Evaluating People-related Resilience and Non-Resilience Barriers of SMEs’ Internationalisation: A developing country perspective

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Abstract

**Purpose**- People-related factors are very significant barriers for the internationalisation of large and small firms. Although the literature has identified a number of steps that SMEs need to take to increase their resilience in international markets, a study that identifies both the resilience and non-resilience barriers for SME internationalisation has not been undertaken in the scientific fields Human Resource Management and International Business. This paper aims to examine people related resilience and non-resilience barriers of internationalisation from an emerging market context. In addition to the resilience literature we examine non-resilience and combine its characteristics with resilience barriers from the Bangladeshi context.

**Design/methodology/approach** - Quantitative data analysis technique is used in this study to identify the impacts of these resilience/non-resilience issues internationalisation of SMEs both from micro and macro levels. This study has used primary data collected through the questionnaires from 212 Bangladeshi SMEs. Based on the data, this study has developed and validated partial least square based structural equation model (PLS-SEM) to assess the impacts of resilience factors on the internationalisation of SMEs with particular attention to entrepreneurial attractiveness.

**Findings**- It has successfully framed resilience Vs non-resilience barriers of the internationalisation of SMEs as a second order hierarchical reflective model and found that internationalisation of SMEs is significantly influenced by the resilience factors where language and related socio-cultural issues are marginally more significant.

**Research limitations**- A couple of limitations include the following. Firstly concentrating on resilience and non-resilience serves as a limitation as we could have had resilience vs other categories such political, economic, legal, technological barriers. Secondly, we have mainly used cross-sectional data by using the survey method. This study could have been better served had we also tried to combine the use of qualitative analysis as attempted elsewhere.

**Practical Implications**- Practically, this study researched in an area which was neglected and under-reported by existing studies. Its exploration showed that it has potential to contribute significantly to the policy makers and implementers as it comprises SMEs and emerging countries. It has been noted in the literature that these economies and firms are less capable to conduct research independently as they are resource-constrained.
Social Implications- The results reveal that resilience and non-resilience related barriers are both significant to SMEs internationalisation. However, if policy makers were to give priority to any one of these, they should give marginally more priority to resilience-type barriers compared to the non-resilience barriers to internationalisation.

Originality/value- To date, studies on resilience have concentrated on identifying challenges faced by firms and what types of behaviours are required by individual members so as to enhance survival. However, there are no studies so far on identifying or even modelling both resilience and non-resilience barriers within the context of SMEs internationalisation in developing countries. This study combines resilience and non-resilience factors in a model to find out their contribution especially in the under explored area of non-resilience from a Bangladeshi contextual perspective that seeks to encourage international entrepreneurship.

Keywords: Enablers, SMEs, resilience, non-resilience, emerging economies, internationalisation

Introduction

There has been some progress in the study of resilience in business. Although they have each made individual contributions to society and organisations, the study of the combined aspects of resilient and non-resilient organisations/institutions and internationalisation have been long overdue. To date, studies on resilience have concentrated on identifying challenges faced by firms and what types of behaviours are required by individual members so as to enhance survival. However, there are no studies so far on identifying or even modelling both resilience and non-resilience barriers within the context of SMEs internationalisation in developing countries.

It is only recently that we have begun to witness developments in resilience theory within which HRM practices are observed to have a degree of legitimacy include, but are not solely restricted to, the way linkages are made between HRM and personal performance. Other aspects
highlighting the importance of resilience include the use of technological advancements to influence individual behaviours and the way these may be managed in organisational change and how employees are engaged so as to enhance their resilience via entrepreneurial commitment and performance. Although previous studies view resilience as an organisation’s ability to “bounce back” (Janas, 2002) especially from adverse challenges (Heifetz and Linsky, 2004) the emphasis is still on single elements such as leadership, the ability to cope or persevere (Masten, 2001) and thereby develop positive behavioural characteristics despite the adversity (Bonanno, 2005). However, these studies miss a more complex identification and presentation of the issues especially from an international and developing country perspective. This highlights the lack of a much fuller exploitation of the potentials of studying resilience elements in this area. This paper is responding to this call and timely intervention. Recent attempts have treated resilience rather indirectly by attempting to address SME’s market entry barriers (Rahman et al., 2017) and the way firms deal with factors related to macro-economic risks in developing countries (Kola and Kodongo, 2017). Although most recent small business research efforts have highlighted the importance of resilience characteristics in explaining the importance of context-specific legal issues (Webb et al., 2009), other complex aspects such as family influences on the performance of SMEs and firm performance in the growth of entrepreneurial activities in China remain among the under-explored areas. Despite earlier reminder of the role that strategic choices, could play in firm capabilities and the way these may strengthen an organisation’s internal (Howard and Irving, 2014; Bonanno, 2004) and external capabilities (Masten, 2001; Nishikawa, 2006) there is still an under-representation and under-reporting of non-resilience (i.e. not having the capability to rebound) studies especially in the context of SMEs’ internationalisation.

It would therefore appear that the scientific disciplines of small businesses studies, HRM and Entrepreneurship could benefit from studying the characteristics of both resilience as well as
non-resilience-type behaviours at both personal/individual and organisational levels. Some studies have identified and discussed the potential impacts of technology on HRM practices and the way firms have gone about managing talent either in SMEs or large MNCs and to see whether ‘high performance work systems (HPWSs)’ can help in resilience studies especially in the achievement of a set of internationalisation objectives. However, the extent to which some legitimacy is obtained as to whether resilience-type characteristics (Jenkins et al., 2014) have become socially-constructed and enacted especially SMEs in developing countries is yet to be pursued. It is therefore opportune and timely to see what resilience theory might contribute to the internationalisation of SMEs in a developing and emerging market context.

Based on the emergent literature, individual resilience-related factors are very significant especially when large firms are faced with the challenges of organisational change and internationalisation (Mafabi et al., 2015). It is noted in the literature that need to take some steps that will enhance their resilience when they venture into foreign markets (Gunasekaran et al. 2011). However, a study that attempts to combine resilience and non-resilience factors faced by SMEs is lacking. This recognition is despite the fact that SMEs have contributed to economic growth (Boateng and Abdulahman, 2013), employment creation (Wu and Chua, 2012) and innovation (Bridge and O’Neill, 2013).

Again based on the literature we extract and examine the enabling, internal factors that drive and highlight an organisation’s and its members’ resilience. We point out what the limitations of such a theoretical framework proposed by Gunasekaran et al. (2011) and their colleagues are (also see Cooper et al., 2013; Jorgensen and Knudsen, 2006). We examine what those specific characteristics are especially from an individual level perspective (Bullough et al., 2014; Jenkins et al., 2014) so as to highlight the importance of the identified development of the necessary skills but also to point out that there is a debate deficit not only in terms of management incapacity/incompetence to implement the High Performance Work Practices
advocated by Lepak and Shaw (2008) but also organisational neglect (Jorgensen and Knudsen, 2006).

We acknowledge the contributions of the resilience debates and attempt to situate the factors especially within the context of adapting to internationalisation. In addition we introduce other aspects so as to highlight what has been missing in the debates and discussions on resilience and non-resilience. These include, for example language, social approach, skilled labour and training as a way to find out what these aspects can contribute to the emerging debates and frameworks. We explore non-resilience from duty, tax, political (in)stability and corruption in the context of small and medium enterprises (SMEs) in the Bangladeshi context where the garments’ industry has a thriving business. We combine resilience and non-resilience factors in a model to find out their contribution especially in the under explored area of non-resilience from a Bangladeshi contextual perspective that seeks to encourage international entrepreneurship.

**Literature Review**

As firms are adapting so to survive their turbulent environments, resilience has become a topical issue in the scientific disciplines of Organisation, Human Resource Management and International Business studies (Ates and Bititci, 2011). Part of the rationale for the growing interest is that an increasing number of organisations are not only having to deal with fast and large scale-types of changes and challenges but they also have to increase their management and technical expertise (Gunasekaran et al., 2011). In similar vein, firms have to increase their business performance whilst having to deal with employees’ workload increase (Conway and Monks, 2011). Failure to adapt sufficiently to the changes include organisational demise and workplace, employee/management burnout among others thereby signalling non-resilience.
However, other organisations respond to the challenges by developing coping mechanisms, learning and competency frameworks and by so doing make a comeback (see Fredrickson, 2001; Janas, 2002).

In the fields of Organisation and Management, resilience is defined as developing a continuous ability to adapt, to change and be renewable (Mafabi et al., 2015; Coutu, 2002). Cooper et al., (2013) see resilience as having the organisational capacity to make a comeback amidst adverse situational factors (Bonanno, 2005). Research appears to concentrate on the individual level of resilience (Cooper et al., 2013). For the latter, resilient individuals with positive emotions are said to overcome stressful work situations (Tugade and Fredrickson, 2004; Cooper, 2013). Such individuals are better equipped to deal with workplace stress (Avey et al., 2009) as they can nurture the psychological capital that facilitates staff wellbeing (Higgs and Dulewicz, 2014). Having these qualities enhances an individual’s creativity and performance (Gupta and Singh, 2014) and helps with customer satisfaction and their retention (Egbu et al., 2005).

However, much of the research appears silent on organisational resilience and its benefits although Jorgensen and Knudsen (2006) acknowledge that SMEs need to develop resilience in order to be competitive if their drive to internationalise and increase the value of their business. Although research has been conducted on the effects of marketing on customer performance, the impact of entrepreneurial direction on performance in SMEs and the impact of organisational size on financial performance (Ozgulbas et al., 2006) the need to examine the effects of resilience on organisation-wide performance remains significant (Cooper et al., 2013; Jenkins et al., 2014). Goncz et al. (2007) highlight the need for organisations to maintain some balance between sustainability and fast changing and mutating development as well as between the need to be creative and sustainable. Cooper and his colleagues (2013) believe that doing so will enhance an organisational culture where individuals adopt the requisite resilience characteristics.
Nevertheless, it is not specified how this might come about or which types of characteristics might produce what types of performance as Ozgulbas and others have reminded us. In efforts to address this under-representation, some scholars have suggested that providing support for individuals to cope with stressful situations (Bowles and Cooper 2012; Truss et al., 2013) and adopting the appropriate HRM practices and policies can help bring about resilience behaviours (Mossholder, Richardson and Settoon, 2011) and what Fassoulis (2006) refers to as individual levels of competitiveness. Others believe a more strategic approach is needed (Lepak and Shaw, 2008; Wright et al., 2014). Some even believe that individuals can be taught and trained to have resilience characteristics (Seligman, 2011). Although there seems to be agreement that resilience can be beneficial to change and organisational survival (Hamel and Valikangas, 2003), other characteristics are needed. Some of these include flexibility (Hitt, Keats and DeMarie, 1998), learning in SMEs (Jones and Macpherson, 2006), ambidexterity (Junni et al., 2013) and High Performance Work Practices (Lepak and Shaw, 2008). However, these aspects do not tell the full story of resilience in SMEs or even MNCs.

Context is taken into consideration in relation to mergers (Liu and Woywode, 2013) where individual stress for members is reported to increase. This is exacerbated in developing countries where legal challenges abound (Webb et al., 2009). In the public sector, employee resilience was found to be a crucial amidst funding cuts as were the need to remain entrepreneurial (Jenkins et al., 2014) and to develop the necessary skills (Bullough et al., 2014) in a more sustainable manner (Lilly, 2009). However, additional challenges could be presented especially as new companies venture into new international markets (Javidan et al., 2010). It is also noted that SME managers do not have the necessary strategic competence to deal with the challenges (Von, 2005) even as they single-handedly take on strategic roles.
Research Methods

Instrument development

This study uses a survey based approach where the instruments were derived from appropriate literature. The questionnaire was based on five-point Likert scale. The ambiguity, clarity and appropriateness of the questionnaire were tested through pilot study based on 5 academics; 10 managers and 10 owners of SMEs in Bangladesh. All of the constructs in this study are considered as reflective in nature. Hierarchical construct (also known as the multidimensional construct) is defined as a construct with multiple dimensions at several hierarchies to capture an overall latent variable (Jarvis et al., 2003).

Data Collection

For the purpose of data collection, an empirical survey was carried out to attempt to measure whether there is a casual network relationship as proposed by Akter et al. (2010) within the context of Bangladeshi SMEs internationalisation. To carry on the empirical investigation, a cross-sectional survey technique was applied to extract views from the respondents (Malhotra, 2008). To achieve the maximum response rate a postal survey was applied rather than a telephone, e-mail or online survey (Malhotra, 2008).

Questionnaire Survey

Total 1000 questionnaires were equally distributed among the owners/managers of SMEs from four major divisions of Bangladesh – Dhaka, Khulna, Chittagong and Rajshahi from July/2011 till September/2011. This study used cluster sampling covering four divisions, from each division, districts were selected and from each district, villages or wards of the four major city corporations were selected, and, finally, international SMEs were selected from each village
and each ward. To ensure equal opportunity for selection, systematic random sampling technique was applied. The survey population was defined as SMEs in Bangladesh doing international business. Out of 1,000 questionnaire sent, 219 responses were received. Among the 219 received questionnaires, seven were unsuitable due to excessive missing data. Finally data from 212 questionnaires were analysed. The respondents’ (firm-level) demographic information is presented in Table 1.

Please insert Table 1 here...

The data collected for this study has representation from a diverse cross sectional population as we can see in Table 1. In terms of gender, 68.1 per cent were male and 32.9 per cent were female. From the business sector point of view, 13.9 per cent were from primary, 51.4 per cent from manufacturing and 34.7 per cent from the service sector. In total, 28.5 per cent were from Dhaka, 25.8 per cent from Chittagong, 22.1 per cent from Rajshahi and 23.6 per cent from Khulna division. From the business point of view, 28.9 per cent were sole traders, 21.4 per cent were partnership, 9.1 per cent were a family business, 6.9 per cent were co-operative and 33.7 per cent were a private limited company.

**Common Method Bias**

Following Ahammad et al. (201), this paper examined common method bias (CMB), nonresponse bias and retrospective bias that are common for survey based studies. CMB was initially a concern for this study as the variables were latent and measured through a cross sectional survey (Chang, Van Witteloostuijn and Eden, 2010). To address this issue, both *ex ante* (research design stage) and *ex post* (post research stage) approaches were applied in this study. Secondly, Harman single factor test was applied on the first order latent variables as
suggested by Podsakoff et al. (2003). The un-rotated factor analysis with both dependent and independent variables produced four factors where the largest factor explains little over 35% of variance. This indicates the absence of common method bias. In addition to the CMB, there inherently exists a nonresponse bias in the mail survey (Ahammad et al., 2016). Several methods were applied to overcome this response bias, such as minimising the number of nonresponse through pre-notification and reminder; using cluster sampling technique and t-tests on the average of early and late respondents. As the test found no significant differences, nonresponse bias may not be problematic as suggested by Armstrong and Overton (1977). Insignificant values for t-tests conducted for exports in two different time frame (between 2008 and 2010) confirms the absence of retrospective bias (Ahammad et al., 2016).

Data analysis and results

This study developed hierarchical constructs based (also known as the multidimensional construct) model and validated through empirical data. By having multiple dimensions at several hierarchies, this model can capture an overall latent variable (Jarvis et al., 2003). For the advantages of reducing the model complexity and increasing theoretical discretion, these constructs (hierarchical constructs) have proven to be successful by many studies (Akter et al., 2010). In addition, the “level of abstraction for predictor and criterion variables” is considered as one of the most important advantages of using the hierarchical constructs in the research studies (Chin and Gopal, 1995). Purpose of this study is to identify and compare resilience related barriers against non-resilience barriers with particular attention to the internationalisation of SMEs from a developing country context. Therefore, this study specifies the barriers of internationalisation for Bangladeshi SMEs as a hierarchical reflective model.
with two reflective constructs (see Figure 1) – Resilience related barriers and non-resilience related barriers to enter in foreign markets for Bangladeshi SMEs.

Besides, all of these constructs of this model share the common theme that is the overall resilience related barriers and non-resilience related barriers faced by Bangladeshi SMEs to enter in foreign markets. Application of two constructs is influenced by the contribution of Bollen and Lennox (1991) as the correlation between two measures is supposed to be highly positive for a reflective construct. It can also ensure better internal consistency which is one of the most important elements of reflective model according to Akter et al. (2010). In order to improve construct validity and content validity, the un-dimensional nature of the reflective measures is also very effective (Petter et al., 2007). In Figure 2, there are two orders – first and second. In the first order, there are two latent variables of Resilience related barriers and Non-resilience related barriers to enter in foreign markets for Bangladeshi SMEs – where the individual factors are related to the respective indicators (manifest variables (MVs)) each.

*Please insert Table 2 here*...

Resilience related barriers and Non-resilience related barriers to enter in foreign markets for Bangladeshi SMEs are also shown in the second order hierarchical reflective model that is constructed by eight MVs (four + four) of two first-order constructs. In Table 2, the equations for estimating the hierarchical reflective models on the barriers to enter in foreign markets for Bangladeshi SMEs are presented. The equation for the first-order model specifies first-order MVs ($y_i$), latent variable ($\eta_j$), loadings ($\Delta y$) and an error term ($\varepsilon_i$). The equation of the second-order model specifies the first-order factors ($\eta_j$) in terms of the second-order latent variables ($\xi_k$) and error ($\zeta_j$) for the first-order factor and second-order latent variable loadings ($\Gamma$).
As this study used hierarchical reflective model on the Resilience and Non-resilience related barriers to enter in foreign markets for Bangladeshi SMEs, it will be free from the common drawbacks of SEM, including measurement level, sample size, distributional properties and lack of identification (Wetzels et al., 2009). Besides, “it can give more accurate estimates of mediating and moderating effects by accounting for the measurement error that attenuates the estimated relationships and improves the validation of theories” (Akter et al., 2010, p. 293). Further suitability of this model is related to the objectives of this study which is based on prediction and a research context that is new or dynamic (Chin and Gopal, 1995).

**Findings**

The empirical findings of this study on the Resilience and Non-resilience related barriers to enter in foreign markets for Bangladeshi SMEs are presented in three steps- firstly, an evaluation/analysis of the model measurements, secondly, an evaluation/assessment of the model and finally the testing of the relationships in the model. These three steps/stages of presenting the results ensure the validity and reliability of the latent variables prior to drawing any conclusions on the hypothesised relationships (Akter et al., 2010).

**Analysis of measurement model**

For the purpose of data analysis we used PLS graph 3.0 (Wetzels et al., 2009) so as to help us investigate the resilience and non-resilience barriers to internationalisation by using the hierarchical model with PLS path modelling with a path weighting scheme for the inside approximation (Akter et al., 2010). Following the path weighting scheme, we used non-parametric bootstrapping (Wetzels et al., 2009) which highlights that the standard error of the
estimates are obtained by using 500 replications. Following Akter et al.’s (2010) suggestion, we used the approach of repeated indicators to estimate the higher order latent variables. The same factors (Resilience and Non-resilience related barriers) are used both in the first as well as second order where the second order factors are directly measured by the indicators (MVs) of the first-order factors (Resilience and Non-resilience related barriers). Given the importance to test for both reliability and validity we used a confirmatory factor analysis as suggested by Wetzels et al. (2009). The following steps apply. Firstly, we checked the item loadings as shown in Table 4. This showed that the individual is higher than 0.70 and which is also significant at 0.01. Secondly, we assessed the reliability of the scale by the composite reliability (CR), Cronbach’s α (CA) as well as the average variance extracted (AVE) as suggested by Akter et al. (2010). All the results shown in Table 2 finds that the values for CR and CA on the resilience and non-resilience barriers are well above the threshold (Hulland, 1999), which indicates the scale consistency for each item. Alternatively, AVE for resilience and non-resilience (Table 3 is also higher than the modest threshold (Fornell and Bookstein, 1982). Further to reliability, the results also confirm that each construct captures adequate variance from its items. Therefore all the constructs we used are conceptually distinct. As such, the convergent validity of all the scales is ensured. On a last note, we have also used the square root of AVE found in Table 4 thereby ensuring discriminant validity. The square root value of AVE confirms that they are higher than the corresponding correlation coefficients in the correlation matrix (Fornell and Bookstein, 1982). The empirical results related to the analysis of the measurement model indicate satisfactory achievement in relation to adequate reliability, convergent validity and discriminant validity.

Please insert Table 3 here...
Assessment of higher order model

Based on the resilience (H1a, H1b, H1c & H1d) and non-resilience factors (H2a, H2b, H2c & H2d) we have developed a hierarchical construct model from the results as a way to show the Resilience (see MV1, 2, 3 & 4 factors) and Non-resilience related barriers (see MV1, 2, 3 & 4 factors) to entering foreign markets for Bangladeshi SMEs in Figure 2. The second-order overall barriers are reflected in the first-order constructs and the degree of explained variances are as follows. The results show that Resilience-related barriers are slightly more significant (i.e. 89 per cent) compared to the Non-resilience barriers (i.e. 84 per cent). As per Table 3, our result show that all factors within the 8 variables are valid as resilience or non-resilience related barriers of internationalisation at 0.01.

Analysis of structural model and results of hypotheses testing

We attempted to estimate the relationship between the overall Resilience and Non-resilience related barriers and sub-dimensions with the aim of measuring the structural validity of the model (see Figure 3). We found that the respective standardized β in Figure 3 for Resilience and Non-resilience related barriers are 0.942 and 0.926 each. This result clearly indicates a strong association between the variables. Finally, we found that the path coefficients are significant at 0.01 (see Table 5), therefore, the overall results support all the hypotheses we used (please see Table 6).

Please insert Table 4 here...

Please insert Table 5 here...

Please insert Figure 3 here...
Summary of findings

Our primary objectives were twofold: firstly to identify the factors that are influencing the internationalisation of SMEs as resilience or non-resilience-related barriers (see figure 1). Secondly, we attempted a comparison between the two types of barriers in a developing country. In order to fulfil our study’s objective, we examined both the individual/personal resilience characteristics using the works of Gunasekaran (2011), Cooper et al. (2013) amongst others. Following the identification of the individual personal resilience characteristics from the extant literature (see Bullough et al., 2014) we developed a structural people resilience as well as a non-resilience barriers-model that serves to explain the significant people-related resilience barriers faced by the Bangladeshi SMEs when they attempt to enter the foreign market. Previous studies had concentrated on one category of resilience (Cooper et al., 2013) at the detriment of others thereby rendering the treatment of the topic from a one-dimensional perspective. Based on the data and its analysis we have shown how the results contribute in extending our knowledge on the significant people related resilience and non-people related resilience barriers of SMEs from a Bangladesh perspective. Previous studies had concentrated on behavioural issues as a way to make individuals more competitive or more resilient to challenges (Mossholder et al., 2011; Fassoulса, 2006) whilst neglecting other non-individual/non-personal related issues such as tax, for example (see H2b). Even though Cooper et al. (2013) had earlier noted that there was an obvious void in the research on resilience, the higher-level organisationally-related resilience gap had been neglected.

To resolve this gaping void, the results of our study have been categorised using two significant dimensions (people related resilience barriers and non-people or organisational-related resilience barriers to internationalisation). Eight indicators have been used and tested to show our study’s contribution to the emerging debates and discussions on resilience. Our results have efficiently (through the testing and methodological approach used) enclosed resilience and non-
resilience barriers for SMEs in a second-order reflective model. In the latter, both categories show that overall the resilience and non-resilience barriers have been constructed. We have therefore contributed to the theoretical support for not only the application of people-related resilience barriers to internationalisation but also highlighted that the non-people/organisational-related resilience barriers also need to be accounted for when SMEs seek to enter into foreign markets. In fact, our study extends the emerging discourse on resilience as the model we have developed here could be beneficial to SME owners and business managers when they try to rank the resilience vs non-resilience barriers. In general, people/individual related resilience barriers seem to be marginally more significant than the non-people/organisational-related resilience barriers of SME internationalisation. 89 per cent of overall variance was explained by individual/people/personal related barriers followed closely by the non-people/organisational barriers with 84 per cent. Although the ranking has was made using the explanatory power of individual constructs, the difference is relatively marginal. Therefore, all the constructs used in the study should be given equal attention.

*Please insert Table 6 here...*

The secondary objective of this study was to demonstrate the complex relationship between resilience and non-resilience barriers to enter in foreign markets for SMEs by developing and validating through PLS path modelling with the use of primary data. To develop this model we have used second-order reflective hierarchical model (see figure 2). This structural model is validated by using the data collected from SMEs in Bangladesh. Through this validation we could explain the complex types of relationships between resilience and non-resilience barriers by using this type of model as suggested by Fornell and Bookstein (1982). To enhance the quality of the validation, this study used repeated indicators from first to second order model following the recommendation of Wold (1985). Therefore, the individual barriers are valid both through the respective categories (resilience and non-resilience) and through the direct
relationship with the overall barriers of internationalisation. It is important to confirm the validity of measurement model and structural model. It is more important to check the validity if you use many variable as used in the current model for this study. The current results have therefore confirmed the validity of the measurement and structural model used. What it shows is that the model has successfully shifted individual barriers (resilience and non-resilience) of internationalisation to the overall barriers.

Our theoretical contribution in the area is mirrored in the fact that our main target was to identify the main resilience and non-resilience barriers to entering international markets for the SMEs in a developing country. We have revisited existing theories of resilience whose analysis and evaluation highlighted larger corporations in developed countries and focused on single aspects of resilience such as leadership (Howard and Irving, 2014) or performance or financial capability (Ozgulbas, Koyuncugil, and Yilmaz 2006) as a way to “bounce back” (Janas, 2002) through adversity (Masten, 2001). The theories also focused predominantly on personal/individual characteristics of resilience whilst neglecting the organisational level of resilience. Based on this neglect, we identified a need/a gap to explore what resilience and non-resilience barriers can offer to our understanding and knowledge of how these two categories unfold within SMEs from a developing country perspective. As this study is based on the internationalisation of SMEs it stands to contribute in the following four domains: 1) personal/individual resilience; 2) organisational resilience; 3) resilience for SMEs; 4) resilience in developing countries and finally 5) resilience from an international business context. The above contributions have definitely enhanced our understanding and knowledge from five different levels as highlighted above.
Methodologically, we have confirmed that this type of model can identify and compare resilience and non-resilience barriers of internationalisation through empirical data. We have also collected some data which was not previously made use of in previous studies in the context of Bangladesh. From a research practice point of view, researchers can use this structural model as a template to assess resilience and non-resilience barriers of internationalisation from other developing country perspectives.

 Practically, this study researched in an area which was neglected and under-reported by existing studies. Its exploration showed that it has potential to contribute significantly to the policy makers and implementers as it comprises SMEs and emerging countries. It has been noted in the literature that these economies and firms are less capable to conduct research independently as they are resource-constrained.

 The results reveal that resilience and non-resilience related barriers are both significant to SMEs internationalisation. However, if policy makers were to give priority to any one of these, they should give marginally more priority to resilience-type barriers compared to the non-resilience barriers to internationalisation.

 **Implications**

 There are a number of implications that our study’s findings and the literature have on SMEs’ internationalisation and resilience and non-resilience studies. On the international level, there is a need for SMEs to identify initial barriers to their resilience when they work with other companies to see how best they could avoid or deal with some of the identified adversities in H1 and H2 respectively. Having the capacity to do so will facilitate their knowledge generation
potential and enhance their resilience-generation properties (H1a, H1b, H1c and H1d) as well as deal with the types of adversities noted in the literature.

There is however the internal level within which firm performance, leadership, productivity and change management issues have to be persevered (Howard and Irving, 2014) through the adoption of capacity and capability building mechanisms to rebound from (Janas, 2002) H2-types of individual and organisational non-resilience factors. We therefore propose combining both H1 resilience and H2 non-resilience factors so as to deal with both the internal and external barriers faced by SMEs as suggested earlier by Mendy (2017). Although each of these strategic aspects is proposed as separate ways of strengthening resilience (Howard and Irving, 2014; Bonanno, 2004; Masten, 2001; Nishikawa, 2006), this study has added the non-resilient politico-economic factors as important aspects for academics and practitioners to consider when SMEs internationalise their businesses.

**Conclusions and Limitations**

We have identified key neglected area of study – i.e. resilience and non-resilience barriers faced by SMEs in a developing country. Our examination of the literature found that scholars have been preoccupied with a number of areas including definitional issues (Mafabi et al., 2015), trying to crack the performance-related difficulties caused (Gupta and Singh, 2014). Some have even proposed that steps are needed to make resilience a part of internationalisation (Gunasekaran et al., 2011; Cooper et al., 2013) whilst the focus still remains as the individual level perspective (Bullough et al., 2014; Jenkins et al., 2014) at the detriment of the organisational level. Although Mossholder et al. (2011) identified some resilience behaviours amongst individuals, Lepak and Shaw (2008) had postulated that ‘high performance work practices’ might help firms to resolve some of their resilience-associated problems such as the
lack of performance and productivity, a study looking into both resilience and non-resilience elements has been missing in the research and debates for the past decades. This study contributes to that neglect and under-representation especially from the Bangladesh angle. We anticipate that the study’s results will contribute to this gaping hole.

We have checked resilience vs non-resilience barriers in this study. This serves as a limitation as we could have had resilience vs other categories such political, economic, legal, technological barriers. Secondly, we have mainly used cross-sectional data by using the survey method. This study could have been better served had we also tried to combine the use of qualitative analysis as attempted elsewhere. Thirdly, by categorising data into male and female this might have limited the potential of using multi-group analysis (MGA). It might have been better to make a comparative study of, for example, one country from Asia and another from sub-Saharan Africa.

References


**Table 1: Demographic Profiles of Respondents**

<table>
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<tr>
<th>Particulars</th>
<th>Category</th>
<th>%</th>
<th>Particulars</th>
<th>Category</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Male</td>
<td>68.10</td>
<td>Sector of business</td>
<td>Primary</td>
<td>13.90</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>32.90</td>
<td>Manufacturing</td>
<td></td>
<td>51.40</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Service</td>
<td></td>
<td>34.70</td>
</tr>
<tr>
<td>Area</td>
<td>Dhaka</td>
<td>28.50</td>
<td>Business Type</td>
<td>Sole trader</td>
<td>28.90</td>
</tr>
<tr>
<td></td>
<td>Chittagong</td>
<td>25.80</td>
<td></td>
<td>Partnership</td>
<td>21.40</td>
</tr>
<tr>
<td></td>
<td>Rajshahi</td>
<td>22.10</td>
<td></td>
<td>Family</td>
<td>09.10</td>
</tr>
<tr>
<td></td>
<td>Khulna</td>
<td>23.60</td>
<td></td>
<td>Co-operative</td>
<td>06.90</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Private Ltd</td>
<td></td>
<td>33.70</td>
</tr>
</tbody>
</table>

**Table 2: Estimation of Resilience and Non-Resilience related Barriers to Enter in Foreign Markets for Bangladeshi SMEs as a reflective hierarchical model**

First Order

\[ y_i = \Delta_y \cdot \eta_{ij} + \varepsilon_i \]

Second Order

\[ \eta_{ij} = \Gamma \cdot \xi_k + \zeta_j \]

- \( y_i \) = manifest variables
- \( \Delta_y \) = loadings of first order latent variables
- \( \eta_{ij} \) = first order latent variables (political, economic, technological and social)
- \( \varepsilon_i \) = measurement error of manifest variables
- \( \Gamma \) = loadings of second order latent variables
- \( \xi_k \) = second order latent variables (procedural barrier)
- \( \zeta_j \) = measurement error of first order factors

**Table 3: Psychometric properties for first order constructs**

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Items summary</th>
<th>Loadings</th>
<th>CR</th>
<th>CA</th>
<th>rho_A</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resilience (H1)</td>
<td>Language differences</td>
<td>0.952</td>
<td>0.955</td>
<td>0.936</td>
<td>0.941</td>
<td>0.842</td>
</tr>
<tr>
<td></td>
<td>Different social approaches</td>
<td>0.949</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Shortage of skilled labour</td>
<td>0.943</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Shortage of training facilities</td>
<td>0.821</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-resilience (H2)</td>
<td>Non preferential custom duty</td>
<td>0.779</td>
<td>0.913</td>
<td>0.873</td>
<td>0.876</td>
<td>0.725</td>
</tr>
<tr>
<td></td>
<td>Non preferential tax</td>
<td>0.870</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Political instability</td>
<td>0.874</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Corruption</td>
<td>0.879</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Table 4: Latent Variable Correlations

<table>
<thead>
<tr>
<th></th>
<th>Resilience</th>
<th>Non-resilience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resilience</td>
<td>0.918*</td>
<td></td>
</tr>
<tr>
<td>Non-resilience</td>
<td>0.758</td>
<td>0.851*</td>
</tr>
</tbody>
</table>

Note: square root of AVE on the diagonal*

Table 5: Analysis of Structural Model Path Coefficients (Mean, STDEV, T-Values)

<table>
<thead>
<tr>
<th>Path Coefficient</th>
<th>Original Sample Coefficient</th>
<th>Sample Mean Coefficient</th>
<th>Standard Deviation (STDEV)</th>
<th>P Values</th>
<th>T Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Barriers - &gt; Resilience</td>
<td>0.942</td>
<td>0.941</td>
<td>0.009</td>
<td>0.000</td>
<td>109.089</td>
</tr>
<tr>
<td>Overall Barriers - &gt; Non-resilience</td>
<td>0.926</td>
<td>0.924</td>
<td>0.014</td>
<td>0.000</td>
<td>66.378</td>
</tr>
</tbody>
</table>

Table 6: Results on Hypotheses

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Path Coefficient</th>
<th>t-value</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1a: Language difference as a factor of resilience oriented barriers and internationalisation of SMEs will not be independent from each other.</td>
<td>0.952</td>
<td>115.308</td>
<td>Supported</td>
</tr>
<tr>
<td>H1b: Different social approach as a factor of resilience oriented barriers and internationalisation of SMEs will not be independent from each other.</td>
<td>0.949</td>
<td>126.081</td>
<td>Supported</td>
</tr>
<tr>
<td>H1c: Shortage of skilled labour as a factor of resilience oriented barriers and internationalisation of SMEs will not be independent from each other.</td>
<td>0.943</td>
<td>103.748</td>
<td>Supported</td>
</tr>
<tr>
<td>H1d: Shortage of training facilities as a factor of resilience oriented barriers and internationalisation of SMEs will not be independent from each other.</td>
<td>0.821</td>
<td>27.692</td>
<td>Supported</td>
</tr>
<tr>
<td><strong>H2a:</strong> Lack of finance as a factor of Non-Resilience barriers and internationalisation of SMEs will not be independent from each other.</td>
<td>0.852</td>
<td>36.041</td>
<td>Supported</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td><strong>H2b:</strong> Non preferential custom duty as a factor of Non-Resilience barriers and internationalisation of SMEs will not be independent from each other.</td>
<td>0.823</td>
<td>21.951</td>
<td>Supported</td>
</tr>
<tr>
<td><strong>H2c:</strong> Non preferential tax as a factor of Non-Resilience barriers and internationalisation of SMEs will not be independent from each other.</td>
<td>0.907</td>
<td>56.459</td>
<td>Supported</td>
</tr>
<tr>
<td><strong>H2d:</strong> Foreign exchange risk as a factor of Non-Resilience barriers and internationalisation of SMEs will not be independent from each other.</td>
<td>0.780</td>
<td>21.278</td>
<td>Supported</td>
</tr>
</tbody>
</table>
Figure 1: Hypothesis on the Resilience Vs Non-resilience barriers of internationalisation for SMEs in a developing country

Figure 2: A Hierarchical Reflective Model on the Resilience Vs Non-resilience barriers of internationalisation for SMEs in a developing country
Figure 3: Main Loadings of the Model

- Different Language
- Different social approaches
- Shortage of skilled labour
- Shortage of training facility
- Non preferential custom duty
- Non preferential tax
- Political instability
- Corruption

Resilience

Overall Resilience & Non-resilience Barriers

Language differences
- Different social approaches
- Shortage of skilled labour
- Shortage of training facility
- Non preferential custom duty
- Non preferential tax
- Political instability
- Corruption

Non-resilience

Values and significance:
- 0.952 (t=115.545)
- 0.949 (t=118.554)
- 0.943 (t=94.926)
- 0.63 (t=29.641)
- 0.947 (t=35.833)
- 0.870 (t=35.833)
- 0.874 (t=45.545)
- 0.879 (t=44.562)
- 0.779 (t=18.662)
- 0.724 (t=16.642)
- 0.785 (t=26.024)
- 0.728 (t=22.348)
- 0.812 (t=25.765)
- 0.836 (t=66.770)
- 0.885 (t=48.872)
- 0.892 (t=109.880)
- 0.904 (t=51.765)