Internationalisation of South African women-owned SMMEs: The role of human, social and financial capital

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ABSTRACT

The main thrust of this study was to investigate and explain the influence of human, social and financial capital on the internationalisation of SMMEs in South Africa in the context of women entrepreneurs. A cross-sectional quantitative study was employed on a sample of 135 women-owned SMMEs, by way of an online survey. This tested the association between social, human and financial capital, and the degree of internationalisation of women-owned SMMEs. This study revealed that women entrepreneurs in South Africa do not view international social ties and business networks, and financial capital availability as significant barriers to determining the degree of internationalisation. On the other hand, the study showed that women within this context believe that international education, knowledge and experience all play key roles in inducing the degree of internationalisation. The study suggests that the results may have deviated from widely accepted theories, due to emerging markets being different from developed economies, in which the majority of empirical studies have thus far been conducted. The findings strengthened the emerging, but sparsely researched second approach to the resource-based theory, which suggest that SMMEs internationalise to gain access to entrepreneurial capitals. The study further revealed that women entrepreneurs that had internationalised did so, through industries in which women are typically under-represented. Although not pervasive in literature, women entrepreneurs within South Africa were motivated to internationalise mainly due to external growth prospects and not by poor domestic demand.

DECLARATION

I, *Siyabulela Paschal Dayile*, declare that this research report is my own work, except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Management in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this to any other university.

Siyabulela Paschal Dayile

Signed at ……………………………………………………

On the …………………………….. day of ………………………… 2016

DEDICATION (OPTIONAL)

I would like to dedicate this dissertation to my daughters Farai and Iminathi. Without you, I would not have had the motivation and drive to complete this document.

ACKNOWLEDGEMENTS

I would like to firstly acknowledge the Lord Jesus Christ for life and His blessings, and further acknowledge my supervisor, McEdward Murimbika PhD, for believing in my abilities and guiding me in this process. I would also like to acknowledge the love of my life, family and friends for their support and prayers that made it possible for me to produce this piece of work. Finally, thanks must go to Meisie for her unwavering faith in us as students in the MMENVC class.

TABLE OF CONTENTS

ABSTRACT .... **II**

DECLARATION .... **III**

DEDICATION (OPTIONAL) .... **IV**

ACKNOWLEDGEMENTS .... **V**

LIST OF TABLES .... **XI**

LIST OF FIGURES .... **XIV**

CHAPTER 1: INTRODUCTION **1**

1.1 PURPOSE OF THE STUDY 1
1.2 CONTEXT OF THE STUDY 2
1.3 PROBLEM STATEMENT 3
1.3.1 MAIN PROBLEM 3
1.3.2 SUB-PROBLEMS 4
1.4 SIGNIFICANCE OF THE STUDY 4
1.5 DELIMITATIONS OF THE STUDY 6
1.6 DEFINITION OF TERMS 6
1.7 ASSUMPTIONS 7

CHAPTER 2: THE LITERATURE REVIEW **8**

2.1. INTRODUCTION 8
2.2. DEFINITION OF TOPIC 8
2.3. THE IMPACT OF SOCIAL CAPITAL ON THE INTERNATIONALISATION PROCESS .. 31
2.3.1 THE SOCIAL CAPITAL THEORY 31
2.3.1.1 DEFINITION OF SOCIAL CAPITAL 31
2.3.1.2 DIMENSION AND STRUCTURE OF SOCIAL CAPITAL 33
I. STRUCTURAL DIMENSION 35
A) NETWORK TIES AND NETWORK CONFIGURATION 35
II. THE COGNITIVE DIMENSION 37
III. RELATIONAL DIMENSION 37
A) OBLIGATION 38
B) IDENTIFICATION 38
C) TRUST 39
D) NORMS, CULTURE AND ENTREPRENEURIAL HERITAGE 39
2.3.2 INTERNATIONAL SOCIAL TIES AND NETWORK RELATIONSHIPS 40

2.3.3 HYPOTHESIS 1: THERE IS A POSITIVE CORRELATION BETWEEN INTERNATIONAL SOCIAL CAPITAL AND THE DEGREE OF INTERNATIONALISATION OF WOMEN-OWNED SMMES 44

2.4. THE INFLUENCE OF HUMAN CAPITAL ON THE INTERNATIONALISATION PROCESS 44

2.4.1 HUMAN CAPITAL THEORY 44

2.4.1.1 DEFINITION OF HUMAN CAPITAL 44

2.4.1.1 HUMAN-CAPITAL COMPONENTS.. 45

I. EXPERIENCE.. 45

II. EDUCATION 47

III. KNOWLEDGE 48

A) KNOWLEDGE ACQUISITION.. 50

B) INFORMATION DISTRIBUTION, INTERPRETATION AND ORGANISATIONAL MEMORY........... 52

2.4.2 INTERNATIONAL EXPERIENCE AND KNOWLEDGE AND INTERNATIONALISATION 54

2.4.3 HYPOTHESIS 2: THERE IS A POSITIVE CORRELATION BETWEEN INTERNATIONAL HUMAN CAPITAL AND THE DEGREE OF INTERNATIONALISATION OF WOMEN-OWNED SMMES 55

2.5. THE ROLE OF AVAILABILITY OF FINANCIAL CAPITAL IN THE INTERNATIONALISATION PROCESS 55

2.5.1. RESOURCE-BASED THEORY 55

2.5.1.1. RESOURCE-BASED PERSPECTIVE OF FINANCIAL CAPITAL.................................... 55

2.5.1.2. AVAILABILITY AND ACCESS TO FINANCIAL RESOURCES AND THE INTERNATIONALISATION OF SMMES 59

2.5.2. HYPOTHESIS 3: THERE IS A POSITIVE CORRELATION BETWEEN FINANCIAL CAPITAL AND THE DEGREE OF INTERNATIONALISATION OF WOMEN-OWNED SMMES 61

2.6. CONCLUSION OF LITERATURE REVIEW 61

2.6.1. HYPOTHESIS 1: THERE IS A POSITIVE CORRELATION BETWEEN INTERNATIONAL SOCIAL CAPITAL AND THE DEGREE OF INTERNATIONALISATION OF WOMEN-OWNED SMMES... 62

2.6.2. HYPOTHESIS 2: THERE IS A POSITIVE CORRELATION BETWEEN INTERNATIONAL HUMAN CAPITAL, AND THE DEGREE OF INTERNATIONALISATION OF WOMEN-OWNED SMMES... 62

2.6.3. HYPOTHESIS 3: THERE IS A POSITIVE CORRELATION BETWEEN FINANCIAL CAPITAL AND THE DEGREE OF INTERNATIONALISATION OF WOMEN-OWNED SMMES... 62

CHAPTER 3: THE RESEARCH METHODOLOGY 63

3.1 RESEARCH METHODOLOGY/PARADIGM 63

3.2 RESEARCH DESIGN 64

3.3 POPULATION AND SAMPLE.. 65

3.3.1 POPULATION 65

3.3.2 SAMPLE AND SAMPLING METHOD 65

3.4 THE RESEARCH INSTRUMENT 67

3.5 PROCEDURE FOR THE DATA COLLECTION 69

3.6 DATA ANALYSIS AND INTERPRETATION 70

3.7 LIMITATIONS OF THE STUDY.. 72

3.8 VALIDITY AND RELIABILITY OF RESEARCH.. 73

3.8.1 EXTERNAL VALIDITY.. 73

3.8.2 INTERNAL VALIDITY 73

3.8.3 RELIABILITY 74

CHAPTER 4: PRESENTATION OF THE RESULTS 75

4.1 INTRODUCTION 75

4.2 DEMOGRAPHIC PROFILE OF THE RESPONDENTS 75

4.2.2 CHARACTERISTICS OF ALL SMMES (I.E. INTERNATIONALISED AND NON-INTERNATIONALISED) 76

4.2.3 CHARACTERISTICS OF INTERNATIONALISED SMMES 82

4.2.4 COMPARISON BETWEEN INTERNATIONALISED AND NON-INTERNATIONALISED SMMES 85

4.3 RELIABILITY AND VALIDITY OF MEASUREMENT SCALES 90

4.3.1 SOCIAL CAPITAL 91

4.3.1.1 FACTOR ANALYSIS 91

4.3.1.2 RELIABILITY OF SOCIAL CAPITAL SUB-CONSTRUCTS 93

4.3.2 HUMAN CAPITAL 93

4.3.2.1FACTOR ANALYSIS 93

4.3.2.2RELIABILITY OF HUMAN CAPITAL SUB-CONSTRUCTS 95

4.3.3 FINANCIAL CAPITAL 96

4.3.3.1FACTOR ANALYSIS 96

4.3.3.2RELIABILITY OF FINANCIAL CAPITAL SUB-CONSTRUCTS 97

4.3.4 DEGREE OF INTERNATIONALISATION 98

4.3.4.1FACTOR ANALYSIS 98

4.3.4.2RELIABILITY OF THE DEGREE OF INTERNATIONALISATION 98

4.3.4 DISTRIBUTIONS 99

4.4 RESULTS OF THE HYPOTHESIS TESTING 106

4.4.1 HYPOTHESIS 1: THERE IS A POSITIVE CORRELATION BETWEEN INTERNATIONAL SOCIAL CAPITAL AND THE DEGREE OF INTERNATIONALISATION OF WOMEN-OWNED SMMES 106

4.4.2 HYPOTHESIS 2: THERE IS A POSITIVE CORRELATION BETWEEN INTERNATIONAL HUMAN CAPITAL AND THE DEGREE OF INTERNATIONALISATION OF WOMEN-OWNED SMMES 107

4.4.3 HYPOTHESES 3: THERE IS A POSITIVE CORRELATION BETWEEN FINANCIAL CAPITAL AND THE DEGREE OF INTERNATIONALISATION OF WOMEN-OWNED SMMES 110

4.5 SUMMARY OF THE RESULTS 111

CHAPTER 5: DISCUSSION OF THE RESULTS 113

5.1 INTRODUCTION 113
5.2 DEMOGRAPHIC PROFILE OF THE RESPONDENTS 113
5.2.1 DESCRIPTION OF RESPONDENTS AND CHARACTERISTICS OF ALL SMMES ... 113
5.2.2 CHARACTERISTICS OF INTERNATIONALISED SMMES 117
5.2.3 COMPARISON BETWEEN INTERNATIONALISED AND NON-INTERNATIONALISED SMMES 119
5.3 HYPOTHESIS 1: THERE IS A POSITIVE CORRELATION BETWEEN INTERNATIONAL SOCIAL CAPITAL AND THE DEGREE OF INTERNATIONALISATION OF WOMEN-OWNED SMMES 121
5.4 HYPOTHESIS 2: THERE IS A POSITIVE CORRELATION BETWEEN INTERNATIONAL HUMAN CAPITAL AND THE DEGREE OF INTERNATIONALISATION OF WOMEN-OWNED SMMES 124
5.5 HYPOTHESIS 3: THERE IS A POSITIVE CORRELATION BETWEEN FINANCIAL CAPITAL AND THE DEGREE OF INTERNATIONALISATION OF WOMEN-OWNED SMMES 127
5.5 CONCLUSION 128

CHAPTER 6: CONCLUSIONS, IMPLICATIONS AND RECOMMENDATIONS 130

6.1 INTRODUCTION 130
6.2 CONCLUSIONS OF THE STUDY 130
6.3 IMPLICATIONS AND RECOMMENDATIONS 132
6.3.1 GOVERNMENT 133
6.3.2 PRACTITIONERS 134
6.3.3 ACADEMIA 135
6.4 SUGGESTIONS FOR FURTHER RESEARCH 135

REFERENCES 137

APPENDIX A: COVERING LETTER TO THE RESPONDENTS . 169

APPENDIX B: ACTUAL RESEARCH INSTRUMENT 170

APPENDIX C: CONSISTENCY MATRIX 176

APPENDIX D: CORRELATIONS 178

APPENDIX E: VALIDITY AND RELIABILITY 179

APPENDIX F: DEFINITION OF SMMES ACCORDING TO INDUSTRY 182

LIST OF TABLES

Table 1: Proactive and Reactive internationalisation motives 14

Table 2: Dimensions of foreign-market entry modes....................................... 19

Table 3: Stages of Market-Selection Process (Source: Koch, 2001, p. 67)...... 24

Table 4: The reported direction of the relationship between DOI and the Financial Performance of the firm (Source: Sullivan, 1994, p. 327) 26

Table 5: Degree of Internationalisation variables categorised by three main attributes (Source: Adapted from Sullivan, 1994).. 27

Table 6: DOI Research variables 29

Table 7: Summary of theories and models used within this study.................... 30

Table 8: Market, Hierarchical and Social Relations (Source: Andler and Kwon, 2002, p. 19)... 34

Table 9: SMMEs' perception of the economic environment 81

Table 10: Sample Demographics of SMMEs that are Internationalised (n= 90)82

Table 11: The relationship between the economic environment and the degree of internationalisation (n=88)... 85

Table 12: Chi–Square test of firms' performance among internationalised and non-internationalised in the past 3 years... 86

Table 13: Chi –Square test of the impact of firm age on internationalisation ... 87

Table 14: Chi–Square test of the impact of the number of employees on internationalisation 88

Table 15: Chi –Square test of the impact of the number of employees on

internationalisation 89

Table 16: Independent Samples t-test on the economic environment and internationalisation 90

Table 17: KMO and Bartlett's Test for Social Capital 92

Table 18: Reliability and Validity of Social Capital... 92

Table 19: KMO and Bartlett's Test of Human Capital...................................... 94

Table 20: Reliability and Validity of Human Capital... 95

Table 21: KMO and Bartlett's Test of Financial Capital 96

Table 22: Reliability and Validity of Financial Capital 97

Table 23: Reliability and Validity of the Degree of Internationalisation (DOI) ... 98

Table 24: Descriptive Statistics of the Degree of Internationalisation (DOI)..... 99

Table 25: Test for Normality- Degree of Internationalisation (DOI) 99

Table 26: Summated Scale Descriptive Statistics.. 100

Table 27: Kolmogorov-Smirnova and Shapiro-Wilk test for Normality............ 105

Table 28: Spearman's correlation between international social capital, and the degree of internationalisation (DOI) 106

Table 29: Spearman's correlation between international social capital, and each of the DOI measures... 107

Table 30: Spearman's correlation between international human capital, and the degree of internationalisation (DOI) 108

Table 31: Spearman's correlation between international social capital, and each of the DOI measures... 109

Table 32: Spearman's correlation between international financial capital, and

the degree of internationalisation (DOI) 110

Table 33: Spearman's correlation between international financial capital, and each of the DOI measures 111

LIST OF FIGURES

Figure 1: The relationship between experiential knowledge, tacit knowledge, perceived uncertainty and internal behaviour (Source: Forsgen, 2002, p. 10) . 10

Figure 2: Top motives for different sizes of enterprise (Source: Toulova et al. 2014, p. 326) 15

Figure 3: A Hierarchical model of choice of entry modes (Source: Pan and Tse, 2000, p. 538) 17

Figure 4: Entry-Mode Choice Framework (Source: Driscoll, 1995) 21

Figure 5: Relationship between resource characteristics and sustained competitive advantage (Source: Barney, 1991) 57

Figure 6: The relationship between traditional “strengths-weaknesses-opportunities-threats” analysis, the resource-based model (Source: Barney, 1991) 57

Figure 7: Research Hypothesised Model 61

Figure 8: Research Conceptual Framework 62

Figure 9: Respondent’s highest level of education completed (n=135) 76

Figure 10: Age of company (n=135) 77

Figure 11: Number of employees (n=135) 77

Figure 12: Province(s) in which the organisations operate in (n=135) 78

Figure 13: Industry distribution (n=135) 79

Figure 14: Organisational Orientation (n=135) 79

Figure 15: SMME internationalised (or would soon internationalise) based on

growth prospects or survival (n=135) 80

Figure 16: SMME's performance in the past 3 years (n=135) 80

Figure 17: SMME internationalised (n=135) 81

Figure 18: Industry among internationalised SMMEs 83

Figure 19: Profitability of SMMEs among industries 84

Figure 20: Distribution of Human Capital, Internationally Experienced Scores 101

Figure 21: Distribution of Human Capital Hire Internationally: Scores 101

Figure 22: Distribution of Human-Capital Knowledge of International Markets 102

Figure 23: Distribution of Social-Capital Networks 102

Figure 24: Distribution of Social-Capital Culture and Social Ties 103

Figure 25: Distribution of Financial-Capital Barriers 103

Figure 26: Distribution of Financial-Capital Access to Capital 104

Figure 27: Provincial GDP contribution to the South African economy: 1998, 2008 and 2013 (Source: StatSA, 2014) 116

CHAPTER 1: INTRODUCTION

This section presents the context of the study; and it shows how fulfilment of the research aims ensures the advancement of entrepreneurship theory and practice. The discussion begins with a theoretical background; and it explains the research purpose, questions and aims. The section concludes with an overview of the contribution of the study to entrepreneurial knowledge and the implications thereof to researchers, practitioners, policy-makers, as well as the brief delimitations of the study.

1.1 Purpose of the study

The purpose of this research is to investigate and delineate the various factors that facilitate or prevent women-owned South African small, medium and micro-sized entities (SMMEs) from internationalising their enterprises. This document intends to deduce the influence of social, human and financial capital on the internationalisation process in South African women-owned SMMEs. According to OECD (2000), *ad hoc* studies have been carried out with varying degrees of international involvement of women entrepreneurs; however, comprehensive studies were lacking; and there existed significant information gaps in statistics on SMMEs in international trade on the basis of gender. Although a South African study was conducted on the internationalisation of SMMEs (Shree and Urban, 2012), this did not focus specifically on women entrepreneurs; and furthermore, it did not concern itself with location- and industry-specific aspects. Consequently, there remains a gap in understanding the women-specific dynamics across the various sectors in the internationalisation process in the South African context, which this research, therefore, seeks to determine.

This study, therefore, seeks to answer the following research questions:

1. What is the role played by international social ties and business networks on the degree of internationalisation of women-owned SMMEs in South Africa?

2. How does the knowledge and experience of international markets influence the degree of internationalisation in women-owned SMMEs?

3. Does access to and the availability of financial resources affect the degree of internationalisation in women-owned SMMEs?

1.2 Context of the study

South Africa is a middle-income emerging market, boasting a substantial amount of natural resources, together with well-developed financial, energy, transport and communication sectors. The country has a modern infrastructure; and it has the largest stock exchange in Africa. South Africa is the second largest economy in Africa (World Bank, 2015); and it has, according to IMF, been viewed as playing a leadership role – as a member of the G20 and BRICS – in ensuring that the voice of Africa is heard (South Africa Information Reporter, 2012).

South Africa faces numerous challenges, such as inadequate energy supply, weak domestic demand, persistent labour unrest, skills shortages, and high unemployment: especially among the youth (African Economic Outlook, 2015; Luiz & Mariotti, 2011). The country's exports totalled R1, 039 trillion for the year ended 31 December 2015, representing mainly mineral resources, such as gold, platinum, diamonds and coal, as well as vehicles and transport equipment (SARS Trade Statistics, 2015). However, the country's strong ties with advanced economies, such as the Eurozone, has made it more vulnerable to the economic slowdown of these economies (World Economic Forum, Global Competitiveness Index, 2014-15).

South Africa posted a trade deficit totalling R48.6 billion in respect of the year that ended on the 31 December 2015, reflecting a year-on-year decrease of 41.5% per cent, from a trade deficit of R82.2 billion at the same point in the previous year (SARS Trade Statistics, 2015). The country's imports include machinery, electronics, television images, mineral products, chemicals, foods, vehicles and original equipment-manufacturer components (SARS Trade

Statistics, 2015), all of which present an opportunity for South African SMMEs to produce, provided the competitive capabilities actually do exist.

In order to place SMMEs into perspective; according to SEDA (2012), SMMEs account for approximately 91 per cent of all formal businesses, making an estimated contribution of between 51 per cent and 57 per cent of GDP, and providing approximately 60% of employment within the country. The Department of Trade and Industry (2007) has identified significant barriers facing women entrepreneurs, which resonate with the findings of Havenga and Akhalwaya (2012): particularly the lack of access to finance, cultural and societal-value stereotypes; the lack of knowledge and skills, and family duties.

To this end, the department has formulated a Strategic Framework on Gender and Women's Economic Empowerment, which seeks to address these challenges through various local, regional and national initiatives, including entrepreneurial education and training, financing, and international trade-focused programmes (DTI, 2007). Despite these programmes that show the country's acceptance of women entrepreneurship, a study by the Small Business Project (2013) found that men show a greater interest than women in expanding into new markets; and furthermore, only one in five women-owned SMMEs is currently exporting – let alone other forms of internationalisation.

It follows that by increasing the participation of women in international entrepreneurship through understanding and addressing the key barriers, as they relate to entrepreneurial capital factors, presents an opportunity for exploiting untapped economic growth (OECD, 2004; Koneckik et al., 2007). This would address some of the key challenges facing the country.

1.3 Problem statement

1.3.1 *Main problem*

This research seeks to determine the influence of social, human and financial capital on the internationalisation of South African SMMEs in the context of women's entrepreneurship.

1.3.2 *Sub-problems*

I. To determine the role played by international social ties and business networks on the degree of internationalisation of women-owned SMMEs;

II. To determine the impact of international education, experience and knowledge on the degree of internationalisation of women-owned SMMEs;

III. To identify the influence of financial capital availability on the degree of internationalisation of women-owned SMMEs in South Africa.

1.4 Significance of the study

The global state of international entrepreneurship (IE) is said to be fragmented, inconsistent and lacking converging frameworks and paradigms (Keupp & Gassman, 2009). Therefore, studies that present an in-depth understanding of the field are required, especially within the emerging markets, such as that of South Africa. Hirsrich et al. (2006), notes that research has mainly focused domestically on SMMEs, and given international attention to large and established firms, leaving the internationalisation of SMMEs a more sparsely studied area. Recent commentaries, from various international authors, have called for scholars to move beyond the current understandings through richer theoretical and empirical investigations of IE (e.g. Cavusgil & Knight, 2015; Coviello, 2015; Keupp & Gassmann, 2009; Mathews & Zander, 2007; Zander, McDougall-Covin & Rose, 2015).

This includes understanding the international entrepreneurship across the various categories of firms, economies and individuals. It is in this context that this research seeks to contribute – through focusing on entrepreneurial capitals, as they relate to the internationalisation of women-owned SMMEs in South Africa.

Women entrepreneurship, together with the internationalisation of African SMMEs, were among the top agenda items in the World Economic Forum (WEF, 2015) and the African Union (AU, 2015) summits, both held in South

Africa in June 2015. As noted above, the number of women showing an interest in internationalising their businesses is low compared to men, despite various policy initiatives through various programmes launched by government (SBP, 2013). Unlike large multinational corporations, SMMEs often need support from government institutions, in order to facilitate the process of obtaining networks, international knowledge and the financing required to internationalise their businesses (Hewapathirana, 2011). Therefore, this study provides the opportunity to obtain insight into the influence of entrepreneurial capitals on the internationalisation process of SMMEs.

This study draws on the emerging body of research on entrepreneurial capitals (Shree and Urban, 2012; Koneckik et al., 2007; Kitler & Schuster, 2010), which highlight the crucial role that entrepreneurial capitals play in facilitating the internationalization of SMMEs in South Africa. Little research attention has been given to the impact and nature of entrepreneurial capital that is significant in the internationalization context. This study seeks to address this research gap by exploring the relationship between entrepreneurial capitals and the degree of internationalization of South African women-owned SMMEs.

Women-owned SMME firms are especially relevant to this study; because they are generally under-researched and restrained by different internal and external environmental factors (OECD, 2004; Koneckik et al., 2007; Kyler & Grant, 2010; Akhakwaya and Havenga, 2012; Janssen et al., 2012; Renzuli et al., 2000).

The results of the study could potentially contribute to enabling policy-makers to create a conducive and supportive environment, in order to unlock the latent potential of women's international entrepreneurship. The study would also provide SMMEs with information on the entrepreneurial capital required to facilitate the access of foreign markets. With a large trade deficit and low domestic demand, as mentioned above, expanding to foreign markets could provide the much-needed source of the desired levels of economic growth. In the context of South Africa, this research could provide an understanding to educators; incubators and large corporates that have enterprise-developmental programmes on the impact of entrepreneurial capitals in the context of women-owned SMMEs on successful internationalisation.

This would then allow such practitioners to amend their programmes, within the context of entrepreneurial capitals, to enhance the internationalisation readiness of women-owned SMMEs.

1.5 Delimitations of the study

This study has focused on women-owned South African small, medium and micro-sized entities (SMMEs), as defined in the National Small Business Act of South Africa (Act 102 of 1996) without the exclusion of any sector or geographical location. The aforementioned Act defines SMMEs by industry and categorises them, according to their annual turnover, the number of employees and the total assets. The Act's definition of an SMME provides for a maximum number of employees of 200; and thus, this study has excluded firms that employ more than 200 employees.

1.6 Definition of terms

International Entrepreneurship (IE) – This is a combination of innovative, proactive and risk-seeking behaviour that crosses national borders with the intention of creating value in organisations (McDougall & Ovaitt, 2000).

Internationalisation – This refers to the geographical expansion of a firm's economic activities over a national country's border (Hisrich et al., 2006; Wright & Ricks, 1994). This would include inbound (i.e. importation) and outbound internationalisation.

Globalisation – This is the global integration of national economies into one global economy, mainly by free trade and free capital mobility, as well as easier migration, effectively blurring national boundaries for economic purposes (Daly, 1999).

Small Business – This is a separate and distinct business entity, including co-operative enterprises and non-governmental organisations, managed by one owner or more including its branches or subsidiaries, if any, which have less than 200 full-time equivalent employees (National Small Business Act of South Africa 102 of 1996). See Appendix F for definitions categorised by industry, according to the above-mentioned Act.

1.7 Assumptions

In this study, it is assumed that that the respondents would answer all the questions truthfully – regardless of the confidentiality or sensitivity of such information. This assumption is deemed to be reasonable, in the light of respondents answering an online survey – after consenting to do so – and understanding that the survey is founded on an anonymous and confidential basis, and that participation is voluntary. It is further assumed that the sample is representative of the population. This assumption is reasonable; because the sample is obtained through various organisations, including the Department of Trade and Industry, which has a comprehensive database covering all female-owned SMMEs in the country. Furthermore, the study does allow for a high-level view of the reasonability of firms across provinces and sectors.

CHAPTER 2: THE LITERATURE REVIEW

2.1. Introduction

While there has been a diversity of approaches and theories to delineate the various contributing factors to the scope and extent of the internationalisation of firms, including SMMEs, the following review will focus on the influence of entrepreneurial capitals on the internationalisation process of South African women-owned SMMEs.

This section offers the key definitions and the working definitions applicable to this study. This is followed by the interpretation and synthesis of the frameworks, models and theories that explain the impact of access to financial resources, international networks, and international knowledge and experience on the internationalisation of SMMEs. Furthermore, this review validates the desirability of further studies in this area of entrepreneurship, by justifying the above-mentioned research questions in each of the sub-sections.

2.2. Definition of topic

For a number of years, scholars have debated about which outcome(s) best illustrate the essence of entrepreneurship. However, it is widely accepted that entrepreneurship is an activity or process of discovery and exploitation of opportunities by individual(s) to introduce new goods and services, raw materials, processes and markets (Shane, 2003; Shane and Venkatraman, 2000). New markets exist locally, as well as outside the international borders, giving rise to international entrepreneurship. This is defined by McDougall and Ovaitt (2000) as a combination of innovative, proactive and risk-seeking behaviour that crosses national borders with the intention to create value in organisations.

Hindle and Moroz (2012), suggest that a view to entrepreneurship should offer scholars and practitioners more in-depth and valuable understanding. In line with this understanding, it is viewed prudent to also concede that IE is a process of discovering and exploiting international opportunities in search of sustained competitive advantage (Zahra and George, 2002).

The advances in technology, the emergence of developing economies, together with the reduction in trade barriers, have all led to significant increases in international competition, as companies internationalise their operations (Urban et al., 2010). This phenomenon is called globalisation, which, according to Daly (1999), is the global integration of national economies into one global economy, mainly by free trade and free capital mobility, as well as easier migration, thereby effectively blurring national boundaries for economic purposes. These trends towards globalisation have led to increased internationalisation.

International entrepreneurship and internationalisation among small, medium and micro-sized enterprises (SMMEs) are topics that have gained global relevance, owing mainly to the observed growth effects of cross-border venturing, and the demonstrated ability of SMMEs to induce economic development at national, regional and global levels (OECD, 2009). Internationalisation research began to gain traction in the late 1950s and 1960s; and it has focused mainly on large multinational companies and their international activities, thereby leading to theory development that is mainly around these large companies and not specifically on SMMEs (Hisrich et al., 2006).

Research on internationalisation, which Wright and Ricks (1994) describe as firm-level activity that crosses international borders, has matured to attract theories and models, such as the Uppsala Internationalisation model (the U-model), the Network Theory, the Resource-based Theory, and the Knowledge-based Theory. These comprise a significant emerging phenomenon, such as International New Ventures (INVs) or Born-Globals (Hisrich et al., 2006; Zahra and George, 2002; Johanson and Vahlne, 2009; Bouncken et al., 2015; Casillas et al., 2015; Barney, 1991; Coviello & Munro, 1997).

I. The Uppsala Internationalisation model and the Born-Globals

There are two main models that are utilised by firms in their internationalisation process, namely, the traditional Uppsala model and the Born-Global model

(Zahra and George, 2002). Born-Global firms have a global view of their markets; and they develop the capabilities needed to achieve their international goals. However, in the traditional Uppsala internationalisation model, firms operate in their domestic markets for many years; and they then start to expand into the international markets step-by-step (Bouncken et al., 2015).

Traditionally, the internationalisation process has been explained by using a stage model, which adopts a systematic process, where the firm starts with no international activity, to some international activity, and proceeds to finally owning subsidiaries abroad (Johanson and Vahlne, 1977). This process summarises the Uppsala model presented by Johanson and Vahlne in 1977. The Uppsala model rests firmly on the assumption that access to critical risk-mitigating knowledge and information about foreign markets, customers and suppliers is imperfect (Eriksson et al., 1997).

Forsgen (2002) in his study on the impact of learning on the internationalisation process, also points out that the Uppsala model focuses on experiential learning as a pre-requisite for firm behaviour. **Figure 1** shows the acquisition of specific experiential foreign-country knowledge that cannot be easily imitated by other firms. It reduces the perceived uncertainty, and thus activates the incremental behaviour from firms in the internationalisation process (Forsgen, 2002).

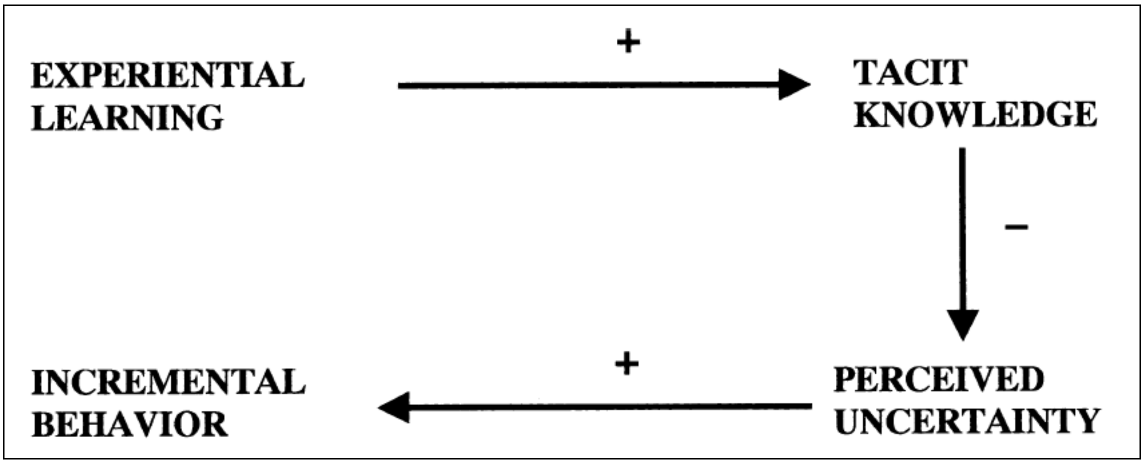


Figure 1: The relationship between experiential knowledge, tacit knowledge, perceived uncertainty and internal behaviour (Source: Forsgen, 2002, p. 10)

Research has found that firms first start by trading products through exports, then through agents, followed by joint ventures, and eventually through a foreign-owned operation. In so doing, they gain non-objective experiential knowledge, and thereby reduce the perceived uncertainty (Johanson and Vahlne, 2009).

Psychic distance, which, according to Clark and Pugh (2001), is defined as factors preventing the ease of flow of information between the firms and foreign countries, including cultural, political and institutional factors, is said to explain the phenomenon of the incremental establishment of foreign operations. Therefore, research has found that the further the target country is from the firm's home country, the greater the psychic distance, and hence the uncertainty (Eriksson et al., 1997).

This has therefore explained the establishment chain that first sees firms expand their operations to neighbouring countries – before moving to countries that are geographically further from the firm's home market (Eriksson et al., 1997; Forsgen, 2002).

In times of globalisation, an increasing number of small firms start their own international activities, leading to the so-called Born-Global (BG) or International New Ventures (INVs) phenomenon, as described by Oviatt and McDougall (1994). This has undoubtedly provided the most noticeable challenge to the stage model of internationalisation (Hisrich et al., 2006). Knight and Cavusgil (2004, p. 124) define BGs as "*entrepreneurial start-ups that, from or near their founding, derive a substantial proportion of their revenue from the sale of products in international markets*."

This definition has gained legitimacy from scholars; and it is backed up by research that suggests BGs to be different in terms of internationalisation speed, scale and scope (Bouncken et al., 2015). Although start-ups (i.e. SMMEs) often have limited tangible resources, insufficient economies-of-scale and a general limitation in financial and human capital, research has shown that the reduction in the cost of doing international business – mainly due to globalisation and technological advances – together with the unique entrepreneurial talent of founders and managers, has been the driving force behind the founding and growth of BGs (Knight & Liesch, 2015; Cavusgil and Knight, 2009). Additionally, researchers have found that most founders and managers within successful BGs have had prior knowledge and experience in international markets; and they have a proclivity to risk-taking, and are proactive (Bouncken et al., 2015), which scholars have found enhances the ability to discover, evaluate and exploit opportunities (Shane, 2003 & Unger et al., 2011).

The speed with which BGs internationalise is supported by the afore-mentioned internal factors, as well as the efficiency of organisational learning, due to prior international experience and networking, through which tangible resources can be innovatively extracted and utilised to obtain an international competitive advantage (Bouncken et al., 2015 & Knight and Liesch 2015). Essentially, the innovative development and utilisation of tangible knowledge resources is the driving force behind the early internationalisation and superior performance of BGs (Cavusgil & Knight., 2004 & Bouncken et al., 2015).

Another way to view a firm's internationalisation process has emerged strongly in the work of Johanson and Mattson (1988), where they introduced the Network Approach. This approach emphasises the importance of relationships with suppliers, customers and the market – to assist firms to go abroad. The resource-based approach is emerging as a perspective on internationalisation, and argues that due to their inherent resources (i.e. capital, in-house knowledge, skilled personnel etc.) and capabilities that are valuable and unique, firms have different strengths; and thus, they are able to exercise varying levels of competitive advantage (Bouncken et al., 2015).

The OECD's 2009 "Top Barriers and Drivers to SME Internationalisation" report has found that lack of finance, management experience and skills and knowledge, are significant barriers to the internationalisation of SMMEs, suggesting that Financial, Social and Human capital (i.e. entrepreneurial capitals) have an influence on the success of the internationalisation process (Shree and Urban, 2012).

Having considered that women entrepreneurs form networks that are linked to their personal lives, rather than for business ((OECD, 2004; Kyler & Grant, 2010), the network approach would thus not be expected to be relevant within this study. Women entrepreneurs also experience the lack of collateral challenge when seeking to obtain entrepreneurial finance (Janssen et al., 2012; Kyler and Grant, 2010). It would also be expected that women would use alternative capitals in exploiting entrepreneurial opportunities. This would suggest little relevance of the resource-based theory. Lastly, women entrepreneurs are found to have a lower tolerance of risk (Janssen et al., 2012). Consequently, one would expect a more conservative approach to internationalisation, as in the Uppsala model.

This would suggest that South African women are more prone to an Uppsala model than to the other models discussed above.

II. Motives of internationalisation

The role played by SMMEs in economic development and job creation throughout the global economy has been emphasised in first chapter; and therefore, it follows that their success is sought by most if not all world economies. Research within the sphere of internationalisation has shown that the motivation to internationalisation is a key factor to the successful internationalisation of SMMEs (Korsakiene and Baranauskiene, 2011; Wilson, 2006). Furthermore, the factors that motivate SMMEs to internationalise are one of the critical aspects, which would interest various stakeholders, including policy-makers in the light of substantial SMME internationalisation-linked spending by various governments across the world (Stewart and McAuley, 1999).

This research report therefore identifies these; and it also supports the arguments raised in the first chapter for the need to increase SMME internationalisation in South Africa – for economic development in the light of its economic context as a country.

The literature has offered a number of motives for internationalisation. According to Korsakiene and Tvaronaviciene (2012), and Mwiti et al. (2013)

there are internal and external motives. These authors consider internal motives as those factors related to influences within firms; while the external factors are those that arise from the firm's external environment (i.e. domestic or foreign). Onkelix and Sleuwagen (2008) view motivation from a "pull" and "push" perspective; where the pull factors are defined as those motives that emanate from desirable conditions or development in foreign markets. The authors argue that these factors draw firms towards internationalisation.

On the other hand, Onkelix and Sleuwagen (2008) label push factors as those motives that portray unique firm characteristics – taking into account the resources, the product life cycle, and competitiveness. Other authors, such as Cziknota and Ronkainen (2012) and Hollensen (2008), have viewed such motives as either proactive or reactive. As shown below in **Table 1,** Proactive motives are internal and based on a firm's interests in using its unique know-how or market opportunities. On the other hand, reactive motives are external or internal; and they are mainly due to threats within the domestic or foreign markets (Hollensen, 2008 & Stewart and McAuley, 1999).

Table 1: Proactive and Reactive internationalisation motives

Proactive motives	Reactive motives
• Profit and growth goals	• Competitive pressures
• Management urge	• Domestic market: small and saturated
• Technology/competence/unique product	• Overproduction/excessive capacity
• Foreign market opportunities/market information	• Unsolicited foreign orders
• Economies of scale	• Extend sales of seasonal products
• Tax benefits	• Proximity to international customers/psychological distance

Source : Adapted from Cziknota and Ronkainen (2012) and Hollensen (2008)

An empirical study conducted in the Czech Republic by Toulova et al. (2014) focusing mainly on motives for SMME internationalisation, as well as on the dependence between motives and firm charactiristics revealed that key motives for SMME internatilisation are: (1) The foreign demand for products; (2) the lack of demand in the domestic market; (3) customer-portfolio enlargement; and (4) increase in sales.

The level of each type of motivation is determined across the spectrum of SMMEs, as shown in **Figure 2;** and research has revealed that micro- and small enterprises are motivated to internationalise mainly by the foreign demand for their products or services; while medium-sized enterprises are induced to internationalise by the desire to increase their sales. The SMME internationalisation drivers found by the other above-mentioed authors are congruent with OECD's 2009 empirical study of Top-barred and Drivers of SMME Internationalisation.

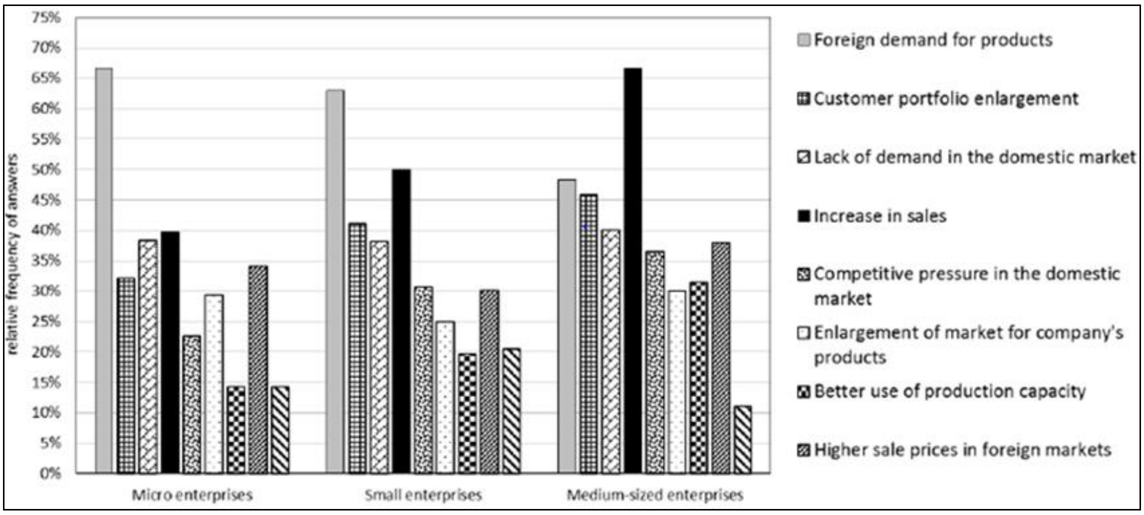


Figure 2: Top motives for different sizes of enterprise (Source: Toulova et al. 2014, p. 326)

This study also found no dependence between motives and the firm's previous international experience; however, some dependence was found on firm size and sector for various motives. For example, this study found that the agricultural SMMEs are driven to internationalise mainly by higher sales prices in foreign markets; while other sectors are primarily driven by the foreign demand for their products. The results also showed that foreign demand for products and the corresponding increase in sales were linked to the size of enterprises; while customer-portfolio enlargement was dependent on the length of experience that a firm has had within the domestic market. Notwithstanding the motivations of SMMEs to internationalise their firms, the background to this research report briefly highlighted the fact that firms face a number of barriers, key of which are: the shortage of capital, the lack of managerial time, skills and knowledge, and the lack of network ties.

III. Market-Entry Modes

Lauf's and Schwen's (2014) review of theoretical frameworks and contextual dimensions between 1986 and 2012 within the context of foreign-market mode choice of SMMEs, shows that the present condition of knowledge of SMME foreign market entry method is indefinite. Firstly, the authors argue that the theoretical frameworks used in the literature are those that were used to explain the foreign-entry modes of multinational enterprises (MNEs), despite the fundamental differences noted between MNEs and SMMEs.

This arises mainly because SMMEs have specific characteristics different from those of MNEs, which are likely to impact on the foreign-entry mode, such as sparse financial and human resources (Brouthers & Nakos, 2004; Nakos & Brouthers, 2002), high sensitivity to external influences (Cheng & Yu, 2008) and a different ownership and management structure (Cheng, 2008). Secondly, they argue that the contextual dimensions that exist in the literature have not fully been appreciated and thus integrated with the above-mentioned SMME-specific characteristics.

Anderson and Gatignon (1986) simply defined the ''mode of entry'' as an institutional arrangement and organisational structure that firms utilise to effectively manage their foreign activities when entering a foreign market. Various methods of foreign market entry exist, such as exporting, importing, contractual arrangements (e.g. licensing), strategic alliances (e.g. joint ventures, minority-equity acquisition and turnkey projects), international franchising (Venter et al., 2010; Czinkota et al., 2002; Pan and Tse, 2000).

The foreign-market entry mode choice influences the firm's extent of resource commitment, risk and control, as it internationalises its operations (Hill et al., 1990); and as such, the above-mentioned entry modes differ in these respects. Although the literature from authors, such as Driscoll (1995) and Driscoll and

Paliwoda (1997) suggest flexibility and ownership within the dimensions of foreign-market entry modes, recent literature suggests that these are largely the consequence of resource commitment; and they should thus be addressed within that dimension (Laufs and Schewns, 2014).

The literature has suggested two perspectives in viewing entry modes. Foreign-entry modes can be modelled as a continuum of increasing levels of resource commitment, risk exposure and control – ranging from export to a wholly-owned subsidiary (Chu and Anderson, 1992). Alternatively, one mode can be set as a basis of comparison, against which all the other modes are compared (Agarwal and Ramaswami, 1992). Pan and Tse (2000) posit that foreign-entry modes are either equity or non-equity based, whereas an equity-based choice is mainly between a wholly owned subsidiary and an equity-joint venture; while the non-equity based choice is the choice between contractual arrangements and exports. Furthermore, these authors, through their empirical longitudinal study, found that entry modes are hierarchical in nature; and this is shown in **Figure 3.**

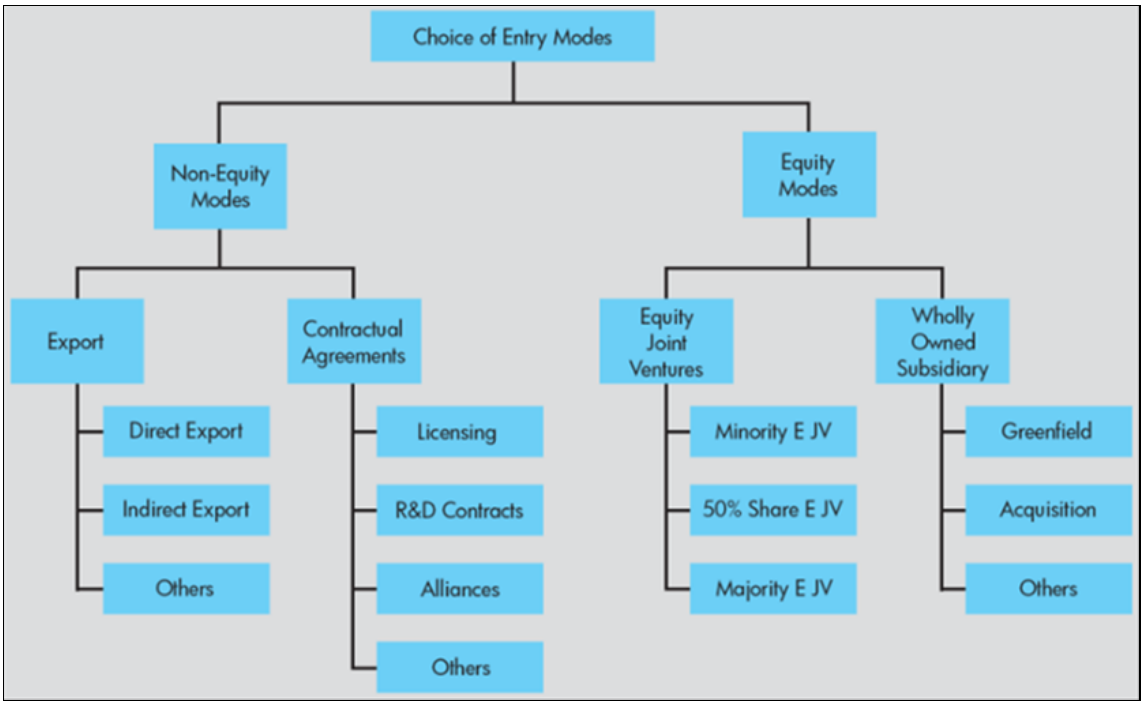


Figure 3: A Hierarchical model of choice of entry modes (Source: Pan and Tse, 2000, p. 538)

As previously mentioned, all these entry modes differ in the level of resource commitment, risk-exposure and control.

a. Resource commitment

Equity-based modes, such as establishing a wholly owned investment necessitates a notable level of resources to be committed; while non-equity entry modes, such as licensing require a limited resource commitment (Hill et al., 1990). To this end, research has found SMMEs to be at a disadvatange when compared to MNEs in the context of resources; and this resource challenge has limited SMMEs' capability to get to committed stages of internationalisation (Erramilli and D' Souza, 1993; Calof, 1994 & Johanson and Vahlne, 1977).

Large entities have less difficulty than SMMEs in deploying their employees in foreign countries for long periods of time; and furthermore, research has shown that smaller entities may not have the financial resources to set up adequate management for ensuring control over foreign operations (Calof,1994). This, therefore, means that when it comes to financial and personnel resource limitations, SMMEs are constrained in their ability to select a high committment foreign-market entry mode, such as an equity-based mode (Ripolles et al., 2012).

b. Risk exposure

Resource commitment, which is a function of a specific foreign-entry mode selected by a firm, is mostly correlated with the risk to which an entity is exposed when entering foreign markets (Hill et al.,1990). Laufs and Schwens (2014) posit that the more resources a firm commits, the greater the risk of losing valuable resources – in the event that the internationalisation process is unsuccessful. The literature posits that SMMEs have a notable level of sensitivity to external pressures (Cheng and Yu, 2008 & Erramilli and D'Souza,1993), which therefore makes the foreign-entry mode selected critical to the success of internationalisation (Laufs and Schewns, 2014).

c. Control

According to Anderson and Gatignnon (1986), control over a foreign operation or activity is determined largely by the entity's level of operational and strategic responsibility. Having considered this; it follows that entry modes exhibit varying levels of control. For example, a foreign subsidiary is essentially controlled by the holding firm, regardless of the delegated strategic or operational decisions; while a joint venture (JV) exhibits shared control between the JV partners (Hill et al., 1990). On the other hand, the control within contractual arrangements is obtained through the use of enforcement, which depends on the adequacy of protection prior to entering into such an agreement.

Considering that research has found that SMMEs are largely family-owned / owner- managed and have a strategic orientation driven mostly by personal objectives, values and beliefs; they are, therefore, likely to have a perculiar view on internatiolisation (Kotey,2005). Furthermore, it has been found in the literature that family-owned firms express less willingness to share control, which is the case in equity-joint ventures, as noted in **Figure 3** (Fernandez & Nieto, 2006).

Although the above-mentioned SMME characteristics and the literature suggest that small entities are less likely to choose high-commitment equity-entry modes (Zacharakis, 1997), research has also shown that some small entities, especially those with prior international experience, are well able to handle high commitment entry modes, such as acquisitions (Maekelburger et al., 2012 & Brouthers and Nakos, 2004).

In summary, the dimensions of foreign-entry modes are summarised below in **Table 2.**

Table 2: Dimensions of foreign-market entry modes

Entry Method	Control	Dissemination Risk	Resource Commitment	Flexibility	Ownership
Investments	High	Low	High	Low	High
Contracts	Medium	Medium - High	Medium - High	Medium	Medium-High
Exports	Low	Low	Low	High	Low

Source : Driscoll and Paliwoda (1997)

The selection of a foreing-market entry mode and that of the market in which to operate, are said to be at the heart of any internationalisation strategy (Sarkar and Cavusgil, 1996; Root, 1994). Furthermore, with the increased level of competition within the global economy, an improved quality of entry mode and market selection is, therefore, of paramount importance for internationally minded firms (Cavusgil, 1985 & Buerki et al., 2014). Having considered the entry modes and their dimenstions, the question that arises is: How does a firm select an appropriate market through an adequate entry mode to achieve its international strategy?

According to Koch (2001), the foreign market-entry mode and the market selection are distinct; and they are in fact two aspects of the same decision. The foreign-entry mode has been defined as an institutional arrangement that '' *makes possible the entry of a company's products, technology, human skills, management or other resources into a foreign country"* (Root 1994, p.24). Market selection is, on the other hand, defined as a *"decision process, which involves narrowing down from a considered set of markets for entry*'' (Reid, 1981, p.108).

International market-selection research has mostly accepted that an international market comprises markets segmented, based the on countries (Swoboda et al., 2007); and thus, this research report shall maintain that stance accordingly. The definitions of entry mode and market selection reflect the distincitive nature of the two decisions; since it is clear that the focus of market selection consists of narrowing down the alternatives, based on some criteria, and thus making a selection. The entry-mode selection is, on the other hand, concerned mainly with the manner in which to enter a market.

IV. Entry-mode selection

Erramili and Rao (1993) maintained that the efficacy of entry-mode models could be bettered by focusing on the firm's desired extent of control, independently of the actual entry mode employed. Taking this into consideration, Driscoll (1995) tabled a mode-choice framework, as shown in

Figure 4. This framework suggests that there is no optimal entry mode in all circumstances, and that a firm must, therefore, consider the impact of the so-called situational factors (i.e. the environmental and the firm factors) and other factors that influence the mode dimensions (i.e. control, risk, resource commitment etc.), and finally, the entry mode selected.

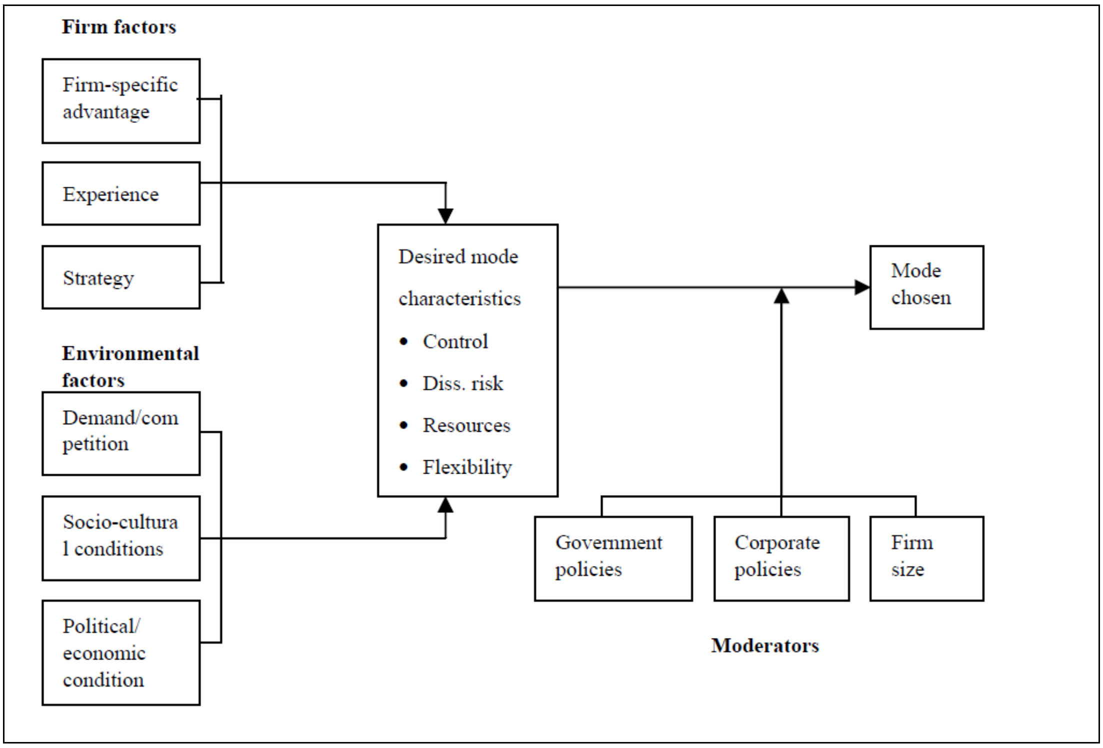


Figure 4: Entry-Mode Choice Framework (Source: Driscoll, 1995)

a. <u>Firm-specific factors</u>

Driscoll and Paliwoda (1997) define these firm-specific factors simply as a firm's competitive advantage versus the host country's firms; and these largely, take the form of product-differentiation abilitiies, as well as the tacit nature of the firm's knowledge and international experience of the firm. Earlier studies on foreign-direct investment (FDI) by Hymer (1960) and Kindleberger (1969) found that the two major determinants of FDI are: the removal of competition and the possession of firm-specific advantages. Having refined Hymer's proposal within his prior research, Kindleberger (1969) argued that for a firm to compete with the host country's firms, who have some knowledge of customer needs, legal systems, and culture, the firm must have a compensating advantage, such as skills, economies-of-scale, technology and the like. Another firm advantage is one of tacit know-how, which is essentially knowledge that is difficult to articulate and transfer to a market; but it is rather transferable within the specific firm that possesses such knowledge (Hitt et al.,1990; Kogut and Zander, 1993). Teece (1983) further adds that highly tacit know-how is generally difficult to transfer – without a demonstration, or a level of involvement. Research has found that the transaction costs related to the transfer of this tacit know-how is lower for high-investment entry modes than it is for contractual types of entry modes (Driscoll and Paliwoda, 1997).

Another firm advantage relates to the international experience of the firm, which essentially refers to the the level of present or prior involvement of the firm in international operations (Erramilli, 1991). This occurs mainly through its managers (Benito and Gripsrud, 1992). In their paper, Johanson and Vahlne (1977) posit that incremental experiential knowledge is superior to objective knowledge; and that it plays a crucial role in decreasing the perceived uncertainty in relation to internationalisation. On the other hand, Kogut and Sing (1988) disagree; and through their research, they found that experience is not instrumental in mode-entry decisions. However, their findings were not statistically significant.

b. Environmental factors

Driscoll and Paliwoda (1997), taking into account the eclectic theory, suggest that a firm would engage in foreign activities in a country that a firm perceives to be best for the firm to exploit. According to Erramilli (1990), environmental factors could either be an incentive or a disincentive, and they could span across economic, cultural, political, government intervention, attractiveness and competitiveness of the market. Makhija (1993) defines government intervention as actions from the host government that are designed to induce actions of multinational firms in a direction that is congruent with the host government's objectives.

This may take the form of policies, laws and regulations, with which foreign firms must comply, in order to operate in that environment. Many countries have policies, such as the strict movement of capital, a restriction of access to goods or perculiar competitive laws and the like. Another environmental factor that affects the entry mode is market attractiveness, which Driscoll and Paliwoda (1997) suggest is measured by size and other market characteristics, such as growth and competition.

Another environmental factor is socio-cultural distance, which refers to the perceived similarity between the host country and the firm's home country in relation to business and industrial practices, language, educational levels and cultural aspects (Johanson and Vahlne, 1977; Kogut and Singh, 1988). Essentially, differences in the above-mentioned factors have the potential of creating uncertainty within the firm that influences the desired mode of entry; and this uncertainty overestates the perceived cost of the equity modes of the firm, when compared to other non-equity modes (Kogut and Singh, 1988).

This is supported by strong empirical evidence of 228 investment market entries, where it was found that socio-cultural distance increases the probility of the firm selecting a joint venture, rather than an acquisition (Kogut and Singh, 1988).

V. Market selection

The selection of a market or country in which to expand operations is closely linked to the selection of the entry mode – to the extent that the literature has suggested that these are aspects of one decision. IMS has been within the research sphere since the 1960s; however, despite this fact, there is no agreement in the literature on which criteria to use, and how each of them weighs in terms of importance (Papadopoulos et al., 2002). Despite this perceived lack of convergence, scholars have reached consensus that International Market Selection (IMS) is the most-critical aspect in the internationalisation strategy (Francioni, 2012; Root 1998).

Although this area of research has focused on large firms (Cavusgil and Zou, 1994) and paid little attention to small firms (Brouthers and Nakos, 2005;

Francioni, 2012), researchers are paying more attention smaller firms (Musso and Francioni, 2012). Due to the pervasive nature of the SMME impact in world economies, it is expected that the most important SMME decisions in recent times in the context of internationalisation pertains to the question of which market to expand into (Ellis, 2000; Sakarya, Eckman & Hyllegard, 2007). According to Papadopoulos and Denis (1988), there are two traditional approaches to IMS, namely, a systematic and a non-systematic approach. Scholars have converged towards a systematic approach; and to this effect, several research projects have empasized the importance of using a systematic approach in selecting a market (Root, 1998; Johansson, 1997;Douglas, Craig & Keegan, 1982).

The most accepted systematic models follow a process approach, and differ on the basis of the number and the type of stages within the process, as shown below in **Table 3.**

Table 3: Stages of Market-Selection Process (Source: Koch, 2001, p. 67)

	Stage 1	Stage 2	Stage 3	Stage 4
Cavusgil (1985)	Screening	Identification	Selection	
Johansson (1997)	Country identification	Preliminary screening	In-depth screening	Final selection
Kumar (1994)	Screening	Identification	Selection	
Root (1994)	Preliminary screening	In-depth screening	Final selection	

All other models, with the exception of Johansson’s model, suggest three stages, comprising: screening, identification, or in-depth screening and selection. These three staged-models suggest that the screening phase is more concerned with the macro-level indicators that should be used to eliminate those countries that do not meet the firms’ key objectives (Kumar et al., 1994). The identification stage involves the assessment of market attractiveness (i.e. market size, market-growth potential, level of competition and entry barriers) for each of the narrowed-down list of countries, and matching this with the firm’s resources and its strategic objective; while the final stage, entails selecting the market by analysing profitability, product compatibility and the like (Koch, 2001).

While the models are all similar in nature, Johansson's (1997) model reflects depth and has four stages, as compared with the other models (Koch, 2001; Musso and Francioni, 2012). The model suggests the following process : (1) Country-identification, based on population, GNP, growth rates, statistics and the like; (2) preliminary screening by analysis of political stability, economic development and geographical distance, to eliminate those countries that would perhaps require more resources to enter; (3) in-depth screening, which involves an assessment of the industry and product-specific data, market-potential estimation, forecasted growth rates, entry barriers and the like; and (4) the final selection involves the matching of all other analyses to the company's objectives and resources.

Although the literature may have suggested a fragmentation of this topic, due to being overshadowed by work on market-entry mode selection (Bjo¨Erkman and Eklund, 1991; Sakarya, Eckman & Hyllegard, 2007), the amalgamation of studies by several authors (Buerki et al., 2014; Koch, 2001; Musso and Francioni, 2012; Sakarya et al., 2007; Ellis, 2000; Cavusgil et al., 2004) in recent times has empirically reflected the influence of the above-noted factors on the market-selection process, which is widely accepted as the most pivotal decision within the internationalisation strategy.

VI. Degree of internationalisation

With the aim of the research being to ascertain the influence of entrepreneurial capitals on the degree of internationalisation of SMMEs; it is therefore, essential for an understanding to be drawn from scholars as it pertains to the so-called 'level' of internationalisation. Despite numerous theoretical and empirical studies, this area lacks significant progress – largely due to the absence of reliable, conclusive measures of the phenomenon of internationalisation (Ramaswamy et al., 1996; Sullivan, 1994; Szymura-Tyc, 2013; Sommer, 2009). Nevertheless, it is advisable to take stock of the major studies, which have conceptually resonated with many scholars; although at times there were methodological debates on certain aspects in this area of internationalisation research.

In the 1970s through to the late 1980s, major empirical studies on the relationship between the degree of internationalisation (DOI) and firm performance, had a employed foreign sales as a percentage of total sales as the sole estimator of DOI (Sullivan, 1994). These studies are all shown in **Table 4** below, with the exception of the 1989 study by Daniels and Bracker, who also included foreign assets as a percentage of the total assets.

Table 4: The reported direction of the relationship between DOI and the Financial Performance of the firm (Source: Sullivan, 1994, p. 327)

Positive	Indeterminate	Negative
Vernon (1971)	Horst (1973)	Siddharthan & Lall (1982)
Dunning (1985)	Hughes, Logue & Sweeny (1975)	Kumar (1984)
Grant (1987)	Buckley, Dunning & Pearce (1977)	Michel & Shaked (1986)
Grant, Jammine & Thomas (1988)	Rugman, Lecraw & Booth (1985)	Shaked (1986)
Daniels & Bracker (1989)	Yoshihara (1985)	Collins (1990)
Geringer, Beamish & deCosta (1989)	Buhner (1987)	

Sullivan (1994) argued that this approach of measuring DOI through a single item had major shortcomings; because: (1) the determination of reliability of a single measure would be impossible; and thus, this would increase the risk of Type I and Type II errors (Bagozzi, Youjae and Phillips, 1991); (2) the use of a single measure creates a risk that the measure would be confounded by existing-method bias (Nunnaly, 1978); and (3) a single item represents only a limited portion of the construct; and it tends to misrepresent the construct. Therefore, Sullivan attempted to amalgamate all the studies to empirically determine those variables that would be a better representation of DOI than prior research, which had followed a single-item approach.

Although based on his study, he proposed an index of 5 variables to form the DOI construct. The initial research variables were 9 in number; and they were based on building conceptually on the basis of prior literature.

The literature currently suggests – and at the time of Sullivan's (1994) study suggested – that the DOI of an enterprise has three main attributes, namely: (1) *Performance*, which essentially provides the answer to what occurs in the foreign market (Vernon, 1971); (2) *structure*, which is concerned with what resources there are beyond the national borders (Stoptford and Wells, 1972); and (3) *attitude,* that deals mainly with what top management's international orientation is (Perlmutter, 1969). The dimensions utilised in this research, which are housed in each of the three attributes, are summarised below in **Table 5**.

Table 5: Degree of Internationalisation variables categorised by three main attributes (Source: Adapted from Sullivan, 1994)

Attribute		Single-Item Variable	Author(s)
Performance	1	Foreign Sales as % of Total Sales	Daniels and Bracker, (1989);Geringer, Beamish and daCosta, (1989); Stopford and Dunning (1983)
	2	Research and Development Intensity	Caves (1982)
	3	Advertising Intensity	Caves (1982); Capon, Farley and Hoeing (1990); Keown, Synodinos, Jacobs and Worthley (1989).
	4	Foreign Profits as % of Total Profits	Eppink and Van Rhijin (1988)
	5	Export Sales as % of Total Sales	Sullivan and Bauerschimdt (1989)
Structure	6	Foreign Assets as % of Total Assets	Daniels and Bracker (1989)
	7	Overseas Subsidiaries as % of Total Subsidiaries	Stopford and Wells (1972); Vernon (1971)
Attitude	8	Top Managers International Experience	Perlmutter (1969); Maisonrouge (1983)
	9	Psychic Dispersion of International Operations	Ronen and Shenkar (1985); Hofstede (1993); Doktor and Redding (1986)

Having tested these variables within his study, Sullivan (1994) thus, through statistical methods, proposed a single factor that would be proxy for DOI, and these were *Foreign Sales as a % of Total Sales, Foreign Assets as a % of Total Assets, Overseas Subsidiaries as a % of Total Subsidiaries, Top Managers International Experience and Psychic Dispersion of International Operations,* as showed in **Table 5**. These results sparked a theoretical and conceptual comment by Ramaswamy et al., (1996), where they strongly criticised the index being proposed as a proxy for DOI. The authors found it debatable whether or not the unidimensionality of the construct was firstly theoretically justified; because they argued that the individual variables might have differing effects on organisational outcomes; and they, therefore, found it debatable that they could be the dimensions of one construct.

Furthermore, the authors challenged the appropriateness of the statistical methodology that resulted in a single factor. Ramaswamy et al., (1996) strongly argued that the process of retaining variables within high inter-correlations, and thereafter performing a factor analysis to demonstrate their unidimensionality was unreliable.

Having considered the arguments from the above-mentioned authors, Dorrenbancher (2000, p.12), drew the conclusion that ''*there is neither a single indicator nor an index that satisfactorily measures the overall degree of internationalisation of a firm*''. However, Dorrenbancher's (2000) afore-mentioned reflection does not discourage direct or indirect research into this area. In support of this, Dorrenbancher (2000) and Letto-Gillies (2013) concluded that past research on the DOI was supported by assumptions that are linked to the research aims and the theory that links with DOI. Therefore, in the absence of an accepted construct to measure *overall* DOI, it is proposed that DOI be measured by using the variables denoted in **Table 6**.

In the South African context, as an emerging economy, as noted in the country's National Development Plan 2030 (NDP, 2013), private investment is required in support of exports. This is the key to the realisation of sustained economic growth (NDP, 2013. Furthermore, these are the key to also capturing not only the exports in terms of reducing the trade deficit, but also in capturing the possible fiscal inflow and re-investment of capital repatriated from foreign markets. The advertising within foreign markets is said to provide support to international sales, which is a pervasively accepted single measure of DOI.

The extent of foreign assets as a percentage of total assets measures resource commitment and is a widely accepted measure of the extent of internationalisation (Johanson and Valhne, 1977);

Table 6: DOI Research variables

Attribute		Single-Item Variable	Author(s)
Performance	1	Foreign Sales as % of Total Sales	Daniels and Bracker, (1989);Geringer, Beamish and daCosta, (1989); Stopford and Dunning (1983)
	2	Advertising Intensity	Caves (1982); Capon, Farley and Hoeing (1990); Keown, Synodinos, Jacobs and Worthley (1989).
	3	Foreign Profits as % of Total Profits	Eppink and Van Rhijin (1988)
Structural	4	Foreign Assets as % of Total Assets	Daniels and Bracker (1989)

Women entrepreneurship is a growing research topic; and it has found recognition and relevance as an important untapped source of economic growth. However, women still represent the minority of all entrepreneurs (OECD, 2004; Moore and Buttner, 1997; Moore, 2003). Although the literature might have inconsistent views concerning women entrepreneurs (Hewapathirana, 2011), it has predominantly emerged that women face various peculiar culture-related challenges more than those faced by men (Manolova et al., 2007) in accessing the entrepreneurial capitals necessary for starting and growing their own firms (Shaw et al., 2009).

Recently, women-entrepreneurship literature has empirically found that due to societal and cultural perceptions, women entrepreneurs experience difficulties in accessing those entrepreneurial capitals required for local entrepreneurship, let alone those required for internationalisation (OECD,2004; Shaw et al., 2009; Akhalwaya &Havenga,2012; OECD, 2000). Therefore, due to these unique barriers, which will be explored further in this research report, women are faced with different challenges in accessing resources, networks and the required knowledge, in order to internationalise their SMMEs.

Therefore, in order to address the influence of these entrepreneurial capitals in the context of the internationalisation of women-owned SMMEs, the following theoretical perspectives will be explored in this study: the **Network Approach** (Coviello & Munro, 1997; Klyver & Grant, 2010; Hilmersson & Papaioannou, 2015); the **Organisational Learning theory** (Casillas et al., 2015; Unger et al., 2011;); and the **Resource-Based Theory** (Cooper et al., 1991; McDougall & Oviatt, 1994; Green et al., 2006; Barney, 1991).

Table 7: Summary of theories and models used within this study

Theories, Models and Frameworks	Author(s) / Researchers	Description of theory, model or framework
International entrepreneurship (IE)	McDougall & Ovaitt (2000);Hisrich et al., (2006); Wright & Ricks (1994); Zahra and George (2002)	IE is a combination of innovative, proactive and risk-seeking behaviour that crosses national borders with an intention of creating value in organisations
Women entrepreneurship	Moore and Buttner (1997); Moore (2003); Hewapathirana (2011); Manolova et al. (2007); Shaw et al. (2009); Akhalwaya &Havenga (2012); Klyver & Grant (2010); Janssen et al. (2012); Renzuli et al. (2000) ; Valla, (2001); Botha (2006) ; Van der Merwe and Nieman (2003); Coleman (2000); Fairlie & Robb (2009); Coleman & Robb (2012a); Carter et al. (2009) ; Meyer (2009); O'Neil & Viljoen (2001)	Women entrepreneurship literature has empirically found that due to societal and cultural perceptions women entrepreneurs experience difficulties in accessing entrepreneurial capitals (i.e. social capital, human capital and financial capital)
Uppsala Internationalisation Model	Johanson and Vahlne, (1977, 2009);McDougall & Ovaitt (2000); Zahra and George (2002); Bouncken et al. (2015); Eriksson et al.(1997); Forsgen (2002)	Firms operate in their domestic markets for many years and then start to expand into the international markets step-by-step. Firms are assumed to act due to having gained international experiencial knowledge.
Born Globals / International New Ventures	Oviatt and McDougall (1994); Knight and Cavusgil (2004); Bouncken et al. (2015); Knight & Liesch, 2015; Cavusgil and Knight (2004, 2009)	Entrepreneurial start-ups that, from or near their founding derive a substantial proportion of their revenue from the sale of products in international markets
Motives for Internationalisation	Korsakiene and Baranauskiene, (2011); Wilson (2006); Korsakiene & Tvaronaviciene (2012); Mwiti et al. (2013) ; Onkelix and Sleuwagen (2008); Cziknota & Ronkainen (2012); Hollensen (2008); Toulova et al. (2012) ; Stewart and McAuley,1999	Proactive motives are internal and based on a firm's interests in using its unique know-how or market opportunities, while reactive motives are external or internal and are mainly due to threats within the domestic or foreign markets
Foreign entry modes	Laufs and Schwens (2014) ; Anderson and Gatignon (1986); Venter et al. (2010); Czinkota et al. (2002;) Pan and Tse (2000); Driscoll (1995); Driscoll & Paliwoda (1997); Chu & Anderson (1992); Ripolles et al. (2012); Cheng and Yu (2008) ; Kotey (2005); Fernandez & Nieto (2006); Maekelburger et al. (2012) & Brouthers and Nakos, (2004)	An institutional arrangement and organisational structure that firms utilise to effectively manage foreign activities upon entering a foreign market
Foreign market selection	Papadopoulos et al. (2002); Francioni (2012); Root (1998); Cavusgil and Zou (1994); Brouthers and Nakos (2005); Francioni (2012); Musso and Francioni (2012); Ellis (2000); Sakarya, Eckman & Hyllegard (2007); Koch (2001); Sakarya et al. (2007); Cavusgil et al. (2004); Buerki et al. (2014)	A process of determining which market to enter, involving identification of a country, preliminary screening, in-depth screening and final selection
Degree of Internationalisation	Ramaswamy et al. (1996); Sullivan (1994); Szymura-Tyc (2013); Sommer (2009); Sulivan (1994); Nunnaly (1978); Dorrenbancher (2000); Ietto-Gillies (2013) ; Johanson and Valhne (1977)	The degree of internationalisation is a measure of the extent to which a firm is internationalised
Social Capital and Network theory	Gedajlovic et al. (2013); Davidsson and Honig, 2003; Corbett (2007); De Carolis & Saparito, (2006); Andler & Kwon (2002) ; Coleman, 1990; Bourdieu (1985); Putnam (1995); Nahapiet and Ghoshal (1998); Urban et al (2010); Tsai and Goshal (1998); Pearson, Carr and Shaw (2008); Burt (1992), Venter et al. (2010); Granovetter (1973) ; Williams & Durrance's (2008); Vassa & Chacar (2009) ; Hansen (1999); Inkpen and Tsang (2005); Coviello & Munro (1997); Johanson and Mattson (1993); Johansson and Mattson (1988); Hisrich et al. (2006; Hilmersson & Papaioannou (2015); Bell (1995); (Hisrich et al. (2006); Kazlauskaite et al (2015)	The network approach describes internationalisation as the cumulative process of establishing, developing and maintaining business relationships. These relationships provide resources to discover and exploit opportunities.

Theories, Models and Frameworks	Author(s) / Researchers	Description of theory, model or framework
Human Capital and Organisational learning theory	Unger et al (2009,2011) ; Venter et al. (2010); Urban et al (2010); Florin et al. (2003); Javalgi et al. (2011) ; Bosma et al. (2004); Herrmann and Datta (2005); Athanassiou and Nigh (2002); Mosey and Wright (2007) ; Shane and Venkataraman (2000); Zarutskie (2008); Urban and Barreira (2007); Liebeskind (1996); Johanson and Vahlne (1977), 1990; Bouncken et al. (2015); Baron and Shane (2005) ; Huber (1991) ; Bierly's et al. (2000); Coviello (1995); Oviatt & McDougall (1994, 2005); Casillas et al. (2015); Peiris et al. (2013); Ardichvili et al. (2003); Lumpkin et al. (2004); Zahra, Korri and Yu (2005)	Human capital has been found to increase individual and/or firm cognitive abilities in the discovery, evaluation and exploitation of entrepreneurial domestic or international opportunities
Financial capital and resource based theory	Barney (1991); Penrose's (1959) Hisrich et al. (2006); Dana (2004); Francisco, (2015); Zahra et al. (2006); Alvarez & Busenitz, (2001); Shane and Venkataraman (2000); Shane (2003); Peiris et al. (2013); McDougall & Oviatt, (1993); Almeida et al. (2000); Green et al (2006); Ibrahim and McGuire (2001); Westhead et al., (1998); Hessel (2008); Daniels & Avenue (2003); Kamunge et al. (2014); Nissanke's (2001) ; Casson (2003); Xie and Suh (2014); Erikson et al (1977); Cavusgil (1985)	A company is able to sustain its competitive advantage on the international stage due to a bundle of unique, rare and valuable resources and capabilities that exist within the firm

2.3. The impact of Social Capital on the internationalisation process

2.3.1 The Social Capital Theory

2.3.1.1 Definition of Social Capital

According to Gedajlovic et al. (2013), despite all scholarly arguments around integrative entrepreneurship, authors have begun to converge their thoughts and recognise that entrepreneurs and entrepreneurship are socially located. Thus, the social capital theory is referred to as the ability of actors to extract benefits from their social structures, networks and memberships (Lin et al., 1981 and Portes, 1998, cited in Davidson and Honig, 2003). In recent times, authors have accepted the existence of an interaction between the social environment, individuals and firms in the ability to induce discovery, evaluation and the exploitation of opportunities (Corbett, 2007; De Carolis & Saparito, 2006). Furthermore, Murphy (2011) and Gedajlovic et al. (2013) have suggested that there is a general consensus among scholars that social capital is one of the foundational theoretical perspectives in entrepreneurship.

As a consequence of the above-mentioned scholarly view, the literature offers a plethora of definitions for social capital, which differ among authors, depending on whether they are focused on the substance, the sources, or the effects of social capital. On the other hand, these definitions could also differ, depending on whether the author focuses mainly on the structure of relations among actors, the relations that an actor has with other actors, or on both of these (Andler and Kwon, 2002). Andler and Kwon (2002) and Davidson and Honig (2003) suggest that two primary perspectives of social capital have been utilised thusfar within the literature; and these are the bonding and the bridging perspectives. Essentially, the bonding perspective posits that business benefits from social capital through strong social connections that result in reciprocal behaviour, which eventually leads to trust. This perspective celebrates the value of increased sharing and solidarity within the network, which is not easily achievable (Coleman, 1990).

These are the so-called closed networks, which often result in limited freedom, and inflexible adherence to societal norms. Furthermore, this perspective resonates with studies on social capital that focus on trust, and on network norms that facilitate the entrepreneurial process. On the other hand, the bridging perspective submits that external networks of the focal actor lead to so-called non-redundant (i.e. diverse) resources, thus resulting in positive results, such as access to a wider range of diverse resources and information. To this end, Burt (1982) posits that these lead actors are entrepreneurs in the true sense of the word; as they generate profit from being among others. This view has attracted studies on social structures in respect of their centrality, density, strength, and also the bridging of structural cavities to facilitate the entrepreneurial process (Gedajlovic et al., 2013)

Social capital definitions offered by pioneer authors within the social capital theory development all – with the exception of Bourdieu – fall within the bonding (internal) perspective, and are as follows:

1. **Bourdieu** - "*the aggregate of the actual or potential resources, which are linked to the possession of a durable network of more or less*

institutionalized relationships of mutual acquaintance or recognition" (Bourdieu, 1985:248),

2. **Putnam** - "*Features of social organization, such as networks, norms, and social trust that facilitate co-ordination and co-operation for mutual benefit* "(Putnam, 1995:67).

3. **Coleman** - "*Social capital is defined by its function. It is not a single entity, but a variety of different entities having two characteristics in common: They all consist of some aspect of social structure; and they facilitate certain actions of individuals, who are within the structure*" (Coleman, 1990:302).

In line with Gedajlovic et al. (2013), these (i.e. bonding and bridging) two perspectives are complementary; and these views are a matter of perspective and the unit of analysis, as well as not being mutually exclusive (Andler and Kwon, 2002). A neutral definition is, therefore, adopted for this research report. Although many definitions exist in the literature, Nahapiet and Ghoshal (1998:243), as cited by Urban et al. (2010), define social capital as: "*The sum of the actual and potential resources embedded within, available through, and derived from the network of relationships possessed by an individual or social unit, comprising both networks and resources that may be mobilised through that network*''. Further to the neutrality of this definition, it caters for both the internal and external ties, among both individuals and collectives; and it acknowledges that the resources are to be found in the social structures.

2.3.1.2 Dimension and Structure of Social Capital

Andler and Kwon (2002) suggest that social capital sources and other resources lie within a social structure, in which an actor is located. However, the authors submit that social capital could be differentiated from other resources through the social structure underlying such a resource. Therefore, to this end Andler and Kwon (2002) distinguished social relations among three main dimensions of social structure (See **Table 8**): (1) Market relations, where mainly goods and services are exchanged for cash or bartered; (2) Hierarchical relations, in which obedience to authority is exchanged for material and spiritual security; and (3) Social relations, where favours and gifts are exchanged. In contextualising these within entrepreneurship, Urban et al. (2010) submit that social capital is underlined by social relations, and furthermore, that entrepreneurial social capital is underlined by market relations, and to a lesser extent by hierarchical relations.

Notwithstanding the consideration of Andler and Kwon (2002) the conceptualisation of social capital, according to Nahapiet and Ghoshal (1998), presented a well-accepted multi-dimensional view of social capital, which essentially viewed social capital from a structural, relational and cognitive point of view. Their perspective is supported by Gedajlovic et al. (2013), mainly for its usefulness in recognising and differentiating between multiple forms of social capital. The conceptualisation among these authors is a matter of perspective rather than differing theoretical underpinnings, which are fundamental to the synthesis of social capital in line with the objective of this research.

Table 8: Market, Hierarchical and Social Relations (Source: Andler and Kwon, 2002, p. 19)

Dimension	Market Relations	Hierarchical Relations	Social Relations
What is exchanged	Goods and services for money or barter	Obedience to authority for material and spiritual security	Favours, gifts
Are terms of exchange specific or diffuse	Specific	Diffuse (Employment contracts require an employee to obey)	Diffuse (A favour I do for you today is made in exchange for a favour and at a time yet to be determined)
Are the terms of exchange made explicit	Explicit	Explicit (Employment contracts are explicit in terms and conditions even if it is not specific)	Tacit (A favour for your today is made in the tacit understanding that it will be returned someday)
Is the exchange symmetrical	Symmetrical	Asymmetrical (Hierarchy is a form of domination)	Symmetrical (The time horizon is not specified nor explicit but favours eventually are returned)

Gedajlovic et al. (2013) adopted this model in their analysis of the past, present and future of social capital; and they suggested that the structural dimension is better at reflecting the sources of capital; while the relational and cognitive dimensions reflect the social capital resources. This view is strongly supported by other authors, such as Tsai and Goshal (1998) and Pearson, Carr and Shaw (2008). The structural dimension primarily reflects the nature of relationships or the networks of a firm; while the relational and the cognitive dimensions reflect the resources derived from such relationships. In this research, we are focused mainly on the factors related to social relations, as opposed to the market or hierarchical dimensions (Andler and Kwon, 2002). The following subsections briefly discuss these dimensions in support of this research report's hypothesis on social capital and internationalisation.

I. Structural Dimension

a) Network ties and network configuration

The key fundamental proposition of the social capital theory is that network ties provide access to resources (Nahapiet and Goshal, 1998), which are useful for the discovery, evaluation and exploitation of entrepreneurial opportunities (Shane, 2003). These ties are said to provide channels of access to information and other resources; however, the configuration of such network ties in respect of density, connectivity and hierarchy has a significant impact on the flexibility and ease of exchange within such networks (Ibarra, 1992; Nahapiet and Goshal, 1998). Coleman (1988) and Nahapiet and Goshal (1998) suggest that these ties reduce effort and investment in seeking valuable information, which forms the basis of any decision-making.

Burt (1992), further adds that these information benefits occur at three levels: (1) Access to valuable information through the influence of network ties; (2) obtaining information through personal ties prior to the information being made available; and (3) obtaining referrals in the process of sharing in the forms of reputational endorsements.

The afore-mentioned network ties can occur at both individual and organisational levels. The literature has, however, attributed these ties primarily to individuals that are within the organisation(s) who at firm level are part of an inter-firm network, as opposed to an intra-firm network (Davidson and Honig, 2003). These ties may be either be direct or indirect, strong or weak; and they may differ in diversity (Venter et al., 2010; Urban et al., 2010). Strong ties are often from family relationships; and they are deemed a fairly secure and consistent provider of resources for entrepreneurial purposes. In contrast, weak ties are loose relationships between people. Granovetter (1973), in his revisit of his prior study, argued on the importance of maintaining extended networks, based on the plausible suggestion that weak ties form a bridge between densely knit networks (i.e. intra-firm or inter-firm); and they provide access to resources, which would in all probability not otherwise be available within an actor’s dense network, or might be too costly to obtain.

The diversity of ties depends on the mix of strong and weak ties; and it has been found to be important, regardless of its strength (Venter et al., 2010). Scholars have accepted the diversity, in order to reflect the dimensionality of ties in terms of inter-alia: social location, sex, age, occupation and ethnicity (Aldrich and Carter 2004). In line with the findings of Granovetter (1973) and Williams and Durrance (2008) that individuals with a few weak ties are deprived of information; Venter et al. (2010) submit that the diversity of network ties is critical for entrepreneurs; and it increases access to a wider circle of information on potential markets, new business locations, innovation, sources of capital – in discovering and exploiting opportunities.

Burt (1992) and Vassa and Chacar (2009) support this view in their argument that a sparse network with a few redundant ties (i.e. those displaying similar characteristics or social locations) provides information benefits; whereas, they argued that dense networks are inefficient; since they return less diverse information at the same investment or cost. However, it must be noted that although weak and diverse ties create access that facilitates the search for information, they could impede the ease-of-transfer, especially when information is not systematically organised (Hansen, 1999; Inkpen and Tsang, 2005).

II. The Cognitive Dimension

Inkpen and Tsang (2005) suggest that an essential part of social exchange requires the sharing of the context in the form of shared goals and culture. They explain that shared goals refer to a common understanding among network members; while culture refers to the extent to which behavioral norms govern relationships. In line with this, Nahapiet and Goshal (1998), supported by Lesser and Storck (2001) and Cohen and Prusak (2001), posits that shared language and vision have a direct and critical social function; since they facilitate discussions and the exchange of information, as well as providing a common filter through which to evaluate mutual benefits in exchanges. Therefore, these are viewed as resources, whereby one can gain access to networks and their resources (including information). Further to this, it is accepted that those relationships that enjoy shared norms and values are generally stronger (Moran, 2005).

III. Relational Dimension

In the study of Nahapiet and Goshal (1998) on the relationship between social capital and intellectual capital (i.e. new knowledge), they found the relational dimension to be the most significant. In further support of this dimension's significance, Szulanski (1996) suggests that a key barrier of best practice sharing within firms is strenuous relations between individuals. Although this mainly suggests this is an intra-firm challenge (i.e. bonding perspective); this could arguably be extrapolated to inter-firm relations that could lead to a lack of ability to tap into weak ties, which have been shown to add significant value as mentioned previously. Nahapiet and Goshal (1998), supported by empirical research by Chiu et al. (2006), have presented obligations, identification, trust and norms as the key variables within this dimension. These are briefly discussed below.

a) Obligation

According to Nahapiet and Goshal (1998), obligations are merely reflective of a duty to perform an activity in the future. Coleman (1990) fundamentally and plausibly distinguishes between norms and obligations, by pointing out that obligations arise within personal relationships. This would normally be defined by untold reciprocity, where one is obliged to act in the future, because of having received something in the past, or in the present. Coleman (1990) suggests that this obligation represents a so-called “credit slip”, a concept that Bourdieu (1986) supports. Scholars, such as Fairtlough (1994) also asserts the importance of formal, professional and personal obligations among firms conducting research and developmental projects. Prior studies have shown that knowledge-sharing is strongly facilitated by a profound sense of reciprocity (Wasko & Faraj, 2005) This is in agreement with the notion of bridging and the formation of ties beyond contractual obligations, as well as sparking strategic alliances that result in access to information and resources for the firms involved.

b) Identification

Identification is defined as a process, whereby individuals see themselves as one with another individual or group of individuals (Nahapiet and Goshal, 1998). This is applicable to firms who could also identify with other firms or groups of firms. For example, they could identify with one another, based on industry or size and the like. When individuals and firms identify with each other, they generally subscribe to rules, standards and values of the group with which they identify. Researchers have found that, group identification enhances the perception of opportunities to exchange. Furthermore, the lack of group identification results in barriers to learning, to the sharing of information and the creation of knowledge (Kramer et al., 1996; Ardichvili et al., 2003; Bagozzi & Dholakia, 2002; Meyer et al., 2002).

c) Trust

According to Venter et al. (2010), trust is a significant factor that enhances the strength of social capital; and it is said to be the glue that holds entrepreneurs together (Davidson and Honig, 2003). According to Misztal (1996) and Welter and Smallbone (2006), trust is defined as the belief that other agents will act in a way that is expected of them, and as is deemed appropriate from the actor's point-of-view. Scholars have substantially converged in their view that individuals and firms that are in relationships that are high in trust, find more social exchange and co-operation (Putnam, 1993; Fukuyama, 1995). Furthermore, where there is a high level of trust, there is also a high level of risk appetite within exchanges (Nahapiet, 1996). Trust, therefore, plays the role of reducing the complexities in everyday life; and it assists in reducing transaction costs for entrepreneurs; since some business relations can be managed without contracts (Welter and Smallbone, 2006).

Venter et al. (2010) assert that there are various forms of trust, such as: (1) *Personal trust,* which prevails in non-commercial contexts; (2) *risk*, which is found within commercial transactions; and (3) *institutional trust*, which refers to social, cultural, political and organisational transactions. Furthermore, the authors suggest that prior research within developed economies shows that institutional trust plays a more pivotal role than does personal trust; however, they concede that institutional trust is largely a function of personal trust, regardless of the sector or region.

d) Norms, Culture and Entrepreneurial Heritage

A norm is said to exist, when a degree of consensus is reached within a social system; and this prevails when the right to control an action is held by others instead of by the actor (Coleman, 1990). Furthermore, the author posits that although sometimes fragile, an effective norm represents a strong form of social capital. Therefore, when a norm is effective, and is seen as "expectations that bind", it could significantly influence the social-exchange processes, and create access within networks to extract benefits for entrepreneurial action (Kramer & Goldman, 1995; Putnam, 1993).

Entrepreneurial heritage, which essentially includes factors, such as the father's occupation, the family work-ethic and religion, family size and growing-up experiences and the like is utilised mostly to highlight the importance of family background for the entrepreneur (Venter et al., 2010). Research conducted by Hirsrich (1990), which included 5000 women entrepreneurs found that the majority of those in the sample had fathers who were self-employed. The impact of family on entrepreneurial behaviour is arguably a function of entrepreneurial role models, which have been found to induce entrepreneurship (Venter et al., 2010).

As a form of social capital (Venter et al., 2010), Hofstede defines culture as the ''*collective programming of the mind that distinguishes the members of one group or category of people from another*'' (2001, p.9). Furthermore, the author posits that culture is learned and not inherited; and that one derives it from the social environment. This social environment, as discussed above, consists of actors (i.e. individuals and firms) that are within networks. Research has had much debate around national culture; and it has suggested that culture is changeable, and in some countries too heterogeneous to understand (Urban et al., 2010). Although there is much debate on national culture, research has shown that where entrepreneurship is not valued in a culture of a country, then it will be associated with criminality and corruption, and will not thrive (Urban et al., 2010). Within the context of this research report, female entrepreneurs have been found to be collectivist, instead of individualistic, which is not associated with a culture of entrepreneurship (Watkins et al., 1998; Hofstede, 1998, 2001). Further to this, women – especially those within Africa – have been found to establish maximum sizes for their business, and thus have generally lacked the desire to expand (Cliff, 1998).

2.3.2 International social ties and network relationships

Built on the understanding that firms are embedded actors in business networks, the network perspective has gained popularity among scholars in explaining the internationalisation process, by suggesting that the process is influenced by the firm's network of relationships (Coviello & Munro, 1997;

Johanson and Mattson, 1993; Johansson and Mattson, 1988; Hisrich et al., 2006). Johanson and Mattson (1988) in their extension of the social-capital network theory, have suggested that business relationships within networks are those between the firm and its customers, distributors, suppliers, competitors, government and the like. To this end, Johanson and Mattson (1988) and Lehtinen and Penttinen (1999) define internationalisation as the cumulative process of establishing, developing and maintaining business relationships. Authors within this facet of entrepreneurs have highlighted that the assumption deeply entrenched in the network approach is that firms need resources within networks, which are sometimes controlled by other firms (Chetty & Holm, 2000).

These networks provide firms, and more importantly the resource constraint SMMEs who depend on other actors (Hilmersson & Papaioannou, 2015; Coviello and Munro, 1997), with an avenue to extract information and other resources that enable them to discover, evaluate and exploit international opportunities. Therefore this view strongly places markets as systems of social and industrial relationships between customers, suppliers, competitors, family and friends, who are the main influencers of the pace and pattern of international market growth, as well as market selection and the mode of entry (Bell,1995; Coviello & Munro, 1997).

What appears to be sparsely researched in the network approach is the impactful role of individuals, especially entrepreneurs, who are viewed as solely possessing, developing and maintaining interpersonal and inter-firm relationships (Hisrich et al., 2006). This is viewed as critical in the light of the research – suggesting that one of the major determinants of success among BGs has been attributed to the actors' prior knowledge and experience in international markets. This is viewed as a crucial element of network ties, because prior international exposure presents the entrepreneurs with a bridge to foreign-market ties, through which to access information regarding opportunities, sources of finance and the like to discover and exploit international entrepreneurial opportunities.

On the other hand, Johanson and Vahlne (1990), through the amalgamation of the Uppsala model and the network perspective to internationalisation, argued that foreign-market entry is gradual; and it is mainly driven by development and the management of relationships over time. This view is strongly supported by studies by Korhonen et al. (1995), Bonaccorsis (1992) and Welch (1992) who all found that the internationalisation of firms grew from the relationships of importing from a foreign supplier, exporting and strategic alliance, and eventually it resulted in other forms of internationalisation.

It must be noted that empirical evidence exists within the context of South Africa in Urban and Shree (2012), which showed that social capital had an insignificant relationship with internationalisation. This research involved men and women; however, it does provide a reference point to suggest that although this is sparsely researched, there is a possibility that the pervasive theory does not hold. Further to this point, in their proposal Kazlauskaite et al. (2015) noted that the social network perspective on internationalisation has its roots in North American economic sociological tradition; and that most literature within this perspective has focused on developed markets firms. To this end, it has been found that most research in this area is from the Nordic countries; and it is sparse within emerging markets. They argued and found that contrary to expectations, the social networks do not play such a critical role as they played in developed economies in the internationalisation process, mainly due to the differences between the two types of economies. These differences are noted to be mainly around institutional development, economic development, cultural differences and international mobility (Kazlauskaite et al., 2015).

The authors further argue to posit that networks play a key role in the initiation of internationalisation; and they have a negative impact on speed, foreign market diversity and internationalisation performance. This view, however, does lack comprehensive contextual empirical support; but it is not completely ignored in this research report; although this research is built on the former view that international social capital holds a positive correlation with internationalisation.

According to Janssen et al. (2012), women are stereotyped – mainly because of cultural beliefs – to the extent that they themselves perceive the business environment to be favourable to men. In the light of social capital, Bourdieu

(1986) suggested that individuals' positions within social structures are a function of the amount and type of capital possessed by each of these individuals, and the values placed on such capital. In the light of challenges faced by women in accessing other forms of capital, it is arguable that they possess less capital with which to barter, in order to gain access to these social structures, which are predominantly for men, as in the case of entrepreneurship (Janssen et al, 2012).

Further studies by Renzuli et al. (2000) have found variances in social capital between men and women that have resulted in women struggling to enter business-ownership networks. Women have been found to differ from men in the kind of networks they develop and in their use; and they have also been found to engage in personal networks that are more suited to family-related matters, rather than those networks that allow for access to those critical resources that are required for entrepreneurial success (OECD,2004; Klyver & Grant, 2010). Within the South African context, studies have shown that women struggle to network, due to family responsibilities, as well as disrupted careers, due to child rearing (Akhalwaya & Havenga, 2012; Valla, 2001).

This suggests that they would also struggle to develop and maintain networks in the international context. Women globally and within the South African context have shown a general lack of managerial experience (Akhalwaya & Havenga, 2012; Kyler and Grant, 2010; OECD, 2004: Valla, 2001). This points out that women possibly lack the international experience as top managers, which is linked to higher levels of internationalisation through acquired networks and knowledge (Fischer & Reuber, 1997). Therefore, it may be expected that social ties and networks in the international context are particularly important to women and to their SMMEs to support their internationalisation.

2.3.3 Hypothesis 1: There is a positive correlation between international social capital and the degree of internationalisation of women-owned SMMEs

2.4. The influence of Human Capital on the internationalisation process

2.4.1 Human Capital Theory

2.4.1.1 Definition of Human Capital

Human capital theory, as developed from Becker (1964) and Mincer (1958), and as cited by Unger et al. (2011), was built mainly on the assumption that individuals expect a return on their investment; and they primarily posit that knowledge increases actors' cognitive abilities, and thus leads to productive and efficient potential activity (Venter et al., 2010; Urban et al., 2010). Building on these authors' findings, Unger et al. (2011), have defined human capital as skills and knowledge from investments in formal education, knowledge, training, employment experience and other types of experience, such as business-running experience (including start-up) and parents' background.

Various authors have all converged on the above-mentioned attributes of human capital to be a critical resource for success in entrepreneurial firms (Florin et al., 2003; Sexton and Upton, 1985).

Coleman (1988) suggests that human capital is an important source of competitive advantage; while Javalgi et al. (2011) have observed human capital as a critical driver of economic growth and entrepreneurial opportunities. Therefore, in line with the process view of entrepreneurship, and within the context of internationalisation, the greater the knowledge and experience housed within a firm or entrepreneur, the higher the likelihood of discovering national and international opportunities and finding better ways to exploit them (OECD, 2004; Barney, 1991).

Drawing upon Becker (1964), Unger et al. (2011) differentiate human capital investments from the outcomes of those investments; and furthermore, they distinguish between task-related human capital and human capital that is not related to any task. Human-capital investments include education and work experiences; while human capital-investment outcomes are the skills and knowledge thereby obtained. Furthermore, these authors suggest that the task-relatedness of human capital explains whether there is a specific task, such as running a venture, sourcing finance and the like, as opposed to mere education or training.

In their meta-analytical review of 70 independent samples spanning over three decades of human-capital research, Unger et al. (2011) found that skills and knowledge (the outcomes of human-capital investments) had a greater impact on entrepreneurial success than education and experience (human-capital investments). Furthermore, they found that there is more entrepreneurial success for task-related human capital than there is for non-task related human capital.

In the context of this study, various authors have found that education and international experience are major determinants of SMME's international success, especially where there is prior industrial experience (Bosma et al., 2004; Herrmann and Datta, 2005; Athanassiou and Nigh, 2002). The subsections that follow discuss the main components of human capital, which have comprised mainly: experience, education and knowledge (Urban et al., 2010; Venter et al., 2010; Unger et al., 2011). They conclude with an integrated summary of the relationship between human capital and the internationalisation of SMMEs.

2.4.1.1 Human-Capital Components

I. Experience

Mosey and Wright (2007) posit that entrepreneurial experience provides direct learning about the discovery, evaluation and exploitation sub-processes within the entrepreneurial process. This prior entrepreneurial (i.e. start-up, industry etc.) experience is seen to be the most consistent predictor of future entrepreneurial performance (Singer, 1995). Within entrepreneurial experience there exist two types, namely, task-specific human capital and industry-specific human capital (Urban et al., 2010). Task-specific experience would typically include environmental scanning, selecting opportunities and formulating strategies, as well as organisation, management and leadership (Shane and Venkatraman, 2000; Chandler and Jansen, 1992). These are essentially the two primary tasks of entrepreneurs, starting up a new firm, and managing an entrepreneurial firm (Zarutskie, 2008).

The literature has found that actors with a high level of task-related human capital possess better knowledge of suppliers, customers, products and services (Gemino et al., 1997). Prior experience helps in detecting and exploiting new business opportunities, as well as enhancing the entrepreneur's ability to absorb new knowledge; since it is likely to be aligned with prior knowledge (Unger et al., 2011; Cohen and Levinthal, 1990). Industry-specific experience suggests experience in a particular job or industry that enhances productivity in that job – regardless of the firm (Urban et al., 2010).

This prior industrial experience is supported by research studies done by Shane (2003) and Barringer, Jones and Neubaum (2005), who suggest that because of the knowledge of the dynamics of the market, customers, suppliers and the like, the entrepreneur has an advantage in terms of discovering and exploiting opportunities within that particular industry. Further to this, Srinivasan et al. (1994), in their study, found that owners were more successful if their current business was similar to their past operations.

In addition to entrepreneurial experience (including industry experience), Timmons (1999) suggests that successful entrepreneurs possess a wide range of management skills and know-how in the form of finance, marketing, sales and research and development. In his study, he argued that entrepreneurs need a foundation of marketing, finance, production, operations, technology, administration and law, and lastly taxation. This essentially is the utilisation of management skills within the context of being an owner; although entrepreneurship is conceptually distinct from small-business management (Venter et al., 2010).

II. Education

Formal education is said to be the one component of human capital that assists in accumulating explicit knowledge that provides a knowledge base, analytical and problem-solving skills that deal more effectively with the demands of entrepreneurship (Venter et al., 2010; Urban et al., 2010). Although human capital scholars have supported the existence of a relationship between the educational level and entrepreneurial performance (Cooper & Gimeno-Gascon, 1994, Unger et al., 2011), it is argued that this would only be plausible in the event that education and/or work experience (i.e. human-capital investments) have a relationship with knowledge and skills (i.e. human-capital investments).

Recent research from Reuber and Fischer (1994) and Unger et al. (2009) suggest that there is a relationship between education and experience, and skills and knowledge. Therefore, it can be conceptually deduced, at the very least, that education makes a noticeable impact on entrepreneurial performance.

Contrary to popular belief (i.e. not knowledge as defined), that most entrepreneurs are uneducated, empirical research by Peterman and Kennedy (2003) revealed that entrepreneurs have a higher level of education than non-entrepreneurs do. However, paradoxically, Minniti et al. (2006), in their study of the relationship between education and entrepreneurial activity, found that approximately 30% of those who start a business already have secondary education. Furthermore, it was found that better-educated entrepreneurs pursue more opportunity-based ventures, when compared to less well-educated entrepreneurs, who are involved in necessity-driven ventures.

Despite these seemingly fragmented findings, a South African study on the impact of education on entrepreneurship conducted by Urban and Barreira (2007, as cited in Urban et al., 2010), revealed that the likelihood of engaging in entrepreneurial activities increased after entrepreneurial training and education.

This particularly reflects the strength of education in inducing entrepreneurial behaviour within the context of research.

III. Knowledge

Liebeskind (1996, p.94) defines knowledge as ''*information, whose validity has been established through tests of proof''*. This definition distinguishes between proven and unproven information, which would constitute a mere opinion or speculation; but it is broad enough to be viewed with multi-dimensionality. Entrepreneurship literature has emphasised the key role that knowledge plays in internationalisation, mainly because internationalisation is largely viewed as a learning process – in which knowledge acquisition leads to greater resource commitment in international markets (Andersen, 1993; Johanson and Vahlne, 1977, 1990; Bouncken et al., 2015).

This is mainly because knowledge reduces the perceived uncertainty within firms, thereby allowing them to act more confidently in pursuing international markets.

This so-called proven information includes codified and non-codified knowledge. Codified knowledge (explicit knowledge) refers to the know-what, explicit information, formal documents, procedures and the like; while non-codified information (tacit knowledge) refers to the know-how, non-codified elements of an activity, which are not easy to articulate (Bouncken et al., 2015; Urban et al., 2010; Venter et al., 2010; Casillas et al., 2015).

Baron and Shane (2005) strongly posit that solving complex problems within the entrepreneurial context requires both tacit and explicit knowledge. Tacit and explicit knowledge are both critical to entrepreneurs within the context of business knowledge (i.e. management, technical and financial knowledge) in the light of the control and application of firm resources, which may lead to competitive advantages (Gartner, 1990). According Vesper (1990), entrepreneurial knowledge is primarily sourced from previous work experience, and the advice of experts, as well as imitating – thereby suggesting that knowledge is obtained through individual and organisational learning.

Having analysed prior studies by Bower and Hilgard (1981) and March and Olsen (1979), among other scholars, Huber (1991) reached the conclusion that: (1) Learning need not always be conscious or international; (2) learning does not have to increase the learner's effectiveness; and (3) learning does not always lead to truthful knowledge.

If learning were to be viewed in the light of behaviour, Huber (1991: p.89) proposed that, "*an entity learns if, through its processing of information, the range of potential behaviours is changed''.* This view eliminates the assumption that learning is only reflected by an organisation's effectiveness; but rather it is shown by a change in potential behaviours, which could be a result of the utilisation of such learning. While drawing on the work of a number of authors in this domain, Huber (1991) went on to suggest that learning is characterised by its attributes, namely: (1) Organisational learning exists if any of its units acquires knowledge that is recognised as being potentially useful; (2) more organisational learning occurs when more of the organisation's components obtain this knowledge, and recognise its potential use; (3) more organisational learning occurs when more and more varied interpretations are developed; and (4) more organisational learning occurs when more organisational units develop uniform comprehensions of the various comprehensions.

These above-mentioned arguments and/or assumptions in whole capture the essence of organisational learning, which Huber (1991), proposed to be categorised by the following constructs and processes: (1) *Knowledge acquisition* is the means through which knowledge is obtained; (2) *organisational memory* is the means by which knowledge is held for use by the firm; (3) *the distribution of information*; and (4) *information interpretation* comprise the means by which meaning is generated and shared understanding is obtained. This is in line with the views of Lyles (1994), Fiol (1994) and Fiol and Lyles (1985), who define organisational learning as any changes in the state of knowledge that involves knowledge acquisition, dissemination, refinement, creation and implementation (i.e. ability to acquire diverse information and to share common understanding so that such knowledge can be exploited.

Furthermore, this is congruent with the view of Bierly et al. (2000) that learning is a process of expanding, linking and improving data, information, knowledge and wisdom. Therefore, Huber's (1991) view of organisational learning is acceptable for the purpose of this research; and consequently, it is adopted.

a) Knowledge acquisition

Johanson and Vahlne's (1977, 1990) stage model of internationalisation suggests that learning through current experiential learning reduces uncertainty; and after some time, it encourages international commitment. This view of learning could not hold for long - due to the so-called Born-Globals, who start early and expand rapidly into international markets, mainly because of pre-existing knowledge, international contacts and their rapid acquisition of knowledge (Coviello, 1995; Oviatt & McDougall, 1994, 2005). Various studies, including those of De Clerq, Sapienza, Yavuz and Zhou (2012), led to Johanson and Vahlne revisiting their theory in 2009, when they suggested that experiential learning could perhaps be complemented with other methods of developing knowledge. Therefore, the single knowledge-dimensional view presented within the Uppsala model could no longer hold; and thus, in this research report, we view organisational learning from the knowledge-acquisition point of view.

According to Huber (1991, as cited by Casillas et al., 2015), there are five dimensions of knowledge acquisition, namely, congenital knowledge, grafted knowledge, experiential knowledge, vicarious knowledge and search knowledge.

Congenital knowledge is knowledge acquired by the firm's founders prior to creating the business; and it plays a critical role in BGs as previously mentioned (Autio et al., 2000). This knowledge is said to influence how new knowledge is interpreted and assimilated by the firm (Huber, 1991), as well as positively affecting the new firm's internationalisation trajectory (Oviatt and McDougall, 2005). Furthermore, this knowledge reduces the perceived uncertainty and costs (Sapienza, Autio, George & Zahra, 2006), because: (1) Managers are aware of the value of international opportunities and the proven methods of exploiting them (Chandra et al., 2009; De Clerq et al., 2012); and (2) prior experience provides managers with confidence in their actions, which increases the likelihood to internationalise (Casillas et al., 2015). **Grafted knowledge** is knowledge acquired by hiring managers who have international experience outside the venture, which essentially assists firms to reduce their perceived risk and to identify opportunities elsewhere (Casillas et al., 2015).

New managers with international experience frequently cause positive effects (Peng & York, 2001), including increased alertness and enhanced knowledge of foreign markets, which leads to confidence when making international decisions. The literature has found that these managers are more likely to enhance the search and vicarious forms of learning within the organisation, thus inducing a higher degree of internationalisation. Furthermore, they have a positive attitude towards international markets and bring the necessary absorptive capacity required to discover, evaluate and exploit opportunities (Sapienza et al., 2006; Zahra and George, 2002).

This form of knowledge acquisition ought to become more frequent in the light of the rate at which organisations are required to acquire knowledge, in order to be competitive in the global economy. This is highly probable, considering the existence of BGs in the current environment. **Experiential knowledge** typically comes from the day-to-day activities of the firm, a by-product of normal operations, although there might be purposeful learning involved there (Casillas et al., 2015). This learning is important because it represents knowledge that is not easy to obtain; and it particularly reflects the interaction between the firm and the external environment (Casillas et al., 2015).

Experiential learning is sourced in various intentional and unintentional ways, including *organisational experiments*, which essentially comprise the efforts aimed at increasing the accuracy of feedback on the cause-and-effect relationship between a firm's actions and outcomes; and *organisational self-appraisal*, which includes gathering information about problems, and needed changes from employees, and sharing such information with them, and then involving them in the change process; (3) **Vicarious learning** is tacit or explicit learning acquired by observing the actions and the results of others in the field

(Casillas et al., 2015). It is less costly than direct learning. This is the so-called borrowing from other organisations, and this is said to be gained through consultants, professional meetings, trade shows, publications, vendors, networks of professionals and the like (Huber, 1991). **Search learning** is the process of seeking explicit information on countries, institutions, markets; and it is largely objective knowledge, which is the type of knowledge not seen to be highly beneficial for the internationalisation process (Casillas et al., 2015).

This type of learning can also be categorised into the following types: (1) **Scanning**, which is a wide-range scanning of the firm's external environment; (2) **Focused search**, when a firm actively searches a narrow niche section of the firm's internal or external environment; (3) **Performance monitoring**, where a firm measures its effectiveness with its pre-set goals; and (4) **Noticing**, which refers to the unintended acquisition of knowledge of the firm's internal or external environment, as well as its performance.

b) Information distribution, interpretation and organisational memory

Drawing from studies from various authors (e.g. Krone, Jablin, Putnam, 1987; Huber, 1982), Huber (1991) submits that the distribution of information depends on the existence and the depth of such information; and he further suggests that the distribution of such knowledge leads to a more broadly based organisational learning. The authors argue that distribution does not lead to new organisational learning, because the knowledge being distributed is known by an organisational unit (i.e. a person, or a department); and thus, it is not new to the organisation *per se*. However, when information from different units within an organisation is combined; this could lead to new information, and even new insights – thereby reflecting the importance of distribution to the interpretation process (Huber, 1991).

According to Daft and Weick (1984), interpretation is a process through which information and events are translated into meaning, shared understandings and conceptual schemes. Based on the abovementioned attributes of learning, it is argued that organisational learning takes place only when there is varied or incremental interpretation within the organisation. This view highlights the fact that a firm is one unit formed by a number of organisational units, and that learning only occurs when the firm (i.e. not units, individuals or business units) has developed new understandings and insights. Huber (1991) asserts that the extent of shared interpretation of information is a function of: (1) Varied cognitive maps and framing, which ultimately shapes a person or unit's interpretation; (2) richness of the media, referring to the medium used to portray the information; (3) information load, where information overload is seen to be a barrier to this process, because it exceeds the unit's capacity of processing; and (4) unlearning, which Hedberg (1981) defines as a process through which learners discard knowledge, which could be through forgetting or intentional ignorance.

Researchers have found that organisational memory has become critical in the light of staff turnover, lack of anticipation for future information needs, or other firm members being ignorant of the existence of key information stored by other members (Huber, 1991). This information must be able to be recalled from the memory, when required by others within the organisation efficiently and accurately, in order to facilitate the discovery, evaluation and exploitation of opportunities that exist for the firm.

Huber (1991), further suggests that information-acquisition is to some extent directed by previous learning in the memory. Technology has played a key role in organisational memory; and it has matured to emerging innovations, such as big data, which facilitate the analysis of a range of information that allows for informed decision-making, more broad learning, and the like.

Despite the time that has elapsed since these studies and conclusions, they remain robust, as reflected by recent studies in organisational learning by Hult et al. (2004) and Flores et al. (2012). The importance of information distribution, interpretation and organisational memory are still just as critical, especially within the realm of SMMEs, where the key actor usually holds all the knowledge.

2.4.2 International experience and knowledge and internationalisation

Human capital has been found to increase individuals' and firms' cognitive abilities in the discovery, evaluation and exploitation of entrepreneurial domestic or international opportunities. Therefore, in line with this research report' working definition of internationalisation, it would follow that the higher the probability of firms discovering and exploiting international experience, the greater the likelihood of having a firm having more operations outside their national borders. The literature resonates with the notion that skills and knowledge (i.e. human-capital outcomes) have a stronger relationship with entrepreneurial success than do education and mere experience.

According to studies by various authors (e.g. Autio et al., 2000; Yli-Renko et al., 2002), knowledge is a highly meaningful resource and an important source of competitive advantage; and it is key for international growth and opportunity identification (Peiris et al., 2013). Scholars have highlighted the importance of tacit knowledge in the form of experiential knowledge, because it is more valuable than objective knowledge; it promotes new thinking; it is costly; and it takes time to accumulate (Johanson and Valhne, 1977; Erikson et al, 1997; Autio et al., 2000; Zahra, Ireland and Hitt, 2000).

However, having noted the various ways to knowledge acquisition, recent studies suggest that the above-mentioned congenital and grafted knowledge play a pivotal role especially in resource-limited SMMEs, as they normally have limited financial and human resources and lack economies-of-scale, when compared with MNEs. Therefore, it is crucial for SMMEs to have managers who have prior industry, product, customer, supplier, studying experience within the international arena. This further enhances the firms' ability to learn and create new knowledge, which serves as a competitive advantage and facilitates efficiency and the effectiveness of the discovery and exploitation of international opportunities (Shane and Venkatraman, 2000; Ardichvili et al., 2003; Lumpkin et al., 2004; Casillas et al., 2015 ; Zahra, Korri and Yu, 2005; and Butler et al., 2010).

The OECD (2000) found that women lack previous entrepreneurial and management experience; and it was further noted that the number of women in high-level managerial positions with an international dimension was fairly low. In a South African study, conducted by Van der Merwe and Nieman (2003, as cited by Botha, 2006), it was found that an overwhelming majority of the sampled women entrepreneurs had acquired education and entrepreneurial training. Further to this, Akhalwaya and Havenga (2012), through an empirical study, found that women tend to have little education – mainly due to the demands of their work and family. These findings suggest that women have a career history that lacks knowledge and experience accumulation, through low participation in the labour force; and furthermore, the level of education they have is relatively little.

This does not facilitate further learning, which is a key aspect within the internationalisation process. It would seem that the knowledge acquisition and development avenues are diminished for women; and therefore, it is expected that international experience and knowledge would be key variables for the internationalisation of women-owned SMMEs.

2.4.3 Hypothesis 2: There is a positive correlation between international human capital and the degree of internationalisation of women-owned SMMEs

2.5. The role of availability of Financial Capital in the internationalisation process

2.5.1. Resource-based theory

2.5.1.1. Resource-based perspective of Financial Capital

Firms internationalise their activities for various reasons, including proactive motives (Cziknota & Ronkainen, 2012 and Hollensen, 2008) or “push” factors (Onkelix and Sleuwagen, 2008), which both refer to firm-specific resources as motives for internationalisation. This reflects the Resource-Based Theory (RBT), which asserts that a company is able to sustain its competitive advantage on the international stage because of a bundle of unique, rare and valuable resources and capabilities that exist within the firm (Barney, 1991). This approach is based on Penrose's (1959) study: "*The theory of the growth of the firm*", which primarily characterised the entrepreneurial firm as a collection of heterogeneous or firm specific-resources (Hisrich et al., 2006; Dana, 2004). These resources essentially are to be found within the RBT to provide a sustained competitive advantage within a particular environmental or industry context, and thus to motivate firms to internationalise.

In the context of RBT, these resources include human resources, assets, organisational processes, information and knowledge, controlled by a firm that enable a firm to devise and implement strategies that would improve its efficiency and effectiveness (Barney, 1991; Daft, 1983; Francisco, 2015). Furthermore, a firm has a competitive advantage when it implements a value-creating strategy that is not simultaneously being implemented by any current or potential competitors, and where other firms are unable to imitate the benefit of the strategy (Barney, 1991). Therefore, it is argued that in order for resources to create the potential for a competitive advantage, they must be heterogeneous among firms and be immobile.

This is suggested by Barney (1991) and supported by other authors. Such resources must be valuable, rare, imperfectly imitable, not substitutable. The interrelationship between resource characteristics and sustained competitive advantage is shown in the framework (see **Figure 5**) below, as presented by Barney (1991).

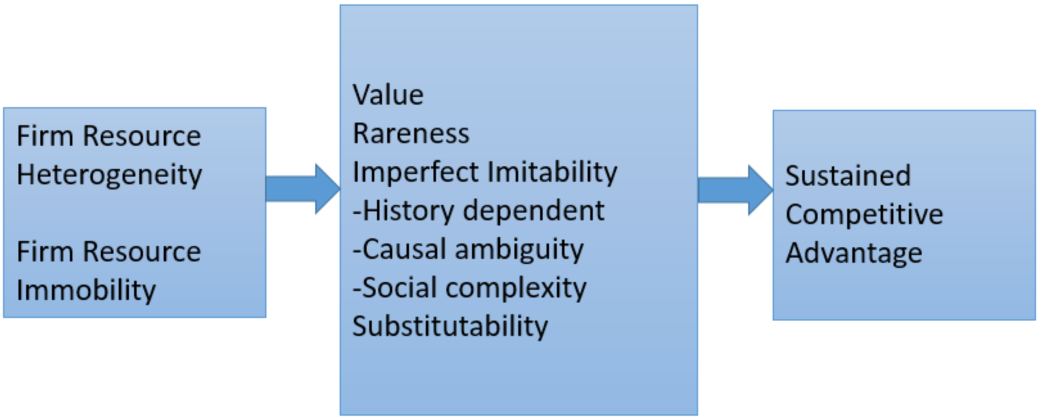


Figure 5: Relationship between resource characteristics and sustained competitive advantage (Source: Barney, 1991)

The RBT framework was born from traditional views of strengths-weaknesses-opportunities-threats models utilised in strategic management, as shown in **Figure 6.** This suggests that firms have a sustained competitive advantage when they implement strategies that utilise their internal strengths, by responding to environmental opportunities, while simultaneously neutralising any external threats and avoiding any internal weaknesses (Barney, 1991).

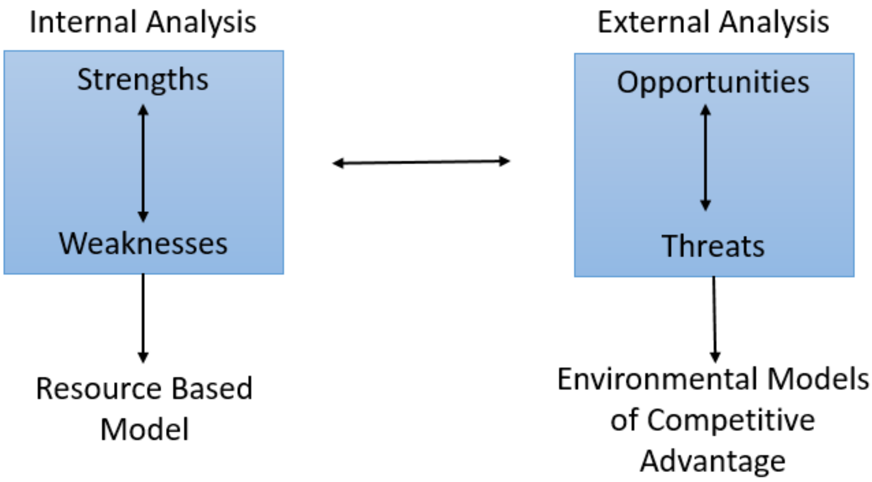


Figure 6: The relationship between traditional "strengths-weaknesses-opportunities-threats" analysis, the resource-based model (Source: Barney, 1991)

Fundamentally, the environmental models assume that all firms within an industry are identical in strategic-relevant resources and the strategies they implement; and they further assume that the heterogeneity of resources within industries is short-lived because of the mobility (i.e. can be bought and sold) of resources (Porter, 1981). However, Barney (1991) argued that these assumptions, and thus the models, could not hold, mainly because firms cannot be expected to obtain a sustained competitive advantage, when strategic resources and capabilities are homogeneous across firms and highly mobile. This view is to some extent supported by Alvarez and Busenitz (2001), who proposed that entrepreneurs are heterogeneous in their cognition and entrepreneurial motivations, which drives the how, why and when they discover and exploit opportunities.

This view is applicable to firms, who are made up of individuals who form part of the networks, and are led by these individuals.

The RBT theory has mainly focused on resources, as defined; and it has neglected entrepreneurial dynamic capabilities, which address the manner in which these resources are used and combined to create the competitive advantage to enter markets and to exploit opportunities (Francisco, 2015). According to Zahra et al. (2006:p.918), dynamic capabilities (DC) from an entrepreneurial perspective are defined as: "*the abilities to reconfigure a firm's resources and routines in the manner envisioned and deemed appropriate by its principal decision-makers*". Although Barney (1991) might have viewed this as an opposing view to RBT; modern scholars have viewed this as being complementary to RBT; since it contextualises RBT in the paradigm of entrepreneurship (Alvarez & Busenitz, 2001).

It would then acknowledge the entrepreneurial dimensions that focus on the identification and exploitation of opportunities through the motivation, skills and experience of the entrepreneur or the firm (Shane and Venkatraman, 2000; Shane, 2003; Peiris et al., 2013).

The focus of this research is to utilise RBT to formulate a stance that suggests that the more resources, including finance, the more likely an entrepreneurial firm would be able to engage in international activities (Almeida et al., 2000). Earlier studies of multinationals have suggested that firm size plays a critical role in competing internationally (McDougall & Oviatt, 1993), meaning that international success is only attained by large firms – due to the perceived high costs of internationalisation, as well as resource availability – including the access to finance empirically found by Green et al (2006). Although there is sparse empirical evidence of this as an emerging second approach to RBT, this research does not ignore the possibility that firms might internationalise – due to a lack of resources as a way to search for critical resources (Ibrahim and McGuire, 2001; Westhead et al., 1998).

In support of this view, empirical research involving 7 673 SMMEs located in 18 European countries revealed that a perceived lack of access to finance among SMMEs increases the likelihood of them internationalising – with the motive of accessing the much-needed finance (Hessel, 2008).

2.5.1.2. Availability and access to financial resources and the internationalisation of SMMEs

Access to financial capital has undoubtedly been found to be one of the key facilitators of firm survival and growth. Empirical studies by Cooper et al. (1991) found that a greater pool of capital allows more ambitious strategies (i.e. internationalisation) and flexibility for overcoming mistakes. The literature has suggested that SMME development is prominently constrained by the availability and access to finance (Daniels, 2003; OECD, 2004). Furthermore, within the South African context, work done by Eeden (2004), also suggested that SMMEs are constrained by the lack of finance.

Kamunge et al. (2014) in a study performed in Kenya, suggest that the main pain points are a lack of information relating to sources of finance, insufficient finance, lack of access to finance, restrictive lending by banks, and the fact that finance houses are not structured appropriately for SMMEs. Further to this, Nissanke’s (2001) study of sub-Saharan Africa (SSA) revealed that the lack of access to and the cost of finance constitute a binding constraint for the expansion of small businesses in Sub-Saharan Africa (SSA).

Generally, SMMEs possess limited financial and managerial resources to enable them to exploit international opportunities, especially with the perceived high cost of internationalisation (Casson, 2003; Xie and Suh, 2014; Erikson et al, 1977; Cavusgil 1985). According to the Global Competitiveness Index (WEF, 2015) South Africa (SA) ranked: (1) 37th out of 144 countries in respect of ease of access to finance; (2) 37th out of 144 countries in terms of venture capital availability; and (3) 21st out of 144 countries in respect of the affordability of financial services. This suggests that South Africa is within the top 25% of the countries in this respect. However, the scope of the study covers the more sophisticated finance houses and large multinationals; and it neglects the SMME sphere, which is the subject of this research.

The government of South Africa has embarked on a series of programmes to make finance available to SMMEs, mainly driven by the DTI. This reflects strongly in the NDP (2013), as a key focus area, in terms of ensuring that there is support for small businesses through better co-ordination of the relevant agencies, developmental finance houses and public and private incubators.

Studies have found that women entrepreneurs establish their ventures with approximately a third of the financial capital invested by males for start-ups (Coleman, 2000; Fairlie & Robb, 2009; Coleman & Robb, 2012a).

Carter et al. (2009) submit with some hesitation that the main reasons for this is that women are not obtaining capital because they lack personal assets and have a poor credit-track record, sexual stereotyping and discrimination; and women’s inability to penetrate informal financial networks. Furthermore, women generally face challenges in accessing financial capital (Klyver & Grant, 2010). Within the South African context, this is due to the lack of collateral, the lack of networks, the lack of education and managerial experience, and to some extent, sexual stereotyping and discrimination (Akhalwaya & Havenga, 2012; O’Neil & Viljoen, 2001; Meyer, 2009).

The lack of business experience among women in South Africa was found to be caused by the lack confidence. And this is viewed as a risk in running a successful business (Meyer, 2009).

Therefore, in the light of financial capital being critical to internationalisation, general and women-specific challenges to access financial capital are then that women's perception of the availability of capital would be a significant determinant of their ability to internationalise their SMMEs.

2.5.2. Hypothesis 3: There is a positive correlation between financial capital and the degree of internationalisation of women-owned SMMEs

2.6. Conclusion of Literature Review

The entrepreneurial capitals discussed above are critical to the internationalisation process, both within the stage model, and from the born-global perspective, because they are interchangeable; and they also work in combination to provide the SMMEs with enhanced abilities in the discovery, evaluation and exploitation of international opportunities. These capital factors are supported by rich underlying theories that underpin entrepreneurship, and as such a hypothesised model and a proposed conceptual framework is presented in **Figure 7** and **Figure 8,** respectively.

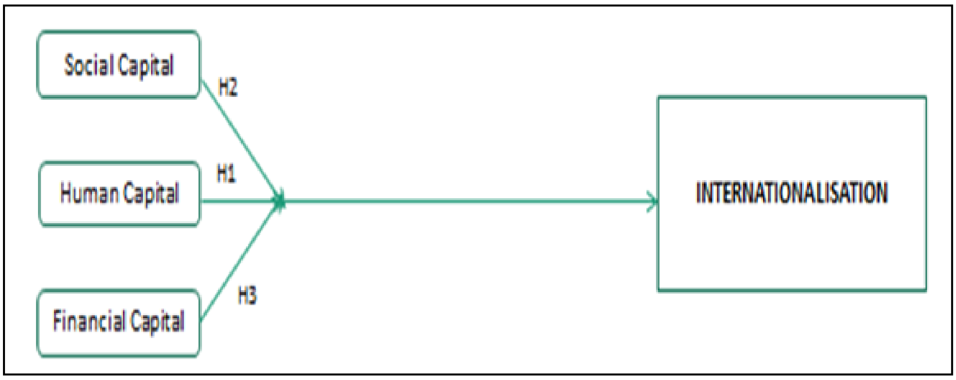


Figure 7: Research Hypothesised Model

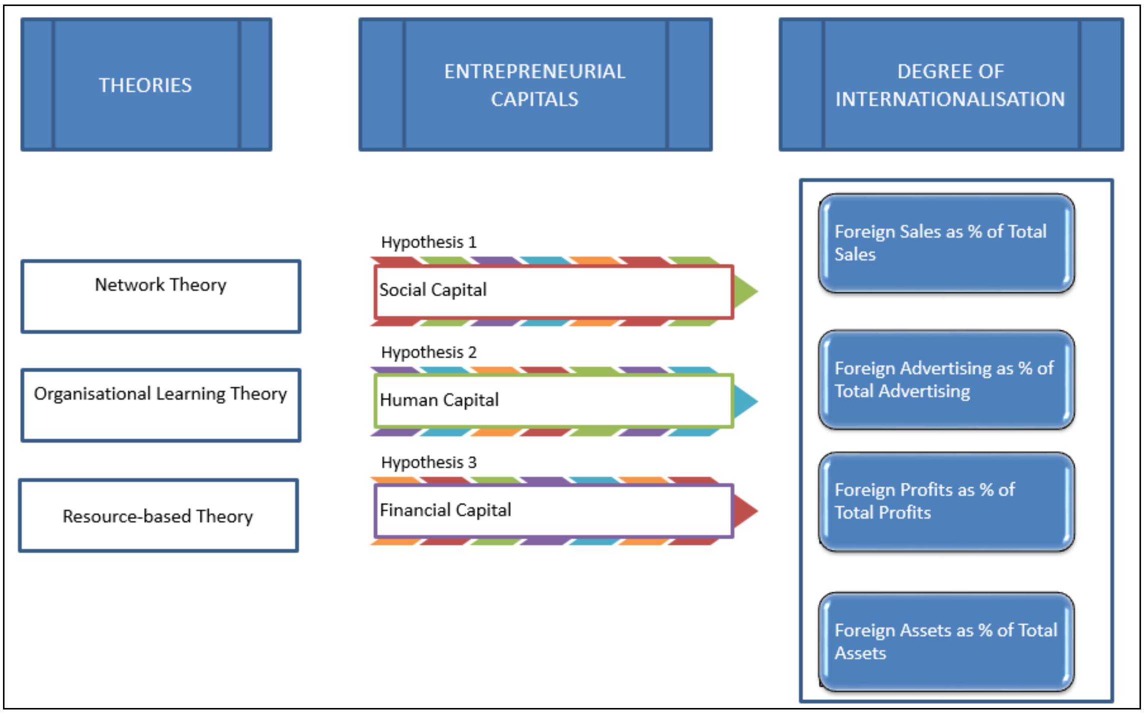


Figure 8: Research Conceptual Framework

2.6.1. Hypothesis 1: There is a positive correlation between international social capital and the degree of internationalisation of women-owned SMMEs

2.6.2. Hypothesis 2: There is a positive correlation between international human capital, and the degree of internationalisation of women-owned SMMEs

2.6.3. Hypothesis 3: There is a positive correlation between financial capital and the degree of internationalisation of women-owned SMMEs

CHAPTER 3: THE RESEARCH METHODOLOGY

This section considers the research paradigm and the design, followed by a definition of the population, together with the sampling method and the data-collection technique(s). The proposed research instrument and data analysis techniques are then discussed, followed by a consideration of the validity and reliability of design, as well as the limitations to the study.

3.1 Research methodology/paradigm

This study followed a quantitative research conceptual framework, which rests on the application of deductive reasoning, quantitative analysis, as well as analytical and descriptive-research methods. This approach was appropriate for this research, because its aims were to perform testing of the hypotheses formulated from the constructed theories (Creswell, 2002). The intention was to obtain precise unbiased data, from a random sample of sufficient size, to allow for generalisation of the research findings (including correlational relationships between independent and dependent variables).

Johnson and Onwuegbuzie (2004) suggest that this quantitative approach has high credibility with both practitioners and policy-makers; thus it is in line with the aims of this study. In agreement with the above objectives, this study has employed a post-positivism paradigmatic methodology, which assumes that reality is objective (ontology), that knowledge can be verified or disconfirmed (epistemology), and that inquiry is value-free (axiology). Post-positivism is appropriate; because the theory in this research is not absolute; and thus, it does not always hold in the context of human actions and behaviour (Creswell, 2002), thereby making room for critical realism.

Critical realism, being the most common form of post-positivism, argues that there is a reality that exists independent of academic thinking; and it further accepts that all observations are capable of being incorrect, and that theory is revisable (Trochim, 2000). In line with this philosophy, this research report accepts that; while absolute truth does not exist, the objective of the research is to approximate reality, as far as possible, by making use of confidence levels, where applicable. Unlike other views of reality, critical realism accepts that researchers' views are to some extent shaped by cultural experiences and world-views, which are all acceptable for triangulation purposes when seeking reality (Trochim, 2000). Therefore, similar research in other parts of the world is useful in confirming, rejecting or revising theory, unless material differences have been noted between contexts. Furthermore, this paradigm places the data, the evidence and rational considerations at the heart of shaping knowledge, and highly respects the objectivity in such an inquiry (Creswell, 2002). These considerations all resonate with the objectives of the study.

3.2 Research Design

A non-experimental correlation design was applied on a cross-sectional quantitative survey through the collection of the primary data, in order to appropriately test the aforementioned hypotheses. Therefore, the data were collected from independent variables (i.e. human capital, social capital and financial capital), and from the dependent variable of the degree of internationalisation. The cross-sectional method allows for a snapshot of a lifetime without necessarily taking the time; and it assists in studying a greater number of variables. This approach is in line with the objectives of the research paradigm, in ensuring that knowledge is shaped by the data and the evidence, and that it is in line with key strategies of inquiry used in quantitative studies (Creswell, 2002).

An online questionnaire was the primary method used for the data collection; and it proved to be beneficial for the following reasons:

- The online survey used was Wits Qualtrics Software, which is provided by the Wits Business School specifically for research purposes, and returns highly accurate data.

- The survey allowed for the pre-setting of conditions, such that the respondents were not required to answer any unnecessary questions, thus making the data-collection process efficient and relevant.

- The survey was relatively efficient, as opposed to interviewing or meeting with each respondent; and it ensured that all the data were collected in a standardised manner.
- All the respondents were able to answer anonymously, at their own pace, thus encouraging accurate answers.

3.3 Population and sample

3.3.1 Population

The population consists of women-owned South African SMMEs that are involved in business activity within the domestic market, or that have crossed international borders (i.e. internationalised). Based on the definition within the National Small Business Act 102 of 1996, the SMME sector is defined by the annual turnover, the number of employees and the total assets. Therefore, the different categories of SMMEs that exist are: (1) Micro-businesses, which have staff of five, or less; (2) very small businesses, which employ six and twenty staff members; (3) small businesses, which employ between twenty and fifty straff members; and (4) medium-sized businesses, which employ between fifty-one and 200 people. On this practical basis, our research population is, therefore, those women-owned SMMEs that do not employ more than 200 people, which have either already internationalised, or plan to internationalise their business. The study did not include or exclude SMMEs on the basis of the industries or geographical location being within South Africa.

3.3.2 Sample and sampling method

A purposive sampling method was employed, which is a common and one of the most useful of the non-probability methods, where the researcher uses judgement (Cooper and Schindler, 2008). The advantage of this is that the researcher is able to select a number of firms that are known to be related to the topic, and this also means that the researcher is showing confidence that the proposed sample is representative of the population. In the case of women entrepreneurs, based on our review, due to the noted low rates of internationalisation of women-owned SMMEs, this method increases the likelihood of selecting a sample representative of women internationalisation, while addressing the efficiency of knowledge acquisition. However, this research report does concede that the population can never be truly representative of the entire population, given the fact that the respondents participated voluntarily, and were not mandated.

The intended sampling frame comprised women-owned SMMEs, respondents of which consist of owners or directors of the sampled firms that were most aware of the existing and future global strategies. The companies could either be internationalised, or had not yet internationalised, as mentioned in the population section. The owners or directors could be educated or not educated, have or lack international working experience; and they could also have or lack international social ties or business networks. Therefore, the overriding criteria included those companies that were SMMEs, as previously defined, and significantly influenced by women through owning more than 50% of the business concerned, and which had internationalised or not yet internationalised their businesses.

The specified sample within this study included women entrepreneurs within the national database of the Department of Trade and Industry, who were internationalised and non-internationalised. The sample also included women entrepreneurs from the South African Women Entrepreneurs' Network (SAWEN), the Business Women's Association of South Africa (BWA), the Shanduka Black Umbrellas, the National Branson Centre of Entrepreneurship and the National Empowerment Fund.

There were also women entrepreneurs obtained through contacts with the Entrepreneur magazine, Andile Khumalo, the host of the PowerFM business show and personal contacts. The sample included Khanyi Dlomo, the editor of Destiny Magazine and the owner of Ndalo Media.

The alpha level used in determining the sample size within this research was 0.05, which is generally acceptable for social research (Ary et al., 1996).

Furthermore, due to nature of the data being that of mainly ordinal and continuous, a 3% margin of error was acceptable; and this has a t-value of 1.96 (Krejcie & Morgan, 1970). A five-point Likert scale was used; and thus, the estimated standard deviation was 0.833 (i.e. Number of points in scale divided by Number of standard deviations). Therefore, based on Cochran's formula for sample-size determination, the estimated adequate sample size was 118 respondents (Bartlett et al., 2001). The total sample size achieved from the study was 236, of which 95 had incomplete responses, and a further 6 companies had more than 200 employees; and thus, were removed from the sample. This resulted in 135 responses that were used for analysis within this study.

Of the 135 companies, 90 (67%) were internationalised; while the balance of 45 (33%) were not internationalised. The sample obtained was sufficiently above the required sample size of 118 respondents, rendering it acceptable within the framework of social-science research. Participation was encouraged through the formal research motivation letter, through the social networks to which the participants were attached, as well as a visually appealing questionnaire with a limited number of questions.

3.4 The research instrument

The dependent variable is the degree of internationalisation (DOI) while the independent variables are the human, social and financial capital. The criterion used for the degree of internationalisation (DOI) is the summated scale, measuring the degree of internationalisation, as defined in Chapter 2. The research instrument to be used is a questionnaire that is modelled on the basis of the existing tools (in Sullivan, 1994; Ramaswamy et al., 1996; Dorrenbancher, 2000; Letto-Gillies, 2013). Our working definition of internationalisation is the "firm-level activity that crosses international borders" (Wright and Ricks, 1994), as well as the entrepreneurial capitals.

These were all tested for validity and reliability in the respective research; and they present no notable shortcomings – due to the strong theoretical foundation of each of these variables (Sullivan, 1994; Ramaswamy et al., 1996; Dorrenbancher, 2000; Letto-Gillies, 2013; Shree and Urban, 2012; Casillas et al. 2015; Kamunge et al., 2014).

The instrument was an online questionnaire, which would reflect the questions shown in **Appendix A**. The questionnaire consists of closed-ended questions, making use of a five-point Likert scale, where the ratings range from a score of 1 for strongly disagree to a score of 5 for strongly agree.

The questionnaire explored each of the capitals (financial, human and social capital) in detail under their own headings, allowing for the respondents' thoughts to be captured on what they thought was the most inhibiting, or the most enhancing factor for internationalisation. The first 15 questions were general questions, which gathered general information about the companies' age, industry, economic state, size and their level of internationalisation. Questions 16 to 45 specifically addressed the impact and effect of each of the capitals on the internationalisation process.

In summary, Human Capital is captured through international work experience, the knowledge of international markets and international studies. Social Capital is deduced from international social or business ties, obtained by founders or employees. Financial Capital is expressed by the availability of finance from local or international financiers, as well as the cost of doing international business within the context of South Africa – and adopting products and services from abroad. The dependent variable in the form of the DOI is measured through: the foreign sales, as a percentage of the total sales; the foreign profits, as a percentage of the total profits; foreign advertising costs, as a percentage of the total advertising costs, in addition to foreign assets, as a percentage of total assets.

In order to address the potential response set bias, where the respondents respond in the same manner, regardless of content, Questions 21, 33, 35, 36, 38, 39, 42 and 43 were worded in the negative (Cooper and Schindler, 2008).

3.5 Procedure for the data collection

The following steps were followed in gathering the data in the research procedure:

- Analysis and synthesis of the literature in terms of journal articles, books, reports, in order to construct the literature review in Chapter 2.
- Formulating the online survey through use of knowledge obtained from literature as detailed: https://wits.eu.qualtrics.com/SE/?SID=SV_25YcqjOCa7yYB81
- Validating the functioning of the online survey by creating a copy of the survey, and making any necessary changes to the live version.
- Contacting the relevant business owners and directors who, were required to respond to the survey through:
  - Existing personal contacts, family and friends.
  - Utilising Wits Qualtrics, to share the covering letter content and the survey link on LinkedIn, Twitter, Facebook and Instagram.
  - The Department of Trade and Industry, which provided their database of e-mail addresses belonging to women entrepreneurs.
  - Contacting the Entrepreneur Magazine management, and sending an e-mail that mirrors the covering letter, which also contained the link. This was for them to forward to all women entrepreneurs that they had covered in their magazine.
  - Andile Khumalo, the Managing Director of MSG Afrika investment Holdings, who is host to a business show on PowerFM that covers entrepreneurship daily. He forwarded the covering letter via e-mail to all women entrepreneurs that he has come across.

- Destiny Magazine editor, Khanyi Dlomo, who completed the survey, and also made it available to women entrepreneurs within her network.

- The South African Women Entrepreneurs' Network (SAWEN) and the Business Women's Association South Africa (BWA), who distributed the survey to their members within the network in support of research on women's entrepreneurship.

- Shanduka Black Umbrellas were also contacted, in order for them to provide the link and the letter to their constituents.

- The National Branson Centre of Entrepreneurship was also contacted in connection with the survey.

- The National Empowerment Fund was also contacted in this connection.

- In most instances, the respondents were sent an e-mail explaining the objective of the research; and this was followed by a link to the online survey.

- All those respondents that completed the survey were required to provide their consent to participate.

- A month was given for the survey to be completed, at the end of which, the analysis was initiated.

3.6 Data analysis and interpretation

The data were analysed using a selection of statistical methods, such as descriptive statistics and inferential statistics. Descriptive statistics consist of graphs, charts and tables, data distributions, including the computation of other statistical information, such as means, variances and standard deviations (Cooper and Schindler, 2008). Pie charts were used to present a pictorial view of the frequencies. A pie chart displays the data as a percentage of the whole;

and they are visually appealing; but they are best for a few categories only. In cases where there were more categories, bar graphs were used, for example on the age of the particular company.

In order to assess the internal consistency (reliability) of all the multiple item scales Cronbach's alpha was utilised. Internal consistency describes the degree to which all the items in a multiple-item scale calculate the same concept or construct. The value of the Cronbach's Alpha ranges from zero to one; and the closer the Cronbach's alpha coefficient is to 1, the greater the internal consistency of the items in the scale (Gliem and Gliem, 2003).

Cooper and Schindler's (2008) view describes the data analysis as the process where the collected data are reduced to a more controllable and convenient size to facilitate the observation of patterns and trends. Therefore, a factor analysis is was used to test the fit of each scale item to the respective factor, such as the independent variables of Human, Social and Financial Capital and the dependent variable of the Degree of internationalisation. Factor analysis was employed to assess the validity of the constructs. Validity refers to the extent to which a scale or set of measures accurately represents the concept of interest.

The convergent validity, which is shown by the factor loadings provided in factor analysis output refers to the amount of weight assigned to the factor. Here, the study is concerned with the significant factor loadings. Factor loadings less than 0.45 were considered to be insignificant; and hence, they were removed from the model. Prior to conducting a factor analysis, the Barlett test of sphericity and the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy were used. The Bartlett test of sphericity tested the overall significance of all the correlations within the correlation matrix (see Appendix C). A statistically significant Bartlett's test of sphericity, with a significance that is greater than 0.05, indicates that sufficient correlations exist, in order to proceed with the factor analysis.

Following this, the normality of the distributions was examined. The Shapiro-Wilk and the Kolmogorov-Simonov Tests were used to assess the normality of the variables – before hypothesis testing could be carried out. The Shapiro-Wilk

Test is appropriate for small sample sizes (< 50 samples); but it can also handle sample sizes as large as 2000; while the Kolmogorov-Simonov Test is appropriate for sample sizes greater than 50. In this case, the sample size was 135; and therefore, both tests were employed. A variable is said to follow a normal distribution if the p-value is greater than 0.05. If the p-value is below 0.05, then the variable would not be normally distributed.

In the determination of the differences that exist between internationalised and non-internationalised SMMEs, t-tests, Chi square and Fisher's exact test were employed as statistical techniques.

Regression analysis could not be employed in this study, as planned, due to the data distributions being highly skewed, as reflected by the normality tests. (This is discussed further in Chapter 4). The Spearman correlation was used to examine the correlation between each of the three types of capital and internationalisation. Spearman's correlation is the non-parametric equivalence of the Pearson's Correlation. It takes values from -1 to 1. The sign of the correlation coefficient shows the direction of the relationship. A positive correlation means that, as one variable is increasing, the other variable would also be increasing; while a negative correlation coefficient implies that one variable increases, as the other one decreases, and vice versa.

A correlation coefficient of zero implies that there is no relationship between the two variables. A p-value of less than 0.05 is an indication that the relationship between the two variables is significant.

3.7 Limitations of the study

Purposive sampling might lead to the inability to generalise the results, where the judgements of the researcher would be incorrect (Cooper and Schindler, 2008). The likelihood of the researcher's judgements being incorrect is low, in the light of the utilisation of a wide range of sources in obtaining the sample; including a comprehensive national database from the Department of Trade and Industry. There are threats to external and internal validity that is not within the control of the researcher, posing a potential problem of the findings being found to be invalid (Drost, 2011).

3.8 Validity and reliability of research

3.8.1 External validity

The external validity of a study or relationship implies the generalising to other persons, settings, and times; and therefore it is critical that generalising to well-explained target populations being differentiated from generalising across populations (Drost, 2011). At this stage, this area of study could be generalised to women within South Africa, provided that the sample is representative. Furthermore, it is assumed that the results of this study could be applied to women in other contexts, provided that those environments are similar to that of South Africa, with all the other factors being held constant. In order to investigate the construct validity in this study, an inter-correlation matrix was created (Drost, 2011), to ensure that the concepts that should be theoretically related are indeed significantly inter-correlated and *vice versa*. This is reflected in Chapter 4.

3.8.2 Internal validity

Internal validity is mainly concerned with the adequacy of the research design, as well as the research instrument (Drost, 2011). The instrument was designed from a firm theoretical basis, and from other instruments that were tested for their reliability and validity. The questionnaire was designed to be visually appealing, and not time-consuming; and for a person to answer a question once, in order to eliminate the learning effect. All the respondents were informed of the objective of the research; and they only participated voluntarily and anonymously in the survey. The study is taken to be internally valid; since the researcher is not aware of any uncontrollable threats to the validity that materialised during the study.

3.8.3 Reliability

Drawing on the work of Bollen (1989) and Nunnally (1978), Drost (2011:106) defines reliability as the "consistency of measurement or stability of measurement over a variety of conditions, in which basically the same results should be obtained".

Cronbach's Alpha was used to assess the internal consistency (reliability) of all the multiple-item scales. The value of the Cronbach's Alpha ranges from zero to one; and the closer the Cronbach's Alpha coefficient is to 1, the greater the internal consistency of the items in the scale (Gliem and Gliem, 2003). The Cronbach alpha for this study was above the lower limit of acceptability for all the scales studied (see **Appendix E**).

CHAPTER 4: PRESENTATION OF THE RESULTS

4.1 Introduction

In this chapter, the results will be presented and described, as obtained through the online questionnaire and described in Chapter 3. The chapter begins with the demographic profile of the respondents (4.1), which also includes the presentation of the description of the SMMEs. This is followed by an analysis of the reliability and the validity of the measurement scales (4.3), the results and the conclusion on each hypothesis (4.4), and finally, a summary of the all results presented (4.5).

4.2 Demographic profile of the respondents

The total sample size achieved from the study was 236, of which 95 were incomplete responses, and a further 6 companies had more than 200 employees, and thus were removed from the sample. This resulted in 135 responses being used for analysis within this study. Of the 135 companies, 90 (67%) were internationalised; while the balance of 45 (33%) were not internationalised. The sample of respondents was examined by utilising SMME characteristics, including the educational level of those providing the responses on behalf of the SMMEs within the sample.

4.2.1 *Description of the respondents*

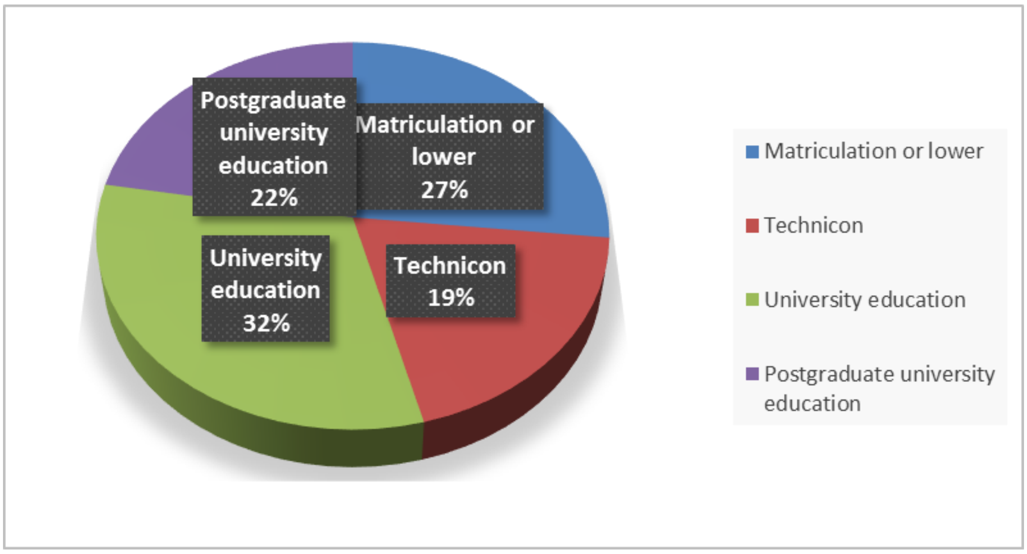


Figure 9: Respondent's highest level of education completed (n=135)

From a total sample of 135 respondents, which represents both internationalised and non-internationalised firms; 22% have Postgraduate University education; 32% have an Undergraduate Bachelor's degree, 19% hold a Technikon qualification, while 27% have basic education in the form of Matriculation or lower. The results thus show that 73% of the respondents have qualifications that are higher than the basic level of education represented by Matriculation.

4.2.2 Characteristics of all SMMEs (i.e. internationalised and non-internationalised)

The sampled SMMEs were characterised through measures, such as age, size, location, industry, SMME internationalisation, organisational orientation, the age of the SMME, when it was first internationalised, the number of foreign countries in which the SMME has operated, the motive for internationalisation and financial performance in the previous three years. Further to this, the SMME's evaluation of the country's economic environment in the past three years, the degree of internationalisation, and how internationalisation grew in the previous three years.

The distribution of the SMMEs based on these categorisations is presented and described graphically in **Figures 10 -17.**

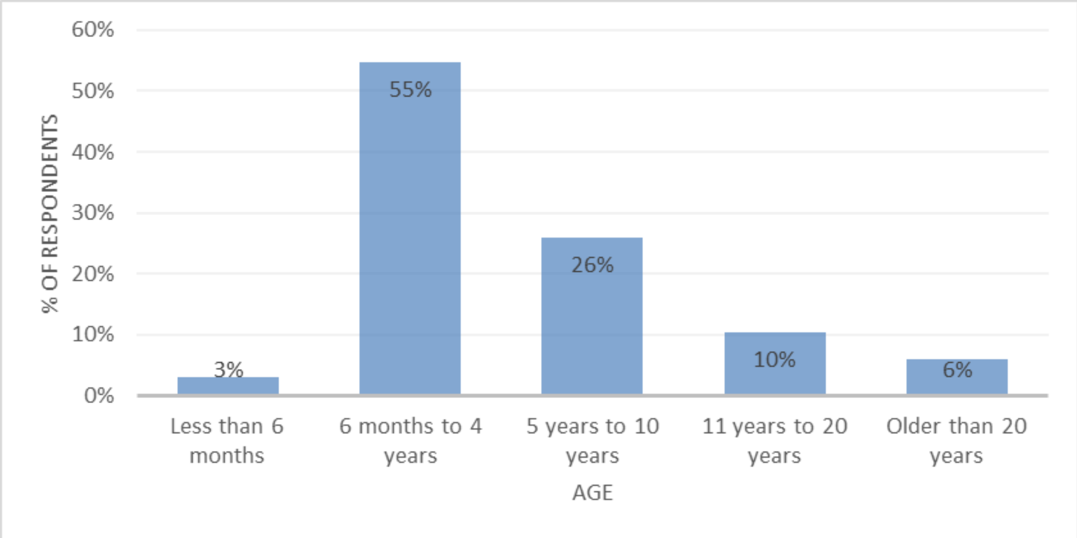


Figure 10: Age of company (n=135)

Of the 135 companies, 3% had operated for less than 6 months, 55% between 6 months and 4 years, 26% were between 5 and 10 years; while 16% of the companies were 11 years or older. These results shows that the majority (84%) of the SMMEs are 10 years or younger, with 6 months to 4 years representing the majority amongst all these categories.

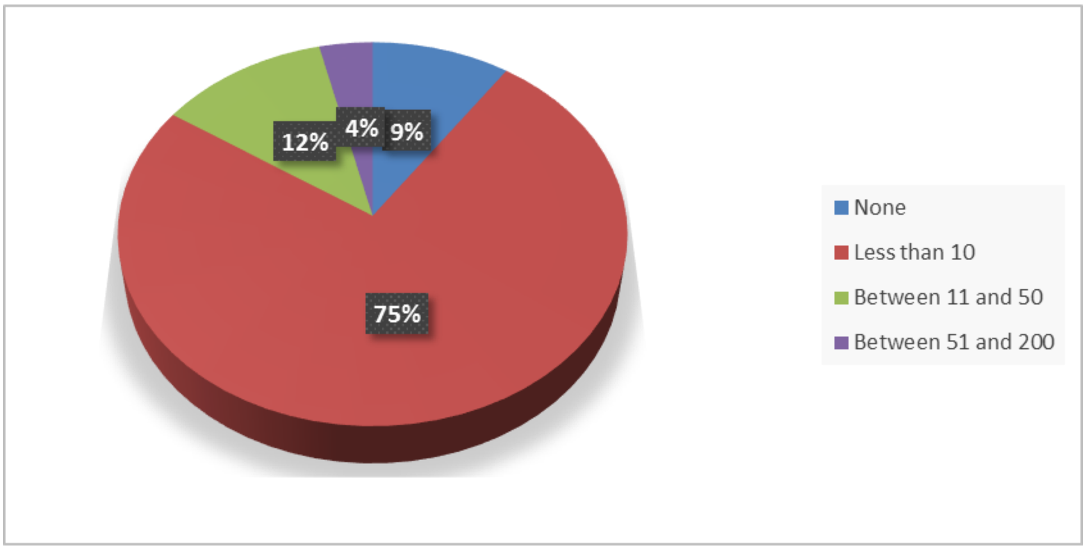


Figure 11: Number of employees (n=135)

The majority of the SMMEs within the sample had less than 10 employees (75%); while the others (12%) each had ad 11 – 50 employees; 4% had 51 – 200 employees; while 9% had no employees – except for the owner or entrepreneur.

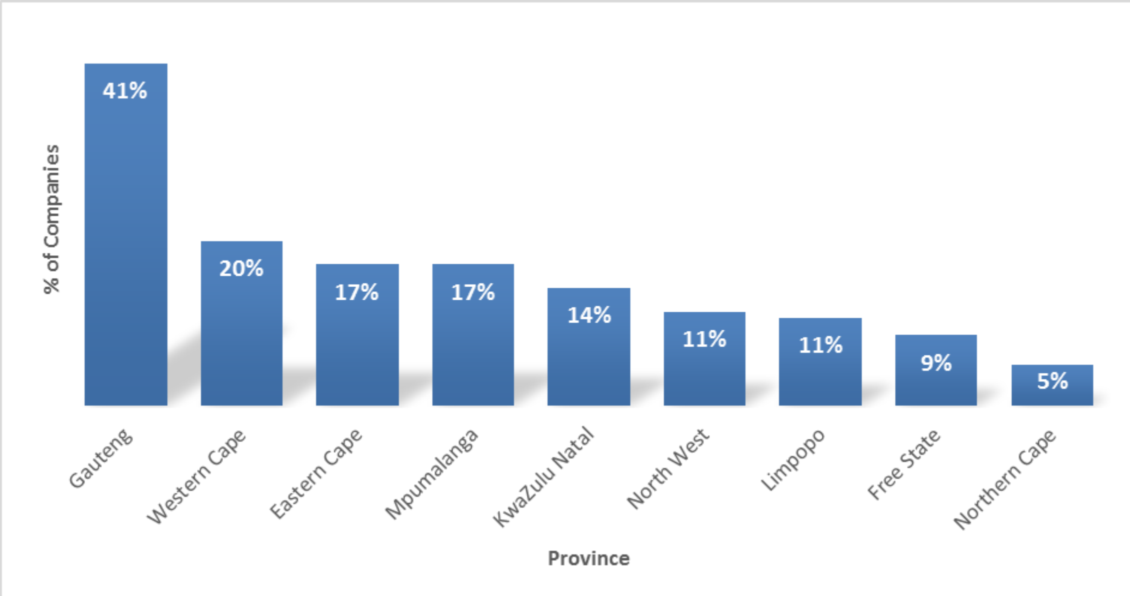


Figure 12: Province(s) in which the organisations operate in (n=135)

In respect of the locations, in which the respondents' firms operate, the respondents were allowed to select more than one location. The Gauteng province (41%) was the most common province of operation for the SMMEs, followed by the Western Cape (20%), then the Eastern Cape (17%) and Mpumalanga (17%). The Northern Cape Province (5%) was the least popular operational area for SMMEs.

As reflected below, in **Figure 13,** a third of the SMMEs in the sample were from the Manufacturing industry (33%); 13% were in Agriculture; 11% were in Construction (11%), with only 1% being within the Mining and Quarrying industry. The results can be viewed below:

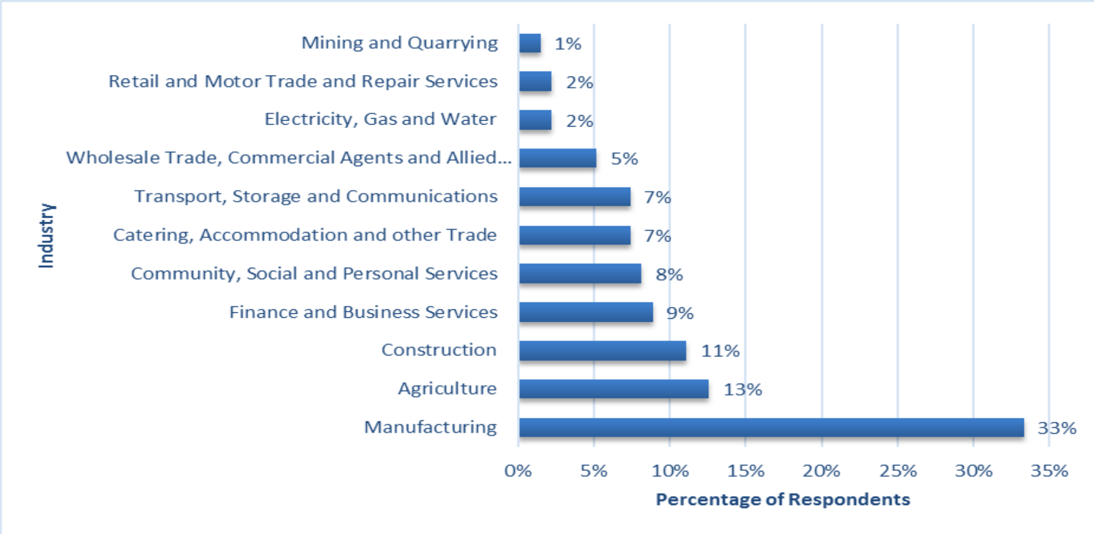


Figure 13: Industry distribution (n=135)

Out of the 135 SMMEs in the sample, 22% would classify the orientation of their organisations as services, 27% as products, and the other 52% as both products and services.

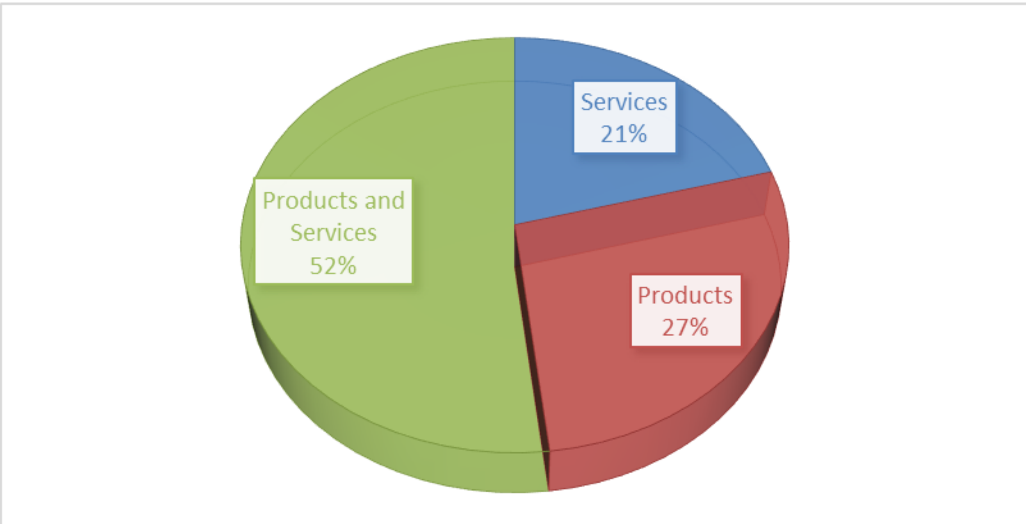


Figure 14: Organisational Orientation (n=135)

Most SMMEs indicated that they had already either internationalised, or would internationalise shortly, based on growth opportunities (82%); while only 18% either internationalised or would internationalise – based on the need to survive.

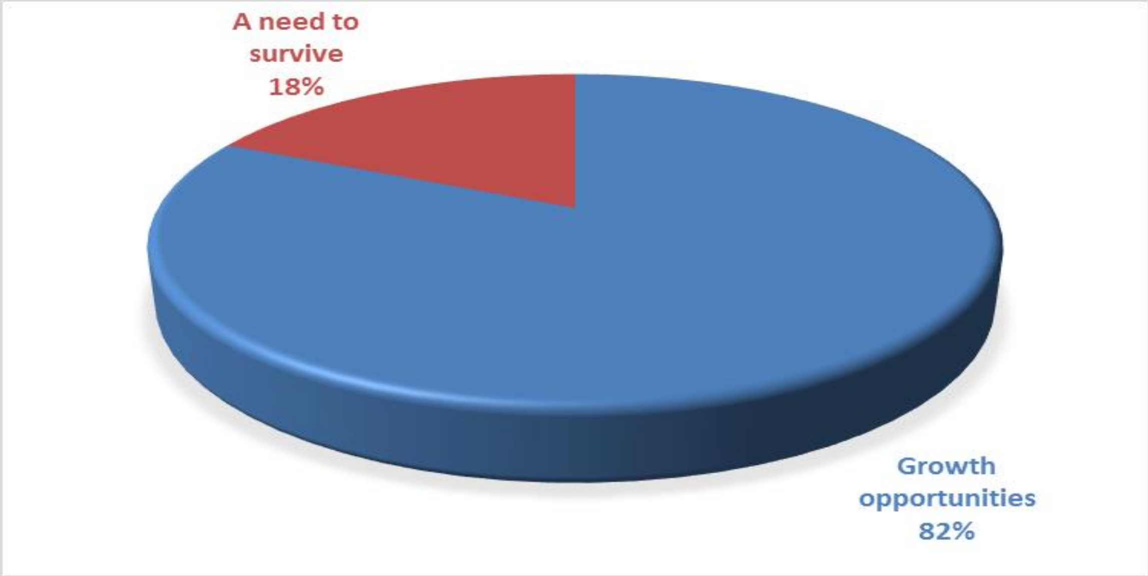


Figure 15: SMME internationalised (or would soon internationalise) based on growth prospects or survival (n=135)

Only 27% of the SMMEs in the sample indicated that they had suffered a loss in the last 3 years; 41% had broken even; 31% had made a profit; while the other 1% did not indicate their performance over the past 3 months.

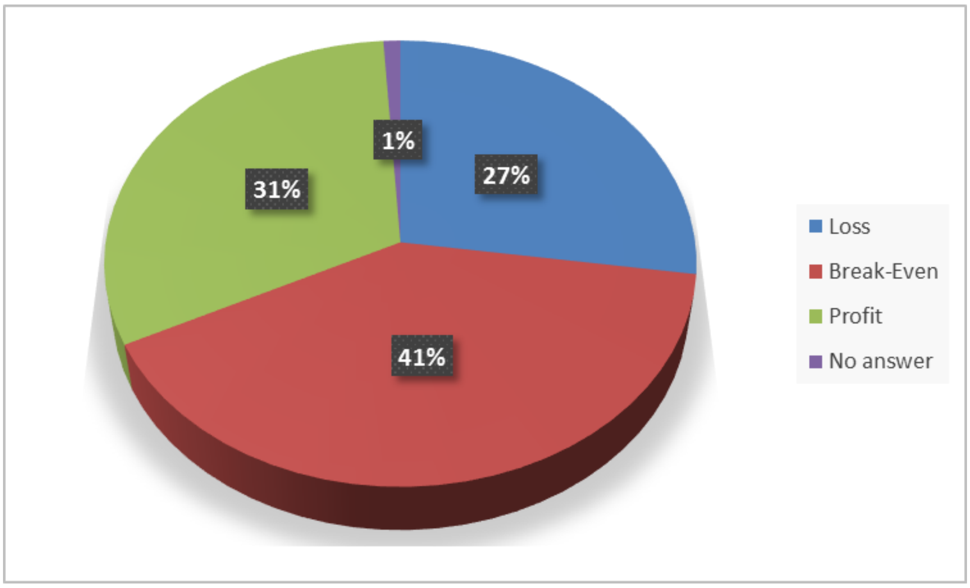


Figure 16: SMME's performance in the past 3 years (n=135)

Two thirds of the SMMEs in the sample (67%, 90 SMMEs) were already internationalised. This is shown in the chart below, reflecting a majority of women-owned SMMEs that had internationalised.

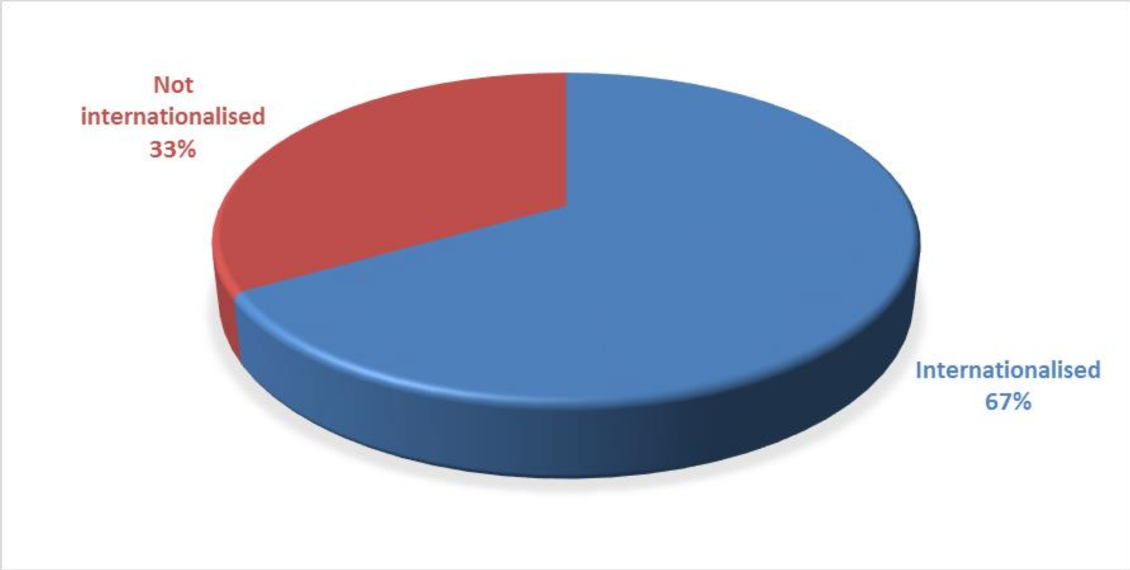


Figure 17: SMME internationalised (n=135)

The respondents within the sample generally rated the South African economic environment over the past three years at 38.63%, as reflected by the mean, with a minimum of zero and a maximum of 91%. This implies that most of the respondents perceived the economic environment as being unfavourable; and this reflects how they view the economy in relation to their operations. This is shown in **Table 9** below.

Table 9: SMMEs' perception of the economic environment

Descriptive Statistics				
N	Minimum	Maximum	Mean	Std. Deviation
128	0	91	38.63	22.436

4.2.3 Characteristics of Internationalised SMMEs

Table 10: Sample Demographics of SMMEs that are Internationalised (n= 90)

Variables		Frequency	Percentage
Age of the company internationalised	Less than 6 months	33	37%
	Between 6 months and 4 years	47	52%
	Between 5 years and 10 years	7	8%
	Between 11 years and 20 years	2	2%
	Older than 20 years	1	1%
How many foreign countries does your company operate in	None	38	42%
	1 country	23	26%
	2 to 5 countries	19	21%
	6 to 10 countries	3	3%
	More than 10 countries	7	8%
Level of internationalisation grown in the past 3 years	Substantially	24	27%
	To some extent	26	29%
	Remained the same	29	32%
	Decreased to some extent	3	3%
	Decreased substantially	6	7%
	No answer	2	2%
Internationalisation experience over the past 3 years	Far below expectation	27	30%
	Somewhat below expectation	18	20%
	As expected	25	28%
	Somewhat above expectation	16	18%
	Far above expectation	3	3%
	No answer	1	1%

Based on the 90 SMMEs that are internationalised, it was found that 37% had internationalised their operations within the last 6 months; 52% had internationalised their operations between 6 months and 4 years ago; while the balance fell between 5 years and 20yrs. Therefore, a majority of 89% of the SMMEs that had internationalised had done so within 4 years of starting up operations in the domestic market.

The results showed that 42% of the SMMEs operated in South Africa only; while 28% operated in 1 country, 21% in 2 to 5 countries, 3% in 6 to 10 countries; while 8% operated in more than 10 countries.

Furthermore, the results revealed that 27% of the internationalised SMMEs had experienced a substantial level of internationalisation (i.e., as perceived by the respondents, and not through measures, such as those for DOI) growth in the past 3 years, 29% had seen growth to some extent, 32% had remained the same; while 10% had either decreased to some extent, or decreased substantially.

Almost a third (30%) of the SMMEs perceived their internationalisation experience over the past 3 years to be far below their expectation; and 20% of them felt that the experience was somewhat below expectation. Only 21% had experienced either above expectation, or far above expectation in the international experience.

As is shown in **Figure 18,** it should be noted that the highest proportion of internationalised SMMEs fall within the manufacturing industry (31%), followed by Agriculture (13%), and Construction (13%). Mining and Quarrying represented only 1% of internationalised SMMEs; while Retail, Motor Trade and Repair and Electricity, as well as Gas and Water, both represent by only 2%. This picture is not materially different from that of the entire sample, including those that have not yet internationalised..

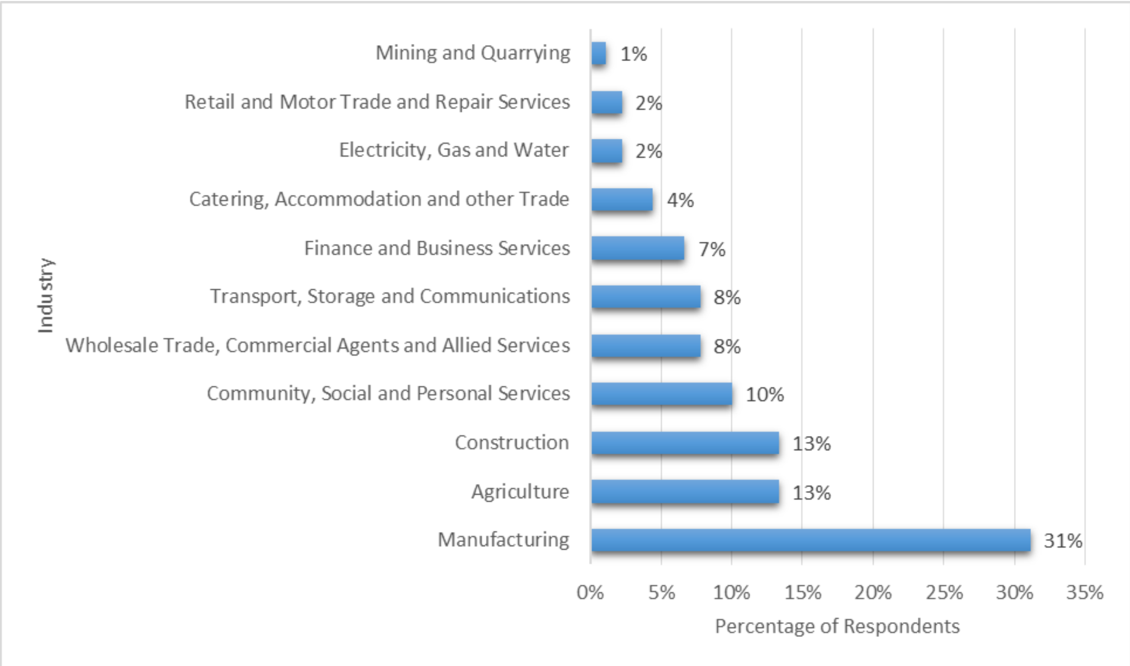


Figure 18: Industry among internationalised SMMEs

The comparison in the profitability of firms between internationalised and non-internationalised firms is reflected in sub-section 4.2.4. However, **Figure 19**, shows the profitability among internationalised firms within different industries. The results below are representative of the performance of firms within each industry in the last three years. The results show that Electricity, Gas and Water, and Retail and Motor Trade, as well as Repair Services only made losses in the period under review, as shown by 100% of the firms within these industries making losses.

A high proportion of Mining and Quarrying (100%) and Agriculture (91%), achieved a break-even performance in the period under review. The most profitable firms came from Wholesale Trade, Commercial Agents and Allied Services (57%), Finance and Business Services (50%), followed by Construction at 42% of the firms being profitable. Based on these results, Agriculture and Mining and Quarrying are the only industries that reflected no losses at all.

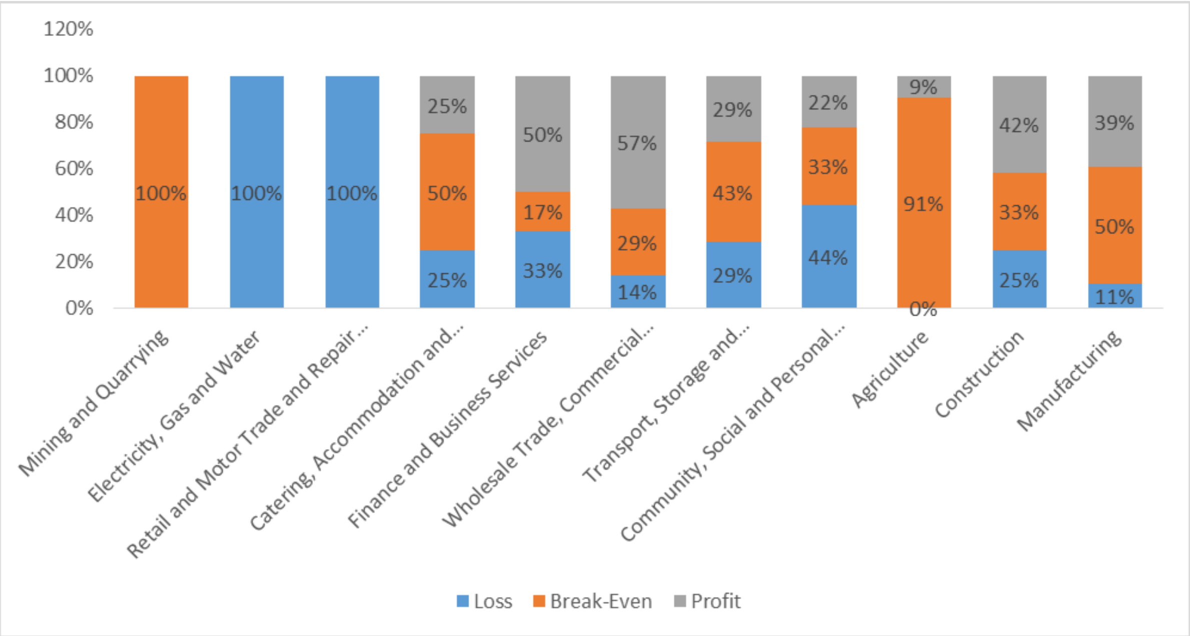


Figure 19: Profitability of SMMEs among industries

Table 11: The relationship between the economic environment and the degree of internationalisation (n=88)

The relationship between the economic environment and degree of internationalisation			
			Your economic environment
Spearman's rho	Degree of internationalisation (DOI)	Correlation Coefficient	0.257*
		Sig. (2-tailed)	0.016
		N	88
**. Correlation is significant at the 0.01 level (2-tailed).			
*. Correlation is significant at the 0.05 level (2-tailed).			

Based on the internationalized firms only, the results shows that there is a positive significant correlation between the Economic environment and the Degree of internationalisation (DOI) ($r = 0.257$, p-value = 0.016).

4.2.4 Comparison between internationalised and non-internationalised SMMEs

In this subsection, a comparison of internationalised and non-internationalised SMMEs is presented – to draw attention to any key differences that might provide a contribution to the body of knowledge – for the benefit of practitioners and scholars.

In order to assess the relationship between internationalisation, and how the SMMEs had performed in the past 3 years, a Chi-square test of association was conducted, by comparing a firm's performance between internationalised and non-internationalised SMMEs. The results are shown below:

Table 12: Chi–Square test of firms' performance among internationalised and non-internationalised in the past 3 years

Firm performance between internationalised and non-internationalised SMMEs					
			Internationalised		Total
			Yes	No	
How has you firm performed in the past 3 years?	Loss	Count	19	18	37
		% within Internationalised	21.30%	40.90%	27.80%
	Break-Even	Count	41	13	54
		% within Internationalised	46.10%	29.50%	40.60%
	Profit	Count	29	13	42
		% within Internationalised	32.60%	29.50%	31.60%
Total		Count	89	44	133
		% within Internationalised	100.00%	100.00%	100.00%

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	6.115[a]	2	0.047

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 12.24.

The results revealed that of the 89 internationalised businesses, 78.7% had either achieved a break-even, or made a profit; while 21.3% had made a loss. Although the difference in the percentages of profitable firms between the two groups is not material, it was noted that 59% of the non-internationalised SMMEs either achieved a break-even, or made a loss. The p-value of the chi-square test was 0.047, which is less than 0.05 (the significance level).

Thus, it is concluded that there is a significant association between internationalisation and the performance of the organization.

A Chi-square test of association was also conducted, to assess whether there was a relationship between a firm being internationalised and its age. The results are shown below:

Table 13: Chi –Square test of the impact of firm age on internationalisation

Age of the company between internationalised and non-internationalised SMMEs					
			Internationalised		Total
			Yes	No	
Age of the company	Less than 6 months	Count	2	2	4
		% within Internationalised	2.20%	4.40%	3.00%
	6 months to 4 years	Count	54	20	74
		% within Internationalised	60.00%	44.40%	54.80%
	5 years to 10 years	Count	23	12	35
		% within Internationalised	25.60%	26.70%	25.90%
	11 years to 20 years	Count	6	8	14
		% within Internationalised	6.70%	17.80%	10.40%
	Older than 20 years	Count	5	3	8
		% within Internationalised	5.60%	6.70%	5.90%
Total		Count	90	45	135
		% within Internationalised	100.00%	100.00%	100.00%

Chi-Square Tests		
	Value	Exact Sig. (2-sided)
Fisher's Exact Test	5.653	0.203
4 cells (40.0%) have expected count less than 5. The minimum expected count is 1.33.		

Mainly owing to at least one of the cells having an expected frequency of less than 5, the Chi-Square results were abandoned – due to their lack of reliability. Therefore, a Fischer's exact test was used, resulting in a test p-value of 0.203, which is greater than 0.05. Thus, it is concluded that there is no association between a firm being internationalised and its age.

In order to assess whether the number of employees within a firm plays a role in whether a firm is internationalised or not, a Chi-square test of association was also conducted. The results are shown below.

Table 14: Chi–Square test of the impact of the number of employees on internationalisation

Number of employees and internationalisation					
			Internationalised		Total
			Yes	No	
Number of employees	None	Count	10	3	13
		% within Internationalised	11.10%	6.70%	9.60%
	Less than 10	Count	66	35	101
		% within Internationalised	73.30%	77.80%	74.80%
	Between 11 and 50	Count	10	6	16
		% within Internationalised	11.10%	13.30%	11.90%
	Between 51 and 200	Count	4	1	5
		% within Internationalised	4.40%	2.20%	3.70%
Total		Count	90	45	135
		% within Internationalised	100.00%	100.00%	100.00%

Chi-Square Tests		
	Value	Exact Sig. (2-sided)
Fisher's Exact Test	1.078	0.789
3 cells (37.5%) have expected count less than 5. The minimum expected count is 1.67.		

Again, the Fischer's exact test had to be used, because of the lack of reliability of the Chi-Squared test; and the test resulted in a p-value of 0.789, which is greater than 0.05. Thus, it may be concluded that there is no association between internationalisation and the number of employees in the firm.

In the aim to assess the association between being internationalised and the level of education among firms, a Chi-square test of association was also conducted. The results are shown below:

Table 15: Chi –Square test of the impact of the number of employees on internationalisation

Level of Education and internationalisation					
			Internationalised		Total
			Yes	No	
Highest education completed	Matriculation or lower	Count	18	18	36
		% within Internationalised	20.00%	40.00%	26.70%
	Technicon	Count	19	7	26
		% within Internationalised	21.10%	15.60%	19.30%
	University education	Count	28	15	43
		% within Internationalised	31.10%	33.30%	31.90%
	Postgraduate university education	Count	25	5	30
		% within Internationalised	27.80%	11.10%	22.20%
Total		Count	90	45	135
		% within Internationalised	100.00%	100.00%	100.00%

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	8.777[a]	3	0.032

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 8.67.

The results revealed that of the 90 internationalised businesses, 80% had at least a Technikon qualification compared to 60% of the 45 firms that were not internationalised. The p-value of the chi-square test was 0.032, which is less than 0.05 (the significance level). Thus, it may be concluded that there is an association between a firm being internationalised and the educational level of the employees.

An independent samples t-test was conducted, to determine whether there was a significant difference in the perception on the South African economic environment for the internationalized businesses against those that are not internationalized. The results are shown below:

Table 16: Independent Samples t-test on the economic environment and internationalisation

SMME perception of the economic environment vs internationalisation							
		Internationalised	N	Mean	Std. Deviation		
Economic environment		Yes	89	39.25	21.891		
		No	39	37.21	23.865		
Independent Samples Test							
		Levene's Test for Equality of Variances		t-test for Equality of Means			
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference
Economic environment	Equal variances assumed	0.913	0.341	0.473	126	0.637	2.04
	Equal variances not assumed			0.457	67.24	0.649	2.04

The internationalised business had a mean of 39.25%, compared to 37.21% for the business that were not internationalized. The difference between the two groups is not significant; since the p-value of the t-test was 0.637, which is greater than 0.05. Thus, it may be concluded that the perception on the South African economic environment does not differ significantly, according to whether a company is internationalized or not.

4.3 Reliability and Validity of Measurement Scales

The most popular method of testing internal consistency in behavioural sciences is Cronbach's Alpha, which should be a standard value of not less than 0.7 or higher in the early stages of research on hypothesised measures of a construct (Drost, 2011; Nunnally, 1978). Furthermore, the external and internal validity of the scales relating to independent variables is investigated through the inter-correlation matrix, as well as via exploratory-factor analysis.

An exploratory factor analysis was performed for the construct validity of the scales within the independent variables. The inter-correlation matrix was first tested by using the Bartlett test of Sphericity and the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy, as a minimum standard, which should be passed before a factor analysis is performed.

The method utilised for factor analysis was the principal-component analysis with Varimax rotation in respect of the scaled items formulated to measure the independent variables; and therefore, the factors were expected to represent the items designed to measure the independent variables. The results of the factor analysis were thus considered generally supportive of the construct validity of the scales, but indicated the presence of underlying sub-constructs in respect of all main constructs, as shown in each subsection that follows (and in **Appendix D)**.

An item-total correlation test was performed, as shown in **Appendix C,** to test whether any item in the set of tests is inconsistent with the averaged behaviour of the others, and thus can be discarded (Drost, 2011). Items measuring the same trait/construct are expected to correlate more highly than items measuring different traits and vice versa. Therefore, in the inter-correlation matrix (Appendix C), it is observed that convergent validity coefficients within Financial capital, Social capital and Human capital were consistently significant.

This further confirmed the validity of the constructs, as reflected by the results of the factor analysis shown below in sub-sections 4.3.1, 4.3.2 and 4.3.3.

4.3.1 Social Capital

4.3.1.1 Factor Analysis

Prior to performing the factor analysis, the Bartlett test of Sphericity and the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy were performed. As shown in **Table 17**, the KMO Measure of Sampling Adequacy is 0.785, indicating that 78.5% of the variance within the social capital construct can be explained by the underlying factors. This value is greater than 0.5, suggesting that a factor analysis would be useful. The p-value of Bartlett's Test of Sphericity was nil, which means that the correlation matrix is not an identity matrix, and thus implying that the social-capital variables are related to one another.

Table 17: KMO and Bartlett's Test for Social Capital

Social Capital		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.785
Bartlett's Test of Sphericity	Approx. Chi-Square	377.724
	df	36
	Sig.	0.000

Factor analysis was performed, to assess the construct validity of the 9 items measuring the social capital by using the Varimax rotation. As shown in **Table 18**, the factor analysis resulted in the Social Capital construct being divided into two factors, namely:

- ✓ Social Capital – Social networks, and
- ✓ Social Capital – Culture and social ties.

The two factors explained 57.42% of the variation in the item scores. As shown in **Table 18**, all the 9 items retained had very high factor loadings, ranging from 0.544 to 0.813.

Table 18: Reliability and Validity of Social Capital

Construct		Validity			Reliability	
		Factor 1	Factor 2	Total Variance Explained	Average Inter-Item Correlations	Cronbach's Alpha
Social Capital	Social Capital - Social networks	0.813	-0.164	57.42%	0.441	0.821
		0.773	-0.099			
		0.738	0.017			
		0.69	-0.079			
		0.657	-0.379			
		0.544	-0.468			
	Social Capital - Culture and social ties	-0.014	0.804		0.4	0.667
		-0.083	0.773			
		-0.203	0.681			

4.3.1.2 Reliability of Social Capital Sub-Constructs

Cronbach's Alpha was computed for the items in each of the two social capital factors, in order to assess the reliability of the scale. The results in **Table 18** indicate that Social Capital - Social networks (0.821) and Social Capital - Culture and social ties (0.667) had high Cronbach Alphas; and hence, there is a good internal consistency within the items measuring both sub-constructs. This implies that summated scales can be computed for each of the two Social Capital sub-scales.

Social Capital was measured by using 9 variables that were measured on a 5-point Likert scale, where 1 was strongly disagree; and 5 was strongly agree. Three of the items were phrased in an opposite direction compared to the other 6 items. The negatively phrased items were:

- Cultural and societal norms (i.e. family responsibilities) are barriers to women accessing social ties and networks necessary for successful internationalisation.
- Cultural barriers in international markets make it difficult to create the social ties necessary for success in internationalisation.
- Having a few social ties and networks is a major preventive factor that obstructs SMMEs from going global.

These three items' scales were reversed, before any analysis was conducted. A score of '1' was reversed to '5', a score of '2' was reversed to '4', up to '5', which was reversed to '1'.

4.3.2 Human Capital

4.3.2.1 Factor analysis

Prior to performing the factor analysis, the Bartlett test of Sphericity and the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy were performed. As shown in **Table 19**, the KMO Measure of Sampling Adequacy is 0.704 indicating that 70.04% of the variance within the human capital construct can be explained by the underlying factors. This value is greater than 0.5, suggesting that a factor analysis would be useful. The p-value of Bartlett's Test of Sphericity was nil, which means that the correlation matrix is not an identity matrix, and thus implying that human capital variables are related to one another.

Table 19: KMO and Bartlett's Test of Human Capital

Human Capital		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.704
Bartlett's Test of Sphericity	Approx. Chi-Square	487.744
	df	55
	Sig.	0.000

Factor analysis was performed to assess the construct validity of the 12 variables – measuring human capital by using Varimax rotation. The negatively worded item (i.e. *"I believe low levels of foreign knowledge and experience are a major preventive factor that obstructs SMMEs from globalising"*) with a reversed scale had to be removed from the scale; since it had very low anti-imagery (0.390). The Human Capital Construct was, therefore, divided into three factors, namely:

- Human Capital – International experience,
- Human Capital – Hire Internationally, and
- Human Capital – Knowledge of international markets.

These three factors explained 61.89% of the variation in the item scores. As reflected in **Table 20**, all the 11 items retained had very high factor loading, ranging from 0.588 to 0.899.

Table 20: Reliability and Validity of Human Capital

Construct		Validity				Reliability	
		Factor 1	Factor 2	Factor 3	Total Variance Explained	Average Inter-Item Correlations	Cronbach's Alpha
Human Capital	Human Capital- International experience	0.785	0.214	-0.045	61.89%	0.402	0.731
		0.768	0.116	0.049			
		0.687	0.18	-0.195			
		0.661	-0.121	0.412			
	Human Capital- Hire Internationally	0.163	0.899	0.072		0.68	0.865
		0.17	0.846	0.176			
		0.085	0.819	0.18			
	Human Capital- Knowledge of international markets	0.122	-0.009	0.738		0.273	0.581
		-0.033	0.22	0.601			
		-0.132	0.191	0.599			
		0.558	0.091	0.588			

4.3.2.2 Reliability of Human Capital Sub-Constructs

Cronbach's Alpha was computed for the items in each of the three Human-capital factors to assess the reliability of the scale. The results in **Table 20** indicate that Human Capital – international experience (0.731) and Human Capital – Hire Internationally (0.865) had very high Cronbach Alphas; and hence, there is a very good internal consistency within the items measuring those sub-constructs. Human Capital – Knowledge of international markets (0.581) had a slightly lower but acceptable Cronbach's Alpha. This implies that summated scales can be computed for each of the three Human-Capital sub-scales.

The Human capital was measured using 12 statements (items) that were measured on a 5-point Likert scale, where 1 was strongly disagree and 5 was strongly agree. One of the items was phrased in an opposite direction from the other 11. The negatively phrased item was:

- I believe low levels of foreign knowledge and experience are major preventive factors that obstruct SMMEs from globalising.

This item's scale was reversed, before any analysis was conducted. A score of '1' was reversed to '5'; a score of '2' was reversed to '4', up to '5', which was reversed to '1'.

4.3.3 Financial Capital

4.3.3.1 Factor Analysis

Prior to performing the factor analysis, the Bartlett test of Sphericity and the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy were performed. As shown in **Table 21**, the KMO Measure of Sampling Adequacy is 0.758, indicating that 75.8% of the variance within the financial capital construct can be explained by the underlying factors. This value is greater than 0.5, suggesting that a factor analysis would be useful. The p-value of Bartlett's Test of Sphericity was nil, which means that the correlation matrix is not an identity matrix, and thus implying that human-capital variables are related to one another.

Table 21: KMO and Bartlett's Test of Financial Capital

Financial Capital		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.758
Bartlett's Test of Sphericity	Approx. Chi-Square	281.368
	df	36
	Sig.	0.000

Factor analysis was conducted to assess the construct validity of the 9 variables measuring financial capital, using Varimax rotation. The factor loadings of the reversed scale for the four oppositely phrased items indicated negative factor loadings, which is an indication that both positively worded and negatively worded statements were rated the same. This is an indication that there was bias on how the items were rated. Thus, factor analysis was conducted with the items not reversed. The results in **Table 22** show that two Financial Capital factors were retained:

- Financial-Capital Barriers
- Financial-Capital Access to Capital

The two factors explained 56.42% of the variation in the item scores. All the 9 items retained had very high factor loadings – ranging from 0.605 to 0.894.

Table 22: Reliability and Validity of Financial Capital

Construct		Validity			Reliability	
		Factor 1	Factor 2	Total Variance Explained	Average Inter-Item Correlations	Cronbach's Alpha
Financial Capital	Financial Capital Barriers	0.747	0.167	56.42%	0.372	0.773
		0.714	0.044			
		0.708	0.156			
		0.674	-0.016			
		0.67	-0.072			
		0.605	0.193			
	Financial Capital Access to Capital	0.064	0.894		0.602	0.743
		0.098	0.874			

4.3.3.2 Reliability of Financial Capital Sub-Constructs

Cronbach's Alpha was computed for the items in each of the two financial capital factors, in order to assess the reliability of the scale. The results in **Table 22** indicate that Financial-Capital Barriers (0.773) and Financial-Capital Access to Capital (0.743) had very high Cronbach Alphas; and hence, there is a very good internal consistency within the items measuring both sub-constructs. This implies that summated scales can be computed for each of the two Financial Capital sub-scales.

Financial Capital was measured by using 9 variables that were measured on a 5-point Likert scale, where 1 was strongly disagree and 5 was strongly agree. Four of the items were phrased in an opposite direction, compared to the other 5 items. The negatively phrased items were:

- South African trade tariffs (imports and exports) inhibit SMMEs' business

- It is financially challenging to adapt any product or service to the international market
- Cultural and societal norms (i.e. family responsibilities) are barriers to women accessing financial capital for internationalisation
- Accessibility to capital for my business is very challenging

4.3.4 Degree of Internationalisation

4.3.4.1 Factor Analysis

Based on the afore-mentioned arguments among scholars in relation to the measure of DOI and the arguments raised in this research report, an exploratory factor analysis with Varimax rotation was conducted to assess the construct validity of the four items measuring the degree of internationalisation. The factor loadings of each of the four items were very high, with a minimum of 0.777, as shown in **Table 23**. This is an indication that the four items belong to the same scale. The retained factor explained 75.53% of the variation in the item scores.

Table 23: Reliability and Validity of the Degree of Internationalisation (DOI)

Degree of internationalisation (DOI)					
Construct		Validity		Reliability	
		Factor 1	Total Variance Explained	Average Inter-Item Correlations	Cronbach's Alpha
Degree of internationalisation (DOI)	% of sales derived outside RSA	0.933	75.53%	0.617	0.882
	% of gross profit derived outside RSA	0.881			
	% of total assets outside of RSA	0.777			
	% of advertising spend outside of RSA	0.877			

4.3.4.2 Reliability of the Degree of Internationalisation

Cronbach's Alpha was computed for the items measuring the degree of internationalisation (DOI) scale. Table 13 indicates that the DOI had a very high Cronbach's Alpha (0.882); and hence, there is a very good internal consistency among the items measuring the scale. This implies that summated scales can be used for the DOI by computing the sum of the items in the scale.

Table 24: Descriptive Statistics of the Degree of Internationalisation (DOI)

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Degree of internationalisation (DOI)	134	0	315	45.4	71.332

The average Degree of Internationalisation (DOI) was 45.40, with a standard deviation of 71.332. The minimum was 0, that is for firms that were not internationalised; and the maximum was 315 for the firm with the highest degree of internationalization based on this scale.

In order to determine the type of analysis to be utilised for the DOI summated scale, a test for normality was conducted, as shown in **Table 25**. The results show that the Degree of internationalisation scale was not normally distributed; since the p-values of both the Kolmogorov-Smirnov and the Shapiro-Wilk tests were less than 0.05. This therefore implies that further analysis involving the sub-scales would need to be conducted – using non-parametric tests.

Table 25: Test for Normality- Degree of Internationalisation (DOI)

Tests of Normality						
	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Degree of internationalisation	0.262	134	0.000	0.691	134	0.000
a. Lilliefors Significance Correction						

4.3.4 Distributions

The descriptive statistics of the variability and the centrality of score distributions of Social capital, Human capital and Financial capital sub-constructs are reflected in **Table 26**. The normality of the score distributions can be assessed by using the Kolmogorov-Smirnov, the Lilliefors and the Shapiro-Wilk tests, as shown in **Table**

25 and from **Figures 20-26**. The summated scale for each of the subscales was computed by calculating the average of the items in each scale. The descriptive statistics for the summated scales are shown in the table below:

Table 26: Summated Scale Descriptive Statistics

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Social Capital - Social networks	133	2.33	5	4.26	0.559
Human Capital- Knowledge of international markets	135	1.25	5	3.93	0.74
Financial Capital Barriers	135	1.67	5	3.83	0.722
Financial Capital Access to Capital	135	1	5	3.82	0.953
Human Capital- International experience	135	1	5	3.37	0.891
Social Capital - Culture and social ties	133	1	4.33	2.57	0.783
Human Capital- Hire Internationally	135	1	5	2.53	1.112

Social Capital – Social networks (mean = 4.26) was the highest-rated, followed by the Human Capital-Knowledge of international markets (3.93), and the Financial Capital Barriers (mean = 3.83). The lowest rated was Human Capital-Hire Internationally (2.53).

The distribution of scores for each of the sub-scales is shown in the histograms below that also have a normal curve embedded.

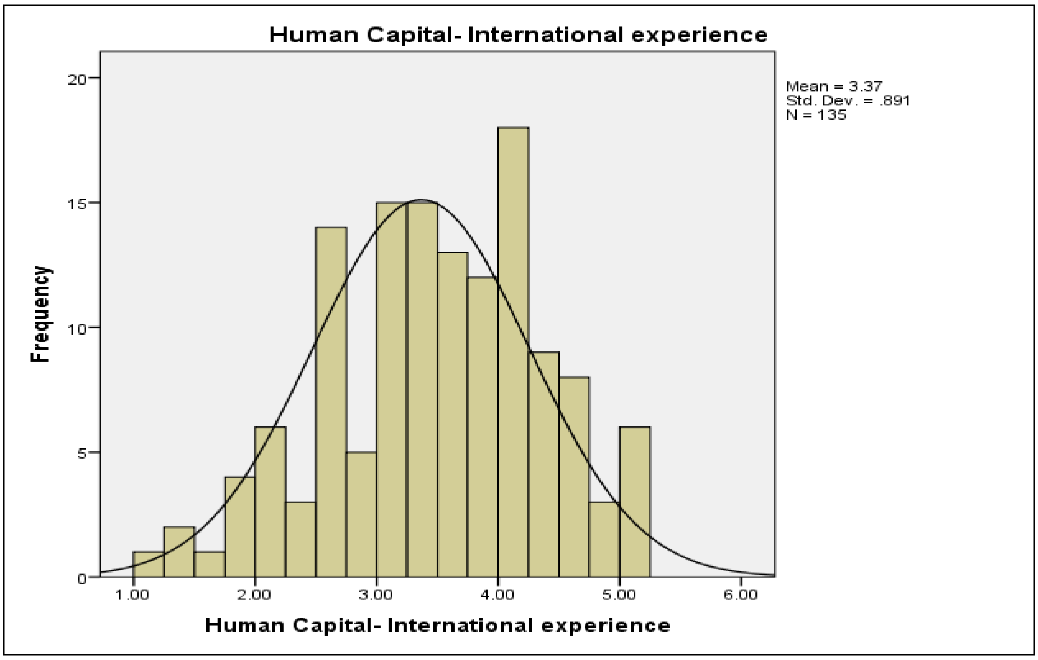


Figure 20: Distribution of Human Capital, Internationally Experienced Scores

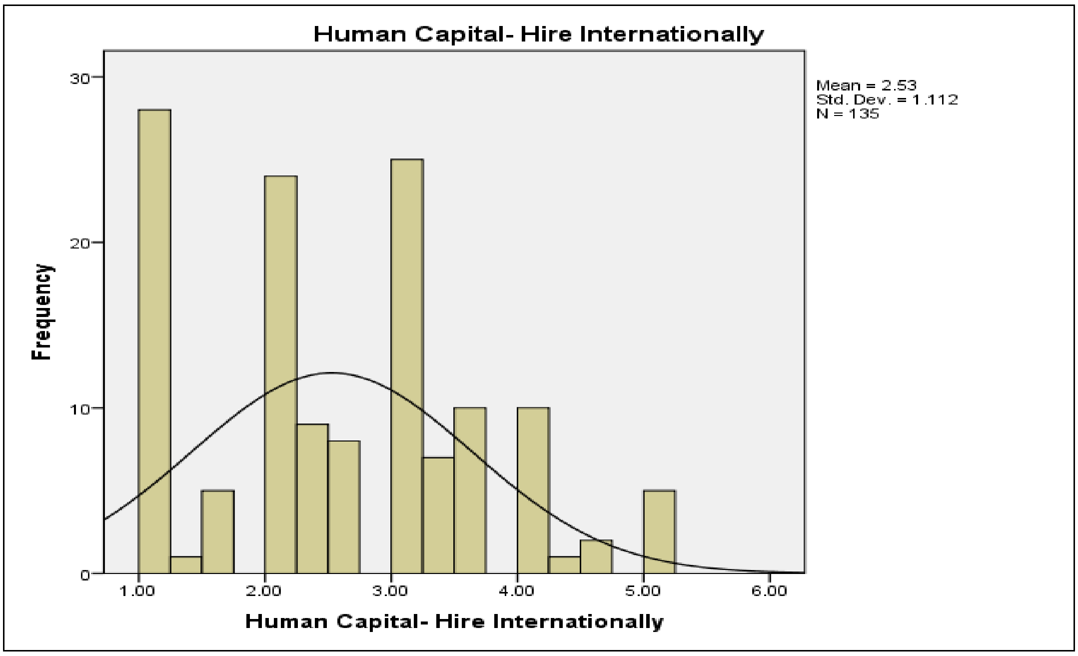


Figure 21: Distribution of Human Capital Hire Internationally: Scores

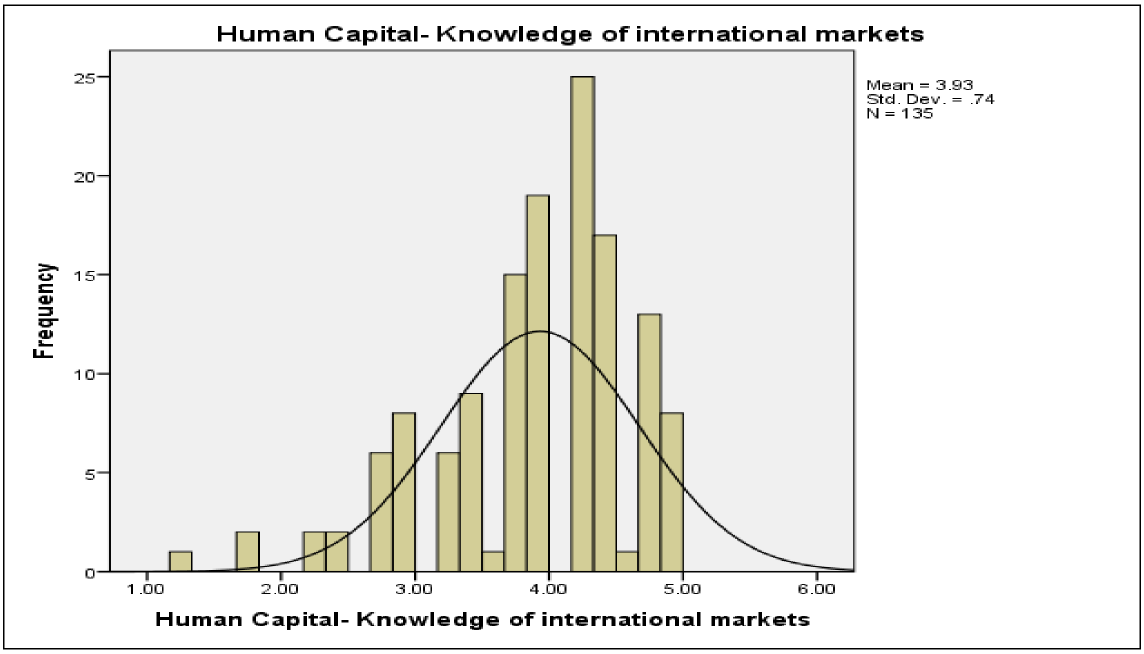


Figure 22: Distribution of Human-Capital Knowledge of International Markets

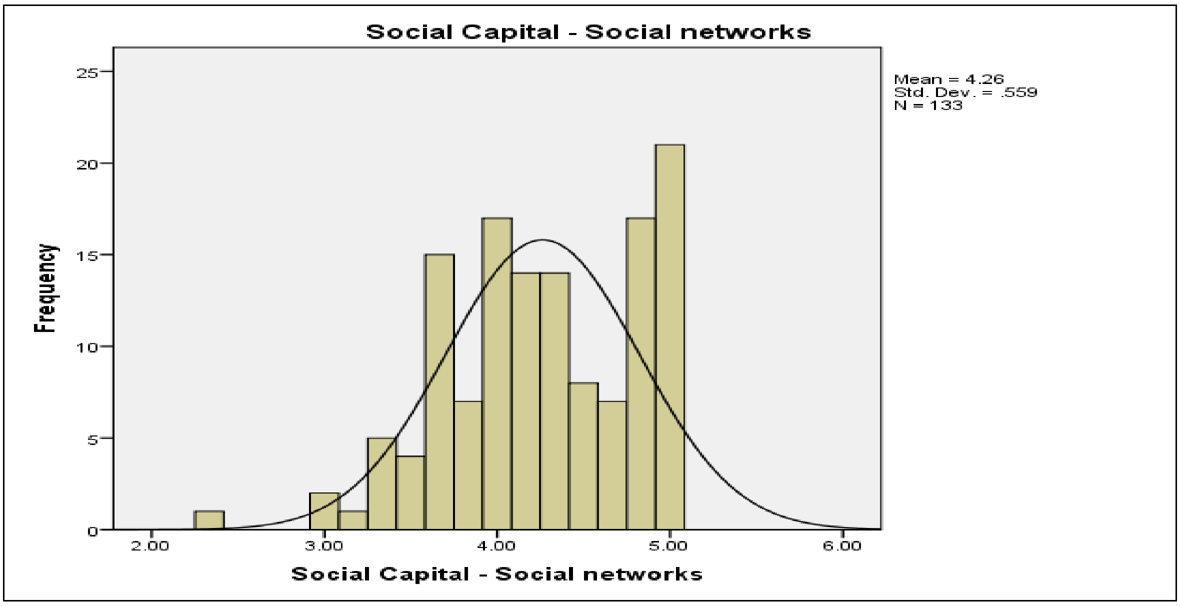


Figure 23: Distribution of Social-Capital Networks

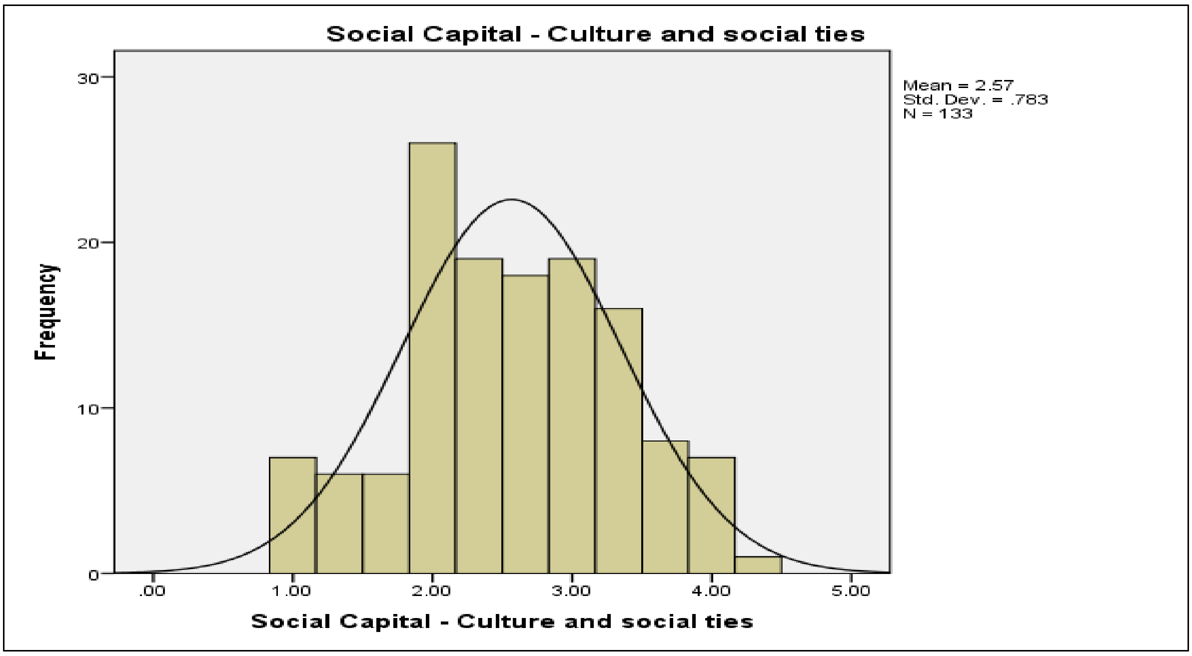


Figure 24: Distribution of Social-Capital Culture and Social Ties

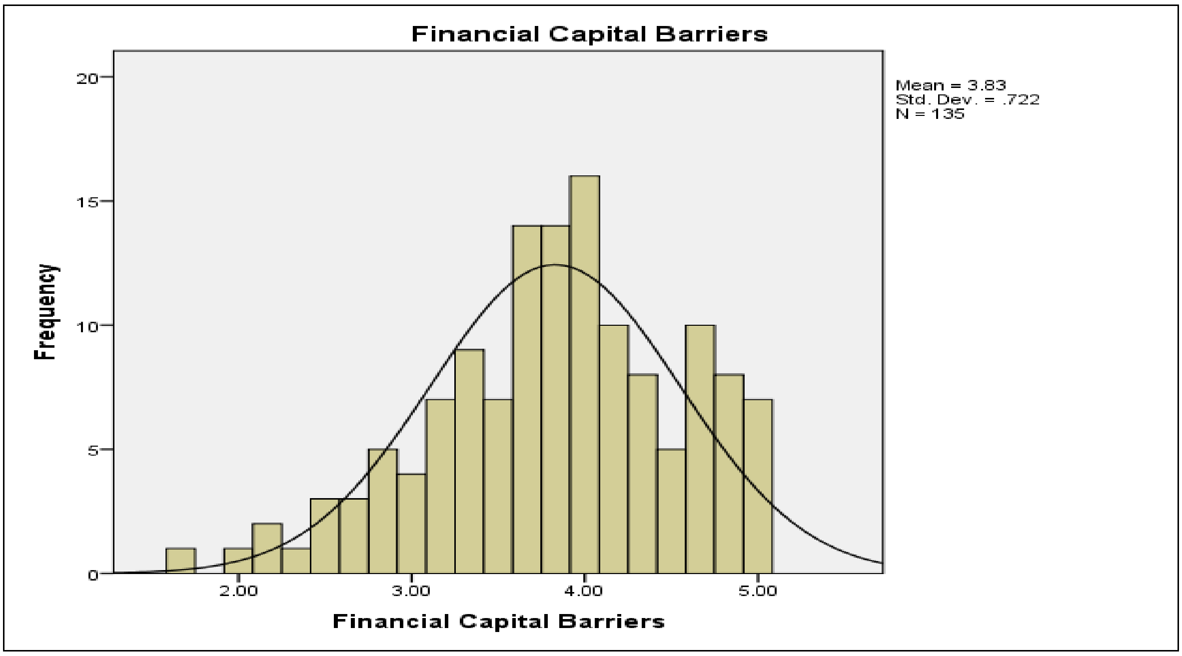


Figure 25: Distribution of Financial-Capital Barriers

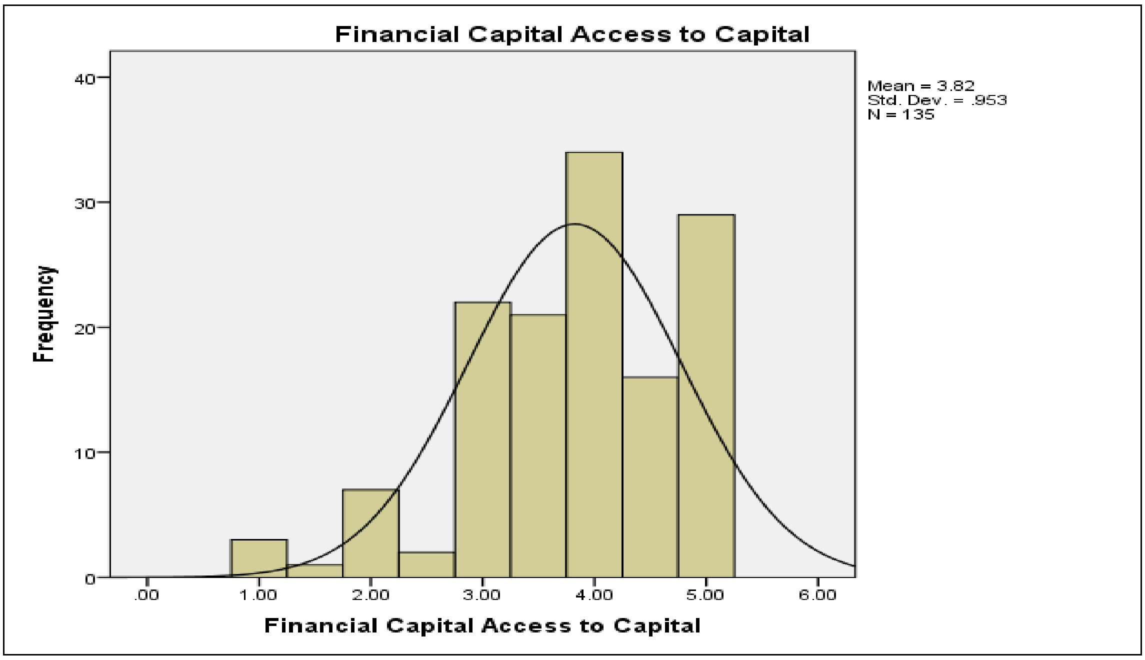


Figure 26: Distribution of Financial-Capital Access to Capital

The subscales were tested for normality before any further analysis could be conducted. If the variables are found to be normally distributed, then further analysis is conducted, using the parametric tests; while on the other hand, if the variables are not normally distributed, further analysis is conducted using the non-parametric tests. The Kolmogorov Simonov and the Shapiro-Wilk tests were conducted to test for normality. The results are shown below:

Table 27: Kolmogorov-Smirnova and Shapiro-Wilk test for Normality

Tests of Normality						
	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Human Capital- International experience	0.09	133	0.010	0.978	133	0.028
Human Capital- Hire Internationally	0.128	133	0.000	0.936	133	0.000
Human Capital- Knowledge of international markets	0.157	133	0.000	0.926	133	0.000
Social Capital - Social networks	0.132	133	0.000	0.94	133	0.000
Social Capital - Culture and social ties	0.104	133	0.001	0.97	133	0.005
Financial Capital Barriers	0.096	133	0.004	0.972	133	0.008
Financial Capital Access to Capital	0.161	133	0.000	0.912	133	0.000
a. Lilliefors Significance Correction						

The results in the table above show that the sub-scales deviated significantly from normality; because the p-values of both the Kolmogorov-Smirnov and the Shapiro-Wilk tests were less than 0.05. According to Osborne and Waters (2002), one of the key assumptions of multiple-regression analysis is the normal distribution of the variables. Based on the visual inspection of the above histograms (**Figure 20 to Figure 26**), the inferential statistical results of normality in respect of the independent variables are presented (**Table 27**) and for the independent variable (**Table 25**), the above data are highly skewed.

Osborne and Waters (2002), suggest that applying regression to these data would distort further the relationship and the significance tests. Osborne (2001) and Tabachnick and Fidell (1996) suggest the removal of univariate and bivariate outliers in aiming to reduce the probability of Type I and Type II errors, and to improve the accuracy of the results. However, Osborne and Waters (2002), also point out that this would lead to the use of transformations, which could improve normality, but would complicate the interpretation of the results. Transformations are beyond the scope of this research; and furthermore, in line with the above normality results, further analysis involving the sub-scales is conducted by using the non-parametric tests.

4.4 Results of the hypothesis testing

In line with the above-mentioned rationale, a Spearman's correlation was conducted on the capital constructs; and the results are reflected in each of the subsections below.

4.4.1 Hypothesis 1: There is a positive correlation between international social capital and the degree of internationalisation of women-owned SMMEs

To test this hypothesis, Spearman's correlation-coefficient analysis was conducted with the null hypothesis that the there is a no relationship between international social capital and the degree of internationalisation of women-owned SMMEs. The alternative hypothesis is that there is a positive correlation. Spearman's Correlation, which is a non-parametric test, was chosen because the independent variables are not normally distributed. The results are shown, both when using the summated DOI construct, as well as the variables that make up the construct. The results are shown below:

Table 28: Spearman's correlation between international social capital, and the degree of internationalisation (DOI)

Correlations - Social Capital			
			Degree of internationalization (DOI)
Spearman's rho	Social Capital - Social networks	Correlation Coefficient	-0.062
		Sig. (2-tailed)	0.568
		N	87
	Social Capital - Culture and social ties	Correlation Coefficient	-0.058
		Sig. (2-tailed)	0.592
		N	87
**. Correlation is significant at the 0.01 level (2-tailed).			
*. Correlation is significant at the 0.05 level (2-tailed).			

It can be noted that both the Social Capital sub-constructs, namely, Social Capital – Social Networks (r = -0.062, p-value =0.568) and Social Capital – culture and social ties (r = -0.058, p-value = 0.592) have a negative and non-significant correlation with the Degree of Internationalisation (DOI).

Table 29: Spearman's correlation between international social capital, and each of the DOI measures

Correlations			
		Social Capital - Social networks	Social Capital - Culture and social ties
% of sales derived outside RSA	Correlation Coefficient	-0.056	-0.031
	Sig. (2-tailed)	0.608	0.78
	N	86	86
% of gross profit derived outside RSA	Correlation Coefficient	-0.007	-0.064
	Sig. (2-tailed)	0.947	0.555
	N	87	87
% of total assets outside of RSA	Correlation Coefficient	-0.04	-0.126
	Sig. (2-tailed)	0.71	0.246
	N	87	87
% of advertising spend outside of RSA	Correlation Coefficient	-0.1	-0.048
	Sig. (2-tailed)	0.357	0.656
	N	87	87

The results shows that none of the two sub-constructs of social capital, namely, Social Capital - Social networks, and Social Capital - Culture and social ties, has a significant relationship with any of the DOI measures. This is because all the p-values were greater than 0.05. This means that the null hypothesis is not rejected; and it is concluded that the there is a no relationship between international social capital and the degree of internationalisation of women-owned SMMEs.

4.4.2 Hypothesis 2: There is a positive correlation between international human capital and the degree of internationalisation of women-owned SMMEs

To test this hypothesis, Spearman's correlation coefficient analysis was conducted, with the null hypothesis that the there is no relationship between international human capital and the degree of internationalisation of women-owned SMMEs. The alternative hypothesis is that there is a positive correlation. The results are shown below:

Table 30: Spearman's correlation between international human capital, and the degree of internationalisation (DOI)

Correlations - Human Capital			
			Degree of internationalization (DOI)
Spearman's rho	Human Capital- International experience	Correlation Coefficient	.533**
		Sig. (2-tailed)	0.000
		N	89
	Human Capital- Hire Internationally	Correlation Coefficient	.258*
		Sig. (2-tailed)	0.015
		N	89
	Human Capital- Knowledge of international markets	Correlation Coefficient	0.109
		Sig. (2-tailed)	0.308
		N	89
**. Correlation is significant at the 0.01 level (2-tailed).			
*. Correlation is significant at the 0.05 level (2-tailed).			

It can be noted that Human Capital – international experience (r = 0.533, p-value = 0.000) and Human Capital – Hire Internationally (r = 0.258, p-value = 0.015) had positive and significant correlation with Degree of internationalization (DOI). However, Human Capital – Knowledge of international markets (r = 0.109, p-value = 0.308), reflected a positive but insignificant correlation with the Degree of internationalization (DOI).

Table 31: Spearman's correlation between international social capital, and each of the DOI measures

Correlations				
		Human Capital-International experience	Human Capital-Hire Internationally	Human Capital-Knowledge of international markets
% of sales derived outside RSA	Correlation Coefficient	.534**	.277**	0.099
	Sig. (2-tailed)	0.000	0.009	0.357
	N	88	88	88
% of gross profit derived outside RSA	Correlation Coefficient	.578**	0.194	0.122
	Sig. (2-tailed)	0.000	0.07	0.258
	N	88	88	88
% of total assets outside of RSA	Correlation Coefficient	.391**	.279**	0.161
	Sig. (2-tailed)	0.000	0.008	0.133
	N	88	88	88
% of advertising spend outside of RSA	Correlation Coefficient	.473**	.284**	0.173
	Sig. (2-tailed)	0.000	0.007	0.108
	N	88	88	88

The results shows that there is a significant positive correlation between Human Capital – international experience and the Extent of Internationalisation (r = 0.306, p-value = 0.000), the percentage of sales derived outside RSA (r = 0.534, p-value = 0.000), the percentage of gross profit derived outside RSA (r = 0.578, p-value = 0.000), the percentage of total assets outside of RSA (r = 0.391, p-value = 0.00), and the Percentage of advertising spend outside RSA (r = 0.473, p-value = 0.000). This is because the p-values were less than 0.05.

It can also be noted that there is a significant positive correlation between Human Capital – Hire Internationally and each of percentages of sales derived outside RSA (r = 0.277, p-value = 0.009), the percentage of total assets outside RSA (r = 0.279, p-value = 0.008), and the percentage of advertising spend outside RSA (r = 0.284, p-value = 0.007). This is because the p-values were less than 0.05.

Human Capital – Knowledge of international markets had no significant relationship with any of the measures of internationalisation. This implies that Human Capital – Knowledge of international markets is not significantly related to the internationalisation of women-owned SMMEs.

In conclusion, it was found that there is a positive correlation between international human capital (based on International experience and hiring internationally), and the degree of internationalisation of women-owned SMMEs. This means that the null hypothesis is rejected; and it may be concluded that the there is a relationship between international human capital and the degree of internationalisation of women-owned SMMEs.

4.4.3 Hypotheses 3: There is a positive correlation between financial capital and the degree of internationalisation of women-owned SMMEs

To test this hypothesis, Spearman's correlation coefficient analysis was also conducted, with the null hypothesis that the there is no relationship between international financial capital and the degree of internationalisation of women-owned SMMEs. The alternative hypothesis is that there is a positive correlation. The results are shown below.

Table 32: Spearman's correlation between international financial capital, and the degree of internationalisation (DOI)

Correlations - Financial Capital			
			Degree of internationalization (DOI)
Spearman's rho	Financial Capital Barriers	Correlation Coefficient	-0.192
		Sig. (2-tailed)	0.072
		N	89
	Financial Capital Access to Capital	Correlation Coefficient	0.044
		Sig. (2-tailed)	0.681
		N	89
**. Correlation is significant at the 0.01 level (2-tailed).			
*. Correlation is significant at the 0.05 level (2-tailed).			

It can be noted that Financial Capital Barriers (r = -0192, p-value = 0.072) and Financial Capital Access to Capital (r = 0.044, p-value = 0.681) had no significant correlation with the Degree of internationalization (DOI).

Table 33: Spearman's correlation between international financial capital, and each of the DOI measures

Correlations			
		Financial Capital Barriers	Financial Capital Access to Capital
% of sales derived outside RSA	Correlation Coefficient	-0.187	-0.021
	Sig. (2-tailed)	0.081	0.845
	N	88	88
% of gross profit derived outside RSA	Correlation Coefficient	-0.146	0.111
	Sig. (2-tailed)	0.175	0.303
	N	88	88
% of total assets outside of RSA	Correlation Coefficient	-0.039	0.074
	Sig. (2-tailed)	0.715	0.495
	N	88	88
% of advertising spend outside of RSA	Correlation Coefficient	-0.175	0.079
	Sig. (2-tailed)	0.104	0.464
	N	88	88

The results show that none of the two sub-constructs of financial capital, namely, Financial Capital Barriers and Financial Capital Access to Capital has a significant relationship with any of the internationalisation measures. This is because all the p-values were greater than 0.05. This means that the null hypothesis is not rejected; and it may be concluded that there is no relationship between international financial capital and the degree of internationalisation of women-owned SMMEs.

4.5 Summary of the results

In summary, the total sample size was 135 SMMEs, where 90 had internationalised and 45 had not internationalised. The reliability and validity of the measures of the independent variables (Social Capital, Human Capital and Financial Capital) and the dependent variable (Degree of Internationalisation) were tested via Cronbach's Alpha and factor analysis, respectively. The factor analysis was conducted, following a satisfactory Bartlett test of sphericity and the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy results for both dependent and independent variables. The data pertaining to independent and dependent variables were found to be highly skewed, which resulted in multiple regression analysis being undesirable, and thus resulting in further tests being of a non-parametric nature being conducted.

The overall results of the study provide significant and moderate support for Hypothesis 2: There is a positive correlation between international human capital and the degree of internationalisation of women-owned SMMEs. However, Hypothesis 1: There is a positive correlation between international social capital and the degree of internationalisation of women-owned SMMEs and Hypothesis 3: There is a positive correlation between financial capital and the degree of internationalisation of women-owned SMMEs, were not significantly correlated within the results of this study.

The results thus suggest that low levels of Human Capital tend to be a barrier to internationalisation.

CHAPTER 5: DISCUSSION OF THE RESULTS

5.1 Introduction

In this chapter, the results presented and described in Chapter 4 will be explained and discussed – with reference to the literature and the other relevant sources. This chapter begins with a discussion of the demographic profile of the respondents. This is broken down into a description of the respondents and the characteristics of all the SMMEs (5.2.1), the characteristics of internationalised SMMEs (5.2.2), and a comparison between internationalised and non-internationalised SMMEs (5.2.3). Thereafter, the chapter focuses on each of the hypotheses. These are all discussed separately within sections 5.3, 5.4., and 5.5. Finally, this is followed by the conclusion to this study in 5.6.

5.2 Demographic profile of the respondents

5.2.1 Description of respondents and characteristics of all SMMEs

In respect of formal education, the results showed that 73% of the respondents had attained an education that is higher than basic education. These results were unexpected in the light of findings by Akhalwaya and Havenga (2012) and Valla (2001) in their studies on the barriers to women entrepreneurs in South Africa. These studies suggested that women lack high levels of education, due to work and family responsibilities.

Although GEM 2010 Women's Report suggests that on average, 73.09% of women entrepreneurs in efficiently driven economies, such as South Africa, possess at least post-secondary education; however, the GEM 2014 Special Report on Women's Entrepreneurship more specifically suggests that only 10% to 15% of South African women-entrepreneurs have attained post-secondary education. Furthermore, these results are unexpected in the light of South Africa being ranked 86th out of 144 countries in the 2014-15 World Economic Forum's Global Competitive index, which suggests that the country generally lacks high levels of education. However, one might also argue that the DTI's (2007) Strategic Framework on Gender and Women's Economic Empowerment, which posits entrepreneurial education and training as a pillar, might have had an impact on women, specifically, in this regard. This focus on women is also reflected by women entrepreneurship being on top of both the African Union and the World Economic Forum's agendas in 2015 (AU,2015; WEF, 2015).

As such, one might expect there to be traction in respect of improving educational levels to induce entrepreneurial activity. This would apply especially in South Africa, where the GEM Reports over time have suggested that there is a correlation between education and training, and opportunity-driven entrepreneurial activity (GEM, 2012).

In respect of the distribution of age of the respondents, it was evident that the majority of the firms (84%) are 10 years or younger, with 55% of them being between 6 months and 4 years old. Urban and Shree's (2012) study that included both men and women, found that 59% of firms were 10 years or younger. When compared with these results, it appears that women's entrepreneurship is still emerging in South Africa.

The categorisations also suggest that the majority of women entrepreneurs are new entrepreneurs, according to the definitions in the 2012 Africa GEM Report. In the light of the notion that firm age suggests success and/or survival over the years, one would expect the proportion of non-internationalised (33%) firms to be larger than the internationalised firms (67%) would. However, this is not the case in this study.

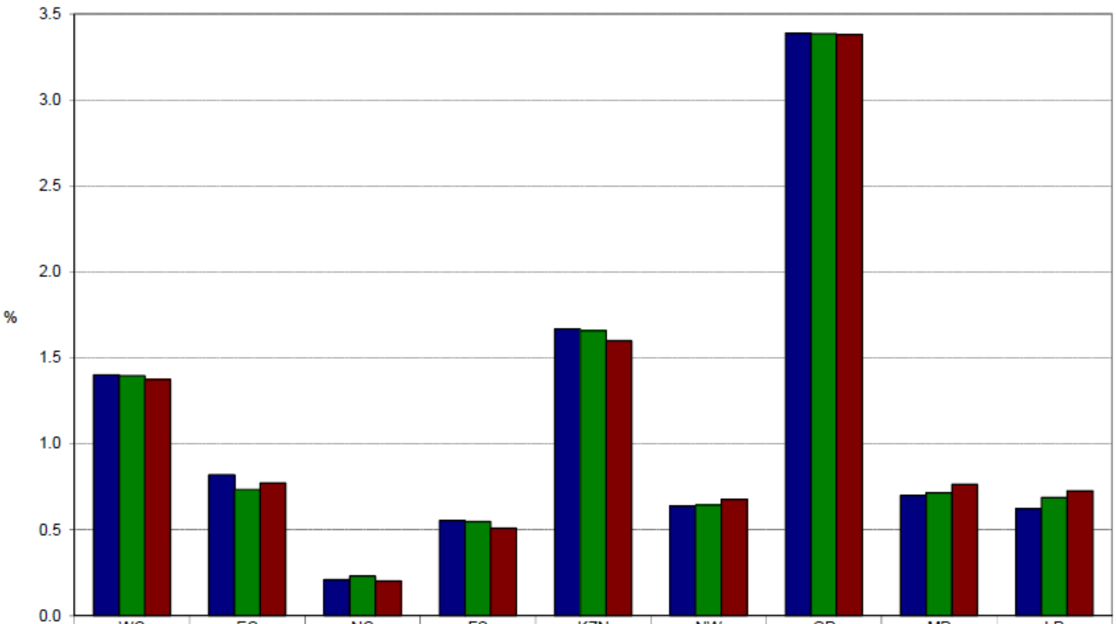
The number of employees have in the literature served as a proxy for firm size, which would therefore suggest that the larger the firm, the more the available resources available to induce internationalisation. However, the results show that 75% of the firms have less than 10 people, with a further 12% being between 11 and 50 employees. These results are to be expected, in the light of women entrepreneurship being an emerging phenomenon in the country.

On the other hand, one might not expect this in the light of a high proportion of women that have internationalised their firms. The counterargument is that resource-based theory is not the only theory applied to explain the internationalisation process, as discussed in Chapter 2 of this research report. These results possibly suggest that the majority of women businesses are not high job creators in the country; since they employ at most 10 people. Furthermore, these results suggest that women perhaps limit their business size, in order to be able to deal with other family-related responsibilities, and/or to avoid risk; since women entrepreneurs are said to have a lower risk tolerance (Janssen et al, 2012).

This notion is supported by Small Business Project (2013), which suggests that South African women who show an interest in internationalising their business is low, when compared to men.

The results in respect of provinces in which SMMEs operate were fairly consistent with the GDP contribution of each province to the country's overall GDP (**Figure 27**) and thus expected, except for the Eastern Cape, the Western Cape and Mpumalanga being ahead of KwaZulu-Natal in terms of where women-owned SMMEs operate in the country. More than 40% of the population in South Africa is represented by black women, together with the fact that KwaZulu-Natal has mostly Zulu-speaking people, and the findings by Botha (2006) that Zulu-speaking women represent only 9% of women entrepreneurs; it would perhaps therefore be plausible to understand why KwaZulu-Natal falls behind as regards women entrepreneurs.

However, this is not conclusive; and this perhaps forms an avenue for future research in this area.



	WC	EC	NC	FS	KZN	NW	GP	MP	LP
1998	14,0	8,2	2,1	5,5	16,7	6,4	33,9	7,0	6,2
2008	14,0	7,3	2,3	5,5	16,6	6,4	33,8	7,2	6,9
2013	13,7	7,7	2,0	5,1	16,0	6,8	33,8	7,6	7,3

Figure 27: Provincial GDP contribution to the South African economy: 1998, 2008 and 2013 (Source: StatSA, 2014)

It is unexpected that 57% of women entrepreneurs operate mainly in Manufacturing (33%), Agriculture (13%) and Construction (11%); because, according to OECD (2004) and Valla (2001), women participate primarily in retail, education and other services, which are perceived to be easier to enter and less important to economic development. The SBP (2013) does, however, maintain that women are getting more involved in sectors that were previously dominated by men, such as Construction, thus supporting these results to some extent. Furthermore, government policy initiatives could also have had an impact; as the Draft Strategic Framework on Gender and Women's Economic Empowerment was only initiated from 2007.

An overwhelming majority of SMMEs (82%) indicated that they had either already internationalised or would internationalise soon, based on growth opportunities, instead of the need merely to survive. This suggests that women display the so-called proactive or pull motives, which emanate from desirable conditions or developments in foreign markets (Onkelix and Sleuwagen, 2008).

Although this is contrary to the notion that women limit their business growth due to family responsibilities and risk-aversion; the GEM 2014 Special Report on Women's Entrepreneurship suggests that South African women entrepreneurs are driven mostly by opportunity; and their perceptions are in line with those of men at above 70% (i.e. more than 70% of women entrepreneurs in South Africa are driven by opportunity, instead of by necessity.

GEM (2012) suggests that South Africa has high unemployment and should therefore have a high percentage of necessity entrepreneurs; but instead, it was found that this is not the case for South Africa. This further supports these results; and it perhaps suggests that although unemployment is high, those that are unemployed depend largely on those that are employed, or are entrepreneurial, instead of being entrepreneurial on a necessity basis.

Furthermore, these results are supported by the findings of Toulova et al. (2014). Their study suggests, according to **Figure 2**, that Micro- and Small-enterprises are motivated mainly by pull factors, rather than by push factors, such as a weak domestic market.

All SMMEs on average rated the economic environment in South Africa at 38.63%, which suggests that they rate it as being generally unfavourable. This was to be expected, especially with the low domestic demand and the current low economic growth in South Africa (Budget Speech, 2016).

5.2.2 Characteristics of internationalised SMMEs

In respect of the 90 SMMEs that are internationalised, it was found that 89% of the firms internationalised their business within 4 years of starting up operations within the domestic market; while the balance of the firms internationalised after 5 years. Born-Global firms are taken to be those that have a global view from the beginning, and develop the capabilities needed to achieve their international goals; while in the Uppsala model, such firms operate for many years; and they then begin to expand into foreign markets step-by-step (Bouncken et al., 2015).

Therefore, based on this well-accepted definition of the two main models, it is argued that those firms that internationalised within 6 months are, in all probability, representative of BGs. The literature has not offered a conclusive timeframe, after which a firm can no longer be classified as a BG; however, the above definition is adopted in this research report.

Although 6 months to 4 years is another category; it is prudent to accept that firms that internationalise between 6 months to a year would be classified as BGs, on the basis that those firms have a high probability of having had a global view of the marketplace when their business commenced; and thus, they arranged their capabilities within the offered timeframe, to internationalise accordingly.

This is supported by the literature, which suggests that most BGs are started by those that have prior knowledge and experience in international markets (Cavusgil and Knight, 2009). In line with this view, it is suggested that the firms that internationalised beyond a year are – more likely than not – following an Uppsala model to internationalise by lowering the perceived risk through experiential learning prior to entering international markets.

Apparently, 58% of the SMMEs were internationalised and operated outside South Africa; while the balance (42%) only operated within the domestic market. This is rather unexpected; because this suggests that 58% of the women-owned SMMEs had employed equity models (i.e. equity joint ventures, Greenfield, acquisition etc.) of entry; while 42% had opted for non-equity models (i.e. exportation, importation, licensing, alliances etc.). The literature has suggests that women are risk-averse (Janssen et al., 2012); however, the majority of those that have internationalised have opted for entry modes that lead to high levels of risk exposure.

In respect of industries, the results revealed that the most profitable internationalised SMMEs came from sectors, such as Wholesale Trade, Commercial Agents and Allied Services, Finance and Business Services and Construction. On the other hand, Retail and Motor Trade and Repair Services, and Electricity, Gas and Water, were reflected to be sectors that were prone to losses on internationalisation by women. In the absence of specific information and perhaps studies around this area, it is suggested that this be considered for future research. The reasons that make certain industries profitable are key; as profitability is reflective of success, and thus may be assumed to have a direct link to economic development.

On the economic environment front, by way of correlation, the results showed that the better the economic environment within the domestic market, the higher the degree of internationalisation. Based on the literature, one of the motivations for the internationalisation of SMMEs is a small and saturated domestic market (Toulova et al., 2014), which would imply that the domestic economic environment is viewed as unfavourable. According to research by Toulova et al. (2014), this motivation, however, is not highly ranked among micro- and small enterprises, of which this study largely consists, based on the above results (i.e. most of the sampled SMMEs have less than 10 employees).

This result was not expected in the light of the actual economic growth in South Africa; and it implies that the firms that have internationalised perceive the economy to be favourable to their SMMEs, without necessarily judging the entire economy, as being favourable to all.

5.2.3 Comparison between internationalised and non-internationalised SMMEs

Based on a Chi-Square test of a firm's performance between internationalised and non-internationalised firms, the results showed internationalised firms to have a higher percentage of firms above the break-even level. Therefore, these results suggest that internationalised SMMEs have a lower probability of poor financial performance than those that have not internationalised. This is statistically significant; and it confirms the view that cross-border venturing leads to economic growth at the level of firms, industries, at the national, regional and global level (OECD, 2009).

Within the context of South Africa, it is thus relevant to encourage internationalisation among women-owned SMMEs to induce the much-needed economic growth.

Through the use of a Fischer's exact test, it was shown that the difference in age between those that have internationalised and those that have not internationalised is not statistically significant. This, therefore, has shown that there is no association between a firm's age and internationalisation. These results are somewhat expected in the light of the existence of Uppsala-prone firms that might take a long time to internationalise versus Born Global firms which soon internationalise their business.

This also suggests that, factors other than a firm's age can have an impact on internationalisation; and it points to a firm's age playing another role in the process, such as moderating or mediating the process.

Similarly, using the Fisher's exact test, it was found that the difference in the number of employees between internationalised and non-internationalised firms is not statistically significant, showing a lack of association between the number of employees and internationalisation. In the light of the literature through RBT suggesting firm size is linked to internationalisation – because of the assumption that the availability of resources induces internationalisation, the results are unexpected. However, it is conceded that the RBT does at times fail to explain internationalisation, especially in the light of SMMEs that are Born Globals, which have experienced success in international markets, despite having limited financial and human resources.

On the utilisation of the Chi-Square test, it was found that there was a significant difference between the level of education between internationalised and non-internationalised SMMEs. This has thus revealed an association between the level of education and internationalisation. This was expected; and it it supported by the literature that suggests that human capital is beneficial to the internationalisation process – in respect of the discovery and exploitation of international opportunities. These findings resonate with the GEM 2010 Women's Report findings that posit that entrepreneurs have higher levels of education than non-entrepreneurs. This is clearly evidenced by the Goldman-Sach's 10,000 Women's project that shows that education and training make a difference in less-developed economies. This is discussed further in the hypothesis testing, which focuses not on whether the firm is internationalised, or not, but on the degree of such internationalisation.

When comparing perceptions of the economic environment between internationalised and non-internationalised firms, it was noted that the difference in perception is not significant. The result is unexpected; since one would expect South African SMMEs to internationalise – due to the low domestic demand as already mentioned in this research report. However, there are a number of other motives that could induce firms to internationalise; and furthermore, research has found two motives to be ahead of low domestic demand, namely: foreign demand for products and customer-portfolio enlargement (Toulova et al., 2014).

5.3 Hypothesis 1: There is a positive correlation between international social capital and the degree of internationalisation of women-owned SMMEs

The objective of this research report in relation to the abovementioned hypothesis was to understand the role played by international social capital on the degree of internationalisation of women-owned SMMEs. Prior to discussing the results, it is pertinent to point out, that reliability and validity tests on the measurement of this scale proved adequate to address the research question in this regard; and thus, the results themselves are based on a statistically sound measurement basis through the online survey.

The social capital independent variable was divided into two sub-constructs, namely: Social Capital – Social networks and Social Capital – Culture and Social Ties, as reflected in the factor analysis section within Chapter 4. The results in respect of both constructs did not suggest a significant positive correlation, as expected, and based on the literature, and thus did not offer support for the afore-mentioned Hypothesis 1. Therefore, the results suggest that international social capital has no impact on the degree of internationalisation of SMMEs in South Africa in the context of women entrepreneurs. It can thus be said that women entrepreneurs that have internationalised their SMMEs do not attribute the degree of internationalisation to social capital. This is not altogether expected, in the light of a plethora of literature that suggests that the internationalisation of firms has grown through networks and social ties in the international context (Hisrich et al., 2006; Coviello & Munro, 1997; Johanson and Mattson, 1993; Johansson and Mattson, 1988).

The literature stands on the premise that SMMEs compensated for their limitations in terms of resources by the utilisation of the social networks, in which they were embedded (Hilmersson and Papaioannou, 2015).

An important overarching view of this result is that, it must be considered within the context of entrepreneurship – as a discovery, evaluation and exploitation of domestic and international entrepreneurial opportunities (Shane, 2003). Based on this definition, one can deduce a process that a key part to the entrepreneurial process is opportunity identification, which Peiris et al. (2013) conceptualised within international entrepreneurship.

These authors strongly assert that the impact of social capital on international opportunity identification is currently under-researched, despite authors, such as Prashantham (2008), Yli-Renko, Autio and Tontti (2002) and Chetty and Agndal (2007) finding that social capital supports new opportunity identification in international markets. In line with the research paradigm, and embedded in this research , and the view that this area is sparsely researched, it is thus argued that the literature, as it stands, is not absolute and thus does not always hold in the context of human behaviour (Cresswell, 2002).

Furthermore, in their proposal, Kazlauskaite et al. (2015) noted that most research in this area is in Nordic countries; and it is sparse in emerging markets. They argued that contrary to expectations, the social networks do not play such a critical role as they play in developed economies in the internationalisation process, mainly due to the differences between the two types of economies. These differences are noted to be mainly around institutional development, economic development, cultural differences and international mobility (Kazlauskaite et al., 2015). The authors argue further that networks play a key role in the initiation of internationalisation; and they have a negative impact on speed, foreign market diversity and the performance of internationalisation. Within the South African context, although including men and women entrepreneurs (in Urban and Shree, 2012), the results also showed an insignificant relationship between social capital and internationalisation.

These results are in line with the nuances presented by emerging economies, such as South Africa. This presents a call for further studies within social capital in the emerging markets in terms of delineating the factors that cause results to deviate from those in the literature.

It is also important to note that the literature has suggested that most business networks are predominantly for men (Janssen et al., 2012); and because women are stereotyped by society, they struggle to enter such networks for entrepreneurial purposes. Women are also said to engage in personal networks that are better suited for family tasks, rather than networks that allow for access to critical resources required for entrepreneurial success (OECD, 2004; Kyler & Grant, 2010).

This view is somewhat confirmed by the GEM 2010 Women's Report through a survey of 37 economies, including South Africa, which suggests that women are more inclined to seek guidance from family and spouses, in particular; while men are more likely to use other networks sources. Within the South African context, Akhalwaya Havenga (2012) also suggest that women struggle to initiate and maintain network because of their family responsibilities. It could be argued that women have identified the barriers and the manner, in which they naturally network, as opposed to men, and have placed less reliance on the networks as a means to propel their business expansion into international markets. Instead, they have opted to utilise other available means or capitals.

In addition to this, one could also raise the argument that the government's 2007 Draft Strategic Framework on Gender and Women's Economic Empowerment investment has not been a success in creating networks, despite forming SAWEN (South African Women Entrepreneurship Network) network and the introduction of women into international trade through: (1)

Women's quota in foreign trade delegations; (2) international linkages for women's programmes; (3) international trade for women's programmes; and (4) women in export programmes.

No women entrepreneurs that had internationalised their firms thought that international social capital was a major contributor to internationalisation. One could argue that the initiative by government is working effectively in facilitating networking opportunities; but it lacks effectiveness in these relationships. Another view would be that these initiatives are perhaps not being carried out, and not providing women with the opportunity to network on an international level. However, this view is under the assumption that international networking would automatically lead to enhanced internationalization.

Based on the above study, Hypothesis 1: There is a positive correlation between international social capital and the degree of internationalisation of women-owned SMMEs, is not supported. This suggests that social capital is not a barrier to the internationalisation of South African SMMEs in the context of women entrepreneurs.

5.4 Hypothesis 2: There is a positive correlation between international human capital and the degree of internationalisation of women-owned SMMEs

The objective of this study in relation to the above-mentioned hypothesis was to determine how knowledge and experience of international markets influence the degree of internationalisation of women-owned SMMEs. It is important to point out that reliability and validity tests on the measurement of this scale were adequate to address the research question in this regard; and thus, the results themselves are based on a statistically sound measurement basis through the online survey. The human capital independent variable was divided into three sub-constructs, namely: Human Capital – International experience; Human Capital – Hire Internationally; and Human Capital – Knowledge of International Markets, as reflected in the factor-analysis section in Chapter 4. The results in respect of human capital all suggest a significant positive correlation, as expected, based on the literature, except for one sub-construct, namely: Human Capital – Knowledge. Therefore, the results generally offer moderate support for Hypothesis 2.

The results in respect of Human Capital – International Experience and Human Capital – Hire Internationally, having a significant relationship with the degree of internationalisation of SMMEs is congruent with the literature in this domain. Firstly, these sub-constructs are proxy for firm experience in international markets in the form of grafted knowledge from those hired by the firm, and congenital knowledge possessed by firm founders prior to the firms start-up. The authors have firstly suggested that task-specific prior experience provides direct learning about discovery, evaluation and exploitation of entrepreneurial opportunities (Mosey and Wright, 2007).

Therefore, this assists in the detection and exploitation of new business opportunities, including those on an international scale (Unger et al., 2011). Secondly, the literature has emphasised the value of tacit knowledge rather than objective knowledge, as a source of competitive advantage in exploiting international opportunities and growing firms at that level (Bouncken et al., 2015; Urban et al., 2010; Venter et al., 2010; Casillas et al., 2015).

Thirdly, scholars such as Casillas et al. (2015), in addition to Huber (1991), have shown in their empirical studies that congenital and grafted knowledge in the organisational learning theory are superior to other forms of knowledge acquisition. This is mainly because these two kinds of knowledge acquisition are seen to reduce risk and costs; because managers/owners are aware of the value of international opportunities and proven methods of exploiting them; and that managers'/owners' confidence levels are high. This increases the likelihood of internationalisation (Sapienza, Autio, George & Zahra, 2006; Chandra et al., 2009; De Clerq et al., 2012; Casillas et al., 2015; Peng & York, 2001, Philip, 1998).

Following on this, there was found to be a positive but insignificant relationship between Human Capital – Knowledge of International markets and the degree of internationalisation. This sub-construct houses the following items: (1) The sharing of knowledge with international contacts; (2) the importance of knowledge of international markets; (3) family responsibility as a barrier to accessing international knowledge; and (4) continuously searching for potential international markets.

Based on the above, although the construct maintained the desired reliability through Cronbach's Alpha and factor loadings, the inter-item correlation was the lowest among all the independent variable sub-constructs at 0.273. This reflects the fact that these items are not conceptually related, which might have led to results not being congruent with other human capital sub-constructs.

However, the common theme among all items except for (3) above that could be applied to these items within this sub-construct is that of objective knowledge of the firm, which is defined as explicit information, formal documents, procedures and the like (Urban et al., 2010). This knowledge is acquired through 'search' within the learning theory, as posited by Huber (1991). This is further emphasised by Casillas et al. (2015); and it is not highly beneficial to the internationalisation process.

In respect of items (3), which related to women's inability to access knowledge due to family responsibilities and other cultural barriers, the results were unexpected. The literature has posited that women struggle to access knowledge and experience, mainly due to cultural stereotyping and family responsibilities (Akhalwaya and Havenga, 2012; OECD, 2000; Carter et al., 2009; Janssen et al., 2012). However, the results make sense in the light of the high level of education noted among the women sampled in this study.

This suggests that the sampled women have found ways to compensate for the above-noted challenges and barriers, or that South African society at large (including institutions) does not discriminate against women, and/or the sampled women do not have such responsibilities; or such responsibilities are delegated (SBP, 2013).

Based on the above study, Hypothesis 2: there is a positive correlation between international human capital and the degree of internationalisation of women-owned SMMEs, is moderately supported. This suggests that a lack of human capital could obstruct internationalisation of South African SMMEs in the context of women entrepreneurs.

5.5 Hypothesis 3: There is a positive correlation between financial capital and the degree of internationalisation of women-owned SMMEs

The objective of this study in relation to the abovementioned hypothesis was to determine whether access to and the availability of financial resources affect the degree of internationalisation among women-owned SMMEs. The reliability and validity tests on the measurement of this scale were adequate to address the research question in this regard; and thus the results themselves are based on a statistically sound measurement basis through the online survey.

The financial capital independent variable was divided into two sub-constructs, namely: Financial Capital – Barriers and Financial Capital – Access to Capital, as reflected in the factor-analysis section in Chapter 4. The results in respect of financial capital all suggest an insignificant relationship, which is incongruent with the well-accepted literature utilised in formulating the above-mentioned hypothesis. Therefore, the results do not support Hypothesis 3.

The result is unexpected, in the context of well-entrenched literature in this sphere, which strongly suggests through empirical evidence that access to and the availability of financial capital leads to a higher degree of internationalisation (Almeida et al., 2000; McDougall & Oviatt, 1993; Green et al., 2006). Indirectly, the researchers have posited that access to financial capital is one of the key facilitators of a firm's survival and growth (McCarmi et al., 1999; Daniels, 2003; OECD, 2004). This remains a constraint in Sub-Saharan Africa (Nissanke, 2001).

Although the empirical evidence is sparse, there is an emerging approach to RBT that suggests that firms might internationalise due to a lack of resources, and as a way to search for critical resources, including financial capital (Ibrahim and McGuire, 2001; Westhead et al., 1998). Furthermore, empirical research has revealed that a perceived lack of access to finance among SMMEs increases the likelihood of them internationalising – with the motive of accessing finance (Hessel, 2008). This argument is plausible in the light of the plethora of research and South African government departments that have shown SMMEs to be resource-constrained (OECD, 2004; Casson, 2003; Xie and Suh, 2014; DTI, 2007; NDP, 2013). Most of the firms that have internationalised comprise very small enterprises (i.e. less than 10 employees), according to the definitions in the National Small Business Act (1996), and thus might have minimal capital requirements.

Based on the above study of Hypothesis 3, there is a positive correlation between financial capital and the degree of internationalisation of women-owned SMMEs; but this is not supported. This suggests that a lack of financial capital does not necessarily obstruct internationalisation of South African SMMEs in the context of women entrepreneurs.

5.5 Conclusion

In summary, women entrepreneurs did not view a lack of social capital and financial capital as a key obstruction to SMMEs internationalising into the international markets.

In respect of social capital, the findings were not aligned with the literature perhaps due to the network perspective gaining its foundation from Nordic countries and not being localised it its application to emerging markets. This is of course on the understanding that emerging and developed economies differ in respect of the importance of networks, mainly due to the difference between the two types of economy, such as institutional development, economic development, cultural differences and international mobility (Kazlauskaite et al., 2015). However, women have been found to create and maintain networks for personal purposes – even though they are in business. This is evident in the practice of women entrepreneurs, thus suggesting that they do not place reliance on networks. In relation to financial capital, the findings lacked alignment with the literature mainly due to an emerging view within RBT that suggests that SMMEs could internationalise, in order to access financial resources rather than view a lack of access or the availability of financial capital to constrain internationalisation. Therefore, both Hypothesis 1: There is a positive correlation between international social capital and the degree of internationalization of women owned SMMEs and Hypothesis 3: There is a positive correlation between financial capital and the degree of internationalisation of women-owned SMMEs, were not supported by these findings.

Women entrepreneurs that have internationalised viewed a lack of human capital as a moderate barrier to internationalisation, mainly due to women viewing grafted and congenital knowledge as being critical to internationalisation. However, the women entrepreneurs did indicate that objective knowledge is not a barrier to internationalisation; and furthermore, they noted that family responsibilities and cultural norms did not prevent them from obtaining key knowledge for internationalisation. Therefore, Hypothesis 2: There is a positive correlation between international human capital and the degree of internationalisation of women-owned SMMEs, is moderately supported.

CHAPTER 6: CONCLUSIONS, IMPLICATIONS AND RECOMMENDATIONS

6.1 Introduction

This chapter commences with general and hypothesis specific conclusions drawn from the study, together with contributions made by this research (6.2). This is then followed by implications and recommendations (6.3) and lastly, suggestions for future research (6.4).

6.2 Conclusions of the study

The purpose of this research was to investigate and delineate the various factors that facilitate or prevent women-owned South African SMMEs from internationalising their enterprises. This study has been mainly focused on the influence of social, human and financial capital on the degree of internationalisation within women-owned SMMEs. A number of conclusions are drawn, based on this study's empirical findings and existing theory. Furthermore, contributions are noted from the sparse literature, where such findings differ from well-accepted findings in the literature.

Conclusion and contributions – Hypotheses

Based on this study, it may concluded that in the context of South African women entrepreneurs, international social ties and business networks; and access to or the availability of financial capital are not significant barriers for internationalisation of their SMMEs. On the other hand, it is concluded that women entrepreneurs believe that international education, experience and knowledge all play a critical role in the degree of internationalisation of their SMMEs.

This study has shown deviation from the theories and the previous international entrepreneurship studies in the area of social capital (Bell, 1995; Coviello & Munro, 1997; Johansson and Mattson, 1993; Hisrich et al., 2006), and in the area of financial capital (Barney, 1991; Almeida et al., 2000; Green et al., 2006)’ This suggests that these two factors have an impact on the degree of internationalisation. In respect of social capital, this study has suggested that the utility of networks within an emerging market differs from that of developed economies; and this is supported by Kazlauskaite et al. (2015). The findings here were similar to those of Urban and Shree (2012) in the context of South Africa, thus solidifying this emerging market view and adding to the body of knowledge in this regard.

In the same vein, this study has further strengthened the emerging but sparsely researched second approach to RBT of Ibrahim and McGuire (2001) and Westhead et al. (1998). These authors suggested that SMMEs within this context might internationalise their firms, in order to access other resources, including financial capital. Studies in this particular context are sparse; and therefore, this complements the literature, which also presents further areas of research.

On the other hand, human capital has shown congruence with the literature (Sapienza, Autio, George & Zahra, 2006; Chandra et al., 2009; De Clerq et al., 2012; Casillas et al., 2015; Peng & York, 2001, Philp, 1998). This would seem to confirm those views, which maintain that grafted and congenital knowledge are superior to other types of international education, knowledge and experience.

Conclusion and contributions – General

Recent commentaries from various authors, have called for scholars to move beyond the current understandings through richer theoretical and empirical investigations of IE (e.g. Cavusgil & Knight, 2015; Coviello, 2015; Keupp & Gassmann, 2009; Mathews & Zander, 2007; Zander, McDougall-Covin & Rose, 2015). In the light of these authors calling for international entrepreneurship across firms, categories, economies, and individuals, this study has made a contribution.

In the context of women's international entrepreneurship in an emerging market (i.e. South Africa); this study has made several conclusions and contributions, as noted below.

Although 75% of women entrepreneurs had less than 10 people, the motive for internationalisation has shown that they have an appetite for growth. This is despite the generalised view that women place limits on their growth, in order to be able to maintain their family responsibilities. Contrary to suggestions made by various studies on women's entrepreneurship, it is evident that women in this context are highly educated. This education has evidently been effective in increasing the degree of internationalisation, because there is a statistically significant difference between educational levels regarding internationalised SMMEs and non-internationalised SMME respondents.

Although women are generally seen as risk-averse, 52% of their SMMEs have a presence in more than one country, which implies equity in the entry mode. Contrary to typical industries in which women are represented, this study has shown the top three to be Manufacturing, Agriculture and Construction, reflecting a shift in entrepreneurship within this context. The most profitable of these fell within three sectors, namely, Wholesale Trade, Commercial Agents and Allied Services, Finance and Business Services, followed by Construction.

The study has also shown that women internationalise when the domestic environment is favourable, which also suggests that they internationalise based on favourable conditions outside the country, rather than on low domestic demand. Within the context of women entrepreneurs in South Africa, internationalised SMMEs perform better in terms of profitability than those that are not internationalised, thus confirming the existing literature.

6.3 Implications and Recommendations

This sub-section is concerned with the implications and recommendations for government (i.e. policy-makers), practitioners (i.e. women entrepreneurs and corporate firms), and academia, solely based on the outcome of this study.

6.3.1 Government

Governments concern themselves with creating and maintaining a conducive and supportive environment for entrepreneurship to thrive, thus facilitating economic growth. The government, through its Department of Trade and Industry has formulated a Draft Strategic Framework on Gender and Women's Economic Empowerment, seeking to address limitations in respect of entrepreneurial capitals through various initiatives, including entrepreneurial education and training, financing, and international trade-focused programmes (DTI, 2007).

Despite this, studies by the SBP (2013) have found that men show a greater interest in expanding into new markets. Furthermore, only one in five women-owned SMMEs is exporting, let alone their involvement in other forms of internationalisation. Based on this study, it is evident that women entrepreneurs are getting more involved in internationalisation, as reflected by 67% of the sample being those that have some form of internationalisation. This does imply that government interventions are effective. However, the findings within this study do suggest otherwise.

Based on this study, the respondents felt that the lack of international social ties and networks were not a barrier to internationalisation, possibly implying that the initiatives put in place by government to facilitate the development of these networks is not effective. This would only hold where the possible deviation of results from the literature is not explained by any differences between developing and emerging markets.

In addition to this, this study has shown that women entrepreneurs did not view financial capital access and availability as a barrier, thereby implying that some level of internationalisation-focused government (including that through government-owned entities) financing is not achieving the desired result, or is insufficient for women to recognise as a propeller of internationalisation. To this end, it is recommended that government empirically determine the impact of these various programmes on the degree of internationalisation, in order to improve the allocation (i.e. efficiency and effectiveness) of government resources.

Based on this study, government should continue to focus on entrepreneurial education and training initiatives, as education's relationship with internationalisation is supported by this study. Government is also encouraged to increase the support for industries that are performing well within the internationalisation space, and to determine the reasons why other industries are not doing well. This might lead to more jobs being created, a reduction in the trade deficit, and improved economic growth.

6.3.2 Practitioners

Entrepreneurs are the actors involved in this cross-border activity, called IE, which is said to lead to growth effects at national, regional and global levels (OECD, 2009). This study has shown the relevance of formal education in internationalisation, perhaps showing support for Unger et al. (2011) in their view that formal education has a greater impact in developing countries than those that have developed. Furthermore, the study has shown that female entrepreneurs are highly educated, thereby suggesting that education is a key contributor to the internationalisation process, and should be acquired by the prospective entrepreneurs. It is evident that entity size and age are not factors that necessarily determine the degree of internationalisation of firms; and therefore SMMEs of all sizes can take calculated risks and internationalise their businesses and enjoy success.

This success is shown by certain sectors, as reflected in this study; and it is thus suggested that entrepreneurs seek to understand which industries are likely to be a success outside the borders of South Africa. However, this should be coupled with an understanding of the investments in these successful industries. The question of markets is critical, as markets have peculiar characteristics that also affect the entry modes utilised. These present different risks, controls and commitments. Although social capital was not seen as a barrier to internationalisation, it is recommended that women entrepreneurs measure the cost of establishing and maintaining networks and ties versus the benefit obtained. Furthermore, it is encouraged that platforms of networking that are foreign to women (i.e. not only personally focused networking) be maximised, in order to further assist businesses.

The results of the study provide useful information to corporates running enterprise development divisions in SMME operations, successful industries on the international front, and entrepreneurial capitals. This information could possibly inform strategies to maximise the benefits within this space, create jobs and improve BBBEE scorecards in the light of new codes. However, it is also advised that each corporate should perform its own test in terms of understanding the return on investment of finance and non-finance contributions made towards internationalisation.

6.3.3 Academia

In line with the research paradigm in this research report, this study admits that knowledge is not absolute; and that it can perhaps be challenged, changed or confirmed – depending on the circumstances and/or the context. Academics are urged to reconsider the unmodified application of certain frameworks that are developed in all other economies. This stems from the fundamental differences between emerging and developed economies. The question that arises, is whether the social networks within emerging markets are as important to internationalisation, as they are to developed economies.

In contrast to social capital, the findings on financial capital and its relationship with internationalisation could be corroborated with other studies, especially with empirical evidence in Europe. Therefore, it is argued that there is a gap within this niche area in understanding the differences between developed and emerging markets in the context of internationalisation and entrepreneurial capitals.

6.4 Suggestions for further research

Stemming from this study, there are a few research avenues that could build on this study, as well on international entrepreneurship as a whole. Although this study has briefly noted in how many countries each of the internationalised firms were operating and their level of profitability, it would prove useful to determine the markets selected by profitable SMMEs, including their mode of entry. This, in particular, provides insights for all stakeholders in respect of pinpointing industry, market, and entry mode, in order to facilitate better allocation of resources by SMMEs, providers of finance and other forms of capital.

This would probably lead to a better return on invested entrepreneurial capitals, and induce much-needed economic growth.

In the light of government's budget deficit and the cutting down of expenses (Budget Speech, 2016), and to some extent to prevent the perverse allocation of resources (i.e. DTI and other government initiatives), future studies could investigate the effectiveness and efficiency of internationalisation-focused government initiatives. This could be done by selecting women that have received government support.

Further studies could also investigate the reasons why social capital might be of different value between emerging markets and developed markets, through a comparison. In addition to this, a comparison between emerging and developed economies, in the context of entrepreneurial capital and the degree of internationalisation, would also advance international entrepreneurship.

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APPENDIX A: COVERING LETTER TO THE RESPONDENTS

Dear Respondent,

I am currently completing a Master's in Entrepreneurship and New Venture Creation at Wits Business School, Johannesburg. My dissertation topic is: "The *Influence of entrepreneurial capitals on the internationalisation of SMMEs in the context of South African women entrepreneurs*". I am gathering data on this subject, and would be most grateful if you would take a few minutes out of your busy schedule and click on the link below to answer an online questionnaire regarding this subject.

This questionnaire does not involve questions, which require you to divulge undisclosed information. It is rather focused on your thinking and strategic plans for companies going global. Confidentiality will be observed throughout the research process; and the final report will be utilised for academic purposes only.

Thank you for your kind assistance.

https://wits.eu.qualtrics.com/SE/?SID=SV_25YcqjOCa7yYB81

Regards,
Siya Dayile CA (SA)

APPENDIX B: ACTUAL RESEARCH INSTRUMENT

SMME Internationalisation: Women Entrepreneurs

1. Age of the company (Q2)
    a. Less than 6 months
    b. 6 months – 4 yrs
    c. 5yrs to 10yrs
    d. 11yrs to 20yrs
    e. Older than 20 yrs
2. Number of employees (Q3)
    a. None
    b. Less than 10
    c. 10 -50
    d. 51-200
    e. More than 200
3. Highest education completed (Q4)

Matriculation or lower	Technicon	University education	Postgraduate university education
○	○	○	○

4. Which province(s) does your firm operate in? (Please tick all options that apply) (Q5)

Gauteng	KwaZulu Natal	Eastern Cape	Western Cape	North West	Free State	Mpumalanga	Limpopo	Northern Cape
☐	☐	☐	☐	☐	☐	☐	☐	☐

5. Industry that best fits your company based on the SA National Small Business Act 102 of 1996. (Q6)
    a. Agriculture
    b. Mining and Quarrying
    c. Manufacturing
    d. Electricity, Gas and Water

e. Construction

f. Retail and Motor Trade and Repair Services

g. Wholesale Trade, Commercial Agents and Allied Services

h. Catering, Accommodation and other Trade

i. Transport, Storage and

j. Communications

k. Finance and Business Services

l. Community, Social and Personal Services

6. How would you classify the orientation of your organisation? (Q7)

Services	Products	Products and Services
○	○	○

7. To what extent do you engage in each of the following types of internationalisation?(**NOTE**: Where the extent is NIL, please tick on Not applicable) –(Q8)

	To a small extent									To a large extent	Not Applicable
	0	10	20	30	40	50	60	70	80	90	100	
Exportation											☐
Importation											☐
Licencing											☐
Franchising											☐
Subsidiary											☐
Turnkey Projects											☐
Strategic Alliance											☐
Joint Venture											☐

8. At what age did your firm first engage in internationalisation, as detailed in the previous question(Q9)

    a. Less than 6 months
    b. 6 months – 4 yrs
    c. 5yrs to 10yrs
    d. 11yrs to 20yrs
    e. Older than 20 years

9. How many foreign countries does your company operate in? (Q10)

    a. None
    b. 1 country
    c. 2-5 countries
    d. 6-10 countries
    e. More than 10 countries

10. The firm has internationalised or would internationalise based on. (Q11)

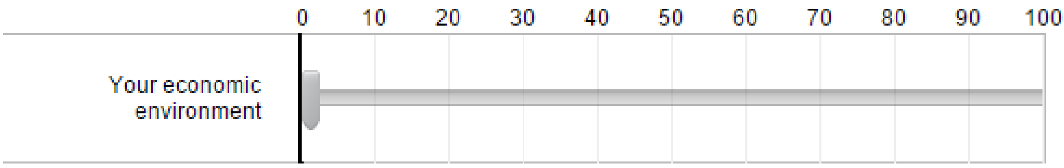
Growth opportunities ○ A need to survive ○

11. How has your company performed in the past 3 financial years? (Q12)

Loss ○ Break-Even ○ Profit ○

12. Indicate your opinion of the South African economic environment in which your organisation operated over the past three years. (Q13)

Click anywhere between 0 and 100 on the slider scale.



13. Please indicate your firm's degree of internationalisation based on below scale in terms of percentages. (Q14)

	0	10	20	30	40	50	60	70	80	90	100
% of sales derived outside RSA											
% of gross profit derived outside RSA											
% of total assets outside of RSA											
% of advertising spend outside of RSA											

14. How much has the level of internationalisation grown in the past 3 years?(Q15)

	Substantially	To some extent	Remained the same	Decreased to some extent	Decreased substantially
Extent of internationalisation growth in past 3 years	○	○	○	○	○

15. Would you describe the internationalisation experience of your firm over the last 3 years as….(Q16)

	Far below expectation	Somewhat below expectation	As expected	Somewhat above expectation	Far above expectation
Internationalisation experience over the past 3 years	○	○	○	○	○

Please indicate how much agree or disagree with the following statements by circling one option in each line:	Strongly disagree	Disagree	Neither disagree or agree	Agree	Strongly agree
Human Capital (Shree and Urban,2012; Casillas et al. 2015)	1	2	3	4	5
16. I hired managers who worked for companies with large international networks					
17. I hired managers who have obtained degrees or studied abroad					
18. I hired managers with international working experience					
19. It is important for my employees to have knowledge of international markets and economies					
20. Sharing knowledge and information with international contacts is important for enhancing the company's overall learning					
21. I believe low levels of foreign knowledge and experience is a major preventative factor that obstructs SMMEs from globalising. **					
22. I have experience working in or with a foreign market					
23. The company continuously searches for potential international markets					
24. The company engaged in a variety of international activities					
25. The company is regularly involved in activities related to other exporters					
26. The company continuously searches for information on specific countries					
27. Family responsibility and other cultural norms are barriers to women accessing international knowledge and experience necessary for successful internationalisation					
Social Capital (Shree and Urban, 2012)	1	2	3	4	5
28. I think the Internet has a positive effect on SMMEs in internationalisation					
29. Obtaining an international partner or entering into an international joint venture is helpful for accessing resources for internationalisation					
30. Social network tools such as Skype, Facebook, Twitter, LinkedIn etc. help SMMEs to grow internationally					
31. Strong relationships with working partners overseas are important for successful internationalisation					
32. Social ties and networks make it easier for SMMEs to internationalise					

Please indicate how much agree or disagree with the following statements by circling one option in each line:	Strongly disagree	Disagree	Neither disagree or agree	Agree	Strongly agree
33. Cultural barriers in international markets make it difficult to create social ties necessary for internationalisation success**					
34. Social ties and networks are a good way to find the necessary resources to run the firm internationally					
35. Having a few social ties and networks is a major preventative factor that obstructs SMMEs from going global**					
36. Cultural and societal norms (i.e. family responsibilities) are barriers to women accessing social ties and networks necessary for successful internationalization**					
Financial Capital (Shree and Urban, 2012; Kamunge et al.,2014)	1	2	3	4	5
37. If funding was available, I would prefer to use it for global expansion rather than reinvesting it in the domestic company					
38. South African trade tariffs (imports and exports) inhibit SMME business**					
39. It is financially challenging to adapt my product or service to the international market**					
40. I believe low level of financial capital is a major preventative factors that obstructs SMMEs from globalising					
41. Internationalisation is easier for large companies with significant financial resources that it is for SMMEs					
42. Cultural and societal norms (i.e. family responsibilities) are barriers to women accessing financial capital for internationalisation. **					
43. Accessibility to capital for my business is very challenging**					
44. Accessibility to capital has led to higher levels of internationalisation					
45. Accessibility to capital exposes my business to better opportunities for internationalisation					

** Negatively phrased question

APPENDIX C: CONSISTENCY MATRIX

What is the role of entrepreneurial capital on the scope and extent of internationalisation in the context of South African women entrepreneurs?					
Sub-problem	**Literature Review**	**Hypotheses or Propositions or Research questions**	**Source of data**	**Type of data**	**Analysis**
Determine the role played by international social ties and business networks on the degree of internationalisation of women owned SMMEs	Coviello & Munro, 1997; Johanson and Mattson, 1993 ;Hilmersson & Papaioannou, 2015; Bell,1995; Hisrich et al., 2006; OECD,2004; Klyver & Grant, 2010; Andler & Kwon ,2002;); Johansson and Mattson, 1988; Hisrich et al. ,2006	**Hypothesis 1** : There is a positive correlation between social capital and the degree of internationalisation of women owned SMMEs	Actual questionnaire questions that will provide statistical data. From question 24 to question 31. (including questions 12,13 and 14)	Ordinal data	Correlation
Determine the impact of international education, experience and knowledge on the degree of internationalisation of women owned SMMEs	Unger et al, 2011; OECD, 2004,2000; Johanson and Valhne, 1977 Casillas et al., 2015; OECD, 2000; Urban et al., 2010; Botha (2006); Akhalwaya & Havenga (2012); Huber, 1991.	**Hypothesis 2:** There is a positive correlation between human capital and the degree of internationalisation of women owned SMMEs	Actual questionnaire questions that will provide statistical data. From question 15 to question 23 (including questions 12,13 and 14)	Ordinal data	Correlation
Identify the influence of financial capital availability on the degree of internationalisation of women owned SMMEs in South Africa	Cooper et al,1991; McDougall & Oviatt, 1993; Green et al, 2006; Barney, 1991; Shaw et al,2009; Klyver & Grant, 2010; Akhalwaya & Havenga, 2012; Ibrahim & McGuire (2001); Kamunge et al., 2014	**Hypothesis 3:** There is a positive correlation between the amount of access to financial capital, and the degree of internationalisation of women owned SMMEs	Actual questionnaire questions that will provide statistical data. From question 32 to question 39 (including questions 12,13 and 14)	Ordinal data	Correlation

APPENDIX D: CORRELATIONS

Correlations										
			Human Capital-International experience	Human Capital- Hire Internationally	Human Capital-Knowledge of international markets	Social Capital - Social networks	Social Capital - Culture and social ties	Financial Capital Barriers	Financial Capital Access to Capital
Spearman's rho	Human Capital-International experience	Correlation Coefficient	1.000						
		Sig. (2-tailed)	.						
		N	135						
	Human Capital- Hire Internationally	Correlation Coefficient	0.293**	1.000					
		Sig. (2-tailed)	0.001	.					
		N	135	135					
	Human Capital-Knowledge of international markets	Correlation Coefficient	0.207*	0.264**	1.000				
		Sig. (2-tailed)	.016	.002	.				
		N	135	135	135				
	Social Capital - Social networks	Correlation Coefficient	0.266**	.088	0.343**	1.000			
		Sig. (2-tailed)	.002	.312	.000	.			
		N	133	133	133	133			
	Social Capital - Culture and social ties	Correlation Coefficient	.057	-.097	-.417**	-.365**	1.000		
		Sig. (2-tailed)	.513	.269	.000	.000	.		
		N	133	133	133	133	133		
	Financial Capital Barriers	Correlation Coefficient	-.084	-.086	0.290**	0.364**	-.592**	1.000	
		Sig. (2-tailed)	.333	.321	.001	.000	.000	.	
		N	135	135	135	133	133	135	
	Financial Capital Access to Capital	Correlation Coefficient	0.363**	.037	0.218*	0.311**	-.058	0.248**	1.000
		Sig. (2-tailed)	.000	.668	.011	.000	.508	.004	.
		N	135	135	135	133	133	135	135

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

APPENDIX E: VALIDITY AND RELIABILITY

<table>
<tr><th colspan="2" rowspan="2">Construct</th><th rowspan="2"></th><th colspan="4">Validity</th><th colspan="2">Reliability</th></tr>
<tr><th>Factor 1</th><th>Factor 2</th><th>Factor 3</th><th>Total Variance Explained</th><th>Average Inter-Item Correlations</th><th>Cronbach's Alpha</th></tr>
<tr><td rowspan="11">Human Capital</td><td rowspan="4">Human Capital- International experience</td><td>The company engaged in a variety of international activities</td><td>.785</td><td>.214</td><td>-.045</td><td rowspan="11">61.89 %</td><td rowspan="4">0.402</td><td rowspan="4">0.731</td></tr>
<tr><td>The company is regularly involved in activities related to other exporters</td><td>.768</td><td>.116</td><td>.049</td></tr>
<tr><td>I have experience working in or with a foreign market</td><td>.687</td><td>.180</td><td>-.195</td></tr>
<tr><td>The company continuously searches for information on specific countries</td><td>.661</td><td>-.121</td><td>.412</td></tr>
<tr><td rowspan="3">Human Capital- Hire Internationally</td><td>I hired managers with international working experience</td><td>.163</td><td>.899</td><td>.072</td><td rowspan="3">0.680</td><td rowspan="3">0.865</td></tr>
<tr><td>I hired managers who worked for companies with large international networks</td><td>.170</td><td>.846</td><td>.176</td></tr>
<tr><td>I hired managers who have obtained degrees or studied abroad</td><td>.085</td><td>.819</td><td>.180</td></tr>
<tr><td rowspan="4">Human Capital- Knowledge of international markets</td><td>Sharing knowledge and information with international contacts is important for enhancing the company's overall learning</td><td>.122</td><td>-.009</td><td>.738</td><td rowspan="4">0.273</td><td rowspan="4">0.581</td></tr>
<tr><td>It is important for my employees to have knowledge of international markets and economies</td><td>-.033</td><td>.220</td><td>.601</td></tr>
<tr><td>Family responsibility and other cultural norms are barriers to women accessing international knowledge and experience necessary for successful internationalisation</td><td>-.132</td><td>.191</td><td>.599</td></tr>
<tr><td>The company continuously searches for potential international markets</td><td>.558</td><td>.091</td><td>.588</td></tr>
<tr><td rowspan="5">Social Capital</td><td rowspan="5">Social Capital - Social networks</td><td>Obtaining an international partner or entering into an international joint venture is helpful for accessing resources for internationalisation</td><td>.813</td><td>-.164</td><td></td><td rowspan="5">57.42%</td><td rowspan="5">0.441</td><td rowspan="5">0.821</td></tr>
<tr><td>Strong relationships with working partners overseas are important for successful internationalisation</td><td>.773</td><td>-.099</td><td></td></tr>
<tr><td>I think the Internet has a positive effect on SMMEs in internationalisation</td><td>.738</td><td>.017</td><td></td></tr>
<tr><td>Social network tools such as Skype, Facebook, Twitter, LinkedIn etc. help SMMEs to grow internationally</td><td>.690</td><td>-.079</td><td></td></tr>
<tr><td>Social Capital :Social ties and networks make it easier for SMMEs to internationalise</td><td>.657</td><td>-.379</td><td></td></tr>
</table>

		Social Capital :Social ties and networks are a good way to find the necessary resources to run the firm internationally	.544	-.468				
	Social Capital - Culture and social ties	R_Cultural and societal norms (i.e. family responsibilities) are barriers to women accessing social ties and networks necessary for successful internationalisation	-.014	.804			0.400	0.667
		R_Cultural barriers in international markets make it difficult to create social ties necessary for internationalisation success	-.083	.773				
		R_Having a few social ties and networks is a major preventative factor that obstructs SMMEs from going global	-.203	.681				
Financial Capital	Financial Capital Barriers	I believe low level of financial capital is a major preventative factors that obstructs SMMEs from globalising	.747	.167		56.42%	0.372	0.773
		It is financially challenging to adapt my product or service to the international market	.714	.044				
		Internationalisation is easier for large companies with significant financial resources that it is for SMMEs	.708	.156				
		Cultural and societal norms (i.e. family responsibilities) are barriers to women accessing financial capital for internationalisation	.674	-.016				
		South African trade tariffs (imports and exports) inhibit SMME business	.670	-.072				
		Accessibility to capital for my business is very challenging	.605	.193				
	Financial Capital Access to Capital	Accessibility to capital exposes my business to better opportunities for internationalisation	.064	.894			0.602	0.743
		Accessibility to capital has led to higher levels of internationalisation	.098	.874				

APPENDIX F: DEFINITION OF SMMES ACCORDING TO INDUSTRY

The definitions within the table below are based on the categorisation in the National Small business Act No. 102. November 1996.

Sector or sub-sectors in accordance with the Standard Industrial Classification	Size or class	Total full-time equivalent of paid employees *Less than:*	Total annual turnover *Less than:*	Total gross asset value (fixed property excluded) *Less than:*
Agriculture	Medium Small Very small Micro	100 50 10 5	R 4.00 m R 2.00 m R 0.40 m R 0.15 m	R 4.00 m R 2.00 m R 0.40 m R 0.10 m
Mining and Quarrying	Medium Small Very small Micro	200 50 20 5	R30.00 m R 7.50 m R 3.00 m R 0.15 m	R18.00 m R 4.50 m R 1.80 m R 0.10 m
Manufacturing	Medium Small Very small Micro	200 50 20 5	R40.00 m R10.00 m R 4.00 m R 0.15 m	R15.00 m R 3.75 m R 1.50 m R 0.10 m
Electricity, Gas and Water	Medium Small Very small Micro	200 50 20 5	R40.00 m R10.00 m R 4.00 m R 0.15 m	R15.00 m R 3.75 m R 1.50 m R 0.10 m
Construction	Medium Small Very small Micro	200 50 20 5	R20.00 m R 5.00 m R 2.00 m R 0.15 m	R 4.00 m R 1.00 m R 0.40 m R 0.10 m
Retail and Motor Trade and Repair Services	Medium Small Very small Micro	100 50 10 5	R30.00 m R15.00 m R 3.00 m R 0.15 m	R 5.00 m R 2.50 m R 0.50 m R 0.10 m
Wholesale Trade,	Medium	100	R50.00 m	R 8.00 m
Commercial Agents and Allied Services	Small Very small Micro	50 10 5	R25.00 m R 5.00 m R 0.15 m	R 4.00 m R 0.50 m R 0.10 m
Catering, Accommodation and other Trade	Medium Small Very small Micro	100 50 10 5	R10.00 m R 5.00 m R 1.00 m R 0.15 m	R 2.00 m R 1.00 m R 0.20 m R 0.10 m
Transport, Storage and Communications	Medium Small Very small Micro	100 50 10 5	R20.00 m R10.00 m R 2.00 m R 0.15 m	R 5.00 m R 2.50 m R 0.50 m R 0.10 m
Finance and Business Services	Medium Small Very small Micro	100 50 10 5	R20.00 m R10.00 m R 2.00 m R 0.15 m	R 4.00 m R 2.00 m R 0.40 m R 0.10 m
Community, Social and Personal Services	Medium Small Very small Micro	100 50 10 5	R10.00 m R 5.00 m R 1.00 m R 0.15 m	R 5.00 m R 2.50 m R 0.50 m R 0.10 m