




Article

Internationalization of SMEs: A Developing Country Perspective

Md. Touhidul Islam ¹, Md. Aminul Islam ^{2,3,*} , Muhammad Muazzem Hossain ^{4,*} 
and Oluwaseyi Ebenezer Olalere ⁵ 

¹ Graduate School of Business, Universiti Sains Malaysia, Gelugor 11800, Malaysia; touhidlabib94@gmail.com

² Faculty of Business and Communication, Universiti Malaysia Perlis, Kangar 02600, Malaysia

³ Department of Business Administration, Daffodil International University, Dhaka 1216, Bangladesh

⁴ Department of Business Administration, College of Business Administration, Prince Mohammad Bin Fahd University, Dhahran 34754, Saudi Arabia

⁵ Graduate School of Business, University of Cape Town, Cape Town 7700, South Africa; oluwaseyi.olalere@uct.ac.za

* Correspondence: amin@unimap.edu.my (M.A.I.); muazzem@live.com (M.M.H.)

Abstract: Internationalization has become increasingly important to the competitiveness of firms of all sizes, including small and medium-sized enterprises (SMEs). SMEs play a crucial role in the development of lower-income countries. In Bangladesh, SMEs account for between 80 and 85 percent of industrial employment and 23 percent of total employment and are critical to economic growth. Though the literature on firm internationalization is well established, the internationalization process of SMEs from developing countries, such as Bangladesh, remains relatively under-explored. The main aim of this study is to explore factors that hinder the internationalization of SMEs in a developing country, with Bangladesh serving as the context of the investigation. Qualitative research methods were adopted, comprising semi-structured interviews with leaders of 16 SMEs in Bangladesh. Six major themes were identified as hindrances to the firms' internationalization: (1) lack of market knowledge, (2) lack of family support, (3) the proliferation of 'scammer buyers', (4) the (negative) involvement of third parties, (5) mismanagement of domestic ports, and (6) unregulated local market. Regarding positive factors, only one theme emerged from the data, the strong support from the local government, which provides considerable backing for local SMEs with international ambitions. This study's primary contribution and originality lie in the context of the investigation, with Bangladesh primarily overlooked in the international business literature. Therefore, the study presents several novel insights into the internationalization process of SMEs.

Keywords: internationalization; SMEs; Bangladesh; qualitative methods



Citation: Islam, M.T.; Islam, M.A.; Hossain, M.M.; Olalere, O.E. Internationalization of SMEs: A Developing Country Perspective. *Sustainability* **2023**, *15*, 11654. <https://doi.org/10.3390/su151511654>

Academic Editor: Ting Chi

Received: 24 May 2023

Revised: 6 July 2023

Accepted: 10 July 2023

Published: 28 July 2023



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1. Introduction

Firm internationalization, which refers to the increasing involvement of organizations in international markets [1], is a key instrument for companies seeking global horizontal integration and developing countries seeking to ensure the long-term viability of their development in various manufacturing and service sectors. As barriers to internationalization gradually rescind, firms in developing countries recognize that competing globally is no longer a choice but a necessity [2]. Within the international business (IB) literature, however, the primary focus of internationalization research has been on larger firms from more advanced countries, and thus, relatively little is known about the experiences of smaller firms from alternative national contexts. This study picks up on this and investigates the internationalization of small and medium-sized enterprises (SMEs) from developing countries, with the specific context of Bangladesh as the setting for the investigation.

Bangladesh, a developing country [3] in South Asia between Myanmar and India on the Bay of Bengal. It is a country with a population of 170.279 million [4] and a total GDP of

416.26 billion, according to the 2021 World Bank Country Data [5]. According to the World Economic Outlook Database, Bangladesh is considered as one of the emerging and developing countries in the world [3]. The projected real GDP growth in percent and inflation rate in percent of SAARC countries (South Asian Association of Regional Cooperation) is mentioned in the following chart. This chart indicates the expected economic performance of Bangladesh among SAARC countries (Figure 1).

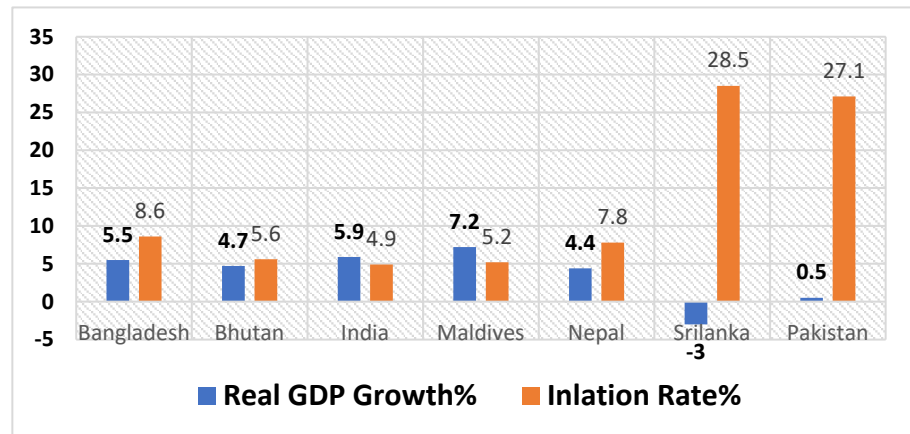


Figure 1. Note: Real GDP growth% and inflation rate% as of April 2023, collected from IMF Country Information [4]. **Source:** International Monetary Fund (IMF), IMF Country Information, 2023.

Bangladesh is also one of the lowest labor cost providers among many Asian countries. The wage growth rate is also one of the lowest, which is indicated in the following chart (Figure 2).

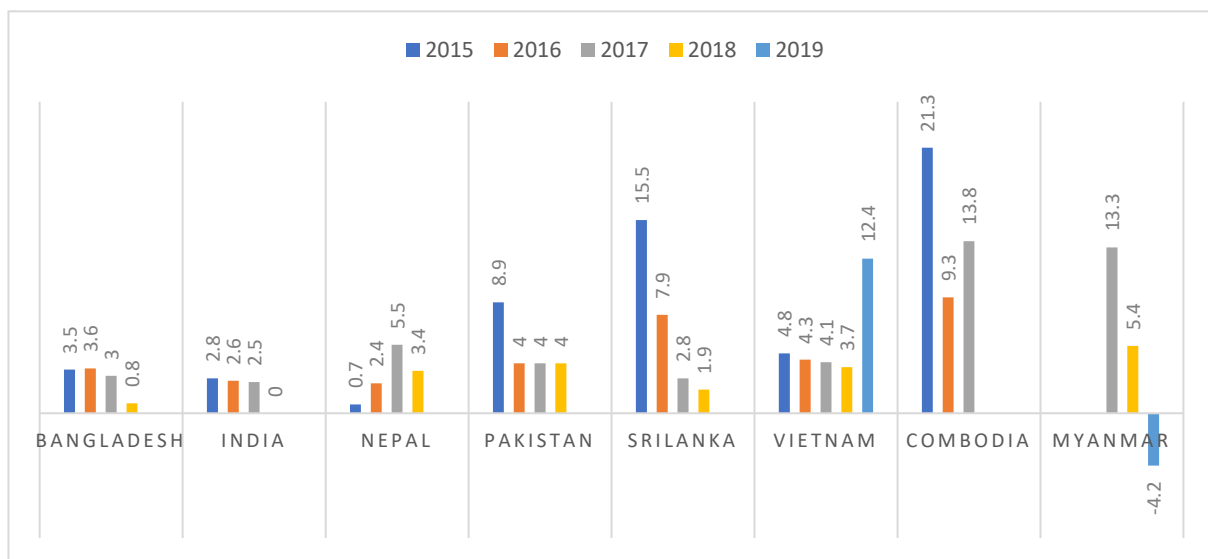


Figure 2. Note: Real wage growth rate of some Asian countries, collected from ILO Stat Database. **Source:** International Labor Organization (ILO), 2020 [6].

SMEs are seen as growth engines and innovators. They contribute significantly to economic growth and job creation. SMEs are changing the face of the Bangladeshi economy. SMEs are critical to the country’s rapid industrialization, economic growth, job creation, and poverty reduction. The importance of SME cannot be overstated. According to Fjose, Grunfeld, and Green, SMEs make up the majority of businesses in sub-Saharan Africa. They are important contributors to employment, income, integration, and innovation and are present in both developed and emerging economies [7]. Regardless of a nation’s income

level, SMEs contribute significantly to employment, with a concentration in developing nations [8]. Additionally, Criscuolo, Gal, and Menon give research that supports the fact that SMEs account for a significant portion of employment in OECD nations [9]. According to data, large corporations only account for 37% of all employment in OECD nations, while SMEs, including microenterprises, account for 63% of it [10]. The total number of SMEs in Bangladesh is estimated to be 7.9 million, of which 93.6 percent are small and 6.4 percent are medium-sized firms. According to the 2003 Private Sector Survey, around 6 million SMEs have less than 100 employees. SMEs account for 80 to 85 percent of industry employment and 23 percent of total employment in Bangladesh [11]. Bangladesh's SMEs constitute the backbone of the country's economy.

SMEs are non-affiliated, self-contained businesses with fewer than a certain number of employees. This figure differs per country. The most common upper limit for defining an SME in the European Union is 250 employees. According to the National Industrial Policy Order 2010, the Bangladesh Bank has updated the definitions of small and medium enterprises (SMEs). Bangladesh Bank believes banks and financial institutions will benefit from their definition. Small companies in manufacturing are those with assets of \$46,219.26 to \$924,602.97, with 25 to 99 employees. In addition, small enterprises will employ 10 to 25 in the service industry and business and have assets worth \$4622.84 to \$92,460.30. Medium-sized enterprises in manufacturing have assets worth \$924,602.97 to \$2,771,787.75 (excluding land and factory buildings but including replacement value) and employ 100 to 250 people. On the other hand, medium businesses in the service industry and business will employ 50 to 100 people and have assets worth \$92,438.53 to \$1,386,590.86 (Note* 1 US \$ = 108.18 Bangladesh Taka as of 23 June 2023).

Several foreign companies are operating in Bangladesh. Aside from these, there is a long list of franchise foreign companies run by Bangladeshi entrepreneurs under their brand names. Additionally, many big companies in Bangladesh are engaging in internationalization. However, SMEs are not engaging in internationalization compared to large firms. The lack of involvement of the SMEs in Bangladesh is not a good sign, as the total number of SMEs in Bangladesh is estimated to be 79,00,000, of which 93.6 percent are small and 6.4 percent are medium-sized firms. By engaging in internationalization, SMEs can grow, increase their revenue, and minimize business risks. These firms are missing the opportunity to gain recognition and the chance to increase their business. Some factors are perceived to be hindering these SMEs from engaging in internationalization.

Though the literature on firm internationalization is well established, the internationalization process of small and medium-level firms from developing countries, such as Bangladesh, remains relatively under-explored. The number of SMEs in Bangladesh is vast, and this particular sector has not captured the attention of previous researchers. Small and medium firms are relevant for marketing professionals in generating future revenue growth [12]. In addition, SMEs can influence the country's economy if they can engage in internationalization. Hence, this study will explore the internationalization of Bangladeshi SMEs.

This study adopted a qualitative mode, and interviews were conducted to get a detailed understanding of the topic. It has encouraged discussion, and people were able to expand on why they feel or act in a certain way; it has introduced new topic areas not previously considered. From a practical perspective, this study focused on identifying the problems local SMEs face while doing international business. The research questions are as follows: 'What are the problems Bangladeshi SMEs are facing while engaging in international business' and 'What factors can influence more Bangladeshi SMEs to engage in internationalization'?

Many Bangladeshi SMEs operating in the international market and with the capacity to engage in international business will benefit from this study. They can identify the obstacles quickly and make plans to overcome them. Other emerging and small firms will also benefit from this study as they can start planning for the internationalization process. Even those who are thinking of starting a new business will be aided. Overall, this

study will add new knowledge to the existing literature about the internationalization of Bangladeshi SMEs.

2. Literature Review

2.1. Firm Internationalization

An internationalized firm is defined as a firm which has expanded its operations beyond its home market through exporting, non-equity entry modes (such as licensing and franchising), strategic alliances (such as joint ventures), acquisitions, or the establishment of subsidiaries [13].

Technology and communication advancements have made it easier for businesses of all sizes and locations to do business with one another. The globalization of major corporations and service providers has enhanced the opportunity for SMEs to participate in various aspects of those companies' value chains [14].

Internationalization is increasingly crucial for long-term success. In today's context, SMEs that start with a global strategy can immediately take advantage of cross-border activities, which provide chances for revenue development, knowledge exchange, and capability enhancement, enhancing the firm's long-term competitiveness [15].

2.2. Developing Countries

Compared to other countries, a developing country is a sovereign state with a less developed industrial base and a low Human Development Index. A developing country, a less developed country, or an emerging market have a lower GDP than developed countries and a less mature and sophisticated economy than developed ones [16]. (Developing country firms are often small and have resource constraints that limit their contact with local and international contexts [17]); it is critical to investigate the concerns they encounter.

SMEs in developed countries take less time to internationalize. In contrast, SMEs in developing countries are resource-constrained, lack international orientation, face decision-making inertia, and have no domestic or international political ties, making them more vulnerable and taking longer to internationalize. Internationalization may be a key economic contributor in developing countries and a development engine for individual small businesses [18]).

2.3. Uppsala Model

The Uppsala model is one of the concepts describing the internationalization process of firms. The theoretical foundation of the Uppsala model is the firm's behavioral theory [19,20]. According to Forsgren et al. [21] the Uppsala model's core concerns are how firms learn and how that learning impacts the firms' investment judgments. According to the literature, internationalizing companies are classified into five phases based on their level of involvement and the amount of money they commit; export, licensing, franchising, joint ventures (partnerships), and wholly owned subsidiaries are some of the options available [22,23]. According to this perspective on internationalization, the lack of expertise and psychic distance is the most significant impediment to firm internationalization. If the countries have similar levels of development in terms of population, GDP per capita, social literacy rate, trade statistics, geographical distance, or political structure, they are psychically close to one another [24,25].

The Uppsala model is constructed on four core concepts: market commitment, market knowledge, current activities, and commitment decisions. These four concepts are then divided into state aspects and change aspects. The two state aspects are market commitment, which is the resources committed to foreign markets, and market knowledge, which is the knowledge about foreign markets and operations possessed by the firm at a given time. The two change aspects are current activities and commitment decisions [26,27]. According to the Uppsala model, two inextricably linked factors are market knowledge and commitment. Knowledge can be regarded as a human resource, implying that the more

knowledge a company has about a business, the more important the resource and the more committed the company is to that market [28].

2.4. Technological Capabilities

Technological capability is defined as a company's ability to design and develop new processes and products, uniquely upgrade knowledge and skills about the physical environment, and transform that knowledge into instructions and designs to efficiently create a desired performance [29]. Technological capability is vital in achieving high internationalization performance [30,31] because it allows a company to perform core business activities such as offering products and services, gaining market acceptance, surviving in competitive markets, and achieving financial success.

Three indicators are used to measure technological capabilities: R&D investment compared to competitors, technological competence in meeting the needs of overseas customers or developing new products [31] and product quality compared to competitors [32].

The findings of empirical research conducted on Korean and Canadian SMEs demonstrate that R&D and product features have a substantial impact on worldwide performance. The case studies discovered a favorable relationship between R&D intensity and motivation for export operations [30]. Esteve-Perez and Rodriguez used firm-level data on Spanish SME manufacturers to empirically research the substantial connection between R&D and export activity [33]. They strongly suggest that participating in R&D activities increases a company's chances of exporting, increasing its chances of R&D success. Empirical studies show that technological expertise is a valuable resource for SMEs, especially in high-tech industries, and that technical skills and superior products and services are necessary for achieving high worldwide performance [31,32].

3. Methodology

3.1. Research Design

The qualitative methodological approach was adopted because of the study's exploratory nature [34,35]. This will help us investigate a problem that is not clearly defined. As such, we are looking for the problems local SMEs face while doing international business. Many researchers focus on internationalization; however, if we try to find research papers on SMEs of Bangladesh and their problems while doing international business, then research articles will very rarely be found. Thus, this research area is under-explored.

Moreover, if we interact directly with SME owners or managers, problems will be identified through casual conversation. Face-to-face interviews allow for a deeper connection with the respondents, increasing trust and, eventually, more accurate results [35,36]. As a result, the qualitative method was chosen for the research.

3.2. Participants and Sampling

Snowball sampling and personal contacts were used to find participants. Initially, we started selecting SMEs we knew were engaged in international trade, and later, we requested them to lead us to other SMEs of the same category. More than 30 SMEs were approached for the interview, but only 16 interviews were recorded. Some SMEs were found to work as suppliers to the exporters; however, they promoted themselves as exporters. Some of them never gave time for an interview, though initially they promised to give the interview. Finally, 16 interviewees were purposefully selected until saturation, defined as the point at which similar data were repeated and a specific pattern of data re-emerged during the interview [37]. The list is given below in Table 1.

Table 1. Participant information.

Firm	Type of Business	Interviewee
A	Exporter of agriculture-based products, especially sesame seed	Owner
B	Exporter of agriculture-based products like potato, castor seed, and sesame seed	Owner
C	Crab exporter	Owner
D	Buying house	Owner
E	Buying house	Owner
F	Buying house	Owner
G	Buying house	Owner
H	Medicine company that imports raw materials and export medicine	Manager
I	Shrimp producer and exporter	Owner
J	Shrimp exporter	Owner
K	Shrimp exporter	Owner
L	Shrimp exporter	Owner
M	Garments	Commercial officer
N	Garments	Manager
O	Exporter of jute bags	Executive
P	Buying House	Owner

3.3. Ethical Considerations

The research purpose and process were explained to participants and they were told that there were no right or wrong answers. Moreover, they were told they could withdraw or refuse to continue the interview at any time. Interviewees' approval was taken before starting the recording of the interviews. One of the interviewees told me not to record, so I took only notes on paper for that specific interview.

3.4. Data Collection

Respondents from the firms, which ranged in size from 10 to 250 employees, were interviewed in semi-structured interviews with open-ended questions. In-depth personal interviews were conducted with the owners, commercial officers, and managers. Interviewees briefly described the research and its purpose. Additionally, assurance was given to keep their identity unknown.

Interviews took place in November 2022, each lasting 30 min to 1 h. Interviews were conducted and recorded in the local language, Bengali, and later transcribed into English. English and Bengali were both options available for the interviews. However, they all preferred the Bengali language as they were comfortable with their mother tongue. Initially, 17 interviews were conducted with a combination of importers and exporters. Later, we had to remove all interviews of importers (11) as those did not matching the actual sample. Firms with only import activities are considered domestic firms. Thus, after removing all 11 interviews, we were left with 16 interviews. Fourteen interviews were conducted face-to-face and the rest were conducted through WhatsApp calls.

Interview questions were shared with the interviewees before the interviews so they could be aware of the context of the interviews. There were two main structured questions followed by multiple open-ended questions to get the best answers to the main questions. This step helped the interviewees express their feelings, thoughts, and experience properly. Each interview started with the following question: please tell me about your business. The following questions addressed their problems while being an internationalized firm.

For a better understanding of the problem, the question was divided into sub-questions like problems in the initial stage, problems they are still facing, and the most challenging problem. The second question was about the possible solution to the problems from their point of view and what could be an influencing factor of being an internationalized firm.

3.5. Data Analysis

All recorded interviews were transcribed quickly and analyzed by qualitative analysis. Discourse analysis was used to analyze the interviews. Discourse analysis is a qualitative and interpretive method of analyzing texts [38]. People produce versions of certain events and hence, shape their reality through interaction and the use of language. As a result, various people may have various versions of the same incident. Discourse analysts refer to these interpretations of reality as interpretative repertoires or metaphors [39]. No software was used, and all the data were analyzed manually. First, the interviews were translated into English, as these interviews were conducted in Bengali. Second, the transcribed data were re-examined to understand the topic better. The next step involved highlighting the important points and listing initial ideas and experiences. The last step was to find similarities between all the transcribed data from the interviews. After analyzing the similarities multiple times, some themes have been found. Table 2 presents a summary of the responses by the interviewees and highlights the salient themes identified by the interviewees. Five themes of problems and some possible solutions were found after data analysis.

Table 2. Summary of responses and salient themes.

Firm	Interviewee	Summary Response	Salient Themes
A	Owner	Price of raw materials in the local changes frequently so it is difficult to quote a suitable price to the buyers Missing of product in the ports is a normal thing & this led to stoppage of TT payment. Government is providing some subsidies	Unregulated local market Mismanagement of domestic ports Government support
B	Owner	Finding actual buyer is very difficult, sometime people put order and got disappeared without paying Due to connection and better negotiation skill third parties took big portion of money Missing of product in the products lead to buyer dissatisfaction Government is providing some subsidies	The Proliferation of Scammer Buyers Involvement of third parties Mismanagement of domestic ports Government support
C	Owner	Producing good quality product is one of their strengths but they do not know to find new buyers Difficult to get fund from family to start business Port authorities take longer time than expected time for paper work however product has a short shelf life	Lack of Market knowledge Lack of family support Mismanagement of domestic ports
D	Owner	Product price in the local market changes frequently so it is difficult to quote a suitable price to the buyers Getting the initial fund to start the business is the main challenge Delivering the exact promised quantity to buyers is difficult as products get missing in the ports	Unregulated local market Lack of family support Mismanagement of domestic ports
E	Owner	Getting the money from family to do business is difficult as they prefer job over business Quoting a good price to buyers is tough as price chances frequently in the local market Finding new buyers is a big challenge	Lack of family support Unregulated local market Lack of Market knowledge

Table 2. Cont.

Firm	Interviewee	Summary Response	Salient Themes
F	Owner	Sometime new buyers emerge and put big order then got disappear Missing product in the ports is normal incident now	The Proliferation of Scammer Buyers Mismanagement of domestic ports
G	Owner	Approaching third parties to get new orders but they take away a big portion of profit. Arranging initial fund and finding buyers in the new market is the toughest part in the initial stage of business Quoting a good price to buyers is tough as price chances frequently in the local market	Involvement of third parties Lack of family support and market knowledge Unregulated local market
H	Manager	Port authorities take more than expected time to process the paper work and dealing with C&F agent is never easy For importing raw materials for medicine, government is helpful as they do not have to give higher taxes to government	Mismanagement of domestic ports Government Support
I	Owner	To find out new buyers and new market, they approach third parties and they take a big portion of money for just being the middle man	Lack of market knowledge & Involvement of third party
J	Owner	Getting approval from family for doing business is very tough as family prefers regular jobs over business. Due to involvement of third party, it is impossible to have maximum profit however small firms like them requires third parties to find the buyer & make the deal with Irregularities in the domestic ports are normal and they found out new ways to deal with it	Lack of family support Involvement of third party Mismanagement of domestic ports
K	Owner	Sometime people put an order and got disappear. So it is impossible to sell these export quality products in local with appropriate price. Port authorities take long time to forward the product however shrimp has got specific shelf life.	The Proliferation of Scammer Buyers Mismanagement of domestic ports
L	Owner	Finding buyer in the market is the main issue Port authorities keep the product in the port before forwarding, so sometimes it affects the quality of the product	Lack of market knowledge Mismanagement of domestic ports
M	Commercial Officer	Due to missing of product in the ports they had to seal the whole container but still failed to achieve results Price of raw materials changes quickly in the local market Getting incentives from government based on their export	Mismanagement of domestic ports Unregulated local market Government support
N	Manager	Missing products and long time to process the paper work is a big problem Price of raw materials changes is a common problem	Mismanagement of domestic ports Unregulated local market
O	Executive	Finding new buyer to expand business is the main issue Price of raw materials changes quickly in the local market Getting incentives from government based on their export	Lack of market knowledge Unregulated local market Government support
P	Owner	Arranging fund for business is the major barrier as family do not encourage to engage in business and finding buyers is also difficult	Lack of family support & market knowledge

4. Findings

After analyzing 16 interviews, some problems SMEs face while doing international business have been found. This section breaks down the findings into five categories: lack of market knowledge and family support, the proliferation of scammer buyers, the involvement of third parties, mismanagement of domestic ports, and unregulated local markets.

4.1. Lack of Market Knowledge and Family Backing

Most of the SMEs faced similar kinds of problems in their initial business stage. A lack of proper market knowledge was a huge problem experienced by all 16 interviewees. Due to a lack of market knowledge, they needed more confidence in their business. They have their products; however, how to and where to sell those was the main problem. Due to this, they had to deal with different kinds of agents who used to take a considerable portion of their profit.

However, with time and market experience, their reliance on the agents for selling their products started to reduce. Initially, arranging the funding for the business was a huge task for 12 interviewees, and the rest had family backing. Family backing helped the four interviewees start their businesses smoothly. According to one of the 12 interviewees,

“Like other developed countries, we can’t get bank loans for business. Also, he added that our society feels our educational degree is a waste of time if you finally have to do business.”

Therefore, it can be assumed that the country has not created a culture where people get encouragement or necessary backing from their surroundings to start businesses internationally.

4.2. The Proliferation of Scammer Buyers

Two interviewees faced the problem of scammer buyers, and others also agreed that it is a massive problem for them. One of the sufferers got an order for some garment items from abroad, and as for the order, they purchased products from different buying houses. However, these fake buyers started to ignore calls and messages from them. The same thing happened with another agriculture-based firm; they ordered sesame seeds in large quantities, and according to the order, they purchased the required seeds and processed them as per export quality. Later, the buyers suddenly vanished, putting them at a considerable loss. Since agriculture-based products have a shelf life, no buyer in the local market gives a reasonable price for these products because there is a vast difference between the quality of export products and local products. Those incidents put them into big trouble while operating as internationalized firms.

4.3. Involvement of Third Parties

Third-party involvement is a big problem for SMEs making international trade. Third parties usually have more market knowledge and do not want to share the actual buyer’s information. Sometimes they even ask the actual buyers to be silent and let them speak for them during meetings. One of the interviewees shared the following experience:

“Initially, I exported around 100 tons of sesame seeds to Vietnam. They liked our product, so I travelled to Vietnam for a formal meeting for the next order. During the meeting, they said they wanted 400 tons of those seeds, but the offering price was too low for my liking, so I told them about it. The person got very angry at me, but I started to walk away. Later another person who was quiet till then asked the spokesperson why he was putting that price on the table and insisted that their offer was something else. Then I learned that he was the buyer and the spoke person was a third party. Surprisingly the price difference between the two was 100 dollars per ton.”

Here, it clearly shows how third parties can negatively affect the business. Most SME owners cannot speak English properly, affecting communication with foreign buyers, so language is creating a barrier. Additionally, third parties’ communication and negotiation

skills are far better than the authorities of the SMEs, and the third parties took the benefits of that. Thus, third parties are taking a significant portion of money by just being the bridge between SMEs and foreign buyers.

4.4. Mismanagements of Domestic Ports

All interviewees unanimously believed that the port authorities created unnecessary problems, representing their biggest international growth challenge. They all noted that missing their product is customary in the port. Firms 'M' and 'N', which sell garments, said that they know some of the products will be lost in the port, so they use the whole container and seal it properly. However, they cannot stop stealing from the port after doing this. Typically, when firms deliver their product in small or medium quantities, they only pay for a portion of a big container rather than the whole container. Due to missing some products, they are failing to meet the demand by some quantities, and almost all of the interviewees have agreed that buyers feel cheated because of it. This also hampers the relationship between them and the buyers. The owner of Firm 'T' said that,

"They don't know where the shrimp boxes got stolen; it could be from the port or the ship, but somehow some boxes still went missing."

Another problem is that the port authorities take too long with the paperwork. Sometimes they keep the products for days in the port. Most interviewees said it is challenging to deal with the clearing and forwarding agents (C&F). The commercial officer of Firm 'M' said,

"C&F is the toughest to deal with unless you don't know how to deal with them."

Later, he indirectly mentioned some bribing activities under the table. He said only this under-the-table activity could move the goods quickly. Some products, like potatoes, sesame seeds, castor beans, jute, crabs, and shrimp have different shelf lives, so if the product expires before reaching the buyers, buyers will never accept the product.

All this leads to buyer dissatisfaction, and buyers have started to stop using TT payment. The TT payment system refers to a system where buyers pay money to the sellers in advance before getting the delivery. According to Firms 'A' and 'B', previously, they could use the advance money to buy the product; however, due to all the difficulties, buyers are no longer interested in this. Foreign buyers have started to make the full payment after getting the delivery and final counting.

4.5. Unregulated Local Market

According to this study's interviewees, price fluctuation for the products and raw materials is normal in the local market. The interviewees even agreed that the Bangladesh government has no proper control over the local market. The owner of Firm 'D' shared his experience about how this fluctuation of price affects their business:

"Buyer asked for some kind of product, and we quoted a price according to the current market price. The next day price decreased, and the competitor offered us a cheaper offer, and we lost the order."

Firms like 'E' and 'F' face the opposite problems of Firm 'D'. To get a deal, they set low prices for their buyers, and the buyers place an order. Later, the cost of the product increased in the local market, and they could not deliver the order, which affected their image in the international market.

5. Discussion and Analysis

Major problems in the initial stage are lack of funding and market knowledge. Due to a lack of market knowledge, they are less confident to engage more in trade. Thus, what they do is go for a trial-and-go process. This way, they get more market information and commit to bigger things. This is mentioned in the Uppsala model; its core concerns are how companies learn and how that learning influences their investment decisions [21]. Sourcing

funds is a massive entry barrier into business. Having family backings for the business is a huge influence as it helps to arrange the necessary funding to start the business and helps boost confidence. However, only four interviewees had family backing during the initial business stage.

Scammer buyers also cause significant problems in international business. After placing the order with the SMEs, scammer buyers suddenly disappear. It is difficult for the SMEs to find the actual buyer. They cannot just depend on their regular buyers, otherwise it would be impossible to expand their business. Thus, they always try to find new buyers. Here, scammer buyers play a negative role in their business. Scammer buyers place a big order to the SME owners then they disappear. Here, SMEs prepared a customized export quality product for the buyer. There is a significant price difference between the export quality product and local product, so they never recover the cost price for their product. This causes substantial financial losses to the SMEs, and it takes a long time to adjust with these types of blows.

Another problem we found is the involvement of third parties. Due to a lack of market knowledge, network, and communication skills compared to third parties, firms sometimes must contact third parties or agents to crack a deal with foreign buyers. As a result, third parties are taking over a significant portion of the firm's profit. Some deals even break down due to the excessive demand of the third parties, where both buyers and sellers are the sufferers.

Mismanagement at domestic ports is the biggest problem for international businesses, agreed upon by all interviewees, where missing some product is frequent. It is negatively affecting the trust between SMEs and foreign buyers. Due to this, foreign buyers stopped paying money in advance and started to pay after receiving and product counting.

Another problem is that the C&F agent takes too long with paperwork, and the product stays too long in ports. This negatively affects the quality of some perishable products. Clearing and forwarding (C&F) agents are experts when it comes to getting the goods cleared through customs formalities, coordinating with the carrier, and taking care of all shipping and delivery related activities. Moreover, there have been indirect complaints about the C&F agents keeping people waiting unless they get paid under the table. Thus, SMEs believe that if the government puts extra surveillance at the ports, this type of problem could be reduced.

The next problem is the price fluctuation of the local market and, to some extent, the quality of the product. Due to these issues, our neighboring country India, which has a similar kind of product, sometimes takes away the orders from the local SMEs of Bangladesh.

No export tax imposed on the firms can be considered an influencing factor for international business. Moreover, there are incentives for exporting some agricultural products, which vary from product to product. Additionally, the garments sector also has some incentives for exporting.

Overall, it can be said that there is a huge possibility for Bangladeshi SMEs to operate in the international market if these problems can be reduced. The government can play a significant role in reducing the problems and making internationalization easier for Bangladeshi SMEs.

Challenges and Limitations

One of the challenges was to find out the actual number of participants for data collection. The number of internationalized SMEs is not high, so finding them was difficult. Moreover, many SMEs promote themselves as exporters but work as suppliers to real exporters. Additionally, the main target participants were SME owners who are busy people, making it challenging to convince them to spend their time away from work and conduct in-depth interviews. The study mainly focuses on garments, shrimp, and agriculture-based product industries, but other sectors are engaged in internationalization. Due to time constraints and the COVID-19 situation, it was challenging to explore all

industries. The internationalization of Bangladeshi SMEs and their challenges are vital topics, so more research on a large scale is necessary in this area.

6. Conclusions

The purpose of the study was to find out the problems Bangladeshi SMEs are facing while doing international business. Qualitative analysis has been conducted, and after completing and analyzing 16 interviews, some problems and solutions have been found. These problems have been classified into six categories: lack of market knowledge, lack of family support, the proliferation of scammer buyers, involvement of third parties, mismanagement of domestic ports, and unregulated local market. On the other hand, the government is providing some incentives to the firms who are doing export business to encourage other firms to start doing export business. This study's primary contribution and originality lie in the context of the investigation, with Bangladesh primarily overlooked in the international business literature. This study shows the main problems of the SMEs who are engaged in international trade. Overall, the study presents several novel insights into the internationalization process of the SMEs of Bangladesh.

Author Contributions: M.T.I. and M.A.I.; methodology, M.T.I. and M.M.H.; software, M.T.I.; validation, M.T.I. and M.A.I.; formal analysis, M.T.I. and O.E.O.; investigation, M.T.I.; resources, M.M.H.; data curation, M.T.I.; writing—original draft preparation, M.T.I.; writing—review and editing, M.A.I. and O.E.O.; visualization, M.T.I.; supervision, M.A.I.; project administration, M.T.I.; funding acquisition, M.M.H. All authors have read and agreed to the published version of the manuscript.

Funding: This research received no external funding.

Conflicts of Interest: The authors declare no conflict of interest.

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