

The Impact of International Entrepreneurship On the Internationalization of Thai SMEs: The Mediating Role of Strategic Planning Practices

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Abstract

The study was carried out to examine the direct impact of the international entrepreneurship on the internationalization of Thai SMEs. Additionally, the study has examined the mediating role of strategic planning practices. For the sake of present research, we used Smart PLS 3.0 for model estimation. With the help of this software, graphical path modeling can be simultaneously done for latent variables. Moreover, for the data collection, a survey-based technique was employed to collect information from the targeted respondents. For this purpose, we distributed 450 well-developed questionnaires but only 310 respondents turned them back. Consequently, out of 450 total questionnaires only 290 valid questionnaires were received, as 20 questionnaires were dropped from the data due to missing information, resulting in 64% response rate. According to the results, there is a significant positive relationship between entrepreneurial orientation (EO) and internalization. This relationship was also supported by study outcomes at $p < 0.05$ and at 1 percent level of significance. In addition, significant relationship was found between internalization of SMEs and innovativeness (IN) which is supported by the empirical result at $p < 0.05$ with 1 percent level of significance. Moreover, the results also supported the relationship between internalization of SMEs and pro-activeness (PR) at 1 percent level of significance and $p < 0.05$.

Keywords: International Entrepreneurship, Strategic Planning Practices, Internationalization, Thailand

Introduction

The Resource Based Theory (RBT) states that the export performance of a firm is determined by its internal resources, therefore, a firm can enhance its performance and strategies by emphasizing more upon its internal resources (Ferreira, Serra, & Costa, 2016). Small and Medium Enterprises (SMEs) can also adopt this strategy to identify external opportunities (outside domestic market) and pursue these opportunities for achieving competitive advantage (Ali, Kan, & Sarstedt, 2016). This process involves making appropriate choice between strategy implementation and competing expansion based on the firm's resources, existing market condition, vision and managerial goals. In today's situation of business internalization, exporting serves as an imperative strategic option for the businesses. Therefore, SMEs also need to recognize the significance of exporting and start capturing overseas market

opportunities for developing sustainable competitive advantage. In this context, there is a need to develop understanding about factors which are likely to affect SMEs reach to overseas market as there is relatively limited literature concerning the internalization of SMEs in Malaysia. In today's dynamic business environment, firms compete on the basis of their existing resources and abilities, such as, expertise, skills, and ability to mobilize valuable assets and sustain competitive capabilities. Therefore, performance of firm's capabilities and resources during different processes improve firm performance in terms of making profits and strategy formulation. According to the RBT, firm's internal capabilities together with its resources lead to the achievement of competitive advantage which enable them accomplish superior performance (Altuntas, Cinar, & Kaynak, 2018).

Numerous SMEs are operating at international level and have been enduring different success levels in the form of economic return and growth. Various scholars have put forward theories to propose various factors which may have an impact on firm performance. They argued that the interconnection among strategies, resources, environments, and structures as well as their dynamic adjustments are the main performance determinants for a firm. Bayraktar, Cetinguc, and Calisir (2017) proposed in his research that there are varying and different degrees of firm performance, therefore firms gain different competitive advantages. In addition, literature review indicates that organizations which adopt strategic orientations, for instance, strategic planning, and entrepreneurial orientation are likely to achieve business expansion and superior performance as compared to conservative or traditional businesses (Pereira, Budhwar, & Temouri, 2020). A strong strategic orientation helps in keeping balance between far-reaching innovation and incremental innovation, by directing more attention on far-reaching innovative actions. In addition, strategic orientation is another factor which determines the success or failure of the businesses based on their capabilities and reflects a business's strategic direction for gaining competitive advantage. Consequently, a few researches have attempted to consider the constituents of strategic orientation in context to firm internalization, like international success, export performance, or export operation (Febrianny & Purwanegara, 2019). Furthermore, Palmer, Niemand, and Stöckmann (2019) proclaimed that integrating strategic and entrepreneurial thinking facilitate in improving entrepreneurial firm performance and in creating better value for the firm. Pardyanto and Fontana (2017) argued that separate fields of study have been developed for entrepreneurship and strategic management, even when both emphasize to understand organizational expansion and business performance. Unlike large firms, strategic management may contribute well for SMEs under uncertain conditions (Adel, Zeinhom, & Mahrous, 2018).

In the recent era of globalization, both entrepreneurship and strategic management studies are essential. In an attempt to generate wealth, firms have been continuously scanning and monitoring changes in business environment and trying to adapt to these changes, in addition, they are also identifying and exploiting local and international market opportunities to gain wealth. Bachmann, Engelen, and Schwens (2016) coincided with the idea that it is important for the firms to be capable of increasing their strategic actions and entrepreneurial behavior to become prosper and successful. Strategic planning practices comprise of four key dimensions namely, planning flexibility, locus of planning, environmental scanning intensity and planning horizon, which improve international entrepreneurship of firms (Bachmann et al., 2016). Furthermore, these developed scales can be further applied on research, concerning entrepreneurship intensity and strategic management interface. A study found empirical evidence that systematic implementation of strategic planning practices increase the firms' entrepreneurial behavior (Ayuso & Navarrete, 2018).

Literature Review

Internationalization

Internalization referred as firm's exposure to a foreign market, and is measured by accounting that how many foreign countries that particular firm has operated or entered. Although, the most widely used measure is the financial performance of a firm or the total percent of foreign sales to total sales (FSTS). Yee, Yean, and Kam (2018) stated that several prior studies (Boso, Oghazi, Cadogan, & Story, 2016; Knight, Czinkota, & Khan, 2018; Wu, Ma, & Liu, 2019) have conceptualized the internalization of firm using different terminologies, for instance, internalization, export intensity, scope and scale of internationalization, and international business intensity. The term export intensity explains the percentage of output that is accounted for exports. Export intensity is usually measured as the ratio of aggregated exports to total sales (Sadeghi & Biancone, 2018). Thus, higher export intensity indicates greater internalization and serves as a mean to measure effectiveness of an organization's internalized activities (Sadeghi & Biancone, 2018). In another definition, internalization is referred as 'a process of adapting firm's operations, such as, structure, resources, strategy etc. to an international setting' (Talebi, Tajeddin, & Rastgar, 2017), while in view of Salvador (2019), internalization refers to 'a process which occurs through network of relationships', and as 'a process which involves establishing sub-contractors, joint ventures or subsidiaries, import raw materials, and exporting or importing products or services'.

International Entrepreneurship

The significance of international entrepreneurship has been initially highlighted by Boudreaux (2019), who postulated that international entrepreneurship is of key importance for economic development of the nations. For many countries, exporting goods and services is of prime importance to finance imported goods and services and to generate revenues (Faudzi, 2015). A study also reported significant relationship among these elements to the economic development of a nation. In recent times, the internalization concept has progressed from multinational corporations to the SMEs. It thus explains the SMEs significance in creating employment opportunities and boosting economic growth of a nation (Idris & Saridakis, 2018). Many researchers have defined international entrepreneurship in different contexts using varying perspectives, for instance, as relationship and process, geographical expansion of cross-border economic activities of a country (Johanson & Mattsson, 2015; Talebi et al., 2017) and process and resources. Moreover, in another definition, international entrepreneurship is referred as 'an entrepreneurial firm's creative process which identifies and captures opportunities outside the domestic market for gaining competitive advantage (Ali et al., 2016).

Risk Taking

Risk taking refers to 'the extent that managers are ready for risky and large commitments, having a fair chance to result in costly failures' (Schüler, 2020). It thus explains the firms' desire to make investments in those resources which may possibly lead to failure. In addition, risk taking refers to 'the willingness or ability of a firm to invest in business under uncertain market condition by using systematic strategies, and is defined as the involvement of uncertainty in business returns' (Schüler, 2020). According to Guimaraes and Paranjape (2017), risk taking is the adoption of true and tried path which may result in certain financial returns.

Innovativeness

Innovativeness is the firm's culture, which has a tendency to accept and integrate new ideas and novel experiences (Schüler, 2020). Such involvement of new experiences and ideas using a creative process would bring about positive outcomes in the form of new products and services. Thus, innovativeness signifies a firm's creativity in facing challenges through novel ideas and products. Due to lack of resources, SMEs face more challenges in comparison to large corporations, particularly during uncertain market conditions. Ince, Imamoglu, and

Turkcan (2016) describes innovativeness as “the role of innovation and creativity in market dynamics”. Thus, a firm’s innovative ability explains its growth in developing new products or ideas, which is imperative for the entrepreneurial orientation of a firm. Besides, the innovative ability of a firm also influences the internalization process of a firm.

Pro-Activeness

Oe, Do, and Yasuyuki (2016) define pro-activeness as ‘the way a firm reacts to a certain environment, whether it reacts only when it is expected to do so or it comes up by reshaping or taking control of that environment through implementing new technologies, administrative techniques and new products. It thus explains the firm’s ability to anticipate future market trend and act in accordance by making use of first mover advantage. Thus, the resultant strategies of learning and leveraging experience would result in better business performance for a firm. Guimaraes and Paranjape (2017) define pro-activeness as “a firm’s future-oriented perspective, which is quite similar to a firm’s proactive strategic orientation” (Ajumobi & Kyobe, 2017). A prospector firm remains innovative and proactive in identifying new products, services, or opportunities as well as discovering potential market, thereby trying to maintain its image as an innovator.

Strategic Planning Practices

Strategic planning practices refer to ‘a process which a firm’s management undertakes to achieve long term objectives, i.e. gaining competitive advantage, receiving above average or higher return on investment, and achieving superior performance’ (Yang, Ishtiaq, & Anwar, 2018). Thus, it is a strategic process through which all the strategic activities are required to be coordinated and integrated by firms and then use their core competencies for gaining sustainable competitive advantage, above average returns and superior performance in the long run (Ridwan & Yuli, 2018). Yang et al. (2018) define these practices as ‘a firm-level activity which begins by developing understanding industry environment, competitor analyses, and general environment, and then determine goals and mission for their firm’. Ridwan and Yuli (2018) also defined strategic planning practices as ‘a process of deeply understanding, identifying, and establishing strategic alternatives, and carefully coordinating all such activities and implement them across the organization’.

In today’s highly dynamic business environment, characterized by increased competition, continuously changing consumers’ lifestyles and reduced product life cycle have given rise the need to effectively respond to market changes and taking proper strategic actions. These factors cause profit uncertainty for the businesses and impel them to discover new opportunities which could enable firms to reach desirable progress and consequently gain competitive advantage. Thus, Shalender and Yadav (2019) argues that planning flexibility concerns with a firm’s ability to quickly adapt and respond against the potential threats and opportunities which are discovered outside the domestic environment.

Employees’ level of involvement with top management in deep locus planning and planning activities indicate that employees from different firm levels take part in the firm’s planning process (Bachmann et al., 2016). They also claimed this concept to be similar to participative management styles and team building concept. Furthermore, in bureaucratic firms, these planning activities are usually planned and established only by the senior management without any involvement or input of lower level employees. Thus, the willingness of top management towards entrepreneurial behavior can be witnessed by observing the employees’ involvement during strategic planning practices in firms. This acceptance and commitment also includes the top management’s commitment or willingness to accept failure and provide employees with the freedom to try and make errors.

For each firm, planning time differs ranging from less than a year to a time frame of fifteen years. Planning horizon is the length of time which is considered by a firm’s management to make decision for executing routine strategies (Pasha & Poister, 2017). There are various

differences among long range planning and unstructured short-term planning. The unstructured short-term planning usually takes place on daily basis and does not require measureable processes and is just like ad hoc or intuitive planning. Several prior studies have reported a causal linkage among firm's improved financial performance and planning horizon. Although, several practitioners contended that too much planning may negatively affect the ability of a firm to adapt to external environments (Jazouli & Mitchell, 2017).

Hypothesis Development

SME Internationalization and Entrepreneurial Orientation: Several researchers have reported that entrepreneurial orientation positively and directly affects venturing in international markets (Głodowska, Maciejewski, & Wach, 2019). Prior studies regarded entrepreneurial orientation as a key factor which affect organizations to enter in international markets and venture internationally. Several prior studies (Hanif & Irshad, 2018; Kantur, 2016) that were conducted to examine entrepreneurial firm behavior in international markets have found that entrepreneurship has a direct impact on internationalization. Kantur (2016) also claimed that international diversification and international renewal entrepreneurship process are positively correlated. They further acclaimed that while expanding business in international markets, the entrepreneurial firms tend to emphasize more upon scope of their business operations. In addition, the intangible entrepreneurial capabilities of a firm serve as the firm's resources, which play a significant role in driving entrepreneurial economic activities.

H1: International proactiveness has significant impact on the internationalization of Thai SMEs.

H2: International risk taking has significant impact on the internationalization of Thai SMEs

H3: International innovativeness has significant impact on the internationalization of Thai SMEs

SME Internationalization and Strategic Planning Practices: In recent years, strategic planning practices have been widely used by researchers in theoretical and empirical studies as it is related to firm performance. Strategic planning can be considered using two different perspectives, namely process or content, where process refers to the mechanism, which is employed to improve and develop strategic plan, while content refers to distinct value of strategic planning. In addition, Tapinos, Uzarski and Broome (2019) discovered that strategic planning is linked with internalization of SMEs and performance. The recent dynamic external business environment, such as technology change, globalization, free trade agreement and policy deregulation, are putting pressure upon firms to implement strategic planning techniques and practices in their operations.

In view of Ali (2018), firm's effectiveness in terms of management and performance can be improved through strategic planning and also boost managers' confidence to perform organizational tasks. In case of SMEs, mixed findings were obtained on the relationship between performance and strategic planning practices, while no tangible results were found in other reports (Starbuck, 2018). However, Kangethe, Bwisa, and Muturi (2017) study on SMEs revealed that positive correlation exists between internalization and strategic planning practices. This relationship was established by obtaining 2956 samples from businesses. Furthermore, in an attempt to observe SMEs across country, author found positive correlation among strategic planning practices and local and international businesses' performance.

However, while adopting strategic planning practices, it is imperative to perform environment scanning intensity, as it determines the firm's mission, vision and long term objectives, particularly during dynamic and uncertain external environment that may serve as a hindrance in pursuing opportunities (Majid, 2015). Thus, managers must seriously consider environmental scanning to ensure effective positioning of a firm in fast changing business environment. Moreover, firms can also develop strategic actions by using information obtained from both inside and outside the organization, which would likely to help firms achieve

desirable performance and competitive advantage. Besides environmental scanning, firms must carry out flexible planning to enable them to effectively compete under continuously changing business environment. Flexible firms in terms of planning facilitate in attaining better performance during uncertain conditions (Mikalef & Pateli, 2017).

Employees' level of involvement in deep locus of planning and planning activities shows that employees' from all levels participate in firm's planning process (Soliman, 2019). Therefore, in order to determine future objectives of the firms', level of involvement also serves as an important factor in planning process. Moreover, greater employee involvement provides deeper information and essentials to the firm managers to enhance firm performance and face dynamic business environment (Soliman, 2019). According to Vaara and Lamberg (2016), such involvement of employees facilitate in strategic formulation and planning process, and ensure that all ideas must be considered.

For each firm, planning time frame differs ranging from less than a year to a time span of fifteen years. Planning horizon shows the length of time which is appropriate for the firm to make strategic decisions and execute these strategies. Thus, strategic planning practices is a key tool for the firms' management and SMEs usually lack these practices which becomes a contributory factor in their failure. Despite the evidence that internalization and strategic planning are linked, only 20% of total SMEs are reported to adopt strategic planning (Adel et al., 2018).

H4: International proactiveness has significant impact on the strategic planning practices of Thai SMEs.

H5: International risk taking has significant impact on the strategic planning practices of Thai SMEs.

H6: International innovativeness has significant impact on the strategic planning practices of Thai SMEs.

H7: Strategic planning practices mediates the relationship between the international proactiveness and internationalization of Thai SMEs.

H8: Strategic planning practices mediates the relationship between the international risk taking and internationalization of Thai SMEs.

H9: Strategic planning practices mediates the relationship between the international innovativeness and internationalization of Thai SMEs.

Methodology

PLS is the most powerful non-parametric technique (Hair, Hult, & Ringle, 2016; Hair, Matthews, Matthews, & Sarstedt, 2017). Therefore, it can be used for analyzing normal as well non-normal data, which can be of any size, either small or large (Hair et al., 2016; Ramayah, Cheah, & Memon, 2018). For the sake of present research, we used Smart PLS 3.0 for model estimation. With the help of this software, graphical path modeling can be simultaneously done for latent variables. Moreover, for the data collection, a survey-based technique was employed to collect information from the targeted respondents. For this purpose, we distributed 450 well-developed questionnaires but only 310 respondents turned them back. Consequently, out of 450 total questionnaires only 290 valid questionnaires were received, as 20 questionnaires were dropped from the data due to missing information, resulting in 64% response rate.

Results

Hair et al. (2017) argued that goodness-of fit (GoF) index does not seem appropriate to check model's validity. For instance, if PLS path modeling is applied on modeled data, the findings would suggest that goodness of fit measure is not capable of distinguishing between invalid and valid models and is deemed as inappropriate for validation of the model (Hair et al., 2016).

Thus, the present used a two-step process for data evaluation and the steps of this process include measurement model assessment and the structural model assessment.

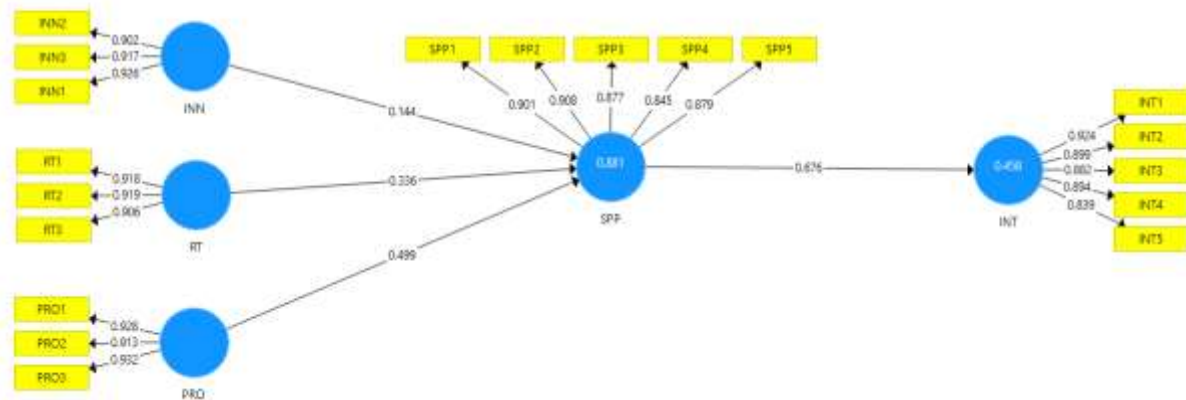


Figure 1: Measurement Model

Measurement model assessment can be done by assessing different criteria which include internal consistency reliability, convergent validity, individual item reliability and discriminant validity (Hair et al., 2016; Henseler, Hubona, & Ray, 2016; Ramayah et al., 2018). In the first step, individual item reliability was determined by analyzing outer loadings of the measured constructs (Hair et al., 2017; Henseler et al., 2016). With regards to threshold level for individual item reliability, Hair et al. (2017) proposed a rule of thumb which requires that items with outer loadings falling between 0.5-0.7 must be retained.

Table 1: Cross Loadings

	INN	INT	PRO	RT	SPP
INN1	0.926	0.600	0.810	0.811	0.821
INN2	0.902	0.641	0.759	0.844	0.778
INN3	0.917	0.600	0.792	0.844	0.812
INT1	0.641	0.924	0.579	0.604	0.585
INT2	0.591	0.899	0.571	0.628	0.623
INT3	0.578	0.882	0.566	0.590	0.605
INT4	0.621	0.894	0.595	0.617	0.630
INT5	0.543	0.839	0.518	0.574	0.555
PRO1	0.807	0.616	0.928	0.817	0.861
PRO2	0.778	0.532	0.913	0.750	0.786
PRO3	0.802	0.617	0.932	0.805	0.873
RT1	0.806	0.600	0.741	0.918	0.780
RT2	0.868	0.669	0.799	0.919	0.862
RT3	0.820	0.590	0.806	0.906	0.806
SPP1	0.779	0.576	0.834	0.814	0.901
SPP2	0.796	0.611	0.864	0.793	0.908
SPP3	0.760	0.603	0.784	0.760	0.877
SPP4	0.754	0.552	0.737	0.783	0.845
SPP5	0.787	0.638	0.790	0.792	0.879

Internal consistency reliability refers to the extent that a same concept is measured by a particular scale items (Henseler et al., 2016; Naala, Nordin, & Omar, 2017). Generally,

Cronbach alpha coefficient and composite reliability coefficient are used to estimate internal consistency reliability of a particular construct involved in an organizational research. Therefore, we used composite reliability (CR) for determining the measures' internal consistency reliability. This study used composite reliability (CR) index because it comparatively provides less biased estimates than the Cronbach alpha coefficient. In addition, CR assumes that all items equally contribute to their respective constructs without considering the contribution of individual loadings (Henseler et al., 2016; Ramayah et al., 2018; Singh & Prasad, 2018).

Table 2: Reliability

	Cronbach's Alpha	rho_A	CR	(AVE)
INN	0.902	0.903	0.939	0.837
INT	0.933	0.934	0.949	0.789
PRO	0.915	0.918	0.946	0.855
RT	0.902	0.905	0.939	0.837
SPP	0.929	0.930	0.946	0.778

Furthermore, it has been observed that Cronbach alpha under or overestimates the reliability scale, whereas, different loadings for a particular construct can be interpreted just like Cronbach alpha coefficient. To ensure the appropriateness of a model, Hair et al. (2017) recommended that the internal consistency reliability value is required to fall within 0.91-0.98. However, the composite reliability (CR) value will be acceptable if it lies above 0.70 (Hair et al., 2016). Hair et al. (2017) define convergent validity as the extent to which items of a particular construct are representing construct which they are actually assumed to measure and also relate with other measures of the same latent construct. In this study, the convergent validity was determined through obtaining average variance extracted (AVE) values for each latent construct in the study, as recommended by Akter, Fosso Wamba, and Dewan (2017). The AVE value for each latent construct must be equal or above 0.50.

Table 3: Validity

	INN	INT	PRO	RT	SPP
INN	0.895				
INT	0.870	0.888			
PRO	0.861	0.638	0.904		
RT	0.800	0.679	0.856	0.905	
SPP	0.779	0.676	0.700	0.894	0.882

Henseler, Ringle, and Sarstedt (2015) define discriminant validity as the extent that a particular latent construct is different from other constructs. Akter et al. (2017) suggested to observe AVE values for achieving the discriminant validity. In this regard, the square roots are calculated for the AVE values and are compared with the correlations among the latent constructs, and to achieve adequate DV the AVE square roots must exceed the correlations among latent construct.

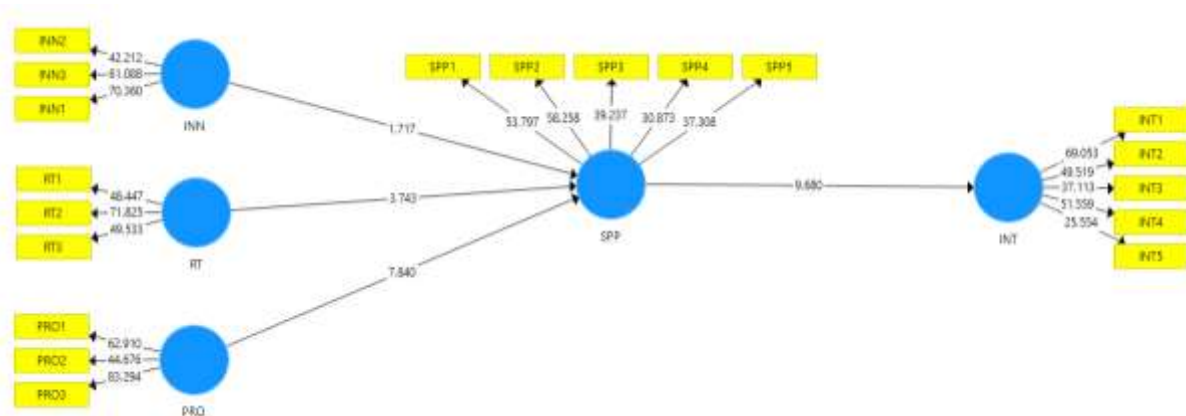


Figure 2: Structural model

Table 4: Direct Relationships

	(O)	(M)	(STDEV)	(O/STDEV)	P Values
INN -> INT	0.097	0.099	0.058	1.682	0.046
INN -> SPP	0.144	0.146	0.084	1.717	0.043
PRO -> INT	0.337	0.339	0.054	6.244	0.000
PRO -> SPP	0.499	0.501	0.064	7.840	0.000
RT -> INT	0.227	0.224	0.066	3.415	0.000
RT -> SPP	0.336	0.331	0.090	3.743	0.000
SPP -> INT	0.676	0.677	0.070	9.680	0.000

Table 5: Mediation

	(O)	(M)	(STDEV)	(O/STDEV)	P Values
INN -> SPP -> INT	0.097	0.099	0.058	1.682	0.046
PRO -> SPP -> INT	0.337	0.339	0.054	6.244	0.000
RT -> SPP -> INT	0.227	0.224	0.066	3.415	0.000

Subsequent to measurement model estimation, present study then assessed the structural model in second step. Once the collinearity issues is addressed, the structural model in this study was determined by calculating R-square or coefficient of determination, checking significance and relevance of structural model, predictive relevance and effect size. However, for examining accuracy of PLS estimates, a bootstrapping method was used which is a non-parametric approach to get t-statistics and standard error estimates (Henseler et al., 2015). This procedure also helps in analyzing the significance of path coefficients. For this purpose, 5000 re-samples were taken to carry out the bootstrapping procedure (Henseler, 2018; Mikalef & Pateli, 2017; Ramayah et al., 2018).

Coefficient of determination shows the predicting ability of independent variable to explain the variance in endogenous variable, and is also denoted by R². R-square serves as an important measure for analyzing goodness of fit i.e. how well the observed items are fitted with the measured regression line. The value of R-square ranges from 0-1.

Table 6: R-Square

	R Square
INT	0.458
SPP	0.881

In this study, the predictive relevance measure was then observed to estimate the structural model. This measure examines the relative predictive relevance by a predicted construct on the dependent construct.

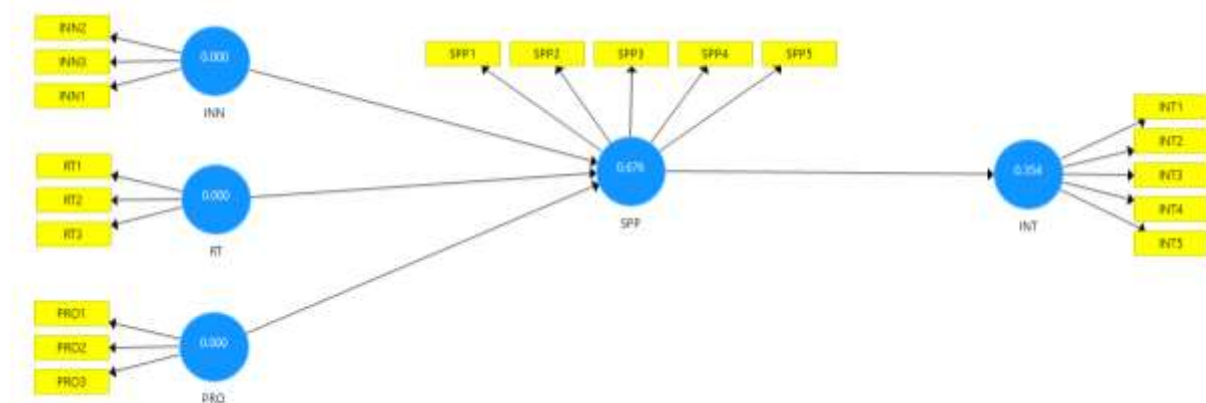


Figure 3: Blindfolding's

It thus significantly contributes to the SEM model estimation by explaining the significance of relative construct. Therefore, the Q2 value was calculated in this research using a blindfolding procedure. It is a cross-validated redundancy approach to assess the constructs' predictive relevance ability. This approach involves predicting the elements and path model in structural model and predicting the eliminated data.

Conclusion

The preset study used structural model assessment and found significant positive relationship among strategic planning practices (SPP) and internalization. Findings also revealed that positive relationship exists between internalization and strategic planning practices in firm which apply strategic planning practices. It thus explains the significance of strategic planning practices in successfully venturing in international markets. These findings were consistent with prior studies e.g. Bachmann et al. (2016) and Ridwan and Yuli (2018). The resource based model suggests that each organization possesses different capabilities and resources which serve as a foundation to adopt appropriate strategies and gain above the average returns. In addition, significant relationship is found between SME internalization and planning flexibility (PFX) at 1 percent level of significance, and at $p < 0.05$. Furthermore, the findings also support the relationship between internalization of SMEs and locus of planning (LP) at 1 percent level of significance and $p < 0.05$, while the relationship between internalization and planning horizon (PH) is also supported by the result at $p < 0.05$ at 1 percent level of significance. According to the results, there is a significant positive relationship between entrepreneurial orientation (EO) and internalization. This is consistent with Jia (2020) who suggested EO as a key determinant in achieving competitive advantage or above average return, and Salihin, Jamrin, and Idris (2020) findings who reported that internalization of SMEs and EO are related. In Hanafiah, Yousaf, and Senik (2016) study, the researchers identified those capabilities of firms which stimulate internalization of SMEs, and their study reported that entrepreneurial attitudes are the risk-taking factors of internalization, which were found to have a significant relationship with SME internalization. This relationship was also supported by study outcomes at $p < 0.05$ and at 1 percent level of significance. In addition, significant relationship was found between internalization of SMEs and innovativeness (IN) which is supported by the empirical result at $p < 0.05$ with 1 percent level of significance. Moreover, the results also supported the relationship between internalization of SMEs and pro-activeness (PR) at 1 percent level of significance and $p < 0.05$.

Thus, resource based view (RBV) emphasizes more upon significance of those firms which possess unique resource capabilities and are capable of surviving and achieving performance even under volatile or uncertain external environment (Ferreira et al., 2016), besides, it also acts as a major driver to gain competitive advantage. Results obtained from relationship testing show significant relationship between entrepreneurial orientation, strategic planning practices and internalization of SMEs in Malaysia. Thus according to the empirical evidence obtained in this study, those firms which have high entrepreneurial capabilities and who integrate strategic planning practices can successfully stimulate firm capability and can do business in global markets. Moreover, the present study also supports Ali et al. (2016) conceptual framework concerning those organizational factors which may contribute in firm's competitive advantage and international activities. Ali et al. (2016) suggested that factors like entrepreneurial orientation, and strategic planning practices influence firms in venturing in external or global markets.

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