

THE EFFECT OF ENTREPRENEURSHIP ORIENTATION ON THE INTERNATIONALIZATION AND PERFORMANCE OF MALAYSIAN SMES

Mohd Roslan Ismail ^a, Zukarnain Zakaria ^b

^a International University of Malaya, Kuala Lumpur, Malaysia

^b Universiti Teknologi Malaysia, Kuala Lumpur, Malaysia

Corresponding email: roslan@iumw.edu.my

Abstract

The increasing globalization of markets and businesses is playing a major role on the pace at which Small and Medium Enterprises (SMEs) internationalize. Within this context, the relationship between entrepreneurial orientation and the internationalization of SMEs in developing countries is an important area of academic research. This paper examines the effect of entrepreneurship orientation of Malaysia SMEs performance and the mediating effect of internationalization. Data from 218 Malaysia SMEs were used with structural equation modelling (SEM). The structural model investigates the direct effects of entrepreneurship orientation and internationalization on firm performance and mediating effect of internationalization. Results indicate that, there are differences between research findings in developed countries such as in the United States and Europe, as compared to Malaysia environment, raising the question whether the western concept of internationalization is applicable to the developing country, such as Malaysia.

Keywords: Entrepreneurship Orientation (EO), Internationalization, Firm Performance, SMEs.

