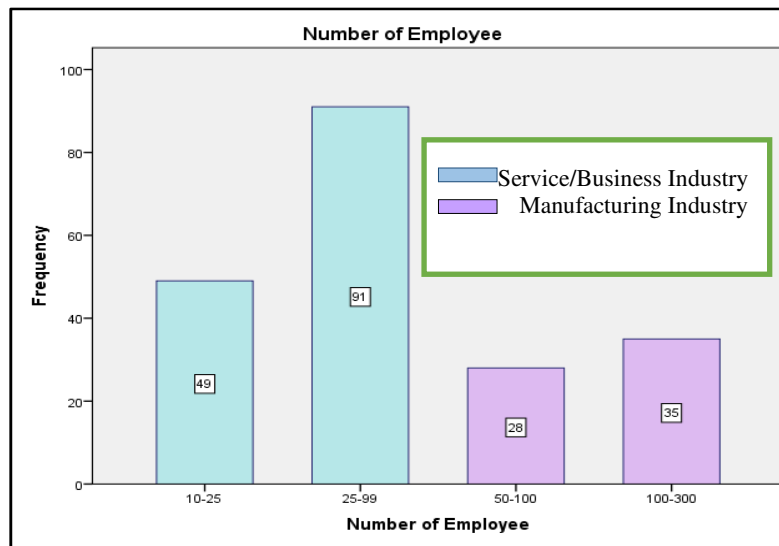


Figure 1: Number of Employees in different industry

Overall our research findings suggest that the instable political condition of Bangladesh (mean – 8.95) generates maximum challenges in conducting business operation in international market, followed by tax and tariff related issues (mean – 8.67). Insufficient market research (mean – 8.43), lack of working capital and finance (8.28), brand recognition (mean – 8.05) organisational resource and capabilities (mean – 8.03), strict foreign market environment (mean - 8.00), Hard competition in the foreign market (mean - 7.71), Foreign currency exchange rate fluctuation (mean- 7.70) and Inflation rate of home country and host countries (mean – 7.65) are the top ten challenges of internationalisation according to the mean score. On the other hand problematic international market data (mean – 3.55), Lack of ability of offer credit facilities to the foreign customer (mean – 3.55), Incompetence of providing after sales services (mean – 4.63), Foreign customer’s different attitude and behaviour (mean - 4.69) and Insufficient ICT infrastructure (mean – 4.70) are the bottom five factors (according to the mean score) that create challenges in internationalisation process for the SMEs of Bangladesh.

All our three research groups marked challenges of internationalisation in different ways. The data gathered from current exporters illustrated that instable political conditions of Bangladesh, tax and tariff related issues, insufficient market research activities, lack of working capital or finance, lack of brand recognitions, lack of organisational resource and capabilities, inadequate SME finance for exporting, hard competition in the foreign market, and foreign currency exchange rate fluctuation as top ten perceived challenges of internationalization for this group. On the other hand, inability to adopt export product design, poor economic conditions of the foreign market, problematic international market data, insufficient ICT infrastructure, lack of ability of offer credit facilities to the foreign customers were the five factors that generated least perceived challenge on the way of their internationalisation process (Refer to table 6).

Previous Exporters marked instable political condition of Bangladesh, inflation rate of home country and host countries, inability of meeting export packaging or levelling requirement, tax and tariff related issues, inability to adopt export product design, lack of capabilities to produce new product for the foreign markets, unfamiliarity on documentation and legal requirements for export, lack of working capital or finance, lack of brand recognitions, and strict foreign market environment as the top ten challenges of internationalisation, while foreign customer’s different attitude and behaviour towards Bangladeshi products, lack of ability of offer credit facilities to the foreign customers, lack of contract with overseas customers, and incompetence of providing after sales services were found to be the factors that created least challenges to this particular group when they were previously involved in export operations (Refer to table 6).

| Descriptive Statistics: Difference in Mean Score between three Groups          |         |                  |                   |                    |
|--|---------|------------------|-------------------|--------------------|
|  | Overall | Current Exporter | Previous Exporter | Potential Exporter |
| Lack of organisational resource and capabilities                               | 8.03    | 8.11             | 7.62              | 8.30               |
| Inappropriate exporting strategies   | 7.07    | 6.68             | 7.40              | 7.54               |
| Lack of export market knowledge  | 6.05    | 6.92             | 4.46              | 5.86               |
| Fear and insufficient experiences of international operation                   | 6.64    | 6.13             | 5.70              | 8.62               |
| Insufficient ICT infrastructures   | 4.70    | 3.35             | 6.22              | 5.96               |
| Inability to use the marketing mix properly                                    | 7.48    | 7.46             | 6.56              | 8.44               |
| Inexperienced Management team  | 6.74    | 6.23             | 6.26              | 8.28               |
| Lack of working capitals or finance  | 8.28    | 8.43             | 8.18              | 8.08               |
| Lack of brand recognitions   | 8.05    | 8.23             | 8.02              | 7.70               |
| Insufficient market research activities  | 8.43    | 8.71             | 7.76              | 8.54               |
| Problematic international market data  | 3.55    | 3.49             | 3.30              | 3.94               |
| Inability to identify foreign business opportunities                           | 5.92    | 5.33             | 5.88              | 7.16               |
| Lack of contract with overseas customers                                       | 4.75    | 4.62             | 4.38              | 5.40               |
| Lack of time for management team to deal with exports                          | 5.22    | 4.45             | 5.92              | 6.10               |
| Untrained workforces for export management                                     | 5.99    | 5.84             | 6.08              | 6.18               |
| Inability to meet excess production requirements                               | 7.04    | 7.51             | 7.34              | 5.76               |
| Lack of capabilities to produce new product for the foreign markets            | 6.37    | 4.71             | 8.58              | 7.58               |
| Inability to adopt export-oriented product design                              | 6.17    | 4.04             | 8.76              | 7.96               |
| Failure of products to meet the export standard                                | 6.74    | 5.94             | 7.58              | 7.56               |
| Inability of meeting export packaging or levelling requirements                | 7.63    | 6.76             | 8.86              | 8.20               |
| Incompetence of providing after sales services                                 | 4.63    | 4.63             | 4.36              | 4.88               |
| Inability to offer products in competitive price                               | 5.49    | 4.74             | 6.74              | 5.80               |
| Lack of ability of offering credit facilities to the foreign customers         | 3.55    | 3.32             | 4.40              | 3.18               |
| Complexity in foreign distribution channels                                    | 5.24    | 5.84             | 3.22              | 6.00               |
| Lack of accessibility to appropriate distribution channels                     | 6.20    | 6.13             | 6.28              | 6.28               |
| Difficulties to supply inventory abroad  | 6.37    | 6.62             | 6.04              | 6.18               |
| Inaccessibility of required warehouse in foreign lands                         | 6.50    | 6.06             | 6.98              | 6.92               |
| Excessive transport and insurance costs  | 6.78    | 6.69             | 7.22              | 6.52               |
| Lack of export oriented promotional mix  | 5.32    | 4.90             | 5.50              | 6.00               |
| Tax and tariff related issues  | 8.67    | 8.96             | 8.80              | 7.96               |
| Inflation rate of home country and host countries                              | 7.65    | 7.15             | 8.86              | 7.48               |
| Unfamiliarity on documentation and legal requirements for export operations    | 7.42    | 6.41             | 8.30              | 8.62               |
| Miscommunication or problematic communication with the overseas customers      | 5.24    | 4.21             | 6.92              | 5.66               |
| Inadequate home government supports  | 7.23    | 6.76             | 7.70              | 7.74               |
| Foreign customer's different attitude and behaviour                            | 4.69    | 4.28             | 4.40              | 5.84               |
| Lack of contemporary government rules and regulation on exporting              | 7.35    | 7.50             | 7.00              | 7.38               |
| Language and cultural difference in international market                       | 6.66    | 7.16             | 5.80              | 6.48               |
| Political instability in the international market                              | 5.43    | 5.90             | 4.52              | 5.38               |
| Slow payment from overseas partners  | 5.09    | 5.56             | 4.64              | 4.56               |
| Unfamiliar business conditions in foreign market                               | 6.76    | 6.69             | 6.38              | 7.28               |
| Foreign currency exchange rate fluctuation                                     | 7.70    | 7.73             | 7.56              | 7.80               |
| Strict foreign market environment  | 8.00    | 7.81             | 8.00              | 8.38               |
| Hard competition in the foreign markets  | 7.71    | 7.76             | 7.80              | 7.52               |
| Poor economic condition in some foreign markets                                | 5.48    | 3.84             | 7.76              | 6.56               |
| Instable political condition of Bangladesh                                     | 8.95    | 8.96             | 9.42              | 8.46               |
| Inadequate SME finance for exporting   | 7.53    | 7.99             | 7.24              | 6.88               |
| Lack of infrastructure and express delivery service availability in Bangladesh | 6.97    | 7.31             | 7.58              | 5.66               |
| Valid N (listwise)   | 203     | 103              | 50                | 50                 |

Table 5: Descriptive Statistic of Challenges of Internationalisation for the SMEs of Bangladesh

\*Top 10 challenges of each groups are coloured in Green and bottom 5 are in Red colour

One the other hand, our third research group the potential exporters of Bangladesh thought fear and insufficient experience of international operation, unfamiliarity on documentation and legal requirements for export, insufficient market research activities, instable political condition of Bangladesh, inability to use the marketing mix properly, strict foreign market environment, lack of organisational resource and capabilities, inexperience management team, inability of meeting export packaging or levelling

requirements, and lack of working capitals or finance were the factors that might create the major challenges for internationalisation. On the contrary, this research group marked political instability of the international market, incompetence of providing after sales services, slow payment from overseas partners, problematic international market data, and lack of ability of offering credit facilities to the foreign customers as the factors that might create least amount of challenges when they would start the export operations in the near future (Refer to table 6).

### 7.1. Hypothesis Testing

Finally, to test the significance of all 47 identified challenges of internationalisation for the SMEs in the context of Bangladesh we have conducted one-way ANOVA test, as this type of statistical test allow researchers to test the mean scores of more than two groups (here we have three as current exporters, previous exporters and potential exporters), which use F distribution to check the difference between two or more mean scores (Piaw, 2013). The result of the ANOVA test suggested that in the context of Bangladesh factor like problematic international market data ( $F = 1.37$ ;  $\text{sig} = 0.26$ ), untrained workforce for export management ( $F = 0.38$ ;  $\text{sig} = 0.69$ ), incompetence of providing after sales services ( $F = 1.56$ ;  $\text{sig} = 0.21$ ), difficulty to supply inventory abroad ( $F = 1.87$ ;  $\text{sig} = 0.16$ ), lack of accessibility to appropriate distribution channels ( $F = 0.19$ ;  $\text{sig} = 0.83$ ), lack of contemporary government rules and regulation on exporting ( $F = 2.44$ ;  $\text{sig} = 0.09$ ), foreign currency exchange rate fluctuation ( $F = 0.44$ ;  $\text{sig} = 0.65$ ) and hard competition in the foreign market ( $F = 0.87$ ;  $\text{sig} = 0.42$ ) are not creating any significant impact on our testing to reject the null hypothesis (Refer to Appendices I) as the significance level of these challenges is over 0.05 level. This means although some of these factors have higher mean score, but these mean scores do not provide enough evidence that these factors may create any significant challenges for the SMEs of Bangladesh in internationalisation process.

Therefore, out of the 47 internal and external components 39 factors proved to be the challenges of internationalisation for the SMEs of Bangladesh. Figure 2 graphically showed the list of these challenges with the mean score.

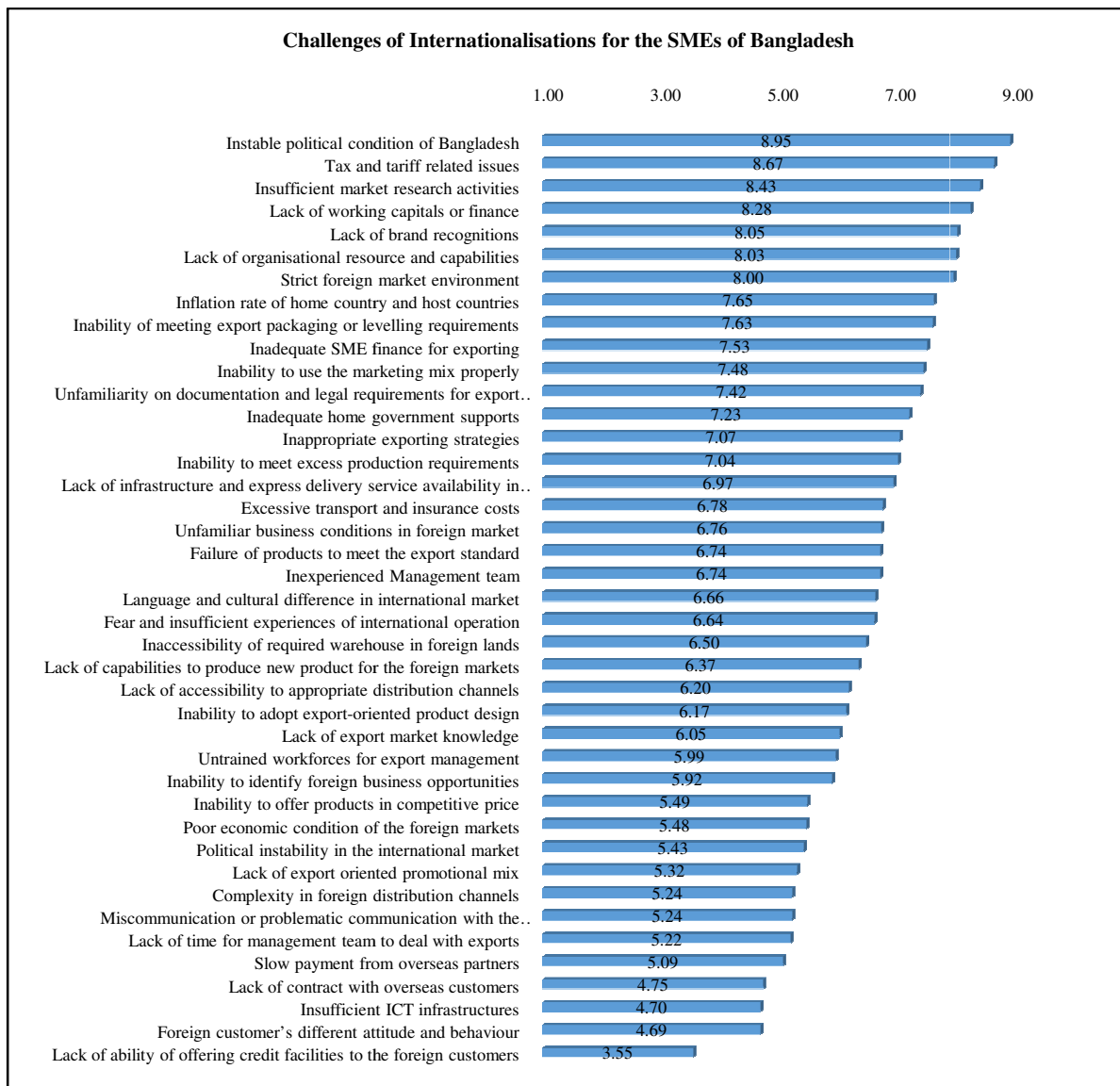


Figure 2: Challenges of Internationalisation for the SMEs of Bangladesh



## 8. Discussion

In our research, we have identified 39 challenges of internationalisation for the SMEs of Bangladesh. This section provides the discussion about the top ten challenges of internationalisation for the SMEs of Bangladesh.

Our research findings suggest that instable political condition of Bangladesh is the major challenges of internationalisation for the SMEs of Bangladesh. This political instability is not only bad for the SMEs in internationalisation process, but also for any business directly or indirectly linked with Bangladesh. Different political chaos like strikes (Hartal), blockages, vandalising public transports are very common incidents in Bangladesh. Some policy makers of Bangladesh suggest that because of these political instability Bangladesh were unable to cross the 6.00 percent growth gate for last few years which could be a major setback to achieve the goal of being a middle-income country by the year 2021 (FE Report, 2016; Khatun, 2015; Khatun, 2014).

Tax and tariff relates issues are one of the major perceived challenges of internationalisation for the SMEs of Bangladesh in our research findings. Generally paying excessive tax and tariff in exporting to international market a challenge for any company, but it is even harder for the small and medium size enterprises. Although in different regions of the world Bangladeshi products are enjoying duty free entry access, but in the year 2013, the closure of GSP (Generalised System of Preferences) facilities to US market is a major setback for the country (Ovi, 2017). The European Union also threatened Bangladesh of GSP suspension over the labour rights in Bangladesh (BDnews24, 2017).

Market research is an important element of getting success in any sort of new business activities. But marketing research always needs some sort of financial resource and human resource capabilities, which most of the SMEs of Bangladesh are reluctant to spend and utilise especially in the foreign market.

Lack of working capital, brand recognition, organisational resource and capabilities are always been the issues for the SMEs across the world, especially for the SMEs located in developing and under developed nations. Our research result in the context of Bangladesh also shown that lack of these resources causes SMEs a lot of hurdles especially in the international operation. When a company engages in international operation, it needs to obey certain rules and regulations set by the foreign countries. Some countries become protectionist to the local companies and discriminate to the foreign companies. Therefore, sometimes things become very strict for the SMEs in doing business in foreign countries. Inflation rate of any country is yearly adjustable. In most case inflation rate goes up every year, which results more production cost, more export duties, more transport and distribution cost, loss of low cost advantages and overall reduction of revenue. This type of incidents is very hurtful for the SMEs, especially for the SMEs of Bangladesh as SMEs of this country is low in financial resources comparing to the developed and emerging economy due to the difference of economical parameters. Inability to meet export packaging and levelling requirement is another top ten perceived challenges in our research. The statistics suggest that the previous and potential exporters marked this factor higher as perceived challenge than the current exporters. As different countries have the different packaging requirements based on the language and culture of those countries, exporting in different geographical region required higher initial investment for meeting packaging and levelling requirements, which many SMEs in Bangladesh are reluctant to spend. In general, financial institutes of Bangladesh were reluctant of financing SMEs before 2005, but after government of Bangladesh decided to empower SMEs and identified eleven promising sectors for SME development, it becomes easier for the SMEs to get finance for business operations. But as financial institute is not a big risk takers, they are still reluctant to provide loan to the SMEs in international business operations.

The rest 29 challenges also create hurdles in different stages of internationalisation process for the SMEs of Bangladesh. As Bangladesh is one of the next eleven countries, for her real development, the development of SMEs is a must. Therefore, SMEs should be offered much more supports from the government of Bangladesh, different financial institute, and various external funding organisations to overcome these challenges in long run. If the intense of all these 39 challenges can be reduced effectively, then very soon this country can be middle income developing country.

## 9. Conclusion

Bangladesh is a country of several missions. From the mission of eradication poverty and hunger, this country is now on a mass development phase. The new mission is to be a middle-income country within next few years. The emergence and growth of SME sector is a nice indication how this country will perform in her next phase of development. This research is an attempt to identify the challenges of SMEs internationalisation, as if the challenges can be identified properly, things become easier to mitigate the challenges. Therefore, we believe, if these 39 challenges can be tackled strategically, with the help of the government of Bangladesh, industry association, different NGO, and other external donor organisations; these SMEs can contribute more on earning foreign currencies, job and business opportunities creation, and overall growth in GDP of Bangladesh. Here lies our suggestion for the farther research. We are proposing the future researchers to research on how different internationalisation models of SME development adopted from various Chinese and Malaysia SME's international success stories, can be implemented in the context of Bangladesh. In recent years many SMEs from these two countries are getting tremendous success in international operations by overcoming many the challenges of internationalisations. If those models can be adopted in the context of Bangladesh, this can be a huge boost for the future of the SMEs in Bangladesh.

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**Appendices I: Hypothesis testing (ANOVA)**

| <b>ANOVA</b>  |                |                       |           |                    |          |             |
|---|----------------|-----------------------|-----------|--------------------|----------|-------------|
|   |                | <b>Sum of Squares</b> | <b>df</b> | <b>Mean Square</b> | <b>F</b> | <b>Sig.</b> |
| Lack of organisational resource and capabilities                    | Between Groups | 12.653                | 2         | 6.327              | 3.260    | .040        |
|   | Within Groups  | 388.105               | 200       | 1.941              |          |             |
|   | Total          | 400.759               | 202       |                    |          |             |
| Inappropriate exporting strategies                                  | Between Groups | 32.187                | 2         | 16.094             | 6.109    | .003        |
|   | Within Groups  | 526.847               | 200       | 2.634              |          |             |
|   | Total          | 559.034               | 202       |                    |          |             |
| Lack of export market knowledge                                     | Between Groups | 206.585               | 2         | 103.293            | 28.860   | .000        |
|   | Within Groups  | 715.819               | 200       | 3.579              |          |             |
|   | Total          | 922.404               | 202       |                    |          |             |
| Fear and insufficient experiences of international operation        | Between Groups | 267.385               | 2         | 133.693            | 31.694   | .000        |
|   | Within Groups  | 843.639               | 200       | 4.218              |          |             |
|   | Total          | 1111.025              | 202       |                    |          |             |
| Insufficient ICT infrastructures                                    | Between Groups | 382.752               | 2         | 191.376            | 30.331   | .000        |
|   | Within Groups  | 1261.917              | 200       | 6.310              |          |             |
|   | Total          | 1644.670              | 202       |                    |          |             |
| Inability to use the marketing mix properly                         | Between Groups | 88.457                | 2         | 44.228             | 8.359    | .000        |
|   | Within Groups  | 1058.193              | 200       | 5.291              |          |             |
|   | Total          | 1146.650              | 202       |                    |          |             |
| Inexperienced Management team                                       | Between Groups | 156.572               | 2         | 78.286             | 26.714   | .000        |
|   | Within Groups  | 586.108               | 200       | 2.931              |          |             |
|   | Total          | 742.680               | 202       |                    |          |             |
| Lack of working capitals or finance                                 | Between Groups | 74.731                | 2         | 37.366             | 19.71    | .003        |
|   | Within Groups  | 876.263               | 200       | 4.381              |          |             |
|   | Total          | 950.99                | 202       |                    |          |             |
| Lack of brand recognitions  | Between Groups | 9.620                 | 2         | 4.810              | 3.026    | .041        |
|   | Within Groups  | 317.888               | 200       | 1.589              |          |             |
|   | Total          | 327.507               | 202       |                    |          |             |
| Insufficient market research activities                             | Between Groups | 31.050                | 2         | 15.525             | 12.894   | .000        |
|   | Within Groups  | 240.802               | 200       | 1.204              |          |             |
|   | Total          | 271.852               | 202       |                    |          |             |
| Problematic international market data                               | Between Groups | 11.159                | 2         | 5.579              | 1.369    | .257        |
|   | Within Groups  | 815.048               | 200       | 4.075              |          |             |
|   | Total          | 826.207               | 202       |                    |          |             |
| Inability to identify foreign business opportunities                | Between Groups | 112.800               | 2         | 56.400             | 13.743   | .000        |
|   | Within Groups  | 820.777               | 200       | 4.104              |          |             |
|   | Total          | 933.576               | 202       |                    |          |             |
| Lack of contract with overseas customers                            | Between Groups | 29.672                | 2         | 14.836             | 2.973    | .053        |
|   | Within Groups  | 998.013               | 200       | 4.990              |          |             |
|   | Total          | 1027.685              | 202       |                    |          |             |
| Lack of time for management team to deal with exports               | Between Groups | 124.827               | 2         | 62.413             | 10.582   | .000        |
|   | Within Groups  | 1179.636              | 200       | 5.898              |          |             |
|   | Total          | 1304.463              | 202       |                    |          |             |
| Untrained workforces for export management                          | Between Groups | 4.381                 | 2         | 2.191              | .377     | .686        |
|   | Within Groups  | 1160.575              | 200       | 5.803              |          |             |
|   | Total          | 1164.956              | 202       |                    |          |             |
| Inability to meet excess production requirements                    | Between Groups | 109.617               | 2         | 54.808             | 6.103    | .003        |
|   | Within Groups  | 1796.068              | 200       | 8.980              |          |             |
|   | Total          | 1905.685              | 202       |                    |          |             |
| Lack of capabilities to produce new product for the foreign markets | Between Groups | 601.669               | 2         | 300.834            | 52.519   | .000        |
|   | Within Groups  | 1145.622              | 200       | 5.728              |          |             |
|   | Total          | 1747.291              | 202       |                    |          |             |
| Inability to adopt export-oriented product design                   | Between Groups | 963.421               | 2         | 481.710            | 58.429   | .000        |
|   | Within Groups  | 1648.885              | 200       | 8.244              |          |             |

|   |                |          |     |         |        |      |
|---|----------------|----------|-----|---------|--------|------|
|   | Total          | 2612.305 | 202 |         |        |      |
| Failure of products to meet the export standard                             | Between Groups | 134.529  | 2   | 67.265  | 15.012 | .000 |
|   | Within Groups  | 896.150  | 200 | 4.481   |        |      |
|   | Total          | 1030.680 | 202 |         |        |      |
| Inability of meeting export packaging or levelling requirements             | Between Groups | 170.339  | 2   | 85.169  | 16.147 | .000 |
|   | Within Groups  | 1054.952 | 200 | 5.275   |        |      |
|   | Total          | 1225.291 | 202 |         |        |      |
| Incompetence of providing after sales services                              | Between Groups | 6.766    | 2   | 3.383   | 1.563  | .212 |
|   | Within Groups  | 432.781  | 200 | 2.164   |        |      |
|   | Total          | 439.547  | 202 |         |        |      |
| Inability to offer products in competitive price                            | Between Groups | 141.197  | 2   | 70.598  | 15.767 | .000 |
|   | Within Groups  | 895.542  | 200 | 4.478   |        |      |
|   | Total          | 1036.739 | 202 |         |        |      |
| Lack of ability of offering credit facilities to the foreign customers      | Between Groups | 48.400   | 2   | 24.200  | 6.578  | .002 |
|   | Within Groups  | 735.807  | 200 | 3.679   |        |      |
|   | Total          | 784.207  | 202 |         |        |      |
| Complexity in foreign distribution channels                                 | Between Groups | 270.556  | 2   | 135.278 | 48.828 | .000 |
|   | Within Groups  | 554.095  | 200 | 2.770   |        |      |
|   | Total          | 824.650  | 202 |         |        |      |
| Lack of accessibility to appropriate distribution channels                  | Between Groups | 1.200    | 2   | .600    | .193   | .825 |
|   | Within Groups  | 621.519  | 200 | 3.108   |        |      |
|   | Total          | 622.719  | 202 |         |        |      |
| Difficulties to supply inventory abroad                                     | Between Groups | 13.758   | 2   | 6.879   | 1.865  | .158 |
|   | Within Groups  | 737.533  | 200 | 3.688   |        |      |
|   | Total          | 751.291  | 202 |         |        |      |
| Inaccessibility of required warehouse in foreign lands                      | Between Groups | 40.438   | 2   | 20.219  | 11.349 | .000 |
|   | Within Groups  | 356.310  | 200 | 1.782   |        |      |
|   | Total          | 396.749  | 202 |         |        |      |
| Excessive transport and insurance costs                                     | Between Groups | 13.906   | 2   | 6.953   | 6.017  | .003 |
|   | Within Groups  | 231.118  | 200 | 1.156   |        |      |
|   | Total          | 245.025  | 202 |         |        |      |
| Lack of export oriented promotional mix                                     | Between Groups | 42.658   | 2   | 21.329  | 9.931  | .000 |
|   | Within Groups  | 429.529  | 200 | 2.148   |        |      |
|   | Total          | 472.187  | 202 |         |        |      |
| Tax and tariff related issues   | Between Groups | 34.777   | 2   | 17.389  | 9.721  | .000 |
|   | Within Groups  | 357.765  | 200 | 1.789   |        |      |
|   | Total          | 392.542  | 202 |         |        |      |
| Inflation rate of home country and host countries                           | Between Groups | 100.852  | 2   | 50.426  | 33.250 | .000 |
|   | Within Groups  | 303.316  | 200 | 1.517   |        |      |
|   | Total          | 404.167  | 202 |         |        |      |
| Unfamiliarity on documentation and legal requirements for export operations | Between Groups | 216.255  | 2   | 108.128 | 34.482 | .000 |
|   | Within Groups  | 627.154  | 200 | 3.136   |        |      |
|   | Total          | 843.409  | 202 |         |        |      |
| Miscommunication or problematic communication with the overseas customers   | Between Groups | 258.449  | 2   | 129.225 | 21.391 | .000 |
|   | Within Groups  | 1208.201 | 200 | 6.041   |        |      |
|   | Total          | 1466.650 | 202 |         |        |      |
| Inadequate home government supports   | Between Groups | 47.066   | 2   | 23.533  | 5.950  | .003 |
|   | Within Groups  | 791.052  | 200 | 3.955   |        |      |
|   | Total          | 838.118  | 202 |         |        |      |
| Foreign customer's different attitude and behaviour                         | Between Groups | 87.509   | 2   | 43.755  | 7.283  | .001 |
|   | Within Groups  | 1201.555 | 200 | 6.008   |        |      |
|   | Total          | 1289.064 | 202 |         |        |      |
| Lack of contemporary government rules and regulation on exporting           | Between Groups | 8.640    | 2   | 4.320   | 2.444  | .089 |
|   | Within Groups  | 353.528  | 200 | 1.768   |        |      |
|   | Total          | 362.167  | 202 |         |        |      |
| Language and cultural difference in international market                    | Between Groups | 63.868   | 2   | 31.934  | 19.835 | .000 |
|   | Within Groups  | 321.995  | 200 | 1.610   |        |      |
|   | Total          | 385.862  | 202 |         |        |      |

|  |                |          |     |         |        |      |
|--|----------------|----------|-----|---------|--------|------|
| Political instability in the international market                              | Between Groups | 64.563   | 2   | 32.282  | 4.130  | .017 |
|  | Within Groups  | 1563.289 | 200 | 7.816   |        |      |
|  | Total          | 1627.852 | 202 |         |        |      |
| Slow payment from overseas partners  | Between Groups | 47.224   | 2   | 23.612  | 10.852 | .000 |
|  | Within Groups  | 435.180  | 200 | 2.176   |        |      |
|  | Total          | 482.404  | 202 |         |        |      |
| Unfamiliar business conditions in foreign market                               | Between Groups | 21.254   | 2   | 10.627  | 4.724  | .010 |
|  | Within Groups  | 449.918  | 200 | 2.250   |        |      |
|  | Total          | 471.172  | 202 |         |        |      |
| Foreign currency exchange rate fluctuation                                     | Between Groups | 1.558    | 2   | .779    | .437   | .647 |
|  | Within Groups  | 356.708  | 200 | 1.784   |        |      |
|  | Total          | 358.266  | 202 |         |        |      |
| Strict foreign market environment  | Between Groups | 11.099   | 2   | 5.549   | 5.141  | .007 |
|  | Within Groups  | 215.897  | 200 | 1.079   |        |      |
|  | Total          | 226.995  | 202 |         |        |      |
| Hard competition in the foreign markets  | Between Groups | 2.440    | 2   | 1.220   | .867   | .422 |
|  | Within Groups  | 281.412  | 200 | 1.407   |        |      |
|  | Total          | 283.852  | 202 |         |        |      |
| Poor economic condition of the foreign markets                                 | Between Groups | 593.696  | 2   | 296.848 | 47.612 | .000 |
|  | Within Groups  | 1246.955 | 200 | 6.235   |        |      |
|  | Total          | 1840.650 | 202 |         |        |      |
| Instable political condition of Bangladesh                                     | Between Groups | 23.063   | 2   | 11.531  | 7.886  | .001 |
|  | Within Groups  | 292.445  | 200 | 1.462   |        |      |
|  | Total          | 315.507  | 202 |         |        |      |
| Inadequate SME finance for exporting   | Between Groups | 47.152   | 2   | 23.576  | 23.648 | .000 |
|  | Within Groups  | 199.390  | 200 | .997    |        |      |
|  | Total          | 246.542  | 202 |         |        |      |
| Lack of infrastructure and express delivery service availability in Bangladesh | Between Groups | 116.364  | 2   | 58.182  | 25.326 | .000 |
|  | Within Groups  | 459.458  | 200 | 2.297   |        |      |
|  | Total          | 575.823  | 202 |         |        |      |