

The Internationalization of Saudi SMEs: A Qualitative Study of ICT and Textile & Apparel SMEs

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Abstract

Small and medium enterprises (SMEs) play a vital role in the economic development of countries. They play an important role in terms of production, employment and distribution of income. They also produce essential products either for local consumption or exports. In Saudi Arabia, 74% of the firms are SMEs. However, they contribute to only 20% of the Gross Domestic Product (GDP) (Small Medium Enterprises in Saudi Arabia Report, 2015). Through the establishment of Vision 2030 for Saudi Arabia, the country aims to boost SMEs' contribution to GDP from 20% to 35% by 2030, as well as to compete with the G20 countries.

SMEs can gain several benefits from expanding internationally, such as gaining competitive advantages and growth. Despite the recognized importance of internationalization, there is little knowledge about how Saudi SMEs can expand abroad, due to the lack of studies that focus on this subject (Rafiki, 2020). The purpose of this study is to fill this gap.

This study qualitatively explores the internationalization process of Saudi SMEs in ICT and the textile and apparel sector through 23 semi-structured in-depth interviews with business owner-managers. This study (1) acknowledges the obstacles that Saudi SMEs are facing with internationalization; (2) investigates the capabilities and motivation of SME owner-managers for internationalization; and (3) examines the role of product and process innovation, networking and social media for the internationalization of Saudi SMEs. The study contributes to the literature by providing more insight to internationalization theories from the context of a developing economy.

The analysis suggests that there are more similarities than differences between the ICT and textile and apparel sectors in terms of internationalization. Saudi SMEs are motivated to expand abroad by both internal and external motivations and capabilities. The research also highlights the importance of innovation for SMEs in both sectors and how beneficial networking can be, as well as how using social media platforms can ease the job of international expansion for SMEs. Another finding the study highlights is the internal and external obstacles Saudi SMEs face and how they can obstruct their international expansion. The study concludes with suggesting policies for Saudi SMEs' internationalization based on the analysis.

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Chapter One: Introduction

1.1. Background for the study

SMEs are a dynamic part of the economic fabric in Saudi Arabia. This is due to the fact that about 74% of the organizations are SMEs. They provide jobs for 25% of the workforce in the country. However, SMEs contribute to only 20% of Saudi Arabia's GDP (Small Medium Enterprises in Saudi Arabia Report, 2015). SMEs can gain several benefits from expanding internationally, such as gaining competitive advantages and accordingly increasing their profits, acquiring better employees or to improve the growth and efficiency of their production (Pandya,2012). However, internationalization is not a simple process and SMEs might face a number of obstacles within the process. Also, the role of innovation, networking and social media in internationalization should be investigated.

SMEs play a vital role in every economy. According to Nasr and Rostom (2013), by creating jobs, small firms are considered important suppliers to the employment rate. Fast-growing SMEs are essential generators of new employment in both developed and developing countries. In developing countries, SMEs have the highest job creation in addition to employment growth rates. Additionally, in some countries that had net job losses in their economies as a whole, only small firms had net job gains (Ayyagari et al., 2011).

In Europe for example, 93% of the European enterprises employ fewer than ten workers. There are almost 21 million companies in the European Economic Area (EEA) and Switzerland. These companies provide jobs for 122 million workers and nearly 33% of these jobs are provided by SMEs (European Commission, 2003). In India, SMEs contribute to about 40% of exports and 45% of the manufactured output (Sharma, 2011).

Furthermore, due to their flexibility and innovation, SMEs can improve and develop the skills level. Thus, SMEs can be very beneficial in terms of producing an industrial base that is skilful in addition to developing a service sector that is ready and able to add value and to contribute to GDP (Carter and Jones-Evans, 2006). Increasing the number of SMEs and providing them with support can add more flexibility to the economy and hence enable technological innovation. It can also provide opportunities that are significant for the generating of new ideas and skills (Gronum et al, 2012). Therefore, exploring the internationalization of SMEs in Saudi Arabia is an important subject to investigate and discuss, especially because the research in this

area in developing countries is limited, and there are several questions that have not been answered in this regard to fill this gap.

1.2. Definition of the term ‘SME’

There is no standard definition for the term ‘SME’ as it has many definitions. These definitions depend mainly on the market size or the status of the economy. Different countries and organizations base their definition on several criteria, such as capital, sales or the number of employees. Therefore, it is not easy to take on a single definition of SMEs in all countries (Motwani et al., 2006). Looking at the definition of the World Bank, SMEs are businesses that employ up to 300 employees and have maximum assets of 15,000,000 dollars and maximum revenues of 15,000,000 dollars (Gibson and van der Vaart, 2008).

In Saudi Arabia, SMEs are defined differently by several organizations (see Table1-1). The Saudi Arabian General Investment Authority, for example, defines small companies as ones that have less than 60 employees, while the medium-sized companies are ones that have less than 100. Moreover, small enterprises are those with less than 5 million riyals (USD 1,333,169) in capital, while medium-sized companies have capital of between 5 and 10 million riyals (USD 1,333,196 to 2,666,537) (Ashoor, 2013). The Saudi Small and Medium Authority (Monsha’at) defines small enterprises as ones with less than 50 full-time employees and revenue of between 3 and 40 million riyals (USD 800,000 to 10,666,151), whereas medium enterprises are ones with 50 to 249 employees and a revenue between 40 and 200 million riyals (USD 10,666,151 to 53,330,758) (Saudi SMEs Authority, 2016).

Alternatively, the Small and Medium Enterprises Development Centre at the Eastern Province Chamber of Commerce and Industry outlines small companies as ones where the number of employees is 20 or less, while medium companies are defined as those that have a workforce between 21 and 100. However, “Kafala”, the Saudi Industrial Development Fund support programme for SMEs, defines SMEs as businesses with exports or trade up to 20 million riyals (USD 5,333,264). These definitions show the diversity of criteria within SMEs definitions, different values and criteria being adopted by different institutes (Ashoor, 2013). For the purposes of this research, the Saudi Arabian Small and Medium Enterprises Authority (Monsha’at) definition has been selected and will be followed to recognize SMEs.

Table 1- 1: Different SME definition in Saudi Arabia

The Organization	Small Enterprise	Medium Enterprise
Saudi Arabian General Investment Authority	<ul style="list-style-type: none"> - less than 60 employees - less than 5 million riyals (USD 1,333,169) in capital 	<ul style="list-style-type: none"> - less than 100 employees - a capital of between 5 and 10 million riyals (USD 1,333,196 to 2,666,537)
The Saudi Small and Medium Authority (Monsha'at)	<ul style="list-style-type: none"> - less than 50 full-time employees - revenue of between 3 and 40 million riyals (USD 800,000 to 10,666,151) 	<ul style="list-style-type: none"> - 50 to 249 employees - revenue between 40 and 200 million riyals (USD 10,666,151 to 53,330,758)
the Small and Medium Enterprises Development Centre at the Eastern Province Chamber of Commerce and Industry	<ul style="list-style-type: none"> - a workforce of 20 or less 	<ul style="list-style-type: none"> - a workforce between 21 and 100

1.3.Problem setting of the study

Internationalization among SMEs is considered a significant topic, mainly due to the perceived growth effects of cross-border venturing and the established capability of SMEs to motivate economic development at domestic, regional, and international levels (OECD, 2009). According to Dabic et al. (2020), there is a gap in SMEs internationalization studies from different countries. Due to the heterogeneous nature of SMEs and entrepreneurship within countries, it is important to explain the outcomes at firm level and country level. The performance of SMEs differ from one country to the other. Hence, the results from one country should not be generalized to other countries without investigation. According to Paul et al. (2017), there is a lack of studies that focus on SMEs internationalization in developing economies. The region of origin determines the contextual settings and a country specific characteristics that either challenge or facilitate SME exports. Thus, conducting these studies from different regions is important. Moreover, Studies based on SMEs from different industries are also valuable to understand the pace and process of internationalization. These studies highlight the differences in terms of firm behaviour and outcomes. Therefore, this research investigate SMEs from the Saudi context with a focus on the two justifiably chosen sectors.

It is important to understand why Saudi SMEs differ from SMEs in other countries. There are essential issues that need to be raised, in particular that SMEs in Saudi Arabia are not contributing to the economy the way they should compared to those other countries (Al-Yahya & Airey, 2013).

This paper intends to investigate the internationalization of Saudi SMEs and understand it from the perspective of the entrepreneurs. The specific objectives of the research are to:

- 1) acknowledge the obstacles Saudi SMEs in ICT and textile & apparel sectors are facing with internationalization;
- 2) investigate capabilities and motivation of ICT and textile & apparel SME owner-managers for internationalization;
- 3) examine the role of innovation, networking and social media in the internationalization of Saudi SMEs;
- 4) develop and suggest policies for the internationalization of Saudi SMEs.

The objectives of this research can be represented in the following questions:

- 1) What obstacles to internationalization are Saudi ICT and textile & apparel SMEs facing?
- 2) What are the capabilities and motivation of ICT and textile & apparel SMEs owner-managers to go abroad?
- 3) How does innovation, networking and social media play a role in the internationalization of Saudi SMEs?
- 4) What policies can be developed to address the needs of Saudi SMEs with regard to internationalization and how can the current policies be improved?

These research questions were developed based on the literature review and the integration of the different internationalization models that are reviewed in chapter two. Through the analysis of the existing literature and theories, the author was able to highlight the gaps in the context of developing countries. According to Marshall & Rossman (1999), the discussion of the research problem in the light of the reviewed literature and findings leads to the formulation of the research questions and thus the development of the theoretical framework. The ICT and textile & apparel sectors were chosen because there is a gap in the research that focus on these sectors in Saudi Arabia. Also, they provide a comparison: one is considered a high-tech and

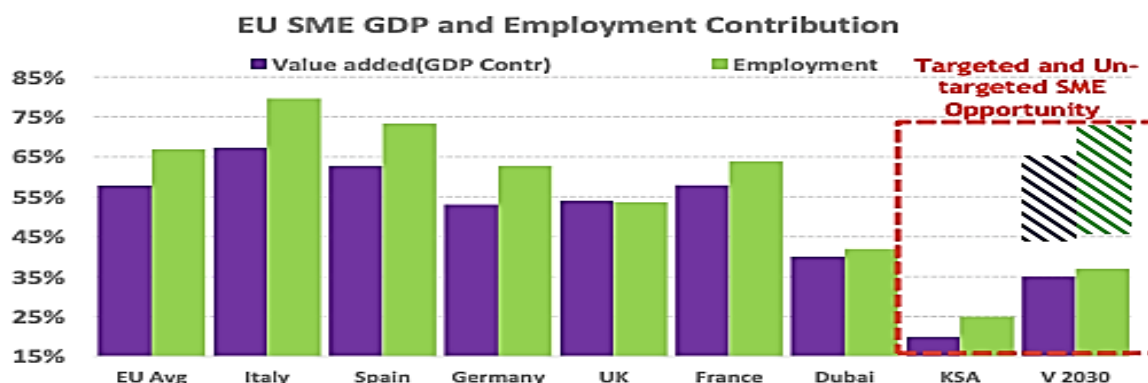
generally services-based sector (ICT) while the other is a low-tech products-based sector (textile and apparel).

1.4. Saudi Arabia as a research context

According to the Small Medium Enterprises in Saudi Arabia report (2015) published by the Jeddah Chamber, there is about one SME per 25 Saudi nationals in Saudi Arabia, while about 74% of organizations are SMEs providing jobs for 25% of the labour force in the Kingdom. In addition, SMEs contribute about 20% of Saudi Arabia’s GDP. However, SMEs are considered more efficient in developed countries, as they play a vital role in creating new jobs – between 60% and 70% of the workforce in developed countries is employed in SMEs. In addition, they contribute more than 50% of GDP (Al-Yahya & Airey, 2013). So, the SMEs population is relatively underdeveloped in Saudi Arabia.

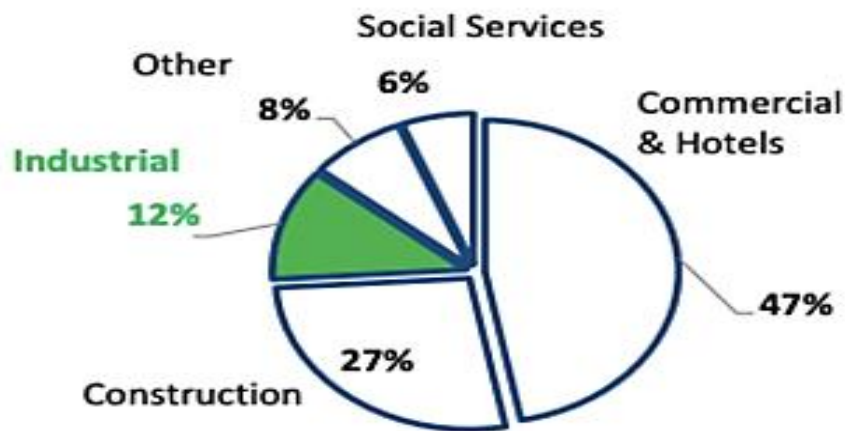
As part of the 2030 Saudi Arabia vision and plan, there is a whole section dedicated to SMEs. The Kingdom aims to boost the GDP input of SMEs, as they are not yet key contributors to the GDP, especially compared to developed countries. The country aims to increase the contribution of SMEs from 20% to 35% by 2030, as shown in Figure 1-1. To achieve this goal, Saudi Arabia has established the SME Authority, which has plans to encourage new entrepreneurs with trade-friendly regulations, easier access to funding, international collaboration and government support. Another goal of this vision is to maximize the exporting of non-oil products to 50% of GDP instead of only 16% (Saudi Arabia’s Vision 2030, 2016). According to Morais & Ferreira (2020), the government support SMEs receive from public organizations is one of the main drivers of their international expansion.

Figure 1- 1: SMEs current contribution to GDP and employment and vision 2030 target



Source: Vision 2030 and Jeddah Chamber

Figure 1- 2: SMEs sectoral breakdown in KSA



Source: SAMA

Figure 1-2 shows the sectoral breakdown of Saudi SMEs. SMEs in Saudi Arabia are most active in the commercial and hotels sector, the construction sector and the industrial sector (Nicola, 2009). According to Sager (2007), there is substantial intra-GCC (Gulf Cooperation Council) investment, primarily from Saudi Arabian entrepreneurs in other GCC countries. That is possible because market entry is easy between GCC countries due to the commercial agreements between them.

There are several organizations and programmes in Saudi Arabia that support and fund SMEs. One of these programmes is the Saudi Industrial Development Fund (SIDF). This programme has a special SMEs funding package named “Kafalah”. The package includes funding Saudi SMEs with capital up to 200 million riyals (USD 53 million). This programme is 50% funded by the government while the other 50% is funded by the local banks in Saudi Arabia (Nicola, 2009).

Another programme is the Centennial Fund. This programme was created in 2004 by King Abdullah to fund new entrepreneurs’ companies. Approved projects get up to 200,000 riyals (USD 53 million). Moreover, several chambers of commerce and industry in Saudi Arabia have departments specifically to finance, train and support SMEs in different ways (Hertog, 2010).

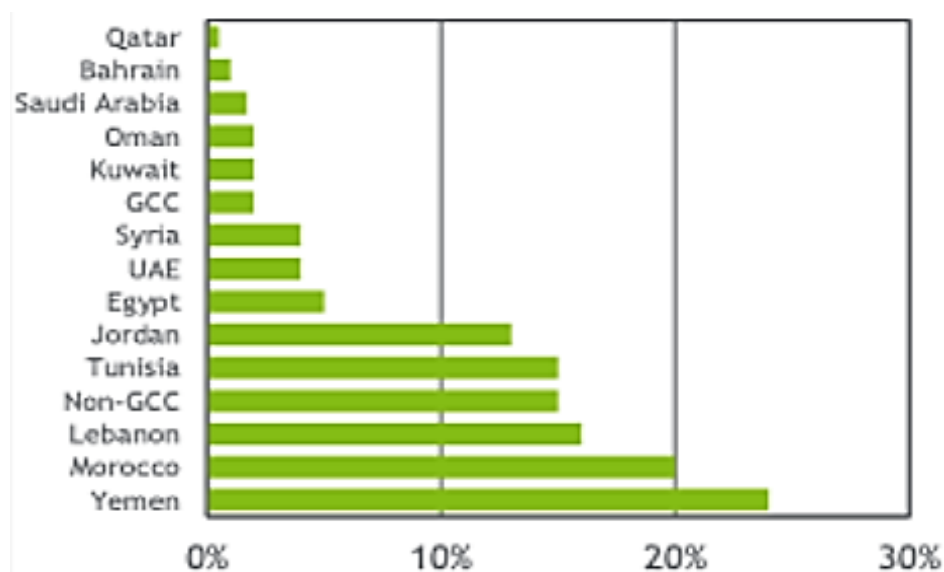
Table 1-2 shows an example of SME support programmes in Saudi Arabia. Although there are various SME support programmes in the Kingdom (see Appendix 6), more is not always better. While these support programmes are well funded, they operate in a disorganized atmosphere. Moreover, the efficiency of these programmes is questioned. There is an essential absence of a strategic organization which affects the sector's development. This has led to the loss of money, effort and important lessons. Moreover, SME export support programmes are limited. Therefore, since the current institutions and programmes in the country are not able to address the needs of SMEs effectively, new policies need to be developed (Hertog, 2010).

Table 1- 2: Example of SMEs support programmes in KSA

#	Initiative	Sponsor	Location	Focus	Member Category
1	Information Technology and Communication Incubator	KACST	Riyadh	Government/Technology	Incubators
2	Biotechnology Incubator	KACST	Riyadh	Government/Medical	Incubators
3	Advanced Manufacturing Incubator	KACST	Riyadh	Government/Industrial	Incubators
4	Riyadh Center for Incubators	King Saud University	Riyadh	Government/Mixed	Incubators
5	Bedayat Engineering Qualification Program	Saudi Mubadara Development Company	Riyadh	Private Engineering	Incubators
6	Unlimited Entrepreneurship Center	Private Sector	Riyadh	Private/Mixed	Incubators
7	The Riyadh Center for SME Development	Ministry of Commerce - Riyadh Chamber of Commerce & Industry	Riyadh	Private/Technological	Incubators
8	Verso	Private Sector	Riyadh	Private/Educational	Incubators
9	Business Support and Development Center	Princess Nora bint Abdulrahman University	Riyadh	Semi-Governmental/Mixed	Incubators
10	Makeen: Saudi Businesses Incubator Organization	Ministry of Social Affairs	Riyadh	Charitable/Mixed	Incubators
11	Information Technology and Communication Incubator	KACST	Al-Qassim	Government/Technology	Incubators
12	Business Incubator (My Project)	Women Committee in Al-Qassim Region	Al-Qassim	Semi-Governmental/Mixed	Incubators
13	Information Technology and Communication Incubator	KACST	Khobar	Government/Technology	Incubators
14	Prince Sultan bin Abdulaziz Fund for Women Development	Ministry of Social Affairs	Khobar	Charitable/Mixed	Incubators
15	Industrial Development Center	Royal Commission for Jubail	Khobar	Government/Industrial	Incubators
16	King Abdullah Incubator for Science and Technology	Kabdullah University for Science and Technology	Jeddah	Private/Technological	Incubators
17	Badir Incubator for Information Technology and Communication	King Abdullaziz City for Information Technology and Communication, Jeddah Chamber of Commerce	Jeddah	Government/Technological	Incubators
18	Taibah University Technology Incubators	King Abdullaziz City for Information Technology and Communication	Madina	Government/Mixed	Incubators

Source: Saudi Business Incubator Network

Figure 1- 3: SMEs lending from total lending in Saudi Arabia

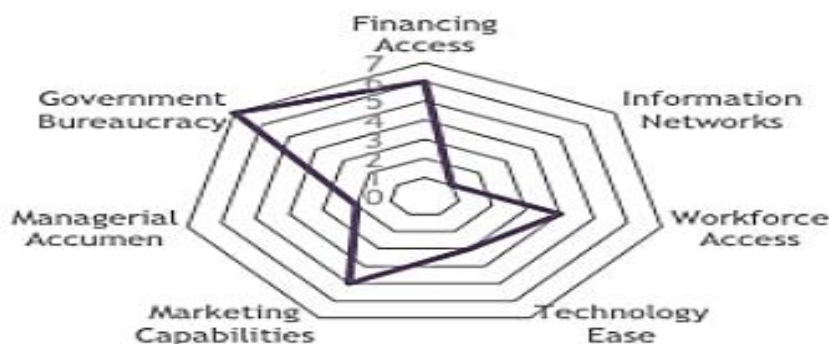


Source: McKinsey Global Institute

As part of the Saudi International SMEs Forum in 2013, the OECD’s experience for KSA in promoting entrepreneurship was discussed. According to Salvatore Zecchini, the Chairman of OECD WP SMEE, countries need to know the obstacles SMEs face before starting or expanding their businesses. Regarding Saudi Arabia, the most important obstacles SMEs face include bureaucracy, financing, marketing, technical and managerial issues. For example, Saudi Arabia’s SME lending represents a mere 2% of total lending (See Figure 1-3). Other challenges for Saudi SMEs include the absence of capable human resources in the commercial and technical fields, a shortage of market information and a generally fragile policy/regulations environment (Saudi International SMEs Forum, 2013).

In an effort to illuminate the most crucial obstacles Saudi SMEs face, the Riyadh Chamber of Commerce conducted a sector participant survey (see Figure 1-4). The results suggest that the largest issue faced by SMEs in Saudi Arabia is government bureaucracy. This includes the myriad of licensing and permits processes required be undertaken to begin and maintain operations. Not surprisingly, the ability to obtain financing ranks the second highest.

Figure 1- 4: Top barriers to SMEs in KSA



Source: Riyadh Chamber of Commerce & Industry

The discussion was summed up with three main suggestions for policy makers in KSA: (i) having a holistic approach in government and organization mechanism; (ii) creating systematic discussions with SMEs; and (iii) carrying out a constant evaluation of support programmes and measures (Saudi International SMEs Forum, 2013). These suggestions are very important for developing policies. In addition, the obstacles faced by SMEs need to be acknowledged well before being able to develop policies.

With respect to the purpose of this study, it is important to present background information about the status of the two sectors selected. These are the ICT and textile and apparel sectors. These sectors are selected to narrow the scope of the research and to understand how the sector an SME operates in can affect its internationalization. These specific sectors were chosen because there is a gap in the research on these sectors in Saudi Arabia and they provide a comparison: one is considered a high-tech and generally services-based sector (ICT) while the other is a low-tech products-based sector (textile and apparel).

1.4.1. The ICT sector in Saudi Arabia

Saudi Arabia is reported to be one of the strongest economies within the Middle East in terms of its ICT investment profile. The ICT sector has become one of the most attractive sectors for SMEs in Saudi Arabia, especially after deregulation and with the e-commerce market being one of the most advanced within the region. According to IDC, in 2013 SMEs' ICT spending in Saudi Arabia accounted for 49.2% of the total ICT spending. Higher technology adoption by SMEs in their operations can support increased productivity, raise their national economic

diversification input and also enhance the ICT investment in the country (The Saudi Communication and Information Technology Commission (CITC, 2015).

According to the CITC estimations, the ICT sector contributes around 6% of the country's GDP. However, if the oil sector is excluded from the GDP, the ICT sector's contribution to GDP is estimated to be up to 10% for the year (2015). ICT goods exports as a percentage of total goods exports in Saudi Arabia was last measured at 0.11 in 2010, according to the World Bank. Information and communication technology goods exports include telecommunications, audio and video, computer and related equipment; electronic components; and other information and communication technology goods. In 2015, Saudi ICT services exports were worth USD 268,493 million (World Bank, 2017). The main elements that can help understand the power and vitality of the ICT sector in Saudi Arabia are the ICT expenses, ICT investments and ICT gross value added (GVA) (see Table 1-3) (The Saudi CITC, 2015).

Table 1- 3: The ICT sector

Elements	Total amount (SAR billion)	Distribution of the amount	
ICT expenses (cost of operation)	111.98	65% Telecommunication	
		23% Hardware	
		8% IT services	
		4% Software	
ICT investment	17.83	Distribution of the investment by what it was invested in	Distribution of the investment by the invested sectors
		47% on packaged and in-house developed software	25% from communication service sector
		26% on IT equipment	20% from the public sector
		27% communication equipment	12% from the oil & gas sector
ICT GVA	26.57	76% by the telecommunication sector	
		12% by the IT services sector	
		9% by the hardware sector	
		3% by the packaged software sector	

Source: The Saudi Communication and Information Technology Commission, 2015

As seen in Table 1-3, Saudi Arabia's ICT sector expenses in 2014 totalled SAR 111.98 billion (USD 29.85 billion), where telecommunications services accounted for 65% of the expenses, hardware accounted for 23%, IT services for 8%, then lastly software 4% of the ICT spending.

The Kingdom is considered the biggest ICT spender compared to the other GCC countries; Saudi Arabia's 2014 ICT spending is higher than all the other GCC countries combined (The Saudi CITC, 2015).

In 2014, ICT investments in Saudi Arabia were worth SAR 17.83 billion (USD 4.75 billion). The highest share of the ICT investment was on packaged and in-house developed software with around 47% of the investment, followed by IT equipment at 26% and lastly communication equipment at 27% of the total investment. The highest investment in the Kingdom in 2014 was from the communication service sector with 25% of the total investment, followed by the public sector with 20%, the oil and gas sector with 12% of the investment and the finance sector with 11%. These sectors combined account for almost two-thirds of ICT investments in Saudi Arabia during 2014. The local ICT investment amount was SAR 618.45 (USD 165) per capita (The Saudi CITC, 2015).

Moreover, the GVA of the Saudi ICT sector in 2014 was valued at SAR 26.57 billion (USD 7.08 billion). 76% of the GVA was accounted for by the telecommunication sector, 12% by the IT services sector, 9% by the hardware sector and 3% by the packaged software sector (The Saudi CITC, 2015).

ICT investments in Saudi Arabia are driven by a number of key factors, the FDI inflows growth, the rising of the number of institutes that support ICT entrepreneurship and innovation in the country, an energetic IT services industry and a blooming telecommunications sector. Moreover, some of the other factors that support the ICT investment are the high adoption of smart devices, the expansion of internet usage and the rise of scientific research and focus on creating a knowledgeable property, in addition to the merging of e-government services (The Saudi CITC, 2015).

On the other hand, there are some areas that need enhancement to improve ICT investment in the Kingdom, such as easing the access to high-skilled technical workers, developing the ICT maturity of SMEs, enabling financial access and easing coordination between key actors in the ICT sector in Saudi Arabia. One of the main problems that face the ICT sector in Saudi Arabia is the shortage of ICT skilled workers. Although the number of Saudi Arabian ICT specialists has gradually grown over the past 10 years, there is still a wide gap between the supply and demand of ICT professionals. A study by CITC in 2014 specifies that the ICT workforce in the Kingdom is currently at 165,000 skilled professionals. During the coming three years approximately 47,000 ICT jobs are expected to be created; however, the number of Saudi ICT

workers that are expected to enter the market during the same time period is 18,000, which initiates a gap in the ICT workforce in the Kingdom, as not all the jobs will be filled (The Saudi CITC, 2015)

According to the International Monetary Fund (IMF), loans to SMEs account for only 2% of lending by Saudi banks, compared to 5% in the other GCC countries, 15% in the MENA region economies, and 25% in high-income OECD countries. One of the reasons for this limited financing access for Saudi ICT businesses is the lack of a clear and separate classification group for ICT businesses, as well as the narrow business know-how in property evaluation that might help in raising funds from possible investors or being financed through financial institutes (The Saudi CITC, 2015).

In 2017, the number of ICT SMEs operating in the Kingdom was 3,969. The workforce of these SMEs is estimated to be 15,533 employees. Of these workers, 8,939 are Saudi employees and 6,594 are expats. Moreover, the ICT SMEs' operating expenditures are SAR 4,258,094 thousand (USD 1,135,475), the operating revenue is SAR 8,393,408 thousand (USD 2,238,210) and the operating surplus is SAR 3,626,690 thousand (USD 967,018) (General Authority of Statistics, 2017).

1.4.2. The textile and apparel sector in Saudi Arabia

Saudi Arabia tops the GCC countries in terms of textile and clothing demand. According to the Textiles Trade Statistics Committee in Jeddah Chamber of Commerce and Industry, in 2014, the size of investment in the textiles and clothing industry in the local market reached about USD 10.67 billion, as seen in Table 1-4. Moreover, the demand for imports increases annually by between 13 and 15%.

Table 1- 4: The textile and apparel sector

Element	Total amount
Textile and apparel investment	USD 10.65 billion
Average value added of the sector	SAR 40.1 thousand (USD 10,692)
Exports value	USD 560.657 thousand
Distribution of the clothing market	44.2% men's and women's clothing
	30.7% women's lingerie
	25.1% childrenswear

In 2016 there were 99 large clothing factories and 84 textile factories in the Kingdom. These factories cover the domestic demand and also export internationally. In addition, there are hundreds of small workshops, businesses and stores in clothing retail. Riyadh has 48% of the factories, followed by Jeddah with 15% and the eastern region has 10% (Ministry of Commerce and Investment, 2016).

The average value added of the textile and clothing sector in 2014 was SAR 40.1 thousand (USD 10,692). Moreover, 52% of the total sales of the textile and clothing sector in 2014 were by export. However, only 19% of the workers in this sector are Saudis (SIDF, 2015).

In 2015, Saudi Arabia exports of textiles and clothing was valued at USD 560.657 thousand. The top partners the country exported to in this sector include the United States, United Arab Emirates, Egypt, South Africa and Algeria (World Bank, 2016).

Mohammad Alshehri, who is the chairman of the textiles and clothing trade in the Chamber of Commerce and Industry in Jeddah, indicated that the clothing and textile market in Saudi Arabia is growing significantly from both the local and imported manufactures. The reasons behind this rapid growth could be due to the high purchasing power of the Saudi consumers that can be spent on fashion products as well as to the rise of the young population in the country compared to the population as a whole. The Saudi clothing market can be divided into three main segments: 44.2% of the market is dominated by men's and women's clothing, followed by women's lingerie with 30.7%, and the remaining 25.1% of the market occupied by childrenswear (Jeddah Chamber of Commerce, 2014).

The clothing market in the country depended mainly on selling "Thoub's", the traditional costume of men in the GCC countries, as well as the "abaya" that Gulf women wear to cover up. The Saudi traditional garment manufacturers were considered to be the top in the region, and they even exported abroad, which even attracted big international companies to invest in this industry. The Gulf costume is one of the bestselling items in the country, because Saudis tend to pay high attention to the style and elegance of their dress and even search for unique materials and models. This has helped in creating a competitive market, as manufacturers are competing to deliver the finest and latest types of embroidery and the most special sewing technology (Jeddah Chamber of Commerce, 2014).

The clothing industry in the Kingdom also stimulates other industries such as textiles, accessories and packaging. Moreover, the risk and cost of starting a business in this sector are considered to be low, as a business can start with only SAR 300 thousand (USD 97,995).

Therefore, the sector attracts young investors and entrepreneurs. Also the government of Saudi Arabia came up with regulations to support this sector, such as permitting customs operations, it also created support programmes and incentives to open the way for trade and import and export activities in this sector (Jeddah Chamber of Commerce, 2014).

According to the General Authority of Statistics, the number of textile and apparel SMEs operating in the Kingdom in 2017 was 34,929. The number of employees in these SMEs is estimated to be 82,544 workers, where 12,927 are Saudi and 69,617 are non-Saudi. Moreover, the operating expenditures of textile and apparel SMEs are SAR 3,956,282 thousand (USD 1,054,943), the operating revenue is SAR 9,735,724 thousand (USD 2,596,156) and the operating surplus is SAR 4,291,164 thousand (USD 1,144,294) (The General Authority of Statistics, 2017).

The Saudi government provides a number of supportive programmes. One of these programmes designed to support local investment in small businesses in the fashion industry is the “Kisaa” programme. This programme was launched through the Textile Committee in the Jeddah Chamber of Commerce and Industry. The aim of this initiative is to transfer international technology and expertise to the Saudi tailoring, fashion and embroidery shops. More than 600 productive families benefit from this programme. The programme offers training through a partnership with a group of tailors to qualify and enhance the craftsmanship skills of the workers in this sector. 80% of the productive families focus their activity on design and clothes. Joining “Kisaa” programme offers 30,000 craftsmen opportunities so that Saudi owners of fashion and dressmaking businesses can replace expatriates with skilled male and female Saudi tailors after being trained. (Jeddah Chamber of Commerce, 2014).

Table 1-5 represents a general comparison between the ICT and the textile and apparel sectors in Saudi Arabia. The ICT sector contributes to 6% of the Kingdom’s GDP and the export value of this sector is USD 268,493 million while the export value of the textile and apparel sector is USD 560,657 million. Thus, the export value of the textile and apparel sector is almost double that of the ICT sector. The total workforce of the ICT sector is 92,118 workers, while there are 107,580 workers in the textile and apparel sector. Both sectors are supported by the government through specialized programmes such as Badir for the ICT sector and Kissa for the textile and apparel sector.

Table 1- 5: General comparison between the ICT and textile and apparel sectors in Saudi Arabia

Economic activity	ICT sector	Textile and apparel sector
Contribution to GDP (Saudi CITC, 2015)	6%	n/a
Export value (World Bank, 2017)	USD 268,493 million	USD 560,657 million
Total workforce (Annual Institutions Economic Survey, 2016/The General Authority of Statistics)	92,118 workers	107,580 workers
Training programme examples	Badir (Saudi CITC, 2017)	Kissa (Jeddah Chamber of Commerce, 2017)

Table 1-6 shows a comparison between SMEs that operate in the ICT and textile and apparel sectors in the Kingdom. The table shows how there is a big difference between the number of SMEs that operate in the ICT sector and the textile and apparel sector, hence the big difference in the number of employees. However, 57.5% of the total employees in the ICT sector are Saudi, while only 15.6% of the textile and apparel workforce are Saudi employees. Although the number of ICT SMEs is much less than the number of textile and apparel SMEs, the operating expenditures are more, with SAR 4,258,094 thousand (USD 1,135,475) for the ICT and SAR 3,956,282 thousand (USD 1,054,993) for textile and apparel SMEs. However, ICT SMEs are more profitable, with SAR 8,393,408 thousand (USD 2,238,210) operating revenue from only 3969 SMEs and a SAR 9,735,724 thousand (USD 2,596,156) revenue from 34,929 textile and apparel SMEs.

Table 1- 6: Comparison between Saudi SMEs in the ICT and textile and apparel sectors

Economic activity	ICT sector	Textile and apparel sector
No. of operating SMEs	3,969	34,929
No. of employees - total	15,533	82,544
No. of employees - Saudi	8,969	12,927
No. of employees – non-Saudi	6,594	69,617
Operating expenditures	SAR 4,258,094 thousand	SAR 3,956,282 thousand
Operating revenue	SAR 8,393,408 thousand	SAR 9,735,724 thousand
Operating surplus	SAR 3,626,690 thousand	SAR 4,291,164 thousand

Source: Annual Institutions Economic Survey 2016/General Authority of Statistics

1.5. The research methodology:

According to Paul et al. (2017), using qualitative methods in international business is much needed. There are different areas related to SMEs internationalization that remain unaddressed. A lot of these areas are well suited for exploratory studies answering “why?” and “how?” questions. To fulfil the data needs of this research, a suitable research methodology needs to be implemented. This study is conducted through qualitative research methods based on 23 in-depth semi-structured interviews with SME owner-managers. The study focusses on the ICT and textile and apparel sectors. This approach is justifiably chosen to assure the achievement of the research objectives. The justifications behind choosing this approach are detailed in Chapter Three.

1.6. Contribution to knowledge

Although research on SMEs in Saudi Arabia is poor, there have been a number of valuable studies of Saudi SMEs (Al-Somali et al., 2011; Skoko, 2012; Almoawi and Mahmood, 2011; Alrashidi, 2013). These studies investigated the status of SMEs in Saudi Arabia from different angles. However, none of these studies provide information about the internationalization of SMEs, except for Alrashidi, who focussed his study only on the motivation to export of Saudi SMEs in the manufacturing sector. This limits his study, as SMEs in different sectors might have different motives to internationalize. Therefore, there is a gap in the research on the internationalization of SMEs in Saudi Arabia.

The findings of this study are expected to enhance the internationalization performance of SMEs in Saudi Arabia through exploring the drivers for and limitations to SME internationalization in the country from the perspective of the entrepreneurs by:

- acknowledging the obstacles that Saudi SMEs are facing with internationalization;
- investigating the capabilities and motivations of SME owner-managers in internationalization;
- examining the role of innovation, networking and social media in the internationalization of Saudi SMEs;
- developing the policies for internationalization of Saudi SMEs in order to help SMEs to contribute more toward the GDP of the country.

Moreover, the study is in line with the Government’s 2030 vision that aims to expand the contribution to GDP of SMEs and increase exports (Saudi Vision 2030, 2016).

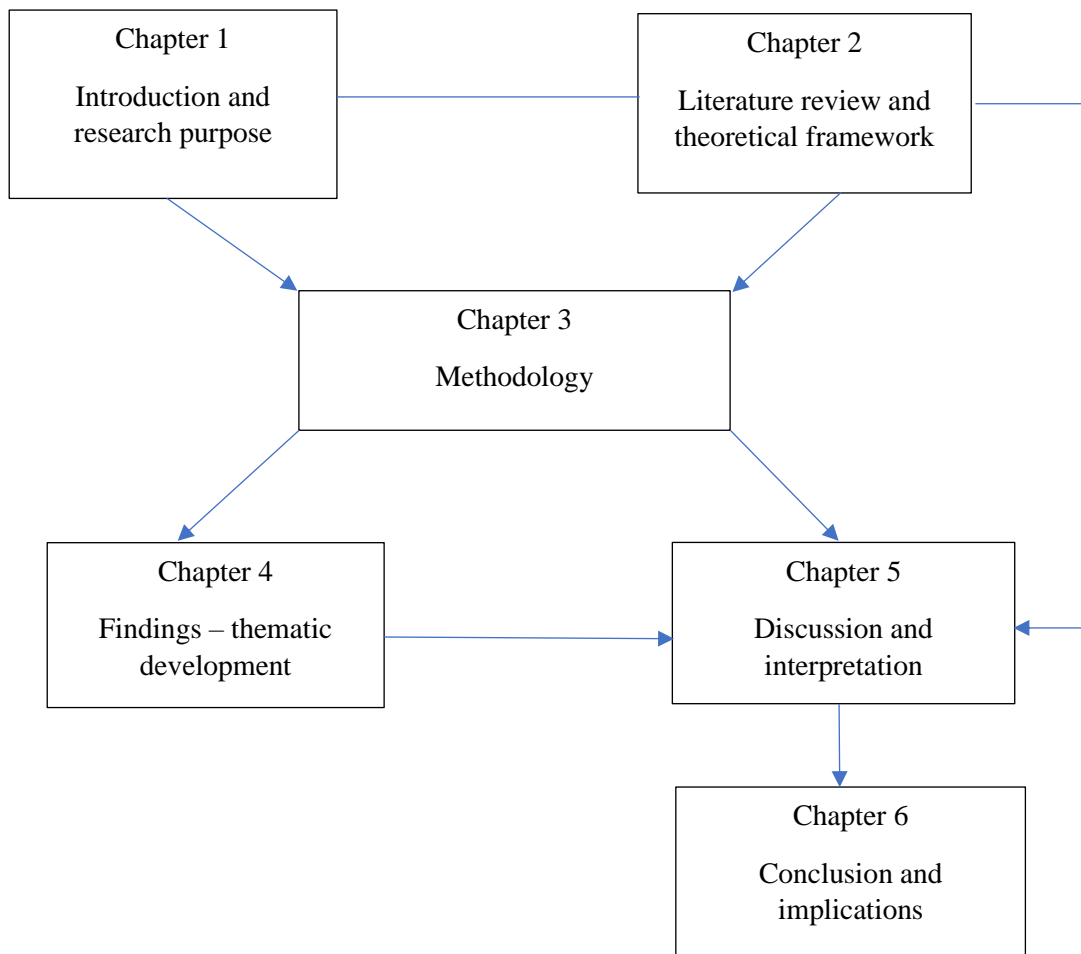
It is hoped the government and SMEs will benefit from this research, as it has implications on three different levels. These are:

- **Implications for theory** – through contributing to the literature, providing additional insight on the internationalization of SMEs in the context of a developing economy. It also contributes to theory on both the network and international entrepreneurs.
- **Implications for practice** – the implications in practice are divided into two main aspects: benefits for the government (policy makers) and benefits for the SMEs (owner-managers).
 - **Benefits for owner-managers** – they can anticipate the challenges while engaging in internationalization and know how to utilize their resources. They can also know how to benefit from innovation, social media and networking in internationalization to boost their performance.
 - **Benefits for policy makers** – the government will understand the importance of the internationalization of SMEs for the economy. They will also know how to support the internationalization of SMEs in the best way possible.

1.7. The thesis structure and outline

The thesis is structured as follows. The first chapter presents a brief introduction of the thesis, its rationale, objectives and contribution to knowledge. Chapter 2 provides the background, the most important concepts, an overview of previous studies on internationalization, analysis of the chosen sectors, internationalization theories, conceptual framework and the research gap. Chapter 3 describes and justifies the research design, data collection method and analysis. Chapter 4 provides the data analysis supported by evidence from the interviews. Chapter 5 discusses the research findings supported by evidence from past studies and provides a model for the internationalization of Saudi SMEs and suggested policies. Finally, Chapter 6 presents the conclusion of the thesis, its contribution to knowledge and suggestions for future researches. The structure of the dissertation can be seen in Figure 1-5.

Figure 1- 5: The dissertation structure



Chapter Two: Literature Review

This chapter draws upon evidence published in academic, government and specialist literatures. Research has already been undertaken and published in this area, and therefore it is important to carry out a wide search in order to explore a number of issues. These include, what is already known about the topic, what concepts and theories are relevant to the research area, the research methods and strategies that have been used previously to conduct research in this area, and whether there were any gaps or unanswered questions regarding the research area (Bryman and Bell, 2015).

In order to do this, a systematic review of SMEs internationalization was conducted to establish a reference framework and find the gaps in previous research as well as determine the final research questions. There were several steps involved in the literature review. The first step was to determine the objectives of the review, which are:

- 1) Explore the internationalization of SMEs;
- 2) Explore the position and role of SMEs in the Saudi economy;
- 3) Explore the literature written about the internationalization of SMEs in Saudi Arabia;
- 4) Identify the factors that influence the internationalization of Saudi SMEs;
- 5) Generate insights that could help in developing policies for the internationalization of Saudi SMEs;
- 6) Identify the theories and models of internationalization of SMEs.

After determining the research review objectives, the subject key words and terms were identified in order to start the search, such as “Internationalization/Internationalisation”, “SMEs” and “Saudi SMEs”.

Initially, different business databases were accessed, such as ABI/Inform. Also, more information was accessed using both Google Scholar and Summon search engines. Summon helped in enabling a fast and easy research process by allowing the researcher to easily access various journals, reports, book articles and conference proceedings. The generated citations were reviewed based on inclusion and exclusion criteria defined with the help of the supervisor. One example of the inclusion criteria is ‘Working papers’ to guarantee covering latest and up-to-date researches. Moreover, books and government websites were also used in this literature review, such as the Saudi Ministry of Commerce and the Saudi Vision websites. In addition, reports published by relevant organizations, such as the OECD, were also reviewed.

Throughout the search, the research terms were looked for in all types of publications. The number of resulting articles was large; in the following searches the process was focussed on more specific terms that are associated with the research topic, aims and context of the study. Also, a number of references were obtained based on references from articles read and recommendations by experts (supervisors).

After that, the resulting information and articles were grouped into two groups:

- 1) Information that is relevant to the research subject and the objectives of the review;
- 2) Information that is unrelated to the research subject and the objectives of the review.

The information that was relevant to the research subject was then examined and read carefully, and after that, it was organized into topics and themes. Such as, definitions, motivations, and obstacles. Studies that focussed on the internationalization of SMEs in general were considered relevant. However, due to the sheer volume of the papers that were acknowledged, it was important to group them based on relevance. Thus, they were grouped into two initial categories that were used as the base of the review:

- 1) Studies that are located in Saudi Arabia and developing countries;
- 2) Studies that are located in other countries.

Initially, the literature review was conducted between 2017 and 2018. However it was revisited and updated throughout the study to insure the inclusion of any new published research related to the subject. Conducting the literature review helped identify the gaps in the Saudi SMEs internationalization literature. This led to choosing the sectors the study focusses on (ICT/ Textile & apparel). After determining the sectors, a batch of the internationalization papers that were initially grouped into one of the previous groups was categorised into a new subgroup. This subgroup was formed from the papers that focus on the internationalization of SMEs in the chosen sectors. These papers were then rereviewed and analysed in a separate section. This is to narrow the scope of the research and to understand how the sector an SME operates in can affect its internationalization.

The next section of the chapter discusses the main concepts and themes related to the internationalization of Saudi SMEs. This is followed by a review of a number of theories and models related to this subject. Finally, the conceptual framework for the research is determined.

2.1. Internationalization of SMEs

Internationalization is expanding the contribution of an enterprise in international operations (Ferguson & Gibb, 1993). It can also be defined as the process of adaptation (Calof & Beamish, 1995). According to Pauwle et al. (2004), internationalization is a process that enterprises and companies go through to produce and carry out trades with different countries and to know both the direct and indirect effects of these transactions on their future. This definition highlights that internationalization has both economic and behavioural features (Canconi et al., 2013). Internationalization can be incremental, planned and balanced (Lloyd-Reason, 2003).

According to Holmlund et al. (2007), there are two ways that businesses can go about becoming international or global. One of these ways is exporting or operating outward. This takes place when companies operate, manufacture, sell and distribute in foreign markets. The other way is importing or the inward operations, which refers to the internationalization of purchasing operations.

This research focuses on the outward or exporting operations, as according to Sohail and Alashban (2009), exporting is seen as the most common entry mode for businesses to go abroad. It can also be very beneficial economically in terms of productivity, gaining market share and larger economies of scale.

SMEs' financial resources are limited and their geographic base is small. Therefore, going abroad is not an easy decision or move (Onkelinx & Sleuwaegen, 2008). According to Gustavsson and Ludgren (2006), most SMEs lack the resources necessary to expand overseas. However, information accessibility, technological breakthrough and globalisation have all given SMEs the ability to go abroad. For example, SMEs are now part of mergers and agreements and also have export–import activities (OECD, 2009). Johanson and Vahlne (2009), state that internationalization of SMEs consists of four steps. These steps are: using agents to export, signing agreements such as licensing and franchising to sell abroad, exporting and foreign direct investment. However, other researchers established different theories and models that show that SMEs do not need to follow these steps. Other models show that the internationalization can be influenced by the availability of resources or by network or vision of the entrepreneur (Yamakawa et al., 2008; Lin, 2010). These different theories and models will be discussed further in the second part of this chapter.

In Saudi Arabia, a study that was conducted in 2013 by Oxford Economics highlighted the Saudi SMEs' expectations of international growth. The results of that study propose that Saudi

SMEs are being pushed outside their borders. Although 7% of the SMEs under study did not make any revenue outside the country in 2013, that figure is expected to drop to 0% in a few years according to the study. Moreover, the percentage of Saudi SMEs that make more than 20% of their income outside the country is expected to double from 28% to 56%. Also, the study suggests that there will be no Saudi SME that operates solely in the country in a few years, and the percentage of SMEs that operate in six or more countries is expected to increase from 16% to 41% (Oxford Economics, 2013). Furthermore, looking at changing the marketplace, according to the study, 33% of the Saudi SMEs have already started a significant business transformation and 30% are planning to do so, while, 37% reported that they are neither planning to do so, nor have ever done it before. As for the reason behind taking such an initiative, 65% responded that the reason to do so is to enter new geographical markets, while, 38% mentioned that their reason is to invest in new technologies (Oxford Economics, 2013).

2.2. Internationalization Theories and Models

There are many academic studies that focus on internationalization; however, their focus is on the multinational enterprises (MNEs) and in developed economies. Many researchers who focussed their researches on MNEs left a number of unanswered questions with regard to the development process (Welch & Luostarinen, 1988). This was the case until Aharoni (1966) adopted the behavioural approach, where he analyses the decisions of foreign investment as a social procedure based on relationships inside and outside the company.

However, the internationalization dynamic approach took it a stage further by several studies on a number of Swedish companies that operate internationally. This is identified as the Uppsala model (Johanson & Vahlne, 1977). Under the behavioural approach, these studies clarify internationalization, where the pattern and key dynamic factors of internationalization were identified (Welch & Luostarinen, 1988).

Later, several models were developed based on the Uppsala model (Johanson & Vahlne, 1977). One of these models is the Innovation-Related Internationalization Model; this model sees the development of exporting as a cycle of innovation adoption (Reid, 1981). Nonetheless, the Uppsala model was criticised for different reasons, such as whether it is generalizable (Karlsen, 2000).

Following on from the criticism and insufficiencies of the Uppsala model, Johansson & Mattson (1988) developed the network approach. This model implements an external outlook.

In this model, the company's internationalization includes founding and developing a position of the network in the overseas market. Thus, this model complements the Uppsala model. Whereas in the Uppsala model the focus is on the internationalization process primary phase, the network model clarifies the internationalization of a company with more international experience (Karlsen, 2000).

According to Welch et al. (1998), the network model needed to be developed because of the expansion and significance of the role of relationships and networks in understanding the behaviour of the firms, especially small firms that count on relationships to develop (Coviello & Munro, 1995). Therefore, some researchers stressed the importance of social networks and came up with the social network theory to clarify internationalization and the chosen mode of entry of small businesses (Ellis, 2000).

The international entrepreneurship model was then developed due to the focus on the social network theory in expanding abroad, which brought attention to the role of entrepreneurs, since the knowledge of overseas market opportunities is alleged to be based on the social network of the entrepreneur (Ellis, 2000).

The next part of this chapter will focus on the five internationalization models: The stage approach, with a highlight on The Uppsala Internationalization Model and The Innovation-Related Internationalization Model, The Network Model, The Social Network Theory and The International Entrepreneurship Approach. This will help informing the analysis of the internationalization of Saudi SMEs.

2.2.1. The stage model approach

The stage models explain internationalization as a lined and ordered practice based on the number of stages (Coviello and McAuley, 1999). Two of the main stage approach schools are the Uppsala model (Johanson and Vahlne, 1977) and the Innovation-Related Internationalization Model (Reid, 1981).

2.2.1.1. The Uppsala internationalization model

The Uppsala model (U-model) was originally developed by Johanson and Vahlne (1977). Johanson & Wiedersheim-Paul (1975) theorize the internationalization process as an incremental process based on the findings of a number of studies of four Swedish firms' internationalization. In this model, internationalization is described as an ongoing learning process through experiences in foreign markets. According to the Uppsala model,

internationalization is a process that go through several steps. Each decision to expand in foreign markets effect the following step in the process. This model include two types of variables: state variables that include the market knowledge and market commitment and change variables that include the commitment decisions and the current activities (Dominguez & Mayrhofer, 2017).

Johanson and Vahlne (1977), found that internationalization decisions are influenced by market knowledge. Moreover, the market knowledge is effected by market commitment and international activities. This model highlights the importance of experience for international expansion. The key elements of internationalization in the U-model are the management and organization experiences. According to Johanson and Vahlne (1977), the internationalization process is knowledge achievement, integration and operation in the internationalization. Moreover, a company's decision-making process becomes easier through integrating their knowledge gained during international experiences.

Johanson and Vahlne (1977) produced a model that explains the main features of internationalization. This is based on two fundamentals: the amount of dedicated resources and commitment. As stated by Johanson and Vahlne (1990), the internationalization process is a combination of the degree of knowledge of foreign markets and the resources guaranteed for internationalization. Several scholars criticised the Uppsala model due to its determinism, linearity and the fact that it does not explain the initial circumstances of the process nor why, how and when internationalization starts. Other scholars highlight that the variables used in analysing the internationalization process show only a partial explanation of the studied phenomenon. Thus, Johanson and Vahlne (2009, 2011) reviewed their model to take into consideration the changes in the global business environment and the criticism made by these scholars.

The Uppsala internationalization model was revisited by Johanson and Vhlne in 2009 to take into consideration the changes in business practice and theoretical advance that has taken place since 1977. In their new model the business environment is viewed as a relationships web and a network, instead of a neoclassical market with independent customers and suppliers. In the new model trust-building and knowledge creation are developed through relationships and networks. They recognized the importance of business networks and strategies for internationalization. Johanson and Vahlne (2009), argue that markets are relationships networks where businesses are linked to each other. Therefore, "insidership" in

networks that are relevant is necessary to succeed in expanding abroad. Acquiring stable positions in these networks, depends on psychic distance as it is perceived by managers in addition to experiences and learning capabilities. Existing business relationships help in identifying new opportunities in new markets, the choice of new markets and the entry mode. The decisions to integrate business networks is influenced by knowledge and opportunities. In the same way, business network position is impacted by learning, creating and trust building.

According to Forsgren (2016), The revisited Uppsala model offers a new perspective on internationalization that provides a fruitful starting point to elaborate several models such as the 77 model. However, certain aspects must be taken into consideration when elaborating such a model. Firstly, the liability of outsidership should be theorised in a way that allows an analysis that considers more than what is already inherent in the foreignness liability. Secondly, it would be more fruitful to look upon business relationships and the internationalization process as an identical processes. They are different, but they influence each other. Thirdly, the role entrepreneurship plays in the model is significant. However, Knight's approach of entrepreneurship is more fruitful than what is presented in the revisited model. Finally, combining both network and entrepreneurship theories in the same model need further investigation.

According to Dominguez and Mayrhofer (2017), the Uppsala model was criticised for viewing internationalization as a process of increasing commitments in the foreign markets, without taking into consideration the possibility of decreasing these commitments, or the withdraw from foreign markets. Therefore, it only provides partial explanation of internationalization.

In an attempt to achieve a better understanding of the internationalization process adopted by traditional SMEs, Dominguez and Mayrhofer (2017), tried to identify the internationalization stages followed by traditional SMEs to find opportunities in international markets. Their study find that SMEs internationalization process follow several stages. However, their commitment to international markets might increase, decrease or re-increase. The identified stages in this study, can be triggered by both internal and external factors that leads SMEs to evolve from one stage to another. In their study they found that De-internationalization is a complex phenomenon based on its origins and the forms it can take. They also found that stages analysis can not only be based on the level of commitment to foreign markets, but also

needs to deliberate SMEs business networks during the past stages. Moreover, re-internationalization frequently depends on SMEs' resilient capabilities and experiential knowledge.

In 2017, Hakanson and Kappen revisited the Uppsala model and suggested an alternative complementary model of internationalization. They named their model the 'Casino Model' of internationalization. This model highlights research issues related to internationalization and decision making under environmental uncertainty and partial ignorance. The behavioural assumption of the Uppsala model is risk aversion and uncertainty avoidance while it is opportunistic in the Casino model. In the Uppsala model, the key capabilities in international expansion are experiential knowledge and network position. However, the casino model suggests that managerial skills and administrative systems to manage foreign activities are the key capabilities firms need to expand abroad. The internationalization pattern in the Uppsala model is incremental. Though, in the Casino model it is in waves. In the Uppsala model the basis of performance evaluation are individual markets. However, in the casino model it is the international portfolio (Hakanson & Kappen, 2017).

According to Santangelo and Meyer (2017), although the Uppsala model provides a general framework for understanding firm-level processes related to international operations. The model lack theoretical explanations of non-linear or discontinuous dynamics of the process over time. It also, does not offer testable propositions. Therefore, they suggest a model that focus on internationalization longitudinal dimension and path-breaking obligations that increases firm's risk exposure. They examine how IP model can represent an evolutionary process, and explain non-linear and discontinuous dynamics of the internationalization process, by emphasizing the novelty role and introducing selection mechanisms. In their research, they developed a testable propositions to advance the internationalization model based on the ideas that novelty is created by path-breaking resource commitments. Firms take high risks and face more intensive pressure on selection. Therefore, they can either preform outstandingly or experience failure.

Welch et al. (2016), also revisited the Uppsala model and provided an alternative interpretation from a process perspective. In their research, they tested the process elements of the model and its origin. The researchers disagree with the assumptions that this model is out-dated because it cannot explain the internationalization process in today's interconnected, fast world. They also do not agree with critiques that discharge the model as 'superannuated'.

Instead, as a process theory, this model is found to be challenging to the current assumptions of the international business field. This research challenge and encourage the query of the current assumptions about the internationalization process model.

2.2.1.2. Innovation-related internationalization model (I-model)

In the I-model, internationalization is defined as a process in which its steps are based on adopting new products (Reid, 1981). A number of researchers supported this model; according to them, the internationalization decision is an innovative move for the firm, and thus the model offers an alternative perspective, as it shows internationalization as an incremental development where each phase of the process is considered innovative for the business. This model is based on the Uppsala model to some extent (Andersen 1993), as it focuses on the learning sequence with innovation adoption. Thus, in the innovation-related internationalization model, internationalization is considered a step-based development and an enterprise innovation. Different I-model steps are linked to the value of exports as a proportion of the enterprise's turnover. This relationship shows the degree to which the company is exporting (Gankema et al., 2000).

According to Leonidou and Katsikeas (1996), the I-model process can be generalised into three key stages, the first of which is a pre-export stage, where the business is only interested in the domestic market, is collecting information and could either be evaluating the possibility of exporting or has already tried limited exporting but does not export anymore. The export trial stage is where companies begin to export irregularly after finding that they have the potential to expand into overseas markets. In the advanced export phase, the company exports frequently, with long experiences in overseas markets, and considers further commitments in the global markets.

The I-model shows the way internationalization begins, the decision maker's role and how the internationalization decisions are influenced (Collinson and Houlden, 2005). SMEs can jump over the steps or even stop the process of internationalization before reaching the final step to avoid depending on the global market. On the other hand, some SMEs prefer exporting more in an early stage. Moreover, in some circumstances, the process of internationalization can be witnessed in SMEs during their establishment stage (Gankema et al., 2000).

However, stage models have been criticised on a number of grounds. For instance, the U-model generalisation has been questioned, as some SMES can enter the foreign market directly without following the model to clarify the internationalization process (Gankema et al., 2000).

Also, according to Oviatt and McDougall (1994), the I-model was criticised for neglecting the business actor's dependency. Also, this model does not consider SMEs that started or were born internationally.

The criticism of the stage approach in clarifying the international behaviours of SMEs necessitates introducing new internationalization models, such as the network and international entrepreneurship.

2.2.2. The network model of internationalization

The network concept proposes an external way to define internationalization based on the relationships and networks between organizations. The network approach was developed under the Uppsala school work. Johanson and Vahlne (1990), highlighted the importance of the network of the business and their position in the network. According to Coviello and Munro (1997), during internationalization, SMEs rely on their networks to select the markets they want to expand to or even the entry mode. Johanson and Mattson (1988), mentioned three steps that enterprises follow to go international under the network approach. These steps are: extension, penetration and integration. The first step a firm goes through to build its network or take its place within an existing network is extension. Then, in penetration, enterprises develop their position in the network and increase the resource. After that comes the integration step where the enterprise tries to link itself to a number of networks and coordinate between these networks.

This model assumes that there is a relationship between different firms in the market. These relationships provide social and information networks. Considering the reasons behind firm's internationalizations, Johanson and Mattson (1988) mentioned that firms are motivated to internationalize to grow their resources and attain their economic goals. It is also presumed that firms in their operations depend on resources that other firms might be controlling. The ability to access these external resources is based on the firm's position in the network (Johanson & Mattsson, 1988).

Johanson and Mattson (1988) created a model where it is very important for enterprises to develop their knowledge and learn progressively through interaction with networks, because enterprises can have a chance to become global if other businesses in their network are global. Moreover, they identified four internationalization situations where the internationalization strategies of enterprises are connected to their knowledge development needs and the relationships within the network. These situations are: the early starter, the late starter, the

lonely international and the international among others. In the early starter, all the actors have limited relations with firms abroad, and the enterprise has limited knowledge of the global market. Therefore, to enter a new overseas market, they demand a more experienced local agent or distributor and can start by exporting. In the lonely international, the firm has already established a relationship with the foreign market and has the knowledge and the resources; it can also have access to new networks. The late starter has a network where all other actors already internationalize and can be attracted or pulled to internationalize by these members. In the international among the others, internationalization is very high among the enterprise and its network. Several studies that focussed on the internationalization of SMEs in developing countries stressed the importance of the SME's network in expanding abroad (Matenge, 2011; Alrashidi, 2013; Taylor, 2013; Abdullah & Zain, 2011). The support SMEs receive from their networks assists and eases internationalization.

The network approach assumes that the internationalization of an enterprise is swayed by the condition of its network and its position in that network. Moreover, network relations can encourage, simplify or even rush internationalization.

2.2.3. Social network theory

The Johanson & Mattson (1988) model presents internationalization as the formation and progress of the position in the network in overseas markets (Blankenburg & Johanson, 1995). However, studies based on this model show that this model might not be very suitable for the internationalization of SMEs, as small firms usually rely on their social relationships to have the ability to collect information about the international markets or businesses (Chetty & Blankenburg-Holm, 2000).

Therefore, through highlighting the importance of networks to understand the behaviour of the firms, a number of researchers used social networks to investigate SMEs internationalization (Ellis, 2000). Social networks are mostly helpful for small firms that have limited resources because the network can be considered as a resource or even a social capital that may cover the absence of other resources (Barnir and Smith 2002).

The origin of the social network theory is in the group's social psychology studies. According to Scott (2000), both the works of Lee (1966) and Granovetter (1974) are considered to be the foundation of the theoretical ideas in this theory.

Usually, in small firms, the most important actor when it comes to decisions about expanding internationally is the entrepreneur, and information is usually collected using his/her personal

contacts (Holmlund and Kock 1998). Ellis (2000) mentioned that internationalization decisions depend more on the entrepreneur's characteristics than on any other variable, including the firm's size or age.

According to Mainela (2002), the entrepreneur's social network is built on friendship, and the ties between the members are based on trust. Moreover, feelings and instinct are emphasised as interaction forces (Johannisson 1995).

Granovetter (1974) studied the ways people obtain information about their job opportunities. This study highlights the advantages and disadvantages of the ties. Based on the findings of this study, the casual contacts are the main way individuals use to find jobs. Moreover, this study shows that gaining information is based on whether the people with information are motivated to share it (Granovetter, 1992). Granovetter explains that new information is usually gained through the less frequent connections, weak ties or individuals in different work circumstances. This suggests that contacts have more chances to share information than friends. He also highlighted the role of network relationships and structures in both economic and non-economic activities (Granovetter, 1992).

According to Aldrich & Zimmer (1986), social networks are defined as the links between individuals and the whole of a person's contacts by a form of a relationship, which is nevertheless structured into role sets and action sets. A role set contains the entire person's direct relationships, while an action set are individuals who have temporary relations for a certain cause.

Burt (1992), stated that information benefit happens via three methods: access, timing and referrals. Access describes getting valuable information and identifying who may benefit from it. Networks highlight the crucial information that allows development opportunities. With regard to timing, your personal contacts can make you one of those who receive information early. With regard to referrals, since a person can only be in one place at a time, your personal contacts can mention you if there is an opportunity that could be advantageous for you.

There are two main issues to deal with in information benefits: legality and trust (Burt, 1992). Knowledge about an opportunity will be more legitimate if it is offered by someone inside the decision-making process. Also, trust means having confidence in the information and its source (Ellis, 2000).

In practice, the most common entry mode for small firms is exporting via agents (Ellis 2000). This means that in internationalization, using partners and their social networks is very important for small firms, as it gives them the ability to access an overseas business network (Holmlund and Kock 1998). According to Ellis and Pecotich (2001), a market is usually chosen either because of knowing an exact trade partner or having appropriate chances in a foreign country. They highlight the importance of social networks in minimizing the risks of uncertainty in entering new markets. Moreover, market selection seems to be based on business relationships more than rational decision making (Axelsson and Agndal, 2000). Johanson and Vahlne (2003) even suggest that the psychic distance concept is better applied to organizations and individuals rather than countries.

2.2.4. The international entrepreneurship approach

The international entrepreneurship approach was developed by the work of Oviatt and McDougall (1994) and McDougall and Oviatt (2000). This approach highlights the development of international activities by new enterprises. International entrepreneurship emerged after the observation of the internationalization behaviour of SMEs. It represents an addition to the limitation of the stage approach and the entrepreneurial perspective of the networks approach. McDougall and Oviatt (2000) defined international entrepreneurship as a mixture of behaviours that are original, active and risky and take place internationally, with the intention of generating value in enterprises. According to Ruzzier et al. (2006), entrepreneurs can be observed as strategists that find a match between what firms can do (the strengths and weaknesses of the organization) within the world of what firms might do (the environmental opportunities and threats). Entrepreneurs have certain resources that can help them recognize new opportunities. These resources can be in the form of entrepreneurial knowledge, experience, relationships, training, judgment, skills, and the ability to organize resources. These resources add value to organizations because they are unique, not easy to imitate and other businesses cannot simply copy them (Ruzzier et al., 2006).

Through studying the entrepreneur's active role in collecting resources and capabilities to be able to compete abroad, this approach offers a learning perspective of internationalization. According to Birley and Westhead (1993), the role of the entrepreneur is to deliver two main assets to the enterprise: the experience and the network. Creating resources and abilities to internationalize is mainly organized by networks that, in addition to having exchange and opportunities, source help in activating creativity and innovation (Ucbasaran et al., 2001). Moreover, network contacts can help in employing skilled employees (Hellmann and Puri,

2002). They can also help the enterprise to establish the relationships with investors that are necessary for advanced performance (Shane and Cable, 2002). Furthermore, international entrepreneurship can help to predict the products and services needed in future opportunities (Fletcher, 2004).

After discussing several theories and models of the internationalization of SMEs, the next section will provide clarification of the model selected for this study, in addition to the justifications behind choosing it.

2.2.5. The theoretical framework

According to Dabic et al. (2020), SMEs and entrepreneurship literature is extremely fragmental with significant knowledge gaps related to content, theory and methodology. Despite the vast literature on the internationalization of SMEs, the differences between developed and developing economies is not given enough attention. Therefore, most of the current theories are established by practices and procedures in developed countries, which are usually applied to developing countries with insufficient attention to their context. Therefore, it is important to examine these theories in the light of developing countries, to find if they are applicable, or if they need to be fundamentally adjusted or tweaked, to suit the developing economy (Matenge, 2011).

Matenge (2011), explored the internationalization of SMEs in a developing economy by revisiting the existing internationalization theories. The findings of the study suggest that the internationalization of businesses in developing countries is approached differently than with businesses in developed countries. Therefore, the phenomenon should be explained differently. Although the findings of the study agree with previously known patterns of internationalization such as the stages model, these are not considered as determined aspects of the scope. Other factors, such as the entrepreneurial culture, network, trade relations and the government role, are found to be more significant than it has been previously acknowledged. Moreover, SMEs in developing economies face more challenges with internationalization than SMEs in developed economies. Unfortunately, the existing internationalization theories seem to ignore this factor and lean toward generalising findings based on studies from developed economies (Matenge, 2011).

Internationalization theories attempt to explain why and how businesses internationalize in addition to how such activities can be conceptualised (Morgan & Katsikeas, 1997). There are several routes that SMEs can take in order to expand abroad (Welch & Luostarinen, 1988).

SMEs operate in different country context and differ from one another, such as the specific sectors they operate in, the resources they have and their business environment. This includes Saudi SMEs (Rafiki, 2019), though the literature on Saudi SMEs is very limited. According to Rafiki (2019), between 1993 and 2018, 33,000 articles were written about Saudi Arabia in general, and out of these, only 49 articles studied SMEs. For example, Al-Somali et al., 2011; Skoko, 2012; Almoawi and Mahmood, 2011; Alrashidi, 2013 all investigated the status of SMEs in Saudi Arabia from different angles. However, none of these studies provide information about the internationalization of SMEs, except for Alrashidi, who focussed his study only on the motivation to export of Saudi SMEs in the manufacturing sector. This limited data highlights the gap in research on Saudi SMEs compared to other developing countries. Therefore, it is important to rely on research on SMEs in other regions to have a better understanding of the phenomena in the Saudi context, to examine the similarities and differences between these countries and Saudi Arabia and to understand what theories are applicable in the Saudi context and whether they need any adjustments to fit the country.

Due to the complexity of internationalization, different researchers and scholars have developed internationalization theories over the decades. These theories play a vital role in explaining the internationalization of SMEs. However, there is no specific theory or one single model that can be used for all internationalization but rather a mixture of theories that complement each other and function as a tool to explain, clarify, comprehend and build a fundamental model of internationalization (Rafiki, 2019). According to Morais & Ferreira (2020), there is no one model that can explain SMEs internationalization exclusively. In order to overcome the lack of consensus around SMES internationalization, a holistic vision on internationalization that takes into consideration different aspects of the different existing models needs to be adopted. According to Peiris et al. (2012), the integration of international business theories is very important in order to understand the dynamic process of entrepreneurial internationalization from different aspects. International entrepreneurship theory highlights opportunity identification, cognitive dimensions and effectuation; while network theory focuses on value creation. Moreover, internationalization is a global phenomenon, although, there are regions that are unrepresented in internationalization studies such as South Asia, Africa and the Middle East. Therefore, research on these areas could significantly enhance our understanding of this phenomena through highlighting the behaviour of SMEs in developing and emerging countries.

For the purpose of this study, both the network model and the international entrepreneur model have been selected to be examined. The importance of the SME's network, its significant contribution in the innovation process (Rothwell and Dodgson, 1991) and the key role entrepreneurs play in the internationalization decision have promoted the selection of these models to be investigated in the Saudi context.

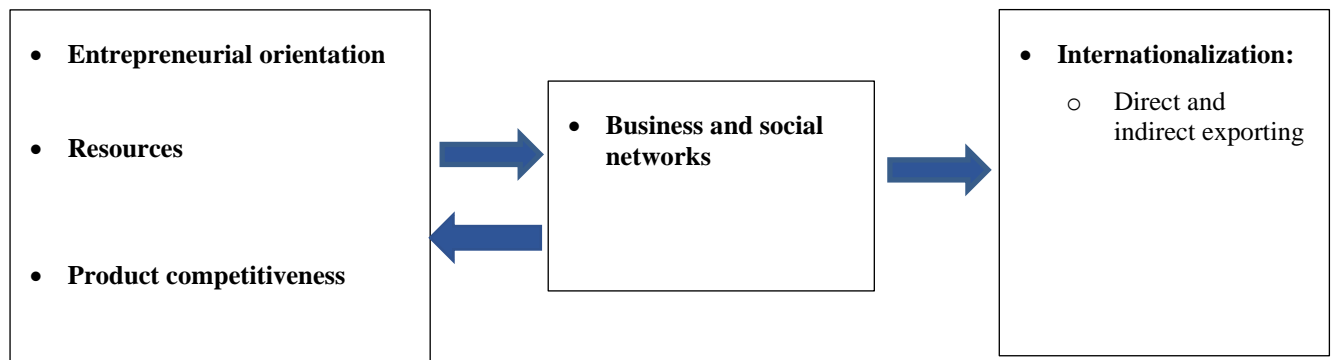
Figure 2-1 shows the theoretical framework of this study. For instance, via network collaboration, entrepreneurial businesses share technical and methodological information that helps to encourage the development of new products and the transmission of technology (Saxenian, 1995). Also, networks were found to help in sharing resources between small firms to encourage them to develop new products to have the ability to compete in the local and global market, as with the case of Silicon Valley in California (Hunt & Morgan, 1994). Furthermore, through their networks, entrepreneurs can be provided with accurate information sources, strategies and tactics confirmation and can be introduced to opportunities in new markets (Aldrich, 1987). The network model helps observe the actors in their environmental context (Aldrich & Zimmer, 1986). This model was adopted in several studies of the internationalization of SMEs (Coviello & Munro, 1997; Zhou, Wu & Luo, 2007; Musteen et al., 2010).

In addition, it has been proven that within the social networks, entrepreneurs play a very important role in innovation, collecting resources and discovering market opportunities. Moreover, internationalization is considered an entrepreneurial action. Therefore, both social network analysis and entrepreneurial studies support each other (Schumpeter, 1942). Several internationalization studies are based on the international entrepreneur model such as (Cass & Weerawardena, 2009; Jones & Coviello, 2005; Fink et al., 2008; Javalgi & Todd, 2011).

Different internationalization studies are based on the combination of both models such as (Styles et al., 2006; Vasilchenko & Morrish, 2011). This is because the entrepreneur's network has been found to play a significant role in the entrepreneurial firm's growth and development. Also, several studies on the internationalization of SMEs in developing countries stressed the importance of both the business network and the entrepreneur's role in expanding abroad (Matenge, 2011; Alrashidi, 2013; Taylor, 2013; Abdullah & Zain, 2011). In view of that, in addition to how both the network model and the international entrepreneur model fit the research's aim, and the research objectives related to the capabilities and motivation, as well

as the role of social network and innovation in internationalization, both the network and international entrepreneur models will be adopted for this research.

Figure 2 - 1: The theoretical framework of the study



2.3.Motivation to export

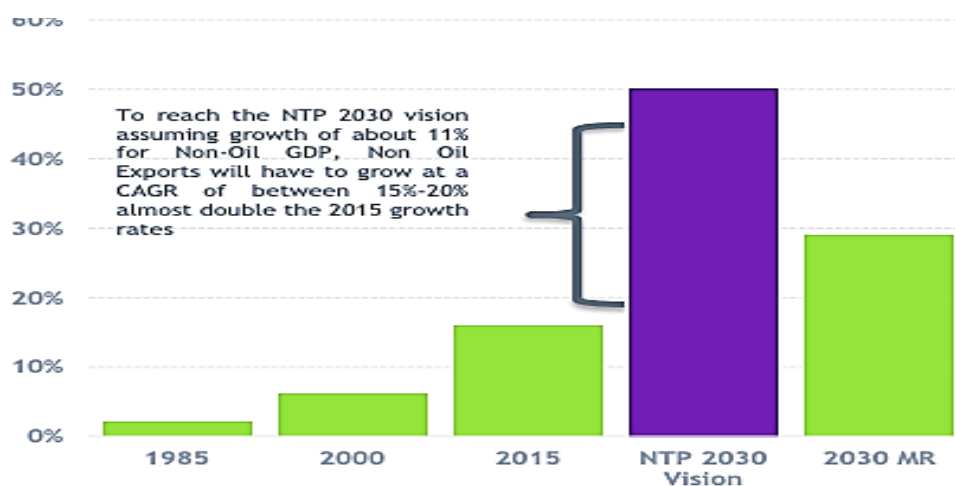
Going international is important for a country’s economy; it can also provide an economic link between countries (Asiedu & Lien 2004). One of the most recognized features of a global market is significant growth in international trade and the number of companies involved in international trade (Barkema et al., 1996). Moreover, Katsikeas & Morgan (1994) stated that exporting is considered the main aspect of international trade, and is considered one of the best-approached modes for entering foreign markets. Thus, countries’ fast and constant economic growth is linked to exports growth (Brenton & Newfarmer, 2007). This link is due to several reasons, such as the capability to generate growth in income if domestic demand decreases. Also, pursuing internationalization through exporting helps in creating jobs and prompting an efficient production structure (Freund & Pierola 2008). Moreover, growth in exporting is considered a significant driver of GDP; due to that, several developing countries have been encouraging it to motivate their domestic economies’ growth (Brenton & Newfarmer, 2007). Since SMEs frequently do not have the same resources and employees of larger companies, they more likely prefer entering international markets through exporting (Jaffe & Pasternak, 1994).

According to Lado et al. (2001), internationalization through exporting may be hypothesized as a tactical reaction by managers too, due to a number of forces. Accordingly, companies select exporting by means of a marketing strategy for several reasons. One of these reasons is

the massive competition and liberalization of trade in global markets (Crick & Chaudhry, 1997). Also, based on the context of products' life cycle model, companies frequently take on internationalization plans when their products reach the declining stage in the local markets (Barkema et al., 1996). Therefore, exporting is essential to guarantee the enterprises survival and growth (Westhead, 1995).

Leonidou et al. (2007) stated also that the motivation behind exporting can be classified to internal and external motives. The internal motives are allied with issues such as unsold inventory, growth desire or making unique products. On the other hand, the external motives are related to the exterior environment of the local and abroad countries, such as unwanted orders, favourable exchange rates and government agencies' encouragement. Moreover, exporting is considered as a popular business model for several reasons, such as the minimization of business risks, low commitment of resources and the flexibility of movement of goods across borders (Leonidou, 1995). According to Oparaocha (2015), there are several factors that can motivate SMEs international expansion, for example, government and financial support, having business contacts or overseas partners, and information access. However, SMEs institutional networks play the most important role in motivating their external expansion. Through their networks, SMEs gain knowledge that can speed their expansion, decrease its risks and reduce uncertainty associated with entry into foreign markets. Thus, lead to positive attitude toward international expansion. Government support is also found to be one of the key motives of SMEs internationalization. The cooperation between SMEs and government agencies help in identifying the opportunities and challenges that affects the SME success (Oparaocha, 2015; Morais & Ferreira, 2020).

Figure 2 - 2: Non-oil exports target of Vision 2030



Source: Vision 2030

As for Saudi Arabia, the Kingdom is one of the biggest oil exporters in the world and the economy heavily depends on oil. However, the country aims to diversify its economic resources through increasing non-oil exports by launching different programs that can motivate businesses in other sectors to export. Saudi Arabia plans to raise the share of non-oil exports within non-oil GDP from 16% to 50% by 2030, and SMEs can play a role in spurring non-oil exports (see Figure 2-2). In 2013 Yousif Alrashidi investigated the motivations behind the export activities of Saudi SMEs. In his study, he stressed the importance of the SME entrepreneur as the decision maker. According to his study, the motivations behind Saudi SMEs exporting are also divided into internal and external motives. The internal motives are the SME entrepreneur's intentions to export, seeking growth, extra capacity and risk variation. On the other hand, the external motives are finding opportunities in the international market, a consultant's advice to the SME to go abroad, having overseas contacts, demands from potential overseas costumers, non-trade tariffs, the government export support and the status of the local market and how competitive it is. According to the study, all these reasons determine the SME's decision to go abroad, but the external motives are found to have more influence on the decision (Alrashidi, 2013). However, this study was focussed on the manufacturing sector only and therefore the findings of it might not be relevant to other sectors.

2.4.The role of social media in internationalization

Social media is defined as “internet-based websites and applications that enable users to create and share content or to participate in social networking” (Kaplan & Haenlein, 2010, p. 101). With over 1.73 billion people using social media platforms all around the world in 2013, the

possible worth of this movement for organizations is massive. Using social media platforms can help businesses to improve in global markets and contact potential customers anywhere in the world (Dervojeda et al., 2014). Therefore, many companies, especially SMEs, are using them in their internationalization plan. Firms can do several jobs using social media, such as market research, marketing and online trade (Dervojeda et al., 2014).

According to Cummins (2015), social media is very popular in Saudi Arabia and the number of users is growing, with applications such as Twitter, Instagram, YouTube and Facebook being the most popular and easily accessed through smart phones. Moreover, various large and small businesses and new ventures have set up their companies on social media platforms such as Facebook, Twitter and Instagram or other similar websites. In fact, Saudis are considered to be among the most active social media users. According to The Economist (2014), Saudi Arabia occupies the world's number one spot for Twitter users. The percentage of users rose by 45% between 2012 and 2013. Moreover, around 26% of the country's populations are on Facebook, which makes it second in the region to Egypt. This has given young Saudis a forum in which to share their ideas with millions of people and discuss or criticise important issues in the country, such as women protesting against the driving ban, and a number of businesses are even using it to market their products and interact with their customers (Cummins, 2015). These huge numbers of social media users in the country raise some questions about the role these platforms can play in internationalization.

The role social media can play in internationalization varies from one company to another. For example, a company such as IKEA used social networks to access only one specific market. On the other hand, Dollar Shave Club used social networks to present its company and service to the entire online community. As the age group of those who use social media is broadening, it becomes of interest to provide a broader variety of products and companies. However, due to the fact that most users of social media have several profiles in different social network platforms, and use these platforms for several reasons, it is important for the firm to choose the platform it wants to utilize carefully (Dervojeda et al., 2014).

There are several major profits of using social media in internationalization, for example, the exposure the business can have, its fairly low cost, which is important especially to SMEs due to their limited resources, the ability of targeting and dividing clients and the market awareness that can be attained through analysis of consumers' online behaviour and interaction using social networks (Dervojeda et al., 2014). However, this evolving technology has been studied

very little in developing countries and in the Middle East in particular. The existing research proposes that the employment of social media by Saudi SMEs could enhance their financial performance and contribute substantially to businesses' growth and expansion (Abed et al., 2016).

A study conducted in Saudi Arabia to understand the effects of social media and mobile usage on e-commerce found that social media plays a significant role in business performance in the Kingdom (Makki & Chang, 2015). Another study that focussed on social media as a business tool in Saudi SMEs found that social media implementation is becoming an essential element of the success of SMEs and is no longer optional (Abed et al., 2016). Also, through social media platforms Saudi SMEs build online trust. Through their social media profiles and usage strategies, businesses can influence their customers' perception. SMEs need to deliberate on both traditional and innovative strategies, as all mechanisms work together to achieve an organization's goals (Abed et al., 2016). Moreover, social media offers SMEs an opportunity to implement and/or promote their businesses in a cost-effective manner. Saudi SMEs are becoming early adopters of social media platforms due to their low cost in terms of obtaining and operating as well as the little technical expertise they require (Barnes et al., 2012).

According to the Oxford Economics survey "SMEs: Equipped to Compete" (2013), SMEs in Saudi Arabia are preparing for a technology-fuelled progression drive in the region and are planning to enter new geographic markets to seize new regional opportunities. Moreover, the survey highlights that the importance of social media is also expanding, with 37% of Saudi SMEs already using it and 43% planning to use it within three years. The survey also shows that Saudi SMEs from different industry backgrounds are making or planning to make key changes and enhancements to their products, business models and marketing strategies. 65% of those who are planning to do so state that their reason is, to enter new geographical markets. Furthermore, Social Media is also expected to grow by 28%. Moreover, adopting Cloud is also expected to increase by 54% among wholesalers in the EMEA countries. The social media's 28% evolution in the EMEA region is significantly bigger than the 22% global growth rate. The leading sector in adopting the technology is that of retail and consumer-goods-driven firms, showing an adoption rate of 30%. They are closely followed by the professional services firms with a 28% rate of adoption (Oxford Economics, 2013). Moreover, according to the Saudi Arabia 2030 Vision (2016), small businesses in Saudi Arabia enjoy massive marketing opportunities by using social media and other similar platforms, and the country is planning to enable even further access through these channels.

Although the existing research proposes that implementing social media is very important for Saudi SMEs and can enhance business performance, this evolving technology has been studied in only a very limited way in developing countries, especially in Saudi Arabia. Therefore, the role of social media in the internationalization of SMEs in the Kingdom needs to be examined further. Is social media essential for internationalization? What regulates the choice of social media platforms for a business? Does the sector the business operates in play any role in social media usage? This research aims to investigate this subject further.

2.5. Innovation and internationalization

According to Zuazua et al. (2014), in the regions that SMEs are considered inefficient, such as in Saudi Arabia, where their employment rate is greater than their GDP share, SMEs exhibit a low value-added contribution. Therefore, SMEs should expand into adding value and innovative activities. SMEs can build a sustainable competitive advantage by being innovative, as that will help them to grow and become sustainable. Moreover, those who do not will not be able to compete either globally or even locally in the long term. In Europe, for example, innovative enterprises were found to have a higher growth rate than non-innovative enterprises (Zuazua et al., 2014).

Due to the globalization of markets, companies' export competitiveness has become more important. With regard to SMEs, there seems to be a positive relationship between exporting and innovation. The US Advisory Committee defines innovation as:

“The design, invention, development and/or implementation of new or altered products, services, processes, systems, organizational structures or business models for the purpose of creating new value for customers and financial returns for the firm” (Love & Roper, 2013 p. 8).

Innovation is the process of developing or improving products, procedures and markets for the purpose of adding value (Cantwell, 2001).

According to Love and Roper (2013), there is great amount evidence that suggests the existence of this positive link between innovation and exporting. Moreover, regarding SMEs, a study that was conducted with SMEs in 33 countries in Europe in 2009 initiates a strong positive connection between innovation and exporting, as innovative SMEs have a bigger chance to succeed with exporting and growth.

In addition, innovation and exporting seem to be working together to enhance performance. There seem to be some elements of interdependence in this process. Also, it has been proved that productive and well-managed firms tend to innovate and export (Love & Roper, 2013).

As for the technology and innovation adoption in the EMEA region and Saudi Arabia, according to Oxford Economics (2013), Saudi SMEs from different industry backgrounds are making or planning to make key changes and enhancements to their products, business models and market strategies. For example, adoption of cloud computing and business analytics is expected to increase by 40% in Europe and 28% in the Middle East and Africa region. Moreover, 47% of EMEA manufacturing companies are already using business management software (BMS), and this percentage is expected to increase to 62% in a few years. The retail sector currently leads in this area with 39% of companies using it. Furthermore, with regard to mobile adoption, 53% of SMEs in EMEA expect to see major growth in mobile adoption in the region, at a growth rate of 28%. In relation to spending, BMS is expected to see the highest focus among Saudi SMEs, with 52%, followed by business analytics with 45%. It is now important to know how adopting innovation can benefit the internationalization of Saudi SMEs. As for the reason behind making these significant changes, 65% responded that the reason to do so is to enter new geographical markets, while 38% mentioned that their reason is to invest in new technologies (Oxford Economics, 2013). Therefore, exploring the role innovation can play in the internationalization of SMEs in Saudi Arabia is important.

2.6. Analysis of previous studies in both sectors

In this section, previous research on the internationalization of SMEs in both the ICT and textile and apparel sectors is studied, to understand how business sectors can affect internationalization and to find the similarities and differences between sectors in terms of internationalization. Overall, 13 papers on the internationalization of ICT SMEs were analysed (Table 2-1), while six papers on the internationalization of textile and apparel SMEs were examined (Table 2-2).

Table 2- 1: Internationalization of the ICT sector papers

	Study title	Authors	Year	Country	Study type	Sample size and research method
1	Internationalization of Hungarian SMEs in the IT industry	Csonka	2016	Hungary	Mixed research	49 surveys 6 interviews
2	Internationalization of technology-based SMEs in India: Critical factors of transformation	Narasimhan, Kumar and Sridhar	2015	India	Qualitative research	3 case studies/semi-structured interviews with respondents ranging between 2 to 4 in each firm
3	Perception of export barriers in a high-tech sector in a less-developed country: The case of ICT SMEs in Malaysia	Richardson	2011	Malaysia	Quantitative research	36 electronic surveys via email
4	Dynamic knowledge-related learning processes in internationalizing high-tech SMEs	Saarenketoa, Puumalainenb, Kuivalainen and Kyläheiko	2003	Finland	Quantitative research	87 electronic survey through email
5	Entrepreneurship and innovation strategies in ICT SMEs in enlarged Europe	Lal & Dunnewijk	2008	Netherlands Europe	Quantitative research	1137 computer assisted telephonic interview
6	Best practice network business model for internationalization of small and medium enterprises	Zarei, Nasseri and Tajeddin	2011	Iran	Qualitative research	44 semi-structured interviews
7	Internationalization and longevity of small- and medium-sized software firms	Ganesan & Samii,	2016	USA	Quantitative research	96 SME database analysis
8	Rapidly with a rifle or more slowly with a shotgun? Stretching the company boundaries of internationalizing ICT firms	Nummela, Saarenketo and Puumalainen	2004	Finland	Quantitative research	124 internet-based questionnaires
9	Organizational capabilities and internationalization of the small and medium-sized information and communications technology firms	Kuivalainen, Puumalainen, Sintonen and Kyläheiko	2010	Finland	Quantitative research	124 internet survey
10	Resource scavenging:	Hewerdine, Rummyantseva and Welch	2014	Australia	Qualitative research	6 case studies/in-depth interviews with the decision maker

	Another dimension of the internationalization pattern of high-tech SMEs					
11	Strategic partnerships and the internationalization process of software SMEs	Kennedy & Keeney	2009	Ireland	Qualitative research	10 case studies/ interviews with the decision maker
12	The internationalization of argentine SMEs: Some evidence from software sector	Andrés, Agramunt and Puccinelli	2014	Argentina	Qualitative research	14 case studies/ interviews
13	The network perspective and the internationalization of small and medium-sized software firms from Syria	Ibeh & Kasem	2011	Syria	Qualitative research	6 Case studies/interviews

Table 2- 2: Internationalization of the textile and apparel sector papers

	Study title	Authors	Year	Country	Study type	Sample size
1	Business contingency, strategy formation, and firm performance: An empirical study of Chinese apparel SMEs	Chi	2015	China	Quantitative study	316 internet-based questionnaires
2	Internationalization and innovation as resources for SME growth in foreign markets: A focus on textile and clothing firms in the Campania region	Zucchella & Siano	2014	Campania region	Quantitative study	162 questionnaires
3	The effect of public export incentives on Italian textile and fashion SMEs	De Falco & Simoni	2014	Italy	Quantitative study	124 questionnaires
4	The internationalization process in the small and medium-sized firms: A case study on the Italian clothing industry	Berra, Piatti and Vitali	1995	Italy	Qualitative research	Database analysis (1,051 operations) of the clothing Italian companies during the period 1987–1991
5	Exploring management and entrepreneurial factors in the internationalization of SMEs: Evidence from the Bangladeshi apparel industry	Bakhtira & Sorensen	2013	Bangladesh	Quantitative research	46 questionnaires
6	International market development through networks: The case of the Ayrshire knitwear sector	Johnsen & Johnsen	2017	UK	Qualitative research	Case studies, ten in-depth interviews with management level

2.6.1. The ICT sector

2.6.1.1. The internationalization motives

The motives for SMEs to internationalize found in the literature can be classified into internal and external motives as seen in Table 2-3 (Csonka, 2016; Narasimhan et al., 2015; Richardson, 2011; Saarenketo et al., 2003; Lal & Dunnewijk, 2008; Zarei et al., 2011; Ganesan & Samii, 2016; Nummela et al., 2004; Kuivalainen et al., 2010; Hewerdine et al., 2014; Kennedy & Keeney, 2009; Andrés et al., 2014; Ibeh & Kasem, 2011)

Table 2- 3: Internationalization motives of the ICT sector

Theme	1	2	3	4	5	6	7	8	9	10	11	12	13	Number of mentions
Internal motives:														
Information and knowledge access	*			*	*				*			*		5
Manager's capabilities, vision and intention to export		*			*			*	*				*	5
Having resources/financial resources to internationalize	*								*	*		*		4
Looking for growth	*				*								*	3
Product competitiveness and innovation	*			*	*									3
Risk diversification		*					*							1
Cost-cutting	*													1
External motives:														
Having social and business networks and overseas contacts	*	*		*		*			*	*	*	*	*	9
Fair practice and attractive foreign markets policies	*	*			*					*		*		5
Opportunities in the international market		*												1
High competition in the domestic market		*												1
Demands from customers in foreign markets													*	1
Limited demand in the domestic market													*	1

The internal motives of internationalization

i. Information and knowledge access

Having the knowledge and the ability to access information is a major internal factor that can motivate firms to expand abroad. Gaining knowledge helps the decision-making process as it decreases the uncertainty and helps in finding the opportunities in different foreign markets. One of the ways to gain knowledge is through the firm's network (Csonka, 2016; Saarenketo et al., 2003; Lal & Dunnewijk, 2008; Kuivalainen et al., 2010; Andrés et al., 2014).

ii. Manager's capabilities, vision and intention to export

Another factor that affects the internationalization of ICT SMEs is the manager's capabilities and vision. The intention of SMEs managers to export is found to be a major factor for SMEs to start such activity. According to Narasimhan et al. (2015), ICT SMEs are motivated to internationalize mainly based on the manager's vision of the business to expand and go abroad. Lal and Dunnewijk (2008) also linked between the manager's capabilities and innovation. Previous studies suggest that the manager's entrepreneurial characteristics influence the strategies of the firm (Lal, 2002; Cohen 1995). According to Nummela et al. (2004), the manager also plays a major role in selecting the firm's network. The study stresses the importance of the SME manager's capabilities and skills to manage internationalization, especially with selecting the partners and managing the firm's network.

iii. Having resources/financial resources and looking for growth

Having access to financial resources is fundamental for export success. SMEs need financial liquidity as well as working capital for their export operations (Csonka, 2016; Kuivalainen et al., 2010; Hwerddine et al., 2014; Andrés et al., 2014). Kuivalainen et al. (2010) claim that the financial resources play a bigger role in internationalization than the manager's role. The growth of firms is also a major motivator for exporting (Csonka, 2016; Lal & Dunnewijk, 2008; Ibeh & Kasem, 2011). Studies have found that it is difficult for SMEs to grow without finding new opportunities abroad, particularly if they are in niche markets. Moreover, ICT SMEs that internationalize show higher growth rates and are more productive and profitable than SMEs that operate only in local markets.

iv. Product competitiveness and innovation and development

One more factor that plays a role in the internationalization of SMEs in the ICT sector is innovation. Studies have shown the importance of the product and how it is very important for ICT firms to be innovative and invest in process technologies to be able to enter international markets (Ibeh and Kasem, 2011). According to Lal and Dunnewijk (2008), there are two types of innovative firms, SMEs that use continuous innovation strategies and SMEs that use occasional innovation. The ones that use continuous innovation achieve higher employment growth, better sales and higher profits than firms that adopt occasional innovation strategies. Moreover, the continuously innovative firms tend to be more involved in the international market, while firms that go through occasional innovation focus on the domestic market. Clearly firms that expand internationally need to be innovative to face the high competition and gain competitive advantage. The occasional innovative firms innovate only when they feel

that they are pressured to do so. They focus on need-based innovation and follow the market trends. However, continuously innovative firms do not just follow market trends, as their innovation activities are aimed at creating new and different products.

v. Risk diversification and cost-cutting

Studies stress that the internationalization decision can also be seen as a route to diversity. Thus, when the firm loses market share in the local market, for example, it can overcome the loss from the foreign market (Narasimhan et al., 2015). As for the SMEs strategy of internationalization, Ganesan & Samii (2016) focus on the relationship between the internationalization of software SMEs and their longevity. According to them, SMEs' internationalization strategies are based on foreign sales levels and foreign investments made throughout their lifetime. The owner or manager of an SME has to have a backup plan in case they face critical circumstances, and diversification can be one of these strategies as it can bring new opportunities. Another internal factor that could motivate ICT SMEs to expand abroad is to reduce costs. Expanding to the foreign market can enable SMEs to increase their outputs and thus achieve economies of scale. This may reduce unit production costs and then increase price competitiveness and profitability (Csonka, 2016).

The external motives of internationalization

i. Having social and business networks and overseas contacts

Having a business and a social network is found to be one of the most important factors that affect the SME's decision to expand internationally. Creating and utilising a network can help ICT SMEs know about opportunities in the international market and share information about best practices and knowledge, including products, customer interface, infrastructure, management and financial aspects. This can decrease the uncertainty and ease internationalization. Partnerships can serve as an important way to enter foreign markets and decrease the risks associated with entering new foreign markets. These networks can also help SMEs find more resources and overcome the obstacle of limited resources that prevents SMEs from expanding abroad (Csonka, 2016; Narasimhan et al., 2015; Saarenketo et al., 2003; Zarei et al., 2011; Kuivalainen et al., 2010; Hewerdine et al., 2014; Kennedy & Keeney, 2009; Andre et al., 2014; Ibeh & Kasem, 2011). The business network is also seen as a factor that affects the market selection process when SMEs decide to internationalize (Ibeh & Kasem, 2011).

Networks can also play different roles depending on the different stages of the firm. One study found that the whole internationalization process can be based on the SME's domestic market

as it serves as the foundation for its attempt to go abroad. This is because many SMEs develop their capabilities, networks and social capital locally. However, this finding might not be relevant for SMEs that are born global (Narasimhan et al., 2015). Yet a study that took place in Iran found that the lack of information and knowledge of Iranian SMEs made it difficult for ICT SMEs to be born global, as they have to go through several stages to be able to internationalize. Creating a network to share internationalization knowledge across SMEs may help overcome this deficiency and thus ease internationalization (Zarei et al., 2011).

In another study it was claimed that the social network of the firm seem more influential than the business network in the initial stage of the internationalization process. The study stresses the critical importance of network relationships in promoting the SME's internationalization process (Coviello & Munro, 1997; Moen et al., 2004). Relationships with customers, employees, foreign distributors, and other relevant market actors can be very beneficial for SMEs (Ibeh & Kasem, 2011).

ii. Fair practice and attractive foreign market policies

Government policies can support the decision of SMEs to internationalize through shifting the focus from exporting and seeking markets to offering more inclusive services. These include offering information-related resources, funding opportunities, advice on the rules of foreign authorities or backing SMEs in finding international networks through expert advice or associations with a particular government body or business incubator (Csonka, 2016; Narasimhan et al., 2015; Lal & Dunnewijk, 2008; Hewerdine et al., 2014; Andrés et al., 2014).

iii. High domestic competition and opportunities in international markets

Another motive that can push the SMEs to find new markets to operate in is the high competition in their local market. This motivates SMEs to try and find new opportunities in less competitive markets (Narasimhan et al., 2015). Another factor that impacts the firm's decision to internationalize is how attractive the global market is and the opportunities they can find in that market. Previous studies initiate that the SMEs' choice of the country they want to expand to is driven by the stability and opportunities in that country (Narasimhan et al., 2015).

iv. Demand from customers in foreign markets

Receiving demands from foreign markets can also make SMEs aware of the opportunities they might have in new markets, which can motivate them to go abroad (Ibeh & Kasem, 2011). Another factor that seems to affect the decision of internationalization, is the limited demand

in the local market. When the local market is saturated and the local demand is unable to grow, firms tend to export to new markets to expand their sales (Ibeh & Kasem, 2011).

2.6.1.2. The barriers to internationalization

The barriers to internationalization in the ICT sector can be classified into internal and external barriers of internationalization as found in the literature and shown in Table 2-4 (Csonka, 2016; Narasimhan et al., 2015; Richardson, 2011; Saarenketo et al., 2003; Lal & Dunnewijk, 2008; Zarei et al., 2011; Ganesan & Samii, 2016; Nummela et al., 2004; Kuivalainen et al., 2010; Hewerdine et al., 2014; Kennedy & Keeney, 2009; Andrés et al., 2014; Ibeh & Kasem, 2011)

Table 2- 4: Barriers to internationalization in the ICT sector

Theme	1	2	3	4	5	6	7	8	9	10	11	12	13	Number of mentions
Internal barriers:														
Lack of financial resources and support	*		*	*										3
Lack of information and knowledge of the foreign market	*					*						*		3
Lack of foreign language knowledge	*											*		2
Short-sighted managers	*													1
External barriers:														
Difficulties of establishing networks and finding partners in foreign markets	*		*					*			*			4
High competition in the market			*		*									2
Unattractive internationalization policies	*													1

The internal barriers of internationalization

i. Lack of financial resources and support

Financial barriers are one of the biggest obstacles for SMEs against expanding internationally, especially with their limited resources and limited access to capital and credit. Expanding abroad incurs costs for SMEs that may prevent them from expanding (Csonka, 2016;

Richardson,2011; Saarenketo et al., 2003). Several studies have found that the lack of financial support and resources prevents SMEs from expanding in the international market (Richardson, 2011; Saarenketo et al., 2003).

SMEs' capabilities in general, such as knowledge-based capabilities, management capabilities and financial capabilities, affect their decision to go abroad. According to Kuivalainen et al. (2010), there is a relationship between the financial capabilities, such as good investment expertise, networking with venture capitalists and excellent financial management, and the performance of the firm in the international market. In addition, Andrés et al. (2014) stresses the importance of the government's role in helping SMEs access financial resources to be able to expand abroad.

ii.Lack of information and knowledge about the foreign market

Uncertainty and the lack of information about the global market are also an obstacle for SMEs. This can delay them from taking steps to export. SMEs tend to have limited data to locate and analyse potential markets and thus avoid expanding in markets they do not have information about because the risk is high (Csonka, 2016; Zarie et al., 2011; Andrés et al., 2014). Another factor that seems to affect the internationalization decision, is the lack of foreign language knowledge. This can be an obstacle for SMEs and prevent them from interacting with markets that speak different languages (Csonka, 2016; Richardson, 2011; Andre et al., 2014). However, the lack of foreign markets and language knowledge can be reduced if firms develop the language skills of their workers, or create a business model that allows the sale of their products without contacting the customers directly, such as through using internet distributors (Andre et al., 2014).

iii.Short-sighted managers

As mentioned in the motives of SMEs to go abroad, the decision to internationalize is based on the manager's capabilities and vision of the business to expand (Narasimhan et al., 2015). Short-sighted managers with a lack of international experience and skills, as well as the inability to identify the opportunities in the foreign market affect the decision to expand abroad negatively (Csonka, 2016).

However, according to Kuivalainen et al. (2010), there is no evidence of a relationship between management capability and the performance of the firm internationally. However, the study stresses the importance of managerial capability, especially when looking at current technologies, the market status and business models from different views (Penrose 1959;

Augier and Teece 2007). However, they claim that the financial resources play a bigger role in internationalization than the manager's role. This view contrasts with Ibeh and Kasem (2011), who show the importance of the decision maker or the manager's commitment and experience on internationalization (Wheeler et al., 2008; Zou & Stan, 1998). They also emphasise the importance of SMEs seeking to internationalize to hire qualified managers through proper recruitment, consultancy, and training (Ibeh, 2005).

The external barriers of internationalization

i. Difficulties with establishing networks and finding partners in foreign markets

SMEs that face difficulties in finding partners in the international market or establishing a network find internationalization challenging (Csonka, 2016; Richardson, 2011; Nummela et al., 2004; Hewerdine et al., 2014).

ii. High competition in the market

The decision to expand abroad is affected by the competitiveness of the international market. Several studies show that SMEs avoid entering new markets because they fear the competition and think that they will not be able to compete (Richardson, 2011; Lal & Dunnewijk, 2008). However, other studies show that entering new markets can improve the competitiveness of the firm. Internationalization is intensive and it is based on the level of capabilities and knowledge and how efficiently are they commercialised, which can help build a competitive advantage and could decrease the uncertainty level that comes with entering new markets. In addition, the high competition can also motivate SMEs to improve their capabilities and be more innovative (Csonak, 2016; Saarenketo et al., 2003).

iii. Unattractive internationalization policies

Government policies can also determine the decision of the firm to go abroad. Government laws and regulations, such as trade barriers and tariff barriers, may discourage SMEs from expanding abroad. Moreover, the lack of home government assistance and initiatives that encourage the SMEs to expand abroad could affect their decision to internationalize negatively and make it more risky due to their limited resources and the high cost of internationalization that they might not be able to afford without the local government assistance (Csonka, 2016).

2.6.2. The textile and apparel sector

2.6.2.1. The internationalization motives

Table 2-5 shows the motives found in the textile and apparel sector literature, these motives can be classified into internal and external categories (Chi, 2015; Zucchella & Siano, 2014; De Falco & Simoni, 2014; Berra et al., 1995; Bakhtira & Sorensen, 2013; Johnsen & Johnsen, 2017).

Table 2- 5: Internationalization motives of the textile and apparel sector

Theme	1	2	3	4	5	6	Number of mentions
Internal motives:							
Information and knowledge access		*			*	*	3
Manager's capabilities, vision and intention to export		*			*		2
Having foreign language knowledge					*	*	2
Excess capacity		*			*		2
Product competitiveness and innovation		*					1
External motives:							
Having social and business networks and overseas contacts		*		*	*	*	4
Fair practice and attractive foreign markets policies			*	*		*	3
Demand from customers in foreign markets						*	1

The internal motives of internationalization

i. Information and knowledge access

One of the most effective factors for the SME's decision to internationalize, is the firm's external knowledge. Having information about the foreign market is crucial within internationalization to ease the procedure and decrease the uncertainty of entering new markets (Zucchella & Siano, 2014; Bakhtira & Sorensen, 2013; Johnsen & Johnsen, 2017).

ii. Manager capabilities, vision and intention to export

The entrepreneur's leadership and management skills and characteristics are considered key factors for textile and apparel business growth in addition to the decision to expand abroad. Moreover, the firm's resources should be managed effectively for the firm to grow (Zucchella & Siano, 2014; Bakhtira & Sorensen, 2013). Foreign language knowledge can be considered as a key element for internationalization. However, there are ways to deal with the lack of foreign language knowledge (Bakhtira & Sorensen, 2013; Johnsen & Johnsen, 2017).

According to Johnsen & Johnsen (2017), some SMEs prefer to enter the foreign market through distributors or agents in the foreign market, as these relationships can be a way to compensate for the lack of language skills or insecurity of dealing with foreign customers.

iii.Excess capacity

When the firms' production exceeds the local demand, having this capacity motivates textile and apparel firms to export, especially if the local demand is low (Zucchella & Siano, 2014).

iv.Product competitiveness and innovation

According to Chi (2015), there is a positive link between innovation and international growth, as innovation is very important for textile and apparel SMEs to grow in this competitive industry. This supports the existing literature that claims that there is a link between innovation and internationalization. Moreover, Chi's finding highlights the importance of innovation based on external knowledge and technology suppliers and that it is more important than the internal research and development (R&D), licence acquisition or partnerships with research centres and universities.

The external motives of internationalization

i.Having social and business networks and overseas contacts

One of the key factors motivating the internationalization of SMEs in the textile and apparel industry is the firm's ability to create an international network (Zucchella & Siano, 2014; Berra et al., 1995; Bakhtira & Sorensen, 2013; Johnsen & Johnsen, 2017). Berra et al. (1995), suggest that SMEs should try to use the same network model they use locally when they internationalize. SMEs distribute their production through networks of industries and companies, which helps enhance their flexibility and maintain low costs.

Moreover, Johnsen & Johnsen (2017) found that by establishing networks, SMEs can collect information before exporting instead of conducting market research. In addition, according to their study, most of the SMEs were involved in exporting as a response to export orders, either by contacting suppliers or other companies involved with foreign buyers. The role of the network therefore can take several forms such as relationships with agents, customers, suppliers or even competitors. Networks can support the firms through helping them understand the advantages of exporting; it can also make them aware of the opportunities in the foreign market. Also, through their networks, SMEs can gather information about their product's export potential by hearing the export success stories of their competitors (Johnsen & Johnsen, 2017).

ii. Fair practice and attractive foreign market policies

Government initiatives and policies are also considered a main factor in the SME's decision to expand globally. It is important to have industrial policies that promote SMEs' access to cooperative tools. Policymakers use public economic and financial incentives to help in lowering the risk perception of export activities, especially for textile and apparel SMEs that have never exported before. These incentives can also improve the capabilities of firms that already have relevant abilities to sell products in global markets (De Falco & Simoni, 2014; Berra et al., 1995; Johnsen & Johnsen, 2017).

iii. Demand from customers in the foreign market

Another factor that can motivate SMEs in the textile and apparel industry to go abroad is receiving demand for their products from foreign markets (Johnsen & Johnsen, 2017). This demand can alert the firm about opportunities in new markets.

2.6.2.2. The barriers to internationalization

Table 2-6 shows the barriers found in the textile and apparel studies and literature. The barriers can be classified into internal and external barriers (Chi, 2015; Zucchella & Siano, 2014; De Falco & Simoni, 2014; Berra et al., 1995; Bakhtira & Sorensen, 2013; Johnsen & Johnsen, 2017).

Table 2- 6: Internationalization barriers in the textile and apparel sector

Theme	1	2	3	4	5	6	Number of mentions
Internal barriers:							
Lack of human resources	*					*	2
Difficulties in maintaining quality assurance	*						1
Lack of financial resources and support	*						1
Being part of a cluster		*					1
Lack of foreign language knowledge						*	1
External barriers:							
High competition in the market	*	*				*	3
Difficulties of establishing networks and finding partners in foreign markets						*	1

The internal barriers to internationalization

i.Lack of human resources

One of the main barriers to textile and apparel SMEs deciding to export, is the lack of resources in general. The lack of human resources makes it particularly difficult for SMEs to achieve competitive advantage, whether in differentiation or even in cost leadership, and take steps such as expanding abroad (Chi, 2015).

ii.Difficulties in maintaining quality assurance

Another obstacle to internationalization that faces SMEs in this sector is maintaining high quality while managing a global supply chain, especially when going through market expansion and sales growth (Chi, 2015). Chi explains that high performance firms focus more on high quality, flexibility and good delivery performance than on reducing cost. This involves striking a balance between low cost and high quality. However, forward-looking businesses shift their business strategies from solely cost reduction to a number of different factors to bring in added value that competitors cannot easily imitate.

iii.Lack of financial resources and being part of a cluster

SMEs have limited resources. The lack of adequate capital or financial resources makes it difficult for SMEs in the textile and apparel sector to achieve competitive advantage and the risks discourage them from expanding to new markets (Chi, 2015). Being part of a cluster is not necessarily a source of relevant knowledge for innovation in exporting firms. Although the role of local industrial districts in endorsing export activities is important, it decreases in importance as the industry becomes more globalised (Pla-Barber and Puig, 2009). Also, being part of a cluster can prevent SMEs from gaining profitable external knowledge (Zucchella & Siano, 2014).

iv.Lack of foreign language knowledge

The lack of foreign language knowledge can be an obstacle for textile and apparel SMEs or discourage them from thinking to enter markets that speak different languages. However, there are ways to deal with and overcome the lack of foreign language knowledge (Johnsen & Johnsen, 2017).

The external barriers to internationalization

v.High competition in the market

The textile and apparel industry is a very competitive industry and SMEs need to be innovative and come up with a competitive advantage so they can compete in the market (Chi, 2015; Zucchella & Siano, 2014; Johnsen & Johnsen, 2017). Therefore, SMEs might be reluctant to expand into new markets or have difficulties in matching the prices of their competitors in these markets.

vi.Difficulties with establishing networks and finding partners in foreign markets

One of the major obstacles that could face textile and apparel SMEs that want to expand abroad is establishing networks in the targeted markets, or finding partners in these markets. However, there are numerous benefits SMEs can achieve through their networks, especially with internationalization. Not being able to establish these networks can make entering new markets difficult for them (Johnsen & Johnsen, 2017).

2.6.3. Comparison between the findings of the ICT sector and the textile and apparel sector

The purpose of this comparison is to find if the barriers to and motives for the internationalization of ICT SMEs are different from those that apply to the textile and apparel sector in terms of expanding abroad. Table 2-7, shows that the two sectors have more similarities than differences when it comes to internationalization. The two sectors are similar in terms of the factors that motivate the SME's decision to go abroad. Both the ICT and textile and apparel sectors are driven by internal and external motives. Although the order of factors might be different between the two sectors, both sectors seem to be affected by similar motives.

Table 2- 7: Comparison between the internationalization motives and barriers of the ICT sector and the textile and apparel sector

	Internal		External	
	ICT sector	Textile and apparel sector	ICT sector	Textile and apparel sector
Motives	<ul style="list-style-type: none"> • Information and knowledge access • Manager’s capabilities, vision and intention to export • Having resources/ financial resources to internationalize • Looking for growth • Product competitiveness and innovation • Risk diversification • Cost-cutting 	<ul style="list-style-type: none"> • Information and knowledge access • Manager’s capabilities, vision and intention to export • Having foreign language knowledge • Excess capacity • Product competitiveness and innovation 	<ul style="list-style-type: none"> • Having social and business networks and overseas contacts • Fair practice and attractive foreign markets policies • Opportunities in the international market • High competition in the domestic market • Demand from customers in foreign markets • Limited demand in the domestic market 	<ul style="list-style-type: none"> • Having social and business networks and overseas contacts • Fair practice and attractive foreign markets policies • Demand from customers in foreign markets
Barriers	<ul style="list-style-type: none"> • Lack of financial resources and support • Lack of information and knowledge of the foreign market • Lack of foreign language knowledge • Short sighted managers 	<ul style="list-style-type: none"> • Lack of human resources • Difficulties in maintaining quality assurance • Lack of financial resources and support • Being part of a cluster • Lack of foreign language knowledge 	<ul style="list-style-type: none"> • Difficulties of establishing networks and finding partners in foreign markets • High competition in the market • Unattractive internationalization policies 	<ul style="list-style-type: none"> • High competition in the market • Difficulties of establishing networks and finding partners in foreign markets

* The factors in the table are in order based on the times they were mentioned in the previous studies (from most mentioned to least mentioned).

Looking at the internal motives, it seems that in both sectors information and knowledge access, the managers’ capabilities, vision and intention to export and the product competitiveness and innovation are important to motivate the SME to expand abroad. However, one key difference is that motives such as looking for growth, risk diversification

and cost-cutting were mentioned in the ICT studies only. Also, having foreign language knowledge was mentioned only in the textile and apparel studies.

For the external motives, both sectors reported that the decision to go international is motivated by having social and business networks and overseas contacts, fair practices and attractive foreign markets policies, as well as receiving demands from customers in foreign markets. However, the ICT sector also found additional motives, including opportunities in the international market, high competition and limited demand in the domestic market.

Both sectors seem to be affected by similar internal and external barriers. For example, with regard to the internal barriers, both sectors reported that the lack of financial resources and support, as well as the lack of foreign language knowledge, could prevent the SME from expanding abroad. However, barriers such as the lack of information and knowledge of the foreign market and having short-sighted managers were only mentioned in ICT. Lack of human resources, in addition to being part of a cluster, were mentioned only in the textile and apparel studies.

Both sectors seem to agree that difficulties of establishing networks and finding partners in foreign markets as well as the high competition in the market could discourage the SMEs from internationalizing. Nevertheless, unattractive internationalization policies were mentioned as a barrier in the ICT studies only.

The barriers to internationalization of SMEs in both sectors seem to be in line with the barriers for SMEs in general (OECD, 2009). They found that SMEs face financial barriers, managerial barriers, market-based barriers and industry specific barriers. The inability to create networks or having overseas contacts, failure in identifying opportunities abroad, the lack of information about the international market, competition, the lack of government support, assistance and initiatives are some of the biggest barriers to SMEs internationalization (OECD, 2009). However, there are several specific sector barriers that SMEs face that were not mentioned by the OECD. For example, textile & apparel SMEs find difficulties in maintaining quality while expanding abroad. They also find that in several cases being part of a cluster can prevent them from gaining profitable external knowledge. ICT SMEs also find the lack of attractive internationalization policies for their sector as a barrier for expanding abroad. SMEs in both sectors mentioned that the lack of foreign language knowledge can also be a barrier for internationalization.

The importance of social and business networks and overseas contacts, as well as the significance of product competitiveness and innovation were emphasised by both sectors. However, further investigation is needed to discover if these findings apply to the Saudi context, since the research that focusses on Saudi Arabia and developing countries in general in this regard is limited.

2.7. Conclusion

There is a shortage of theoretically based and analysis of SMEs internationalization in Saudi Arabia. Most research focusses on the role and position of SMEs in the economy and fails to provide information on the internationalization of SMEs (Achoui, 2009). Therefore, this research attempts to investigate the internationalization of SMEs in Saudi Arabia by acknowledging the obstacles that Saudi SMEs are facing with internationalization; investigating the competencies, capabilities and motivation of SME owner-managers; examining the role of innovation, networking and social media in the internationalization of Saudi SMEs; and developing policies for the internationalization of Saudi SMEs.

This research identifies a number of significant and relevant themes regarding the key issues in order to achieve the research objectives. Internationalization literature that focusses on the ICT as well as the textile and apparel sectors is reviewed, to set up the agenda for the study, the fieldwork and guide the data collection and analysis. In addition, a number of relevant theories and models are explored. A combination of both the social network and the international entrepreneur models will be adopted for the purpose of this research.

The thesis will contribute to knowledge in different ways. It will contribute to the theory, by adding to the exist knowledge through focussing on the internationalization of SMEs from a developing country context (Saudi Arabia). In addition, it will add to the theories of the selected model (social network/international entrepreneurship). The study will contribute to practice by helping SME owner-managers utilize resources, engage in internationalization and understand how beneficial networking and innovation can be. Another way that this study will contribute to practice through is in the benefit it will provide to the policy maker to know how important the internationalization of SMEs is and how to support it.

Chapter Three: Methodology

This research aims to acknowledge the obstacles that Saudi SMEs are facing with regard to internationalization; to investigate the capabilities and motivation of SME owner-managers for internationalization; and to examine the role innovation, networking and social media play in the internationalization of Saudi SMEs. These objectives guide both the data collection and analysis. To fulfil these objectives, this study is conducted through qualitative research methods based on 23 in-depth semi-structured interviews with SME owner-managers. The study focusses on the ICT and textile and apparel sectors. The purpose of this chapter is to present and justify the philosophy, design and methodology implemented in this research. This chapter then provides justifications for the selected research approach, design, data collection method and analysis.

3.1. The research paradigm

Qualitative and quantitative researches are different. Therefore, it is important to understand the theory and research questions, in addition to the epistemological and ontological concerns within the scope of this study to choose the right research method (Bryman and Bell, 2015). Saunders, Lewis and Thronhill (2009), specified that the research paradigm includes the nature and development of knowledge. Therefore, it is important to define the philosophical assumptions when choosing the research method and design. A research paradigm can be categorized through its ontology by understanding what is reality, epistemology through knowing what should be acceptable knowledge in a discipline, and methodology by knowing how to find out what needs to be known. These characteristics produce a full view of how knowledge is observed (Guba, 1990).

In order to distinguish the paradigm of this research, the ontological, epistemological and methodological questions need to be answered. To answer these questions, the aim of the research should be highlighted. In the case of this research, the aim is to acknowledge the obstacles that Saudi ICT and textile & apparel SMEs are facing with regard to internationalization; to investigate the capabilities and motivation of SME owner-managers for internationalization; and to examine the role innovation, networking and social media play in the internationalization of Saudi SMEs. Therefore, the interpretive/constructivist paradigm seems to be harmonised with the aim of this research. From an interpretivist/constructivist perspective, the world is seen as being created, understood and experienced by individuals

through their interactions with each other, unlike positivism, where the social reality is based on the assumption that empirical ‘facts’ occur separately from personal views or ideas, as the rules of cause and effect govern them, and that social reality patterns are constant (Marczyk et al., 2005). An interpretivist paradigm enables the understanding of the phenomena of the internationalization of SMEs in a specific social context (Saudi Arabia) and thus contributes to understanding the lived human experience (from the entrepreneurs) (Maxwell, 2006). Moreover, since the study is based in Saudi Arabia, where religion and culture shapes people’s attitudes, behaviour, practice and the way they do everything (Alsaggaf & Williamson, 2004), an interpretive/constructivist paradigm helps understand the multiple meanings individuals make of the phenomena under study. Based on this paradigm, the investigation is interpretive and the reason behind the investigation is to develop a deep understanding of the phenomenon (Maxwell, 2006).

Given these considerations, the qualitative research is chosen to conduct this study, as it is considered inductive, constructive and interpretive. Moreover, qualitative research is less concerned with generalizability, and more focussed on gaining a deep realization of the problem within its context (Bryman & Bell, 2015).

Qualitative researches are usually held by interpretivist epistemology and constructionist ontology. Thus, meanings are entrenched in the contributors’ understandings and these meanings are facilitated over the perception of the researcher (Merriman, 1998). By conducting a qualitative research, the researcher achieves a deep understanding of the phenomena under study.

The above justifications of the selected research methodology were provided in light of the research paradigm. More detailed justifications for choosing to conduct a qualitative research and collecting the data through in-depth interviews will be clarified in the next sections.

3.2.The research design

The research design is the strategy chosen to integrate the different components of the study in a coherent and logical way (Sullivan, 2001). In this research, both primary and secondary data collection methods were used. A total of 23 semi-structured in-depth interviews were conducted which included both male and female owner-managers. . In addition, the study focussed on SMEs that operate in ICT as well as textile and apparel sectors. After the completion of the interviews the data were interpreted and analysed through thematic analysis.

Detailed justifications of the selected methods and techniques are provided in the next section.

3.2.1. The research approach

This study is conducted through a qualitative research method. According to Hussey and Hussey (1997), there are four criteria for choosing or differentiating between the research approaches: the research purpose, the research process, the logic behind the research and the outcomes. Qualitative research focuses on the meaning and the methods that cannot be measured through amount, quantity or frequency. Moreover, qualitative research offers in-depth understanding of the phenomenon being investigated. The qualitative approach also highlights the real social nature that shapes the relationship between the researcher and the phenomenon being investigated. Quantitative researchers, on the other hand, highlight relationships between variables, not procedures, through measurement and analysis.

Cochran and Dolan (1984) stated that qualitative research is more of an exploratory analysis. Therefore, since the study is focusing on the internationalization of Saudi SMEs which is a new context (Saudi Arabia), thus the research is not descriptive but could be exploratory and qualitative research is suitable for it. Moreover, qualitative research provides research depth instead of just covering a large breadth (Patton, 2002). A number of studies that have investigated the internationalization of SMEs were conducted through qualitative research (Zain & Ng, 2006; Ojala, 2009; Alrashidi, 2013). Alrashidi's study, for example, took place in Saudi Arabia, where he investigated the motives behind SMEs exporting through interviewing 15 SME owner-managers. However, his study focussed only on SMEs that operate within manufacturing industries. Zain & Ng (2006), choose to examine how Malaysian SMEs use their networks to facilitate internationalization based on a multisite case study method. In their study, they interviewed four SMEs that operate in the ICT sector. Ojala (2009), conducted his research through interviewing 8 Finnish Software SMEs that entered the Japanese market. In sum, these studies focussed on SMEs that operate in one sector only. Thus, one advantage of

this study is its focus on two sectors (ICT and textile& apparel), allowing a basis for sector comparison as well as have depth in the findings.

Sullivan (2001) also mentioned that if the theoretical support for the phenomenon under study is relatively scarce, developing accurate hypotheses or research questions might be difficult. In this case, the qualitative approach could be more appropriate due to its exploratory nature, as it enables gaining in-depth understanding of the phenomenon, specifically since the research goal is not generalisation, but to examine the phenomenon wisely, since there is a shortage of theories and models that explain firms' internationalization, particularly with regard to SMEs in developing economies (Coviello & McAuley, 1999; Matenge, 2011). In addition to the gap in research on the internationalization of Saudi SMEs that was highlighted by exploring previous studies, the qualitative approach is more suitable for the purpose of this study.

Moreover, the qualitative approach is more appropriate to understand human phenomena or to investigate the meaning and explanations of human experiences (Marshall & Rossman, 1999). Mays and Pope (1995) stated that qualitative research is associated with personal impressions. Therefore, as the purpose of the study is to understand internationalization from the entrepreneur's perspective, the qualitative approach enables that. Qualitative research also helps to understand the reasons and motives behind a phenomenon (Marshall and Rossman, 1999). Therefore, it is more suitable since one of the objectives of this research is to find the motivation of the Saudi SME owner-managers to internationalize.

3.2.2. Sampling

Sampling techniques allow researchers to gather the needed data from a small group of participants instead of the whole population and therefore reduce the data to suit the study aim (Bryman & Bell, 2015). Before choosing the sample, a number of research criteria were determined to ensure that the appropriate sample is selected. First of all, only SMEs that are exporting in the international market were selected. However, the SMEs must fit into the definition from the Saudi Arabian SMEs Authority, which defines small enterprises as ones with less than 50 full-time employees and revenue between SAR 3 and 40 million (USD 800,000 to 10,666,151), whereas the medium enterprises are ones with 50 to 249 employees and a revenue between SAR 40 and 200 million (USD 10,666,151 to 53,330,758) (Saudi SMEs Authority, 2016). Moreover, SMEs that operates only in the textile and apparel sector (cloth, fragrance, jewellery) and ICT sector (software, applications) were included in the sample, as some industries may internationalize in a different way than the others. See Appendix 5 for

background information on the SMEs interviewed. These sectors were selected because they are some of the top sectors Saudi SMEs operate in (Small and Medium Enterprises in Saudi Arabia Report, 2015) and also because one is considered a high-tech sector while the other is a low-tech sector. Moreover, there is a gap in the research on these sectors in Saudi Arabia. Applying these research criteria forms the basis for selecting a suitable sample.

There are many sampling techniques researchers can use, such as purposive sampling, theoretical sampling, convenience sampling and snowball sampling. According to Bryman & Bell (2015), in purposive sampling, the sample units are chosen for having particular characteristics or features which enable better exploring and understanding of the research questions and objectives. The sample in purposive sampling is chosen based on criteria such as the criteria that were determined for this research.

No particular method was applied in terms of participant selection in this research. A number of databases of Saudi SMEs such as Maroof and Biban, as well as social media platforms such as Instagram, were explored to find SMEs that fit the research criteria. SMEs were then contacted via email to state the research purpose and asked to be interviewed (see Appendix 3). Moreover, incubators such as Waed and Badir as well as the Prince Sultan Fund were contacted to ask for permission to interview some of their incubated SMEs. The response rate of the emails that were sent to individuals was less than expected: from more than 70 emails sent only six showed interest. However, contacting the incubators was helpful as they were very welcoming and invited the interviewer to understand more about the research and facilitate the interviews. Saudis reluctance to participate in the research might be related to their fear of sharing information or their lack of awareness of the importance of research. As privacy is one of the most important features of the Saudi culture (Buchele, 2010).

In Waed, for example, the interviewer was asked to introduce herself to the businesses, find those that fit the research criteria and arrange an interview with them. However, in Badir they assigned an employee to send an email to all the SMEs that are registered in their mailing list and fit the research criteria, asking them to contact the interviewer if they were interested. With Prince Sultan Fund, the interviewer was invited to visit the Fund and explain the research criteria so they could give suggestions of businesses. Thus, the selection of participants was led by the convenience of the SME owner-managers. Hence, the sample was selected based on willingness and availability, which according to Sekaran (1992), is convenience. This

technique allows data collection from participants in the population that are conveniently available to offer it.

According to Bryman & Bell (2015), determining the sample size and how many interviews should be conducted in qualitative research is very difficult as it is linked to achieving theoretical saturation. Moreover, Warren (2002) stated that, based on the rule of thumb, the broader the qualitative research scope and the more group comparison in the sample, the more interviews will be needed. Based on that, the number of interviews that were conducted in this research are 23, where 13 interviewees were from the ICT sector and ten interviewees were from the textile and apparel sector. The interviewing process stopped when the research reached data saturation.

The chosen data analysis method and the reasons behind using it will be discussed in the next section.

3.2.3. Data collection

According to Bryman and Bell (2015), there are several different data collection methods a researcher can use, such as questionnaires, interviews, documents, observations and archival records. Usually at the descriptive phase, surveys and histories are considered fit. However, at the exploratory phase, interviews are considered more appropriate. This research aims to find the obstacles Saudi SMEs are facing with internationalization, the capabilities and motivation of SME owner-managers to go abroad and how innovation, networking and social media play a role in internationalization.

Sekaran (1992) stated that there are two data categories: primary and secondary. To increase the validity and reliability of the research findings, data should be collected from more than one source of information. Therefore, two types of data collection methods are used in this research – although the main source of information is the interviews with SME owner-managers, published data is also used.

3.2.3.1. Secondary data

Secondary data are the data that have been collected or published beforehand, such as previous researches or published documents and articles (Sekaran, 1992). According to Bryman and Bell (2015), documents usually refer to written resources such as textbooks, newspapers, formal studies, statements and meeting minutes. Documents are usually used to confirm or support and show evidence from a different source. Therefore, data were collected from several

published and printed sources such as journal articles, reports, conference papers, websites, social media profiles, books and related government institute databases.

For example, social media profiles of the selected SMEs are a very useful information source to attain the objective of examining the role of social media in internationalization. Also, the annual reports that are either available on the websites or published by the Saudi Ministry of Commerce and The General Investment Authority provide useful statistics and reliable information about the position of SMEs in the country. The secondary data search assists the researcher to understand the status of the research topic (the internationalization of Saudi SMEs).

3.2.3.2. Primary data

Primary data are the data researchers collect themselves for the purpose of study. These data can be collected through surveys, observations and interviews (Sekaran, 1992). In this research semi-structured in-depth interviews are selected as the main data collection method. Past research suggests that, “who” and “where” questions favour surveys and documents. Scholars can collect data from a large sample and analyse numerous variables. On the other hand, “how”, “why” or “what” questions can be answered through in-depth interviews. Interviews provide more detailed information compared with other data collection methods, as interviewees allow interpretation and follow-up questions (Bryman & Bell, 2015).

In this research, the main questions are “how” and “what” questions. Therefore, in-depth interviews fit the research purpose for a number of reasons, the first of which is that the researcher focuses on modern events. Moreover, it suits this study’s context and the purpose of understanding the internationalization of Saudi SMEs from the entrepreneurs’ perspective.

Interviews are one of the most important data collection methods while conducting a qualitative research, as they are a highly efficient way to collect rich data. There are several types of interviews: structured, semi-structured and un-structured. Semi-structured interviews are the most used with qualitative research, as the researcher prepares some questions as an interview guide but allows the interviewee flexibility while answering the questions. The flexibility of interviews allows the interviewer to come up with new questions based on the answers of the interviewee (Bryman & Bell, 2015).

According to Corbetta (2003), semi-structured interviews allow a two-way communication. Interviewees are able to ask questions to the interviewer whenever they want, for example, if they need to understand the question better or if they have a comment about any of the questions

they are being asked. Therefore, it is less intrusive to those being interviewed. Moreover, frequently the information that is generated from a semi-structured interview provides more than just answers, as it highlights the reasons behind the answers. In interviews, individuals might discuss sensitive issues more easily. It also gives researchers a chance to explain and ask for explanation from the interviewees, if the answers are not clear or more details are needed.

Another reason for selecting semi-structured interviews is the nature of this study. Since the study is explorative, the appropriate methods to collect the data and answer the questions of this research are semi-structured qualitative interviews, to be able to understand the internationalization of Saudi SMEs from the perspective and experiences of the entrepreneurs. According to Silverman (2006), interviews are very useful for researchers to understand a person's attitude and experiences that are difficult to observe by using secondary data or formal questionnaires. Moreover, open-ended questions tend to be flexible and are more expected to receive a more well-thought-out answer than closed questions and hence offer better access to the opinions of interviewees, interpretation of events, opinions, understandings and experiences. Furthermore, when interviews are done well, they enable the achievement of a level of complexity and depth that might not be achieved through other methods, especially survey-based approaches.

Saudi Arabia is considered a very high-context culture (Buchele, 2010). Therefore, non-verbal communication plays a major role while communicating with people. Non-verbal signs, such as paralanguage, haptics and costume are addressed. These signs were noticed while conducting the interviews. High-context communications in Saudi Arabia suggest that both the existing environment and the body language are important to express information rather than depending only on the actual spoken words, as people's opinions are not only expressed verbally, but somewhat implied indirectly over eye contact, facial expressions, the tone of voice and other non-verbal signs. In the Saudi environment, even silence could be a way of expressing feelings and ideas. Even the tone or volume of someone's voice is interesting and a means of expression (Buchele, 2010). All these cultural aspects related to Saudi Arabian context justify why interviews were selected as the main data collection method for this research. Another important issue in the Saudi culture is the relationship between men and women. This issue needs to be addressed because before it was very difficult for a woman to be seen in the same place with strange men that are not related to her. However, now with the new orientation of the country, and given the fact that women and men are now working in the same place, formal relationships between men and women are more accepted. This issue is

raised because both female and male entrepreneurs were interviewed for the data to have a comprehensive objective view. Therefore, it is important to highlight that interviewing both males and females was not an issue unlike a few years ago, when it was difficult for females and males to interact with each other if they were not related (Thompson, 2014).

3.2.3.2.1. The interview guide

The interview guide was designed to identify and meet the research objectives. The interview guide was based on the gaps that were found in knowledge as discussed in the literature review. It involved five sections: company background (11 questions), exporting motives and challenges (6 questions), the owner-manager (12 questions), the role of networking and social media (8 questions) and government policies (10 questions) (see Appendix 1). The interviewer used the guide for the interviews to make sure all the important subjects were covered and that the interviewees were asked the same main questions. However, the guide was flexible enough to allow other questions, such as follow-up and probing questions for the interviewees to explain or clarify their answers, and also to give them a chance to speak freely (Kvale, 1996). The order of the questions was also adjusted based on the interview flow and the interviewees' answers. Therefore, the interview was flexible.

3.2.3.2.2. The interview process

For this research, the data was collected through 23 semi-structured face-to-face interviews, of which 13 were with SMEs in the ICT sector and 10 with textile and apparel SMEs. The interview process included the following steps:

- 1) Before the interview started, the researcher explained to the interviewee that the research was confidential and that the data collected would only be used for academic purposes, and asked them to sign a statement of notice (see Appendix 2).
- 2) The researcher explained the aims and objectives of the research to make sure that the participant was aware of what they are taking part in.
- 3) The researcher explained to the participant that the interview was to be recorded and the purposes of recording.
- 4) The researcher showed the interview questionnaire to the participants and explained the different sections of the questionnaire to make sure the respondents knew how the interview would go.

- 5) The researcher assured the interviewees that they could avoid answering any question they did not feel comfortable answering.
- 6) Finally, the researcher asked the interviewee for permission to start the interview.

All interviews were with owner-managers (Table 3-1). The interviewing process stopped after reaching the point of data saturation (Bryman & Bell, 2015). 16 of these interviews took place in incubators. In particular, 12 of the ICT interviews were conducted in incubators (Waed/Badir) and four of the textile and apparel interviews were conducted in Prince Sultan Fund for Women Development, while the rest of the interviews took place in the SMEs' companies, ateliers or shops (Table 3-1). The location of the interview was chosen by the participants because according to Herzog (2005), the freedom of choice gives the interviewees a high sense of conviviality and comfort. Also, it was useful to see where it all happens, the SME environment and how it operates, and the relationship between the SME manager and employees. For example, while conducting the interview with TA6, the owner was checking on one of the pieces of her collection that was ready to be shipped overseas. It was interesting to see how she manages exporting. Conducting most of the interviews in incubators allowed touring the incubators and the opportunity to examine the support that is given for the incubated businesses.

Before the interviews, the interviewees received an email with the main topics that would be discussed during the interviews to prepare themselves. Some interviewees even asked to know exactly what the interviews will be about before agreeing to be interviewed. See Appendix 3 for the agreement email that was sent for the participants. It is also important to highlight that 13 interviewees were interviewed from the ICT sector, where 12 of them were male and only one was female. However, 10 entrepreneurs were interviewed from the textile and apparel sector and they were all females (Table 3-1). More information about the SMEs that participated in this research, such as their year of establishment, legal form, details of the products or services they offer, number of employees and international exposure can be found in Appendix 5.

Table 3- 1: The interviewed SMEs codes

Case number	Sector	Case code	Interviewee anonymous name	Interviewee position	Interviewee gender	Interview location
Case 1	ICT	IT 1	Lina	CEO/founder	Female	Waed incubator
Case 2	ICT	IT2	Mohammed	CEO/ founder	Male	Waed incubator
Case 3	ICT	IT3	Khalid	Partner and sales manager	Male	Badir incubator
Case 4	ICT	IT4	Salah	CEO/founder	Male	Badir inciubator
Case 5	ICT	IT5	Abdullah	CEO/founder	Male	Badir incubator
Case 6	ICT	IT6	Fahad	CEO/founder	Male	Badir incubator
Case 7	ICT	IT7	Sami	CEO/founder	Male	Badir incubator
Case 8	ICT	IT8	Salman	CEO/founder	Male	Badir incubator
Case 9	ICT	IT9	Faisal	CEO/founder	Male	Badir incubator
Case 10	ICT	IT10	Abdulaziz	CEO/founder	Male	Badir incubator
Case 11	ICT	IT11	Othman	Partner/IT manager	Male	Waed incubator
Case 12	ICT	IT12	Hani Nadia	CEO/founder Creative leader assistant	Male Female	Their offices
Case 13	ICT	IT13	Ahmed	CEO/founder	Male	Badir incubator
Case 14	Textile and apparel	TA1	Rana	Owner/creative director	Female	Prince Sultan Fund
Case 15	Textile and apparel	TA2	Mona	Owner/creative director	Female	Prince Sultan Fund
Case 16	Textile and apparel	TA3	Dina	Owner/creative director	Female	Prince Sultan Fund
Case 17	Textile and apparel	TA4	Lama	Owner/designer	Female	Prince Sultan Fund
Case 18	Textile and apparel	TA5	Nouf	Owner/designer	Female	A store that carries her collection
Case 19	Textile and apparel	TA6	Huda	Owner/designer	Female	A store that carries her collection
Case 20	Textile and apparel	TA7	Nora	Owner/designer	Female	Her Atelier
Case 21	Textile and apparel	TA8	Deema	Owner/designer	Female	Her Atelier
Case 22	Textile and apparel	TA9	Nada	Owner/designer	Female	Her Atelier
Case 23	Textile and apparel	TA10	Lulu	Owner/designer	Female	Her Atelier

Cultural knowledge helps in understanding the interviewees' statements and where they are coming from, their behaviour and other cultural signals. It also affects data interpretation making judgements. Moreover, according to Ritchie et al. (2014), since qualitative interviews focus on the way interviewees express themselves, the language used by the participants is very important. Due to the research taking place in Saudi Arabia, the interviews were conducted in the Arabic language to allow the interviewees to express themselves in the best way possible and avoid any barrier the language could cause, and the transcripts were later translated into English before the analysis. None of the interviewees asked to check the recording or the transcript of the interview or to modify any of the information they gave in their interviews, which could indicate a high level of trust. A pilot interview was conducted to address the potential practical issues in the interview procedures and to try out the questions before conducting the actual interviews.

Although semi-structured interviews provide a wide range of information, they have limitations. Since interviews include personal interactions, the interviewer needs to have listening and personal interaction skills (Bryman & Bell, 2015). These limitations were taken into consideration before the interviews were conducted, therefore the interviews were audio recorded with the knowledge and permission of the interviewees to avoid missing any of the information. This enabled interacting freely with the interviewees that may not have been possible if the interviewer had to focus on taking notes only. The interviews were of 45-60 minutes in duration, averaging 53 minutes. An interview questionnaire was developed to be used as a guide for the interviews (see Appendix 1) and notes were taken during the interviews. The interviews were conducted between March and June 2018. It was taken into consideration not to show approval or disapproval as a reaction to the interviewee's answers or any behaviour that might have an influence on the interviewee's response (Patton, 1990).

There were some obstacles faced within the data collection process. The process was challenging and time-consuming. For example, finding participants that were willing to take part in the research was not an easy process. Several emails were sent and several incubators and facilitators were contacted to ease this process, yet the process took more than the initial planned time. Finding SMEs that fit the research and sample criteria was challenging but rewarding. A number of interviews were cancelled by the interviewees at last minute. In several interviews, the interviewees were not comfortable with sharing their financial information.

The next section of the chapter discusses the sampling criteria and the explanations behind choosing the selected sampling technique.

3.3. The data analysis

There are different approaches that can be followed or conducted to analyse qualitative data, such as discourse analysis, content analysis, grounded theory and thematic analysis (Bryman & Bell, 2015). In this study, the data is analysed through thematic analysis. This allows identifying, analysing and reporting themes within the data. The themes are patterns in data sets that are considered important to describe the phenomenon to achieve the research objectives and answer the research questions (Bryman & Bell, 2015). Boyatzis (1998) discussed the advantages of using thematic analysis in addition to its ability to identify, analyse and report patterns (themes) within data. It is flexible and allows the researcher to apply several theories. It helps in summarizing the main and most important features of a large amount of data and gives a detailed description of the data set; it defines the data and offers details to provide in-depth knowledge about the issue through contributors. Moreover, it allows the opportunity to identify what is similar or different in the data set. It also allows both social and psychological interpretations of the data, as long as the interpretation is supported by evidence from the data. Therefore, thematic analysis seems an appropriate method for analysing the data in this research.

NVivo software is also used during the analysis process to manage the data. NVivo is one of the most common software packages used in qualitative research. The software is especially useful when having large sets of data. Since the researcher conducted 23 interviews, using NVivo made the analysis easier, as it allows data transcription, writing and editing, storing, coding, data linking, graphic mapping and writing the report (Alyahmadi & Alabri, 2013).

Miles & Huberman (1994) stated that the process of data analysis has three connected procedures: data reduction, data display and drawing the conclusion. However, Marshall & Rossman (1999) indicate that due to the complexity of qualitative data and the fact that they are not adaptable to an ordinary measurable unit, they are not directly available to be analysed, but need to be processed first. Therefore, the data in this thesis was analysed through six phases.

At the first step the researcher's main purpose was to be engaged and familiar with the data through transcribing it and then reading and re-reading it, listening to the audio recordings several times and writing initial notes. In this stage, 23 transcripts were transformed from audio records to written forms and then translated to English. 216 pages of transcribed text were

written in total. This process took about two months to be done, and it helped the researcher to be well familiar with the data. The transcripts were written in an interview form in a word file and were then imported to NVivo for analysis in the second phase. Although notes were written at this phase, codes were not formed yet. (See Appendix 4 for a transcript example.)

At the next step, preliminary codes that looked meaningful and interesting were identified to provide indications of the context of the interviews. Miles and Huberman (1994), defined codes as tags or labels that are assigned to an item of descriptive information collected through the study. In the first coding process, codes were considered relevant based on them being repeated on several occasions, seeming interesting or important, or being related to the literature review or the conceptual framework. Each line of the transcripts was read carefully to identify the codes and these were generated manually (Bazeley & Jackson, 2013). This step was very beneficial in terms of capturing interesting ideas and topics.

The transcripts were then entered in NVivo 12, which is a data analysis software, to provide a reliable and consistent approach for coding through exploring and finding connections and comparisons between the data. The software does not do the coding job by itself. However, it organizes and prepares the data for the researcher to explore and identify the codes (Saldana, 2016).

After that, the analysis of the collected codes started and the researcher started extracting and sorting data to look for relationships between the codes, themes and subthemes. The researcher started by going through the codes that were created in the previous phase and trying to categorise them to develop a list of a number of codes and then sort these codes into possible themes using several techniques, such as maps. 54 themes and subthemes were identified from the initial codes. (See Appendix 6 for the NVivo evidence.)

Afterward a deeper review of the identified themes took place. The researcher aimed to refine and combine the initial themes and discard the irrelevant themes. Categories were created and labelled based on the connection between them, and the thematic map was generated. The coding process was carried out several times as it is an ongoing process and to be more confident with the generated themes. The relevant themes were identified by recognizing the common subjects, ideas and patterns of meaning that arise repeatedly or that are related to the literature review or the conceptual framework (Brazeley & Jackson, 2013).

Then the themes and subthemes were refined and defined. The researcher started analysing to develop the identified themes. Theme names were provided as well as the definition of each

theme. At this phase of the research four main themes emerged. These are: the internal motivation and capability, the external motivation and capability, the internal obstacles and the external obstacles. (See Figure 3-1 and Appendix 6 for NVivo evidence.)

Finally, the researcher transformed the analysis and themes into a report that shows the results of the analysis, supported with empirical evidence to answer the research questions.

Figure 3- 1: Example from NVivo

The screenshot shows the NVivo 12 Plus interface for a project titled 'Internationalization of Saudi SMEs.nvp'. The 'Nodes' pane is expanded to show a hierarchical tree structure. The main window displays a table of nodes with the following data:

Name	Files	References	Created On	Created By	Modified On	Modified By
Internal Motives		0	12/04/2019 19:22	SKM	12/04/2019 19:22	SKM
Entrepreneurial Or		0	12/04/2019 19:22	SKM	12/04/2019 16:40	SKM
Innovativeness		23	12/04/2019 19:22	SKM	15/01/2020 16:26	SKM
Proactiveness		23	12/04/2019 19:22	SKM	12/01/2020 16:33	SKM
Risk taking		15	12/04/2019 19:22	SKM	13/01/2020 16:11	SKM
Vision		22	12/04/2019 19:22	SKM	15/01/2020 16:48	SKM
Financial Resource		18	12/04/2019 19:27	SKM	13/01/2020 16:57	SKM
Language		8	12/04/2019 19:30	SKM	12/01/2020 16:33	SKM
Marketing		1	12/04/2019 19:22	SKM	17/04/2019 14:50	SKM
Google ads		5	12/04/2019 19:22	SKM	15/01/2020 17:12	SKM
Marketing Ca		15	13/04/2019 14:37	SKM	12/01/2020 16:33	SKM
Social Media		23	12/04/2019 19:22	SKM	12/01/2020 16:33	SKM
Product Competiti		22	12/04/2019 19:29	SKM	12/01/2020 16:33	SKM
Revenue & Growt		16	12/04/2019 19:28	SKM	12/01/2020 16:33	SKM
Risk diversification		5	12/04/2019 19:30	SKM	13/01/2020 16:55	SKM
Obstacles		0	12/04/2019 19:42	SKM	12/04/2019 19:42	SKM
External Obstacles		0	12/04/2019 19:45	SKM	12/04/2019 19:45	SKM
Internal Obstacles		0	12/04/2019 19:43	SKM	12/04/2019 19:43	SKM

This screenshot shows a different view of the NVivo interface, focusing on the 'External Obstacles' and 'Internal Obstacles' nodes. The table data is as follows:

Name	Files	References	Created On	Created By	Modified On	Modified By
Obstacles		0	12/04/2019 19:42	SKM	12/04/2019 19:42	SKM
External Obstacles		0	12/04/2019 19:45	SKM	12/04/2019 19:45	SKM
Accessing Funding		11	13/01/2020 15:22	SKM	13/01/2020 18:00	SKM
Accessing Governm		18	13/01/2020 15:21	SKM	13/01/2020 18:00	SKM
Competition		12	12/04/2019 19:45	SKM	12/01/2020 16:34	SKM
Dealing with Gover		0	12/04/2019 19:51	SKM	12/04/2019 19:51	SKM
Bureaucracy		19	12/04/2019 19:51	SKM	12/01/2020 16:30	SKM
Going around t		10	12/04/2019 19:51	SKM	13/01/2020 16:30	SKM
Service varies b		8	12/04/2019 19:52	SKM	12/01/2020 16:30	SKM
Laws & Regulations		0	12/04/2019 19:46	SKM	13/04/2019 14:21	SKM
Customs		11	12/04/2019 19:46	SKM	12/01/2020 16:34	SKM
Expats Regulatio		22	12/04/2019 19:47	SKM	13/01/2020 17:13	SKM
Financial Transa		9	12/04/2019 19:46	SKM	13/01/2020 17:11	SKM
Legal issues		17	13/04/2019 14:19	SKM	13/01/2020 17:15	SKM
Tax		23	12/04/2019 19:47	SKM	12/01/2020 16:34	SKM
Shipping Quality an		8	16/05/2019 13:43	SKM	13/01/2020 18:11	SKM
Internal Obstacles		0	12/04/2019 19:43	SKM	12/04/2019 19:43	SKM
Lack of Information		21	12/04/2019 19:43	SKM	13/01/2020 16:20	SKM
Lack of skillful work		20	12/04/2019 19:44	SKM	17/04/2019 15:14	SKM

3.4. Overview of themes identification

To develop the themes the researcher followed a number of steps to decide what are the themes and what is distinctive and what is not. At the beginning the researcher's main focus was to be engaged and familiar with the data through reading and re-reading the transcripts. The transcripts were then generated in NVivo 12, which is a data analysis software to provide a reliable and consistent approach for coding through exploring and finding connections and comparisons between the data.

At this phase, the analysis of the collected codes started, and the researcher started extracting and sorting data to look for relationships between the codes, the themes and subthemes. The researcher started by going through the codes that were created in the previous phase and trying to categorise them to develop a list of a number of codes and then sort these codes into possible themes. After that, a deeper review of the identified themes took place. The researcher aimed to refine and combine the initial themes and discard the irrelevant themes.

Categories were created and labelled based on the connections between them, and the thematic map was generated. The relevant themes were identified by recognizing the common subjects, ideas and patterns of meaning that arose repeatedly, or that are related to the literature review and the conceptual framework (Brazeley & Jackson, 2013). Then the themes and subthemes were refined and defined. The researcher started analysing to develop the identified themes. Theme names were provided as well as the definition of each theme. At this phase of the research four main themes emerged: the internal motivation and capability, the external motivation and capability, the internal obstacles and the external obstacles.

Although the themes were broadly guided by the literature review and conceptual framework, new themes have emerged. For example, marketing capabilities are found to be essential for Saudi SMEs internationalization. Marketing, especially through social media platforms, is found to support and ease internationalization of Saudi SMEs. Also, the support Saudi SMEs receive from their local government, such as with incubation or export assistance, encourages them to internationalize. Regarding the obstacles, Saudi SMEs face difficulties with different laws and regulations that can impede their expansion abroad. For example, the Saudization law, where SMEs are obligated to hire a number of Saudi employees, make it difficult for them to hire based on talent only. Also, the lack of a well-established fintech infrastructure makes international financial transactions tough. They also face several problems when dealing with

the local government agencies, such as with accessing information and funding or with extracting the licence they need.

Table 3-2 shows an overview of the themes that were identified from the analysis and the interviews they were identified from.

Table 3- 2: Identification of the themes

Theme		Case																							
		IT1	IT2	IT3	IT4	IT5	IT6	IT7	IT8	IT9	IT10	IT11	IT12	IT13	TA1	TA2	TA3	TA4	TA5	TA6	TA7	TA8	TA9	TA10	
Motivation & Capabilities	Entrepreneurial Orientation	Innovativeness	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
		Proactiveness	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
		Risk Taking	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
		Entrepreneur's Vision	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Revenue & Growth	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	
	Risk Diversification					*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	
	Financial Resources	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	
	Product Competitiveness	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	
	Language				*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	
	Marketing	Social Media	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	
		Google Ads	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	
		Marketing Campaigns	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	

Theme		Case																							
		IT1	IT2	IT3	IT4	IT5	IT6	IT7	IT8	IT9	IT10	IT11	IT12	IT13	TA1	TA2	TA3	TA4	TA5	TA6	TA7	TA8	TA9	TA10	
External Motivation & Capabilities	Networking	Ways of Networking	Incubators	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	
			Exhibitions	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
			Visits			*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
			Chamber of Commerce	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
		Universities & Colleges	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	
		SMEs Authority	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
		Benefits of Networking	Collecting Information	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
	Training		*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	
	Partnerships		*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	
	Consultancy	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*		
	Opportunities in Foreign Markets			*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	
	Demand from Abroad	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	
	Limited Demand in the Local Market		*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	
	Local Government Support	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	
Attractive Foreign Policies	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*		

Theme		Case																									
		IT1	IT2	IT3	IT4	IT5	IT6	IT7	IT8	IT9	IT10	IT11	IT12	IT13	TA1	TA2	TA3	TA4	TA5	TA6	TA7	TA8	TA9	TA10			
Obstacles	Internal Obstacles	Lack of Information	*		*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*		
		Lack of Skilled Workers		*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	
	External Obstacles	Accessing Government Support	Accessing Government Support	*	*	*		*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	
			Accessing Funding	*	*	*		*	*		*	*				*	*		*		*						
		Competition	Competition				*			*		*		*		*		*		*	*	*	*	*	*	*	
			Customs Regulations						*	*						*	*	*	*	*	*	*	*	*	*	*	
		Laws & Regulations	Financial Transactions		*	*			*				*	*	*	*		*			*						
			Tax Policies	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
		Saudization & Expats Regulations	Saudization & Expats Regulations	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
			Legal Issues		*	*	*	*	*	*		*	*	*	*	*		*	*	*	*	*	*	*	*	*	*
		Dealing With Government Agencies	Shipping Quality & Prices						*	*							*		*	*			*	*	*	*	
			Bureaucracy		*	*		*	*	*	*	*		*	*	*	*	*	*	*	*	*	*	*	*	*	*
			Going Around the System			*		*		*	*						*	*	*	*	*	*					
			Service Varies	*		*	*	*	*	*						*			*								

Table 3-3 shows the percentage of each theme in each sector. According to Braun & Clarke (2006), there is no right or wrong way to regulate prevalence. The significance of a theme does not essentially depend on quantifiable measures, but to it capturing an important aspect in relation to the research objectives (Braun & Clarke, 2006). However, these quantifiable measures can be used to report on the existence of the themes in qualitative data (Meehan et al., 2000; Taylor & Ussher, 2001; Alrashidi, 2013). In this research, the number of interviews the theme is found in will be used as a guideline to organize the themes in order in the theme maps in Figures 3-2 and 3-3.

Table 3- 3: The interview results and percentages

Theme		Sector				Total %	
		ICT	%	Textile and apparel	%		
Motivation and capabilities	Entrepreneurial orientation	Innovativeness	IT1, IT2, IT3, IT4, IT5, IT6, IT7, IT8, IT9, IT10, IT11, IT12, IT13	100	TA1, TA2, TA3, TA4, TA5, TA6, TA7, TA8, TA9, TA10	100	100
		Proactiveness	IT1, IT2, IT3, IT4, IT5, IT6, IT7, IT8, IT9, IT10, IT11, IT12, IT13	100	TA1, TA2, TA3, TA4, TA5, TA6, TA7, TA8, TA9, TA10	100	100
		Risk-taking	IT1, IT2, IT3, IT5, IT6, IT9, IT13	53.8	TA1, TA3, TA4, TA6, TA7, TA8, TA9, TA10	80	65.2
		Entrepreneur's vision	IT1, IT2, IT3, IT4, IT5, IT6, IT7, IT8, IT9, IT10, IT11, IT12, IT13	100	TA1, TA2, TA3, TA4, TA6, TA7, TA8, TA9, TA10	90	95.6
	Revenue and growth		IT1, IT3, IT5, IT6, IT9, IT10, IT11, IT12	61.5	TA1, TA2, TA3, TA4, TA7, TA8, TA9, TA10	80	69.5
	Risk diversification		IT5, IT6, IT9	23	TA1, TA8	20	21.7
	Financial resources		IT1, IT2, IT3, IT4, IT5, IT6, IT7, IT8, IT9, IT10, IT11, IT12	92.3	TA1, TA2, TA3, TA4, TA6, TA8	60	78.2
	Product competitiveness		IT1, IT2, IT3, IT4, IT5, IT6, IT7, IT8, IT9, IT10, IT11, IT12, IT13	100	TA1, TA2, TA3, TA4, TA5, TA6, TA8, TA9, TA10	90	95.6
	Language		IT4, IT6, IT9, IT10, IT11	38.4	TA1, TA7, TA8	30	34.7
	Marketing	Social media	IT1, IT2, IT3, IT4, IT5, IT6, IT7, IT8, IT9, IT10,	100	TA1, TA2, TA3, TA4, TA5, TA6, TA7, TA8, TA9, TA10	100	100

External motivation and capabilities				IT11, IT12, IT13				
			Google Ads	IT1, IT2, IT6, IT7, IT9	38.4	None	0	21.7
			Marketing campaigns	IT2, IT5, IT7, IT8, IT9, IT11	46.1	TA1, TA3, TA4, TA5, TA6, TA7, TA8, TA9, TA10	90	65.2
	Networking	Ways of networking	Incubators	IT1, IT2, IT3, IT4, IT5, IT6, IT7, IT8, IT9, IT10, IT11, IT12, IT13	100	TA1, TA2, TA3, TA4, TA7	50	78.2
			Exhibitions	IT1, IT3, IT5, IT6, IT8, IT9, IT10, IT11	61.5	TA3, TA4, TA5, TA6, TA7, TA8, TA9, TA10	80	69.5
			Visits	IT4, IT6, IT13	23	TA2, TA7, TA9	30	26
			Chambers of commerce	IT1, IT2, IT3, IT5, IT6, IT7, IT8, IT9, IT10, IT11, IT12	84.6	TA1, TA3, TA4, TA5, TA6, TA7, TA8, TA9, TA10	90	86.9
			Universities and colleges	IT1, IT3, IT4, IT6, IT7, IT9, IT10, IT11, IT12, IT13	76.9	TA1, TA2, TA3, TA5, TA7, TA8, TA9	70	73.9
			SMEs Authority	IT1, IT2, IT3, IT4, IT5, IT6, IT7, IT9, IT10, IT11, IT12, IT13	92.3	TA1, TA3, TA4, TA5	40	69.5
		Benefits of networking	Collecting information	IT1, IT2, IT4, IT5, IT6, IT7, IT8, IT9, IT10, IT11, IT12, IT13	92.3	TA1, TA2, TA3, TA4, TA6, TA7, TA8, TA9, TA10	90	91.3
Training			IT1, IT2, IT3, IT5, IT6, IT7, IT9, IT10, IT11, IT13	76.9	TA1, TA2, TA3, TA4, TA5, TA9, TA10	70	73.9	
Partnerships			IT1, IT2, IT3, IT4, IT5, IT6, IT7, IT8, IT9, IT10, IT11, IT12, IT13	100	TA1, TA2, TA3, TA4, TA5, TA6, TA7, TA8, TA9, TA10	100	100	
Consultancy			IT1, IT2, IT3, IT4,	100	TA1, TA2, TA3, TA4,	100	100	

				IT5, IT6, IT7, IT8, IT9, IT10, IT11, IT12, IT13		TA5, TA6, TA7, TA8, TA9, TA10		
		Opportunities in foreign markets		IT3, IT5, IT6, IT7, IT8, IT9, IT10, IT11, IT12	69.2	TA1, TA2, TA4, TA5, TA7	50	60.8
		Demand from abroad		IT1, IT2, IT3, IT4, IT7, IT8, IT9, IT10, IT11	69.2	TA1, TA3, TA4, TA5, TA6, TA7, TA8, TA9	80	73.9
		Limited demand in the local market		IT2, IT5	15.3	TA1, TA2, TA5, TA8	40	26
		Local government support		IT1, IT2, IT3, IT4, IT5, IT6, IT7, IT8, IT9, IT10, IT11, IT12, IT13	100	TA1, TA2, TA3, TA4, TA5, TA6, TA7, TA8, TA9, TA10	100	100
		Attractive foreign policies		IT1, IT2, IT3, IT4, IT5, IT6, IT7, IT9, IT10, IT11, IT12, IT13	92.3	TA1, TA2, TA3, TA4, TA5, TA6, TA7, TA8, TA9, TA10	100	95.6
Obstacles	Internal obstacles	Lack of information		IT1, IT3, IT4, IT5, IT6, IT7, IT8, IT9, IT10, IT11, IT13	84.6	TA1, TA2, TA3, TA4, TA5, TA6, TA7, TA8, TA9, TA10	100	91.3
		Lack of skilful workers		IT2, IT3, IT4, IT5, IT6, IT7, IT8, IT9, IT10, IT11, IT12, IT13	92.3	TA1, TA2, TA4, TA6, TA7, TA8, TA9, TA10	80	86.9
	External obstacles	Difficulties in accessing government support		IT1, IT2, IT3, IT5, IT6, IT7, IT8, IT9, IT11	69.2	TA2, TA3, TA4, TA5, TA6, TA7, TA8, TA9, TA10	90	78.2
		Difficulties in accessing funding		IT1, IT2, IT3, IT5, IT6, IT8, IT9	53.8	TA1, TA2, TA4, TA6	40	47.8
		Competition		IT4, IT7, IT9, IT11, IT13	38.4	TA2, TA5, TA6, TA7, TA8, TA9, TA10	70	52.1

	Laws and regulations	Customs regulations	IT6, IT7	15.3	TA1, TA2, TA3, TA4, TA5, TA6, TA7, TA8, TA9	90	47.8
		Financial transactions	IT2, IT3, IT6, IT10, IT11, IT12, IT13	53.8	TA2, TA6	20	39.1
		Tax policies	IT1, IT2, IT3, IT4, IT5, IT6, IT7, IT8, IT9, IT10, IT11, IT12, IT13	100	TA1, TA2, TA3, TA4, TA5, TA6, TA7, TA8, TA9, TA10	100	100
		Saudization and expats regulations	IT1, IT2, IT3, IT4, IT5, IT6, IT7, IT8, IT9, IT10, IT11, IT12, IT13	100	TA1, TA2, TA3, TA4, TA5, TA6, TA7, TA8, TA9, TA10	100	100
		Legal issues	IT2, IT3, IT4, IT5, IT6, IT7, IT9, IT10, IT11, IT13	76.9	TA2, TA3, TA4, TA5, TA6, TA7, TA9	70	73.9
	Shipping quality and prices		IT6, IT7	15.3	TA1, TA3, TA4, TA7, TA8, TA9	60	34.7
	Dealing with government agencies	Bureaucracy	IT2, IT3, IT5, IT6, IT7, IT8, IT9, IT11, IT12, IT13	76.9	TA1, TA2, TA3, TA4, TA5, TA6, TA7, TA8, TA9	90	82.6
		Going around the system	IT3, IT5, IT7, IT8	30.7	TA1, TA2, TA3, TA4, TA5, TA6	60	43.4
		Service varies	IT1, IT3, IT4, IT5, IT6, IT7	46.1	TA1, TA4	20	34.7

Figure 3- 2: The ICT sector themes map

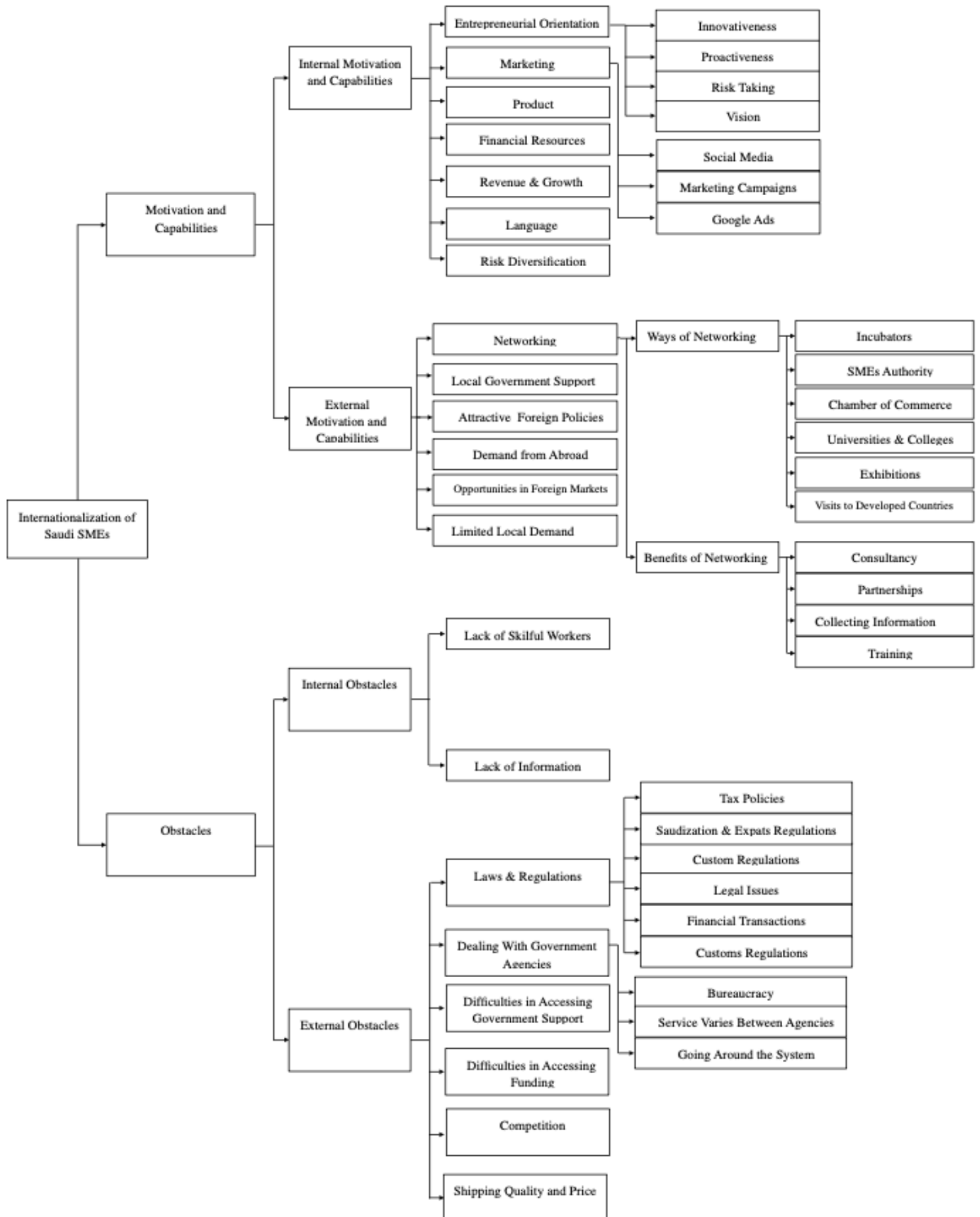
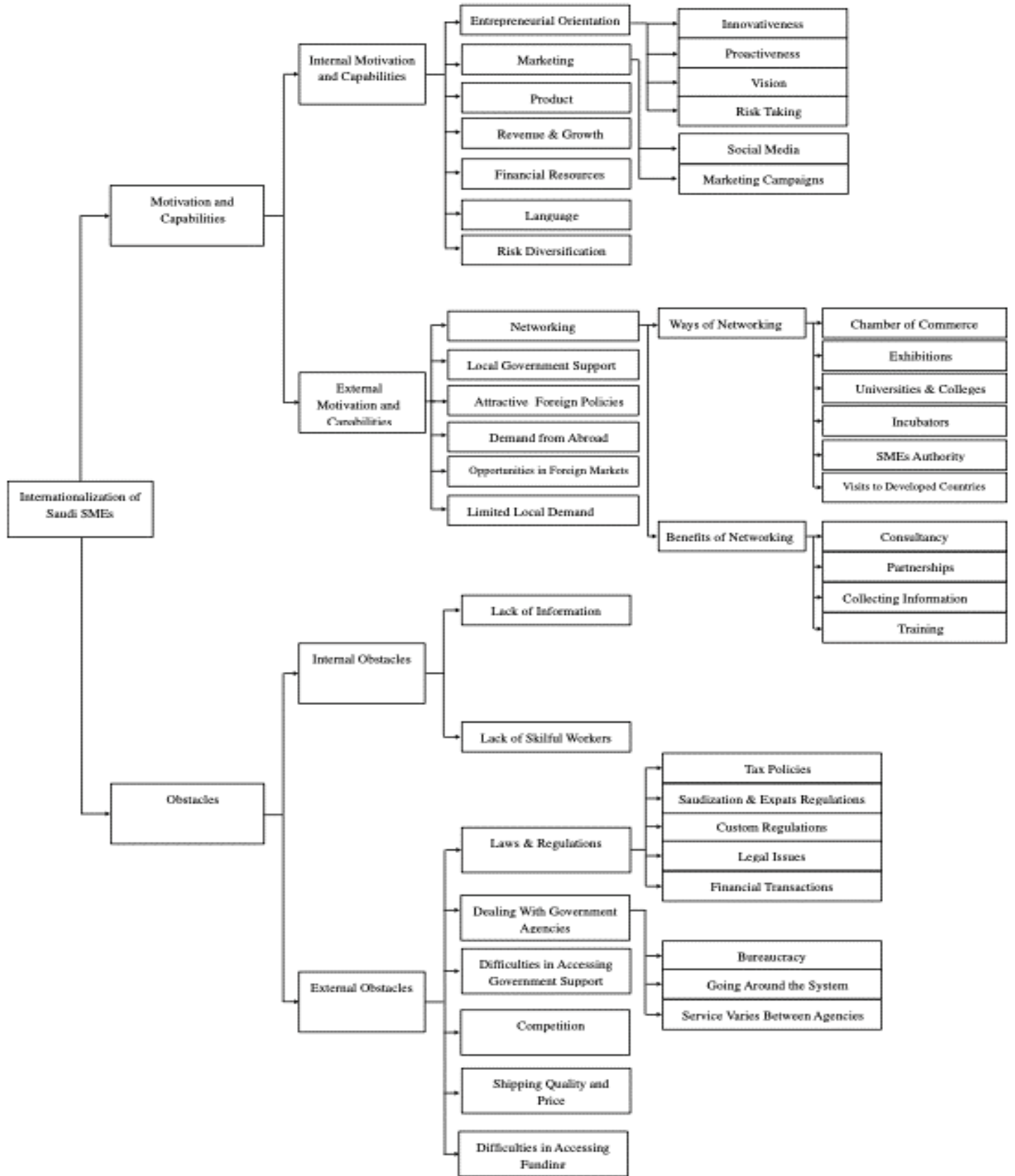


Figure 3- 3: The textile and apparel sector themes map



3.5. Reliability and validity

Reliability stands for the replicability of the study findings (Seale, 2012), while validity refers to the correctness or accuracy of the findings (Seale, 2012). The origins of these terms in quantitative research led several qualitative researchers to substitute them with other terms such as dependability, credibility and transferability (Lincoln & Guba, 1985). However, both quantitative and qualitative researchers need to prove that their study findings are credible. Qualitative research methods do not have large-scale numerical evidence nor statistical generalizability, as the aim of such studies is to explore and investigate a phenomenon deeply rather than generalise the findings.

This is a qualitative study but that does not mean that its findings are not valid. According to Hammersley (1992), a research is considered valid if it represents an accurate description and explanation of the phenomena under study. Ritchie et al. (2014) noted that validity can be judged based on the adequacy of the provided evidence to support the phenomena as well as the chosen research method and analytical approach. In terms of establishing reliability, the researcher adopted a number of strategies to ensure the credibility of the study findings. First, the data collected for this research was recorded in a table to provide an inclusive assessment of the process and a fast update of the results, as they come. NVivo was also used to organise the data formally and establish its authenticity. This allowed a fast interpretation of the results as per the record of every participant and the realization of the research progress. Moreover, a clear description and justification of the research process from its initial outline to the reporting of the findings is represented. Also, the interviews were recorded with the permission of the interviewees to ensure the interpretations of the data were transparent and consistent. Recording the interviews enabled revisiting the data multiple times and rechecking the emerging themes. Moreover, the interviewees were allowed to check the transcripts of their interviews once they were written to validate their answers. The reliability of the research was also assessed through theoretical triangulations, in which past researches in the same subject were presented and analysed in the literature review to support the findings of this research. This provide a general understanding of the research aim and objectives and enhance the credibility and reliability of the research findings. Moreover, the comparison between two sectors in this research led to seeking out the similarities and differences and the representation of transferability as it shows if the findings in different contexts.

3.6. The ethical code of conduct

Ethical practice is vital, especially in social research. Saunders et al. (2009) advocate, that a valid research obliges that the researcher acts appropriately with regard to the rights of the subjects of the research, in addition to the rights of those who are affected by it. Moreover, the moral values and standards direct the moral choices about individuals' relationships and behaviours with others. Anderson (2009) states two principles that highlight what is considered as an ethical approach to research. These are, first, the protection of all participants' interests and, second, that data collected from individuals should not be harmful to them at the end of the process. In addition, past researchers indicated that it is important for researchers to find balance between ethical principles, good quality and practical constraints (Silverman, 2010). This means that the researcher should develop an ethical conscience that highlights the interests of the participants while making decisions (Ritchie et al., 2014). Having an ethical qualitative research cannot be achieved by following a certain ethical code or another passively. Rather it depends on thinking through the meaning of the research for the participants while making the most ethical decisions, even if they mean deviating from the set rules (Silverman, 2010).

Ethical principles in business research are broken down to four main areas that include ensuring that the participants are not harmed in any way; guaranteeing that the participants understand enough about the research to make an informed decision to participate; ensuring that there is no invasion of privacy of the participants during the research; and certifying that deception is not involved (Bryman & Bell, 2015). In this research, ethical approval for the study was obtained before the data collection. During the data collection process, the researcher informed all the interviewees of the purpose of the research and provided all the information they needed to decide whether or not to participate before interviewing them. Participant confidentiality is guaranteed through disclosing their identities and avoiding reporting findings that could cause any harm for them. Also, the accesses to this research is controlled, as only the researcher and supervisor have access to the collected data. After the project, all raw data that can identify individuals will be destroyed. In the reporting of the project, no information will be released that will enable the reader to identify who the respondent was. Participating in the research was voluntary and with no pressure, and the contributors were informed that they can withdraw at any time. Also, a written consent was used to ensure the acknowledgement of the participants and the agreement to participate in the research (see Appendices 2 and 3). Moreover, due to the need to record the interviews, participants were informed about the recording taking place. The data in this research is protected and held securely.

3.7. Conclusion

This chapter has provided a detailed discussion and justification of the selected research method. The qualitative research approach is proven to be more suitable to achieve a better understanding of the research topic (the internationalization of Saudi SMEs) and fulfil the data needs. The main question of this research are “how” and “what” questions, as it aims to find what obstacles Saudi SMEs face with internationalization; what are the capabilities and motivation of SMEs owners to go abroad; and how innovation, networking and social media exemplify the internationalization of Saudi SMEs. Therefore, in-depth interviews was chosen as the data collection method as it fits the research aims and objectives. The data was collected through 23 semi-structured in-depth interviews with SME owner-managers. These interviews provided a rich data set that would not have been possible to obtain by other methods. Interviews were conducted with both ICT and textile and apparel SMEs to broaden the coverage and facilitate a comparison. After the data collection, the interviews were transcribed and translated to English, then the initial codes were generated. The data was analysed through thematic analysis with the support of NVivo software, and then the report was written. The evidence collected provides a sound empirical basis for analysing the challenges of internationalization for Saudi SMEs.

Chapter Four: Findings – Thematic Development

In this chapter, the collected primary data are summarized. This chapter outlines the findings of the interviews. The main themes and subthemes are drawn out to answer the research questions. The interviewees were asked questions about what motivated them to expand abroad, what obstacles they faced, and whether innovation, networking and social media played any role in their internationalization. The findings of this research answer these questions.

4.1.Motivation and capabilities

The decision of SMEs to enter the international market is based on having a motivation and capabilities that allow them to take such a significant step. These motivations and capabilities can be classified into two categories: internal and external (Leonidou et al., 2007).

4.1.1. Internal motivation and capabilities

The internal motivations and capabilities are those related to the firm itself. The result of the research suggests that these are:

- entrepreneurial orientation
- seeking revenue and growth
- risk diversification
- having financial resources
- product competitiveness
- marketing.

4.1.1.1.Entrepreneurial orientation

This theme captures the role entrepreneurial orientation plays in motivating SMEs to expand abroad. This theme is explained in four subthemes: innovativeness, proactiveness, risk-taking and vision.

i.Innovativeness

This theme encapsulates the participants' creativeness under the OECD definition, which described innovation as "the implementation of a new or significantly improved product (good or service), or process, a new marketing method, or a new organisational method in business practices, workplace organisation or external relations" (OECD, 2005). All participants showed the importance of being innovative to be able to compete and expand abroad (IT1-IT13, TA1-TA10). For example, Salah (IT4), who owns a social media platform with more than 315 million users around the world, mentioned how being innovative by making the

platform users his marketers gave his platform a competitive advantage. He also explained how creative their marketing strategy is. He said:

“we were able to make the users our marketers. We turned them to actual marketers because when our user shares the message that they received in our platform in Twitter, or Snapchat or Facebook, it offers us free advertising and makes other users of these platforms interested in knowing about us or using us as well.”

Abdullah (IT5), whose company owns a search engine for properties, also lends support for this point. He mentioned that his company introduced a new project in the market in 2014 and what makes it special is that it provides different solutions and features to users. He said:

“We provided a different solution. Our product is a smart real estate search engine. Most other real estate websites are databases where people can add or buy properties from, while at ours we provide a search engine just like Google.”

Moreover, Ahmed (IT13), whose company owns a consultancy website that connects SMEs with consultants from all around the world, also mentioned how his new model and the new features he provides in his website give him a quality value. He said:

“We have an online virtual office that allows the client to meet the consultant and get hired and get payed all in one page. This page can be accessed by a simple link. This feature does not exist in any of our competitors, and most of our competitors in general are still in the early adapting stage because it is a new model.”

Being in a high-tech industry, the innovation process in the ICT sector requires R&D before being able to create innovative products or services. For example, Ahmed (IT13) mentioned how he stayed in Silicon Valley for a while and undertook research and collaborations with other innovative businesses before being able to create his final product. He said:

“I was able to build the start-up by relying on technologies built by other start-ups in Silicon Valley, as doing business with start-ups is much cheaper than relying on large companies, so the cluster in the Silicon Valley helped me a lot because they were evolving very quickly and the tools were available for everyone, which was very helpful. Also, I had the chance to work with like-minded people, where no one talks about traditional businesses or copycats.”

Salman (IT8) also raised how, before establishing his business, he had to carry out heavy research for three years. He said:

“We had the idea from 2013, but from 2013 to 2016 we were studying the market, both internally and externally.”

The importance of innovation for expansion abroad is also captured in the textile and apparel sector. Although none of the textile and apparel participants mentioned explicitly the R&D they had to go through for innovation, they still discussed how innovative their firms are. For example, Mona (TA2) explained how she thinks using new environmentally friendly materials, that were not introduced in the market before, will help her in expanding abroad. When asked about what can help her expand, she said:

“Using a new technology and a type of recycled paper that you can grow and farm just like seeds once you are done with using it.”

Moreover, Huda (TA6), who is one of the most famous abaya designers in the Gulf, explained how tackling the abaya business by being innovative and introducing the abaya in new bold colours that were never introduced is what made her stand out as a designer and be able to expand. She said:

“I believe it is innovation, trying to be innovative and producing new and different designs or using new fabrics that were never used for abayas before.”

Being innovative is important for expansion in both the ICT as well as the textile and apparel sector, whether it is through creating a new product or service, using new marketing or organizational methods, or relying on a new business model. However, being a high-tech sector, the innovation process in the ICT sector requires more R&D.

ii. Proactiveness

Being proactive and willing to act in advance rather than waiting for things to happen can help entrepreneurs expand abroad in both the ICT and textile and apparel sectors (IT1-IT13, TA1-TA10). When discussing the reasons for starting their businesses, interviewees showed that they actively took steps to achieve their dreams. For example, Lina (IT1) said:

“It is something that I am passionate about, also all the team members worked for different companies, so why not meet together and establish something we have a common interest in to try and make a difference in the field.”

Being proactive also pushes entrepreneurs to find new opportunities and expand abroad. Abdullah (IT5) highlighted the importance of being proactive in taking initiatives to solve problems. He said:

“In 2014 when the Saudi real estate market was going through some difficulties, the Egyptian real estate market in contrast was very active and there were clear opportunities there. Therefore, we decided to stop marketing in Saudi Arabia and put our full focus on the Egyptian market.”

Dina (TA3) also mentioned how being proactive helped her start her business and turn what used to be a hobby into a real business that is steadily growing. She said:

“I did a batch of products and participated in an exhibition, and we sold out the first day. Then I went back home and increased the number of products I did for the first day, and we sold out the second day too. The idea began to grow with me, and I said there is something here, so I started producing products.”

Lama (TA4) also explained how she is very proactive and tries to solve any problem she encounters without waiting for things to solve themselves. She said:

“When I first returned from studying abroad, I couldn't find a job, and usually I don't wait for things to happen. My personality depends on finding solutions to any problems I face. I create solutions instead of sitting down and waiting for the problems to be solved, so I decided to do something I'm passionate about and started this company.”

Likewise, Nora (TA7) showed how proactive she is by mentioning how she created her company immediately once she noticed interest in her work. She said:

“I was still an amateur designer without any formal registrations and records, so when I went back home during spring break vacation I opened a company and registered all the needed papers, and I contacted a journalist that contacted me earlier to give her the company's information.”

The importance of being proactive is highlighted in both the ICT as well as the textile and apparel sector. Being proactive helps entrepreneurs take initiatives such as expanding abroad.

iii. Risk-taking

This theme condenses the participants' abilities to take risks to expand their business abroad and become successful entrepreneurs (IT1, IT2, IT3, IT5, IT6, IT9, IT13, TA1, TA3, TA4, TA6, TA7, TA8, TA9, TA10). For instance, Abdullah (IT5) mentioned how in his project he took the risk to switch from a field in which he had experience (construction) to real estates, in which he had no experience at all. He said:

“Our experience then was in the construction field, and suddenly we turned into real estate entrepreneurs, which was a bit difficult when we first started.”

Fahad (IT6) mentioned that his business developed based on taking the risks and shifting it from the customers to them. He said:

“We try to solve this problem by shifting the risk on us. We assure our customers that in the event of any problem the return of their full amount of money is guaranteed; we bear the risk and guarantee the customers their rights.”

Rana (TA1) whose company specializes in designing stationery, gifts and leather goods explained how she enjoys taking risks and how taking these risks help her in growing her business. She said:

“I always love to take risks. Many of my family consider me sometimes crazy. On one occasion I transferred a large amount of money (SAR 100,000) to a factory in China that I've never worked with before.”

Deema (TA8), who is an abaya designer, explained how she does not mind taking risks to find new opportunities and how this helped her expand in Qatar. She said:

“One of my regular customers in Saudi told me that some of her family members in Qatar saw her abaya ... I felt really bad because I travelled all the way to Qatar with my whole collection and ended up not meeting them. Fortunately I sat at the hotel lobby and a lady approached me and asked me about my abaya and I remember telling her that I am the designer and that I was in Qatar to participate in an event and that I have pieces from the collection with me if she wants to see them, so she called her friend and they loved the collection and bought many abayas.”

Entrepreneurs in both the ICT and the textile and apparel sectors showed how being risk-takers helped them tackle new fields and markets, which can result in expansion of their business.

iv. Entrepreneur's vision

The entrepreneur's vision and intention to expand internationally is one of the most important elements of taking such step for most of the participants (IT1- IT13, TA1, TA2, TA3, TA4, TA6, TA7, TA8, TA9, TA10). When asked about the reasons behind expanding abroad, Salah (IT4) showed that this was his vision for the company when it was first established. He said:

“We were initially planning to spread in the Arab world only, with greater ambition to reach the rest of the world”.

Faisal (IT9) also showed how his vision for the company to attract future investment led to his geographical expansion. He said:

“To increase the market value of the company in the future. In the case of investment, when we have a wide geographical coverage, we become more attractive for investors.”

This did not differ for the textile and apparel entrepreneurs. Lulu (TA10), for example, mentioned how her biggest motive for expansion is recognition. She said:

“To expand my brand and for my brand to be recognized all around the world.”

Likewise, Nora (TA7) explained how she was motivated to expand because of her vision to become an international company. She said:

“The biggest motive is my desire for the company to be an international company and for my name to be known like the big and most famous international designers.”

The entrepreneur's vision for the business is one of the biggest motives behind the decision to expand abroad in both the ICT and in the textile and apparel sector.

4.1.1.2. Revenue and growth

According to Naldi (2008), SMEs that export and engage in international activities show higher growth rates and profit than those that focus only on the domestic market. The high revenue and growth SMEs can achieve from expansion was a major internal motivation for most participants in both sectors (IT1, IT3, IT5, IT6, IT9, IT10, IT11, IT12, TA1, TA2, TA3, TA4, TA7, TA8, TA9, TA10). Lina (IT1), for example, explained how the high revenue her company

was receiving from handling projects abroad was their biggest motivation for expansion, she said:

“we decided to take projects abroad in order to expand our revenue, these are the most important motives, I think.”

Moreover, SMEs are motivated by the growth and credibility they can achieve from expanding abroad. Othman (IT11) explained:

“Working externally gives you more credibility and growth, although the Saudi market is very large, but if you cover another market this gives the customer the impression that you are a sustainable business and that they can count on you.”

Abdullah (IT5) also explained why he is planning to expand more externally to increase his company’s market share. He said:

“We expect to expand more in Egypt and the Gulf countries. In our field you are always evaluated based on your market share rather than income.”

The case is similar with SMEs in the textile and apparel sector. For example, Mona (TA2) explained how one of her biggest motives to expand abroad is the financial return and raising her income. She said:

“the desire to increase my income was my biggest motive to expand abroad”

Dina (TA3) also explained how brand recognition and growth are her biggest motives to expand. She said:

“Sales and brand recognition; we want to become a bigger brand so we must expand beyond the borders of the Kingdom.”

Deema (TA8) explained how she is motivated to expand to increase her profit and grow. She said:

“increasing the profit and growing the business, this can be achieved through finding new markets for our products”

SMEs in both the ICT and the textile and apparel sector are highly motivated to expand abroad to increase their revenue and grow.

4.1.1.3. Risk diversification

SMEs can try to reduce their business risks, such as the decline or the loss of business share in their domestic market, through participating in international trade and entering new markets (Kubickova & Toulouva, 2013). Several participants explained how they look for opportunities to expand abroad to diversify their risks (IT5, IT6, IT9, TA1, TA8). For example, Abdullah (IT5) mentioned how he was motivated to expand in the Egyptian market when it was active while the market in Saudi Arabia was struggling. He said:

“What motivated us the most is that the real estate market in Saudi Arabia has gone through a period of decline.... In 2014, when the Saudi real estate market was going through some difficulties, the Egyptian real estate market in contrast was very active and there were clear opportunities there.”

Faisal (IT9) explained how he is planning to expand further abroad because he believes in not limiting yourself to one market. He said:

“Do not confine yourself to one market because it is possible to put yourself in this shell and miss chances that are much better than where you started from.”

Some of the textile and apparel SMEs were motivated to expand abroad and find new opportunities to diversify their risks. For example, Nouf (TA5) explained how the purchasing power of Saudi consumers was harmed by some of the new government policies that did not have the same effect on the purchasing power of the customers of other Gulf countries. This leads her to expand in these Gulf countries to diversify the risk. She said:

“Gulf countries consumers have higher purchasing power than Saudi consumers because they were not harmed by many things like taxes, then increasing of gasoline prices and increasing of utility bills.”

Deema (TA8) mentioned how the purchasing power of Saudi consumers was affected by taxes which led business owners to look for new ways to minimize any detrimental effects caused by any changes in the local market demand. She said:

“especially the taxes – I feel it had an impact on people’s purchasing power, and the orders are less that what they were before, especially locally.”

SMEs in both the ICT sector and the textile and apparel sector can be motivated to expand abroad and look for opportunities in different markets to diversify their risks.

4.1.1.4.Financial resources

According to Kubickova et al. (2014), having sufficient financial resources can enable SMEs to look for new opportunities for expansion in new markets. Participants explained the role the availability or lack of financial resources plays in SMEs' expansion (IT1-IT12, TA1, TA2, TA3, TA4, TA6, TA8). For example, Khalid (IT3) mentioned how he is planning to expand abroad, but he cannot go forward with his plans unless he has the needed financial resources. He said:

“We also aim to expand in other markets outside the Kingdom, such as the UAE, Bahrain and Egypt, but I do not think we will fully enter these markets unless there is an investor that will finance us.”

Abdullah (IT5) also explained how the most important enabler for his company to expand abroad was funding. He said:

“For us funding was the key element.”

Having financial resources was also captured as an enabler for expansion in the textile and apparel SMEs. For example, Rana (TA1) mentioned how her current priority is to get financial resources to be able to expand. She said:

“Financing is my priority.”

Moreover, Mona (TA2), who is planning to expand further abroad, also mentioned how she can now expand due to having an investor that will take care of the financial burdens. She said:

“There is also an investor with me that will take care of the administrative and financial issues, while I will focus on the technical aspect of design and marketing.”

Having the needed financial resources is one of the biggest enablers for SMEs in both ICT and textile and apparel sectors to expand abroad and help businesses realise their ambitions.

4.1.1.5.Product competitiveness

Having competitive advantages, either by being more innovative or offering better prices or having market intelligence or even marketing communication, can give SMEs exporting advantage and enable them to access new markets (Falahat & Lee, 2020). This theme captures the role product competitiveness plays in enabling and motivating SMEs to expand abroad

(IT1-IT13, TA1-TA10). Sami (IT7), for example, explained how the advantage of offering better prices motivated his company to expand in the Qatari market. He said:

“The pieces in Qatar were more expensive, so many customers used to buy from us because our prices were much better for them.”

Abdulaziz (IT10) also explained how he spotted a market opportunity, that motivated him to expand in the Gulf countries. He said:

“because our idea is not applied in the Gulf countries. There are also a lot of people from the Gulf who have a desire to buy used cars from Saudi Arabia”

The case is similar for textile and apparel SMEs, as having a competitive product also enabled these businesses to expand abroad. For example, Huda (TA6) explained how her stable, affordable prices helped her gain more customers from different countries for her abayas. She said:

“These are my goals: to sell quality for an affordable price.”

Likewise, Lama (TA4) who works in a different business, as she produces ready to wear clothes, also mentioned how producing high-quality pieces with affordable prices is her competitive advantage that helped her gain customers. She said:

“There are other people who produce, but their prices might be expensive and the quality is not that good, so I wanted to change this perspective.”

Producing a competitive product or service enables SMEs in both the ICT and textile and apparel sectors to compete in the market and can motivate them to expand abroad.

4.1.1.6.Language

Language capabilities can play a role in the decisions of SMEs when looking to expand (Csonka, 2016). For example, it can give them an advantage that attracts new international customers (IT4, IT6, IT9, IT10, IT11, TA1, TA7, TA8). Salah (IT4), for instance, mentioned how his first external expansion was to the Gulf countries because they speak the same language. He said:

“I believe in geographical expansion and also because of the factor of culture and language. This helped a lot in entering the market because of the common language between us and them.”

He then continued that adding the English language to his app gained him a direct global platform and helped him expand beyond the Arab world.

“We started out in Arabic only. There were no other languages on offer. After we had 30 million Arab users, we felt it was time to become global. We added English as well to the application. We became more famous, and the first thing that happened when we added English was gaining American users directly.”

Othman (IT11) also mentioned how Arabic language was the reason behind finding an opportunity to expand abroad. He said:

“There was a person who saw the ad and was looking for an Arab service provider, because most of the service providers there are Indian nationality.”

Language seems to play a less significant role for textile and apparel SMEs in terms of market expansion. However, it does play a role in the choice of the country they outsource to. For example, Rana (TA1) mentioned how language was the main factor in choosing the Chinese factory she decided to work with, she said:

“We deal with it permanently because one of the workers in this factory is always in contact with us and this factory is in China, and they speak excellent English language and are fast in communication.”

This is also the case with ICT SMEs, as Faisal (IT9) also explained how the language was one of the biggest factors in his decision to outsource some of his work in the Egyptian market. He said about choosing the Egyptian market:

“Professional workers may be available in many countries and even more professional than Egyptians, but the language factor was very important for us to ease the communication.”

4.1.1.7. Marketing

According to Joensuu-Salo et al. (2018), marketing capabilities are a key element in the internationalization of SMEs. This theme captures the role marketing plays in motivating Saudi SMEs to expand abroad. This theme is divided into three subthemes: social media, Google Ads and marketing campaigns.

i. Social media

According to Dervojeda et al., (2014), using social media tools allows companies to improve their presence in international markets and have exposure as well as access to potential customers from all around the world. All participants explained how using social media platforms help SMEs in having exposure as well as gaining new national and international customers (IT1-IT13, TA1-TA10). For example, Sami (IT7) mentioned how social media helped his company expand abroad by gaining new international customers that knew about his products from it. He said:

“With Qatar and Kuwait, they were the ones that came to us, and I think social media helped with that, as I think they knew or heard about us from social media.”

Fahad (IT6) also mentioned how he can benefit from social media features in knowing the countries that show interest in his service and visit his social media page. He said:

“Our Instagram page is visited by at least 300 people from around the world every day, and about 300 servers visit our site every day; 80% of them are new.”

The case was similar to textile and apparel SMEs. The interviewees stressed the importance of social media for their businesses and how it helped them expand abroad. Instagram specifically was found to play the most significant role in overseas expansion. Nada (TA9) explained how Instagram even helped the exposure of her business in countries she had never been to. She said:

“I receive many orders for my collection from all around the world through Instagram and even from countries I’ve never been to, and I think the only way they knew about us is Instagram.”

She also mentioned how her business has most of its followers on Instagram and how it is very beneficial for her business, and even called the social media outlet “a gate to the world”. She said:

“We have most of our followers in it and we can contact our customers through it and display our collection clearly. We also receive many orders locally and internationally through our Instagram account, and I consider it one of our gates to the world, as people from all around the world can see our collection and order without the need to move from where they are setting.”

Huda (TA6) also mentioned how important Instagram is for her business and how she even used social media influencers to market her collection. She said:

“A lot, especially Instagram as I told you before. I think people abroad knew about me through it. It is currently the only social media outlet I rely on.”

Instagram is the most common social media platform for textile and apparel SMEs. However, ICT SMEs were more likely to utilize different types of social media. Lina (IT1) said:

“I think that each field is different from the other based on the targeted audience and their presence in social media platforms. For our business, and the technology, IT and UI field, I think Twitter is the most valuable, and most of our targeted audience are active there.”

Abdullah (IT5), who prefers Twitter, also mentioned how this is due to the availability of their targeted audience there. He said:

“Twitter, because our work is mostly B2B more than individuals, and most businessmen are active on Twitter.”

Another factor in selecting the suitable social media platform is the features of the platform. For example, Khalid (IT3), whose business depends on visuals, explained how he thinks Instagram is the most important for his business because of how it is visual-oriented, which allows him to market his business. He said:

“With sports activities you need visuals more than words, and Instagram is a great platform to show pictures and videos of the activities we offer and give the customer the desire and interest to try them out.”

Faisal (IT9) also mentioned how his company uses each social media platform for different purposes, depending on its feature and the targeted audience. He said:

“For example, in employment and recruitment, the best one is LinkedIn. But for news, announcements, advertisements and communication with the customer directly, Twitter is the best, and we use Instagram also in documenting, photographing or recording events or exhibitions for our partners.”

Another factor that seems to affect the strategy of ICT SMEs for using social media is the popularity of the social media platform in each country. Salah (IT4) explained his experience when asked about the social media platform he prefers for his business. He said:

“It depends on the country. Most of the countries use Facebook and Snapchat, as the American media used to tell us that the reason for our fame is Snapchat.”

Salman (IT8) also mentioned how the popularity of the platform in a country affects the decision of the company to use it. He said about not using Facebook:

“We consider Instagram better and more interactive. With Facebook, in Saudi Arabia there are not so many active users, so we did not use it.”

Social Media can help SMEs expand and grow by giving them international exposure as well as being used as a marketing and networking tool internally and externally. Through social media platforms, SMEs can have a sense of opportunities abroad as well as potential markets and customers. ICT SMEs choose the most suitable social media platform for their enterprise based on the features of the social media platform, the availability of the targeted audience and the popularity of the platform in the country. Textile and apparel SMEs seem to depend highly on Instagram as their preferred social media platform, most probably because of the visual aspect of their goods.

ii. Google Ads

ICT SMEs benefit from Google Ads in getting exposure and gaining new national and international customers (IT1, IT2, IT6, IT7, IT9). For example, Fahad (IT6) mentioned how this tool helped him market his business, gave it exposure and brought him potential new customers. He said:

“Our site is visited by almost 50 people a day that knew about us from Google Ads.”

Sami (IT7) also mentioned how the advertisement tool is the most important for his business. He said:

“Google ads is the most useful. I consider it number one for marketing our services.”

Although the tool is important and useful for ICT SMEs, it did not seem to be as significant for textile and apparel SMEs, as none of the participants mentioned it as a tool they use to market their businesses.

iii. Marketing campaigns

Being successful in a competitive market depends on adopting the right marketing strategy and campaign (Burdus and alpopi, 2010). Launching marketing campaigns that target both the local and international markets, to find opportunities to be known and expand abroad, is one of the strategies several participants mentioned as an approach for internationalization (IT2, IT5, IT7, IT8, IT9, IT11, TA1, TA3, TA4, TA5, TA6, TA7, TA8, TA9, TA10). For example, Mohammed (IT2) thinks that marketing helped his business in exporting. When asked about how they were able to expand abroad, he said:

“We relied on ourselves in that, especially by marketing. We launched a marketing campaign to target international markets.”

Abdullah (IT5) also mentioned how, in his case, when his company wanted to enter the Egyptian market, they shifted their focus on marketing to the Egyptian market instead of the Saudi market. He said:

“Therefore, we decided to stop marketing in Saudi Arabia and put our full focus on the Egyptian market.”

Marketing campaigns are also important for textile and apparel SMEs. They played a big role in giving them the needed exposure once they found a potential market for their products. Nora (TA7) explained how, to target the international market, she did a marketing campaign where she paid international celebrities to wear her clothes to get exposure. She said:

“ As for the international market, it was the US market, as I started there as a student, and I also contacted some agencies there with my first collection, to try and make celebrities wear some of my pieces for marketing. This strategy helped us a lot in being known and taken more seriously.”

Additionally, Lama (TA4) explained how she believes marketing will help her solve some of her problems with getting more recognition. She said:

“I think it will take a period of time and then I'll be more known through good marketing.”

4.1.2. External motivation and capabilities

The external motivations and capabilities are those related to external factors. The results of the research proposes that these can be determined to: the SME's network, finding

opportunities in foreign markets, the demand from abroad, limited demand in the local market, the local government support and the attractive foreign policies.

4.1.2.1. Networking

Evidence showed that the SME's network plays a significant role in its internationalization decision (Hewerdine, Rummyantseva and Welch, 2014; Ibeh & Kasem, 2011; Bakhtiar & Sorensen, 2013; Johnsen & Johnsen, 1999). This theme encapsulates the role networking plays in motivating SMEs to expand abroad. This theme is divided into two main categories: ways of networking and the benefits of networking. The ways of networking classify how SMEs build their networks, while the benefits of networking show the advantages SMEs acquire through their networks and how they support their international process.

4.1.2.1.1. Ways of networking

This theme includes six subthemes. These are: incubators, exhibitions, chambers of commerce, universities and colleges, and SMEs authorities.

i. Incubators

Business incubation can play a positive role in the internationalization of SMEs (Engelman et al., 2014). Incubators are very beneficial for SMEs in terms of networking and the other services they provide for incubated businesses. (IT1-IT13, TA1, TA2, TA3, TA4, TA7). Although incubators might not play a direct role in supporting the expansion of SMEs internationally, they still play a vital role in supporting SMEs and in helping them build relationships and overcome several difficulties they face, which helps to enable them to expand and grow. Khalid (IT3), for example, mentioned that Badir, which is a technology-based incubator, helped them in solving a problem they were facing and finding a partner. He said:

“We were looking at the Kingdom level from Dammam to Al-Hasa, from Al-Hasa to Jubail and from Jubail to Jeddah in search of a founding partner or a good technical company with reasonable prices. Thankfully we have just successfully joined a company here in Badir.”

Abdulaziz (IT10) also mentioned the consultancy they received from networking and the experts in incubators. He said:

“From Waed, either by asking the experts there or by contacting other incubated business that have information based on their market experience.”

Incubators do not only provide legal support but also financial support. Mohammed (IT2), who is in the way to receive financial support, said:

“We applied for the financial loan from Waed, and we are in the process of getting it.”

Others also mentioned that they are using the incubator’s building, where their businesses are established for free. For example, when asked about the use of buildings and lands, Abdullah (IT5) said:

“Yes, at Badir. We had a private headquarters, but we preferred to use the Badir building.”

Sami (IT7) also mentioned the training they receive from the incubator. He said:

“Badir offers excellent training courses and invites us to attend.”

Moreover, Abdulaziz (IT10) said:

“We attend some of the courses that are held in the incubator.”

Textile and apparel SMEs also benefited from the support provided by incubators. For example, Lama (TA4) explained how being incubated by the Prince Sultan Fund for Women’s Development helped her businesses in terms of networking and finding opportunities. She said:

“I came back to them and rented an office, as the rental rates are very suitable for us as beginners, and this helped my work in addition to the opportunities available here from networking and visitors that are very useful.”

Dina (TA3) also explained how her business became a serious thing when she joined the Fund. She said:

“I started producing products in my spare time, but it became a serious thing when I joined the fund in 2016, and I became an active business this year because we are expanding.”

Likewise, Rana (TA1) described how she benefited from joining the Fund in terms of cost, building relationships and attending workshops, as well as the benefits she can get from the Fund being an all-girls institute. She said:

“They offer workshops and receive very important visitors that we can benefit from and network with.”

While all participating ICT SMEs benefited from incubators in one way or another, only half of the interviewed textile and apparel SMEs benefited from them. Finding incubators or being incubated as a textile and apparel business is not easy. Nora (TA7) explained her struggle when she first launched her business and how she did not find a place to get guidance from. She said:

“We need a known organization that is responsible to answer and offer information in our field.”

Lama (TA4) also mentioned how she was not accepted to be incubated by the fund when she first applied. She said:

“I did my business plan based on this course and applied to be sponsored by the fund but I was not accepted at the beginning.”

Incubators tend to provide significant support for SMEs throughout their expansion journey. They help them build relationships as well as solve some of the day-to-day problems they are facing. They also provide, consultancy, financial and legal support, in addition to buildings and lands. By providing this support, incubators enable SMEs to be in a strong position to help them form a capability to expand abroad. However, there is a lack of support from textile and apparel incubators in the Kingdom in comparison with the ICT sector, most probably due to the special attention given to ICT in government and private sector initiatives.

ii. Exhibitions

Participating in exhibitions and fairs gives firms opportunities to network and collect the information they need (Knight, 2008). Participants explained how SMEs can gain several advantages from attending and participating in exhibitions, such as networking, marketing, innovation and finding opportunities in new markets (IT1, IT3, IT5, IT6, IT8, IT9, IT10, IT11, TA3, TA4, TA5, TA6, TA7, TA8, TA9, TA10). For example, Lina (IT1) mentioned how they benefit from attending exhibitions and conferences by building relationships. She said:

“The Chamber of Commerce in the Eastern region is very active and hosts exhibitions that are usually promoted from time to time. Also, they organize conferences and we attended many of them, and they have been useful in building relationships.”

Khalid (IT3) also mentioned how in his business they make sure to attend exhibitions, and benefit from them in networking with new markets and finding potential partners. He said:

“The South African market – the previous year we tried to cover the shows and exhibitions that took place there, and there were several international companies suitable for us to make deals with, and they showed so much interest in what we do and the service we provide.”

Abdullah (IT5) also mentioned how important exhibitions are and the benefits they gain from attending them. He said:

“In 2015 I got a chance where the Minister of Trade at the time, Tawfiq Al- Rabea, wrote in Twitter that any Saudi company that has an innovation in the field of electronic commerce and trade exchange, the ministry will adopt its projects and help them participate in Gitex, which is the biggest property exhibition I think this was a very good initiative. We felt that the Ministry of Commerce had adopted us for exposure abroad in the largest real estate exhibition.”

Moreover, Abdulaziz (IT10) also stressed the importance of these exhibitions in expanding abroad. He said:

“I feel that exhibitions played the most important role in our expansion abroad.”

Exhibitions also play a significant role in the expansion of textile and apparel SMEs locally and internationally. For example, Nada (TA9) mentioned how she benefited from exhibitions in making partnerships that will help her business spread around the world. She said:

“Due to that exhibition, I signed partnerships with stores in UAE and Qatar to sell my designs, and one of these stores has branches in many Arab countries, which helped me with spreading my collection.”

Moreover, Deema (TA8) explained how she was able to build useful business relationships by attending exhibitions. She said:

“I had the chance to meet a lot of helpful people in the field by attending previous exhibitions and events.”

Nora (TA7) also explained how attending an exhibition gave her business great exposure and helped her gain new international customers. She said:

“The first market we expanded in was the Kuwaiti market, because after attending an exhibition there the response was beyond our expectations.”

Exhibitions play a crucial role in SMEs' endeavours to expand abroad. They are beneficial in stimulating networking, innovation and development, as well as marketing and providing opportunities for signing deals and brokering partnerships.

iii. Visits

This theme captures the positive role and importance of visits to developed places such as Silicon Valley, which is the home of many of the largest tech start-ups in the world, in networking and innovation (IT4, IT6, IT13, TA2, TA7, TA9). According to Giorcelli (2019), visits to developed countries can be very beneficial for SMEs, and they introduce entrepreneurs to new technologies and different ways of thinking. Ahmed (IT13) whose company has high international exposure, with more than 70% of its users being international, showed how his company benefited a lot from visiting Silicon Valley. He said about how he started his company:

“I wanted to build a company based on my Silicon Valley experience”

He also praised the atmosphere there and mentioned how his company benefited highly from networking in innovation. He said:

“I was able to build the start-up by relying on technologies built by other start-ups in Silicon Valley.”

Studying in foreign countries or going for business trips abroad can open new opportunities for textile and apparel businesses and expose them to useful knowledge and relationships. For example, Mona (TA2) explained how studying abroad helped her start her business and notice the difference between the markets abroad. She said:

“I also studied abroad, and I saw the products there and compared them with the products we have here, and I felt that there was a great difference, and the prices here were very high on things that could be sold for much less.”

Being exposed to different or more developed cultures helps SMEs develop exposure and build useful business relationships. Overseas visits were found to have a positive impact on SMEs' ability to develop their market capabilities, especially by sensitising their goods and services.

iv. Chamber of commerce

Uden (2007), stated how government agencies, such as chambers of commerce can help SMEs overcome several barriers they face with internationalization. The chamber of commerce plays

an important role in networking for participants, and provides different services that can enable SMEs to internationalize (IT1, IT2, IT3, IT5, IT6, IT7, IT8, IT9, IT10, IT11, IT12, TA1, TA3, TA4, TA5, TA6, TA7, TA8, TA9, TA10). According to Lina (IT1), the chamber of commerce is very active in terms of arranging exhibitions and conferences that are helpful in networking. She said:

“The Chamber of Commerce in the Eastern region is very active and has done an exhibition, usually promoted from time to time. Also, they organize conferences, and we attended many of them, and they were useful in building relationships.”

Salman (IT8) also mentioned how his company benefited from these exhibitions organized by the Chamber of Commerce, in networking and development. He said:

“The Chamber of Commerce, a week ago, organized an exhibition for modern electronic applications. There were about 50 participants.”

Textile and apparel businesses also benefited from some of the services provided by the Chamber of Commerce. For example, Lama (TA4) mentioned how she subscribed to the Chamber of Commerce, and that she benefits from attending their free courses and the experts they host. She said:

“I have a subscription to the Chamber of Commerce and attended some free courses they offer, and I go when they host experts in my field.”

Dina (TA3) also mentioned how her business benefits from the Chamber, and that she applied to be a member of the young business group. She said:

“in attending courses and certification of papers, and also I applied to be a member of the young business group that belongs to the Chamber.”

However, in both sectors, not everyone was satisfied with the services provided by the Chamber. Mohammed (IT2), for example, was not satisfied with the quality of courses or training the Chamber of Commerce provided. He said:

“The training courses offered by the Chamber of Commerce or others are not particularly useful courses, especially with the availability of better or more advanced courses that can be taken online, in addition to their failure to advertise, if any.”

Sami (IT7) also agrees with him, as he does not feel their courses are updated or suitable for SMEs. Hence, when asked about the training courses offered by the Chamber of Commerce, he said:

“I do not feel that they are helping enough, as the courses they offer are very basic, and they invite lecturers from old generations to give courses. When I attend their courses, I do not feel that they are beneficial. Also, the courses seem to be designed for big businesses, so I think they are not useful for me.”

Huda (TA6) mentioned how, although she did benefit partially from the Chamber of Commerce, she still feels that they are not that beneficial for her business. She said:

“I am a member in the Chamber of Commerce, but I don’t feel that they are that helpful, although they did call me several times to participate in groups, but at this point I feel that I need to focus on my business, and they will take from me more than what they will offer me.”

The Chamber of Commerce offers a number of services for SMEs in both sectors such as training and exhibitions that allow them to network. However, not everyone is satisfied with the quality of training they offer.

v. Universities and colleges

Macdonald, Assimakopoulos and Anderson (2007), explained how universities play a crucial role in increasing the innovation and competitiveness of SMEs by providing them with education and training. According to the participants, universities and colleges support SMEs’ networking in both sectors through several ways (IT1, IT3, IT4, IT6, IT7, IT9, IT10, IT11, IT12, IT13, TA1, TA2, TA3, TA5, TA7, TA8, TA9). One of these ways is granting them exposure by offering a platform for them to speak about their story, as well as becoming a customer of the service or product they provide. For example, Salah (IT4) said:

“The College of Prince Mohammed bin Salman and its president Dr Nabil hosted a conference and asked us to share our experience with students, and he himself explicitly used our platform in his university, and this form of support is great.”

Another way for universities to support SMEs is by encouraging their students to participate in training programmes. These programmes benefit the universities, as it gives their students experience in a real work environment, and they help SMEs as well in seeking fresh talent that

they can hire. This can be illustrated from Faisal's (IT9) experience, who was more than happy to share his story. He said:

“We started by having students from cooperative training in universities It is difficult for us to invest high salaries in an employee and then discover that he can't do the job, having to tell him unfortunately we will have to let him go or finding that his personality is not suitable for the job. We avoid this from the beginning by applying this training strategy. The computer students have the know-how and the fundamentals from the universities, but working in a real job gives a real and different experience.”

Although he benefited from these training programmes, Faisal (IT9) is still not satisfied with universities' and colleges' outputs and thinks they can do much better by having partnerships with the business sector. He said:

“We benefited from the students only and not the universities themselves. We benefited from the students as trainees, but I think that the universities need to improve. When we talk with them about the labour market, for example, there is a huge gap between the market's needs and the universities' outputs.”

Another way for universities to support SMEs is by having a strong alumni system that acts as a network for graduates to benefit from. A strong alumnus can be a great support and even open opportunities. It can also help with internationalization when it has graduates from all around the world. Ahmed (IT13) had great benefits from his university's alumni. He said:

“Also, I have global connections with people I know, and one of the sources of these connections is the alumni of my university where I studied, as we have groups and try to help each other based on where we live or work, and we share the belief that our difference is strength.”

Universities can give support also by organizing competitions for their students to help them innovate, measure their talents and get a glimpse of how to create a business. Ahmed (IT13), for example, started the initial idea of his business by participating in a competition organized by his university. He said:

“I participated in a business competition in the university and I won. Then I started working on the R&D.”

Hani (IT12) was also motivated to do his business after winning an award at his university. He said:

“When I first entered the university in 2005, I received an award in this field that is considered one of the most prestigious awards.”

The role universities and colleges play in supporting SMEs is also captured in the textile and apparel sector. For example, Nada (TA9) explained how her business does have relationships with universities to attend exhibitions and train students. She said:

“We do have relationships with universities to participate in exhibitions they host and to train some of their students.”

Likewise, Deema (TA8) explained how she was hosted by a university to share her success story. She said:

“I do have a relationship with some universities, and I participated in some of the exhibitions they do as well, as I was once invited by the university I graduated from to tell my success story.”

Rana (TA1) also explained how her business benefited, especially from marketing students. She said:

“Especially the marketing students – they ask us for products to distribute them for marketing campaigns, to give them products at a symbolic price or even free.”

Universities and colleges support Saudi SMEs in both sectors by organizing exhibitions and competitions that give them exposure. They also provide consultancy and training partnerships, and can also offer their support by having a strong alumni system. However, although they were used by some of the SMEs in both sectors, many reported that their services could improve.

vi. SMEs Authority

This theme focuses on the Saudi SMEs Authority and how it was initially established to support Saudi SMEs and facilitate the problems they face (IT1, IT2, IT3, IT4, IT5, IT6, IT7, IT9, IT10, IT11, IT12, IT13, TA1, TA3, TA4, TA5). For example, Salah (IT4) mentioned that he benefited greatly from them, as they eased his visit to Silicon Valley. He said:

“The SMEs Authority also helped us greatly and facilitated our travel to Silicon Valley.”

Mohammed (IT2) also mentioned that they helped him recover some of the fees he paid. When asked if he had benefited from their services he said:

“To recover the fees for the establishment where they give support to small businesses founded in 2016 and 2017.”

However not everyone seems to have benefited from them, nor are they aware of the services they provide. Sami (IT7) said when he was asked about them:

“I personally did not benefit from them but I do not know whether they are useful or not”

Khalid (IT3) also mentioned that he tried contacting them but could not gain any benefits from them. When asked about whether he received any support from them. He said:

“No, although we tried to reach them, but they were not beneficial to us in any way, but hopefully they will be soon.”

In textile and apparel, several interviewees had negative experiences with the Saudi SMEs authority. For example, Dina (TA3) explained how bad her experience was. She said:

“I do not know what they are doing or the services they provide I contacted them once to tell them that I have problems They did not understand my request. They did not even understand how we worked We have a problem with several government agencies in understanding the scale of our businesses, and the Small and Medium Enterprise Authority is supposed to clarify that to all these other government agencies and guide them into how to deal with small companies, and Monsha’at seems not to have the ability to guide them, and we each individually must explain the circumstances each on their own. I feel that they are not doing their job right.”

Although the Saudi SME authority specializes in supporting SMEs and provides several initial services to them, not everyone seems aware of the services they provide or how they can be helpful. Even though many ICT SMEs did benefit from their services, they still think there is room for improvement. Some SMEs in the textile and apparel sector did not benefit from the services they provide at all and are not familiar with them.

4.1.2.1.2. Benefits of networking

This theme includes four subthemes: collecting information, training, partnerships and consultancy.

i. Collecting information

SMEs benefit highly from their networks in collecting the information they need about the international market (Zucchella & Siano, 2014). The majority of participants explained how they benefited from their network in collecting information (IT1, IT2, IT4, IT5, IT6, IT7, IT8, IT9, IT10, IT11, IT12, IT13, TA1, TA2, TA3, TA4, TA6, TA7, TA8, TA9, TA10). For example, Lina (IT1) mentioned how to overcome the lack of or difficulty in obtaining information. She turns to her network to collect the needed information. She said:

“We have benefited from several external sources in getting accurate information. Some of these were from our network.”

Abdulaziz (IT10) also mentioned how he collects some of the information he needs by networking in incubators, either with experts or other businesses in the field. He said:

“From Waed, either by asking the experts there or by contacting other incubated business that have information based on their market experience.”

Faisal (IT9) mentioned how networking can be a source for legal information, as he mentioned how they collected the information they needed about the UAE market from people they know in the field. He said:

“... especially in the subject of the legal aspect through some of the people we know. We inquired about how to establish the company in Abu Dhabi and the required information.”

The case is no different for textile and apparel SMEs, as Lulu (TA10) explained how her network is her go-to source of information. She said:

“I always try to collect information from people around me, such as family members, friends, partners and even customers.”

Deema (TA8) also explained how she attended an event where she was able to network with designers in the same field and how later they created a WhatsApp group to share information. She said:

“I had the chance to meet a lot of helpful people in the field by attending previous exhibitions and events, and we created a WhatsApp group where we share information.”

SMEs in both sectors provided evidence that they can collect the information they need from networking with clients, partners and in incubators. Obtaining the needed information can help them grow and expand, and this can be put to use as a basis for going abroad.

ii. Training

Training is very important for SMEs to be able to develop and expand (Panagiotakouplos, 2011). Training can take place on several levels. One of these is the training of entrepreneurs themselves, either on their own or in incubators (IT1, IT2, IT3, IT5, IT6, IT7, IT9, IT10, IT11, IT13, TA1, TA2, TA3, TA4, TA5, TA9, TA10). Training is also important for employees. Sami (IT7) mentioned how both he and his employees benefit from the training provided from Badir and the Chamber of Commerce. He said:

“Badir offers excellent training courses and invites us to attend.”

Faisal (IT9) also mentioned how training can solve the problem of the lack of capable employees in their field and help them attract talent. He said:

“We started by having students from cooperative training in universities, and the majority of them are fresh students who are passionate and want to learn.”

However, when the topic of training provided from the government was raised, not everyone seemed happy with the level or quality of training courses they provide. Khalid (IT3) said:

“Most of the training courses that are offered by the government are at an elementary level.”

Ahmed (IT13) even mentioned how training is the most needed support from the government, and that the government should support it or provide it for SMEs. He said:

“Training is a crucial part in this transformation, because in a transition phase and the changes that come with that, you must train to have new minds that are suitable for this change. Unfortunately, SMEs do not have this thought of training. Their concept of training is that it’s a waste of money and resources, or that they might train the worker and then he leaves work. So, when the government provides this

support they might change their mind, or think now it's free or cheap so we will train the workers.”

Textile and apparel SMEs stressed the importance of training. For example, Lulu (TA10) explained how she is very keen about training to solve the problems she faces with the lack of skills, and how she benefited from her network in that aspect. She said:

“I always ask my contacts and people I know in the field about training programmes and workshops to encourage my team to attend. I also invite experts I know to train the employees in areas I feel they can develop more in.”

However, Lama (TA4) explained how she feels that there is a lack in useful training courses in her field. She said:

“I do not feel that they provide modern or useful training courses in our field, and most people in our field are trying to do it on their own, or travel to attend courses.”

Likewise, Mona (TA2) also agrees about the lack of useful courses in their field. She said:

“The government does not host useful training programmes in our field, and they do not host foreign coaches. For example, especially in our field, foreign coaches are the ones that have more experience, and to arrange something with famous experts in our field is not easy.”

SMEs in the two sectors raised the subject of the importance of training for their businesses. Training can be at both management and employee levels. Through training courses, they can develop their talent and raise their workers' capabilities. SMEs can know about useful courses from their networks. These courses can be attained in different ways, by attending private or online courses as well as courses provided by some of the government agencies. However, the quality and level of training provided by some of the government agencies did not satisfy the requirements of the interviewed SMEs.

iii. Business agreements

Partnerships with other firms or organizations that have more experience in the field in the early stage of growth can help SMEs overcome different problems they may face as newcomers. These partnerships can even help SMEs with marketing, innovation, information and even market access (Lechner & Dowling, 2003). Partnerships and doing B2B agreements

can help SMEs expand abroad. All participants highlighted the importance of partnerships for their businesses and expansion abroad (IT1-IT13, TA1-TA10). For instance, Salman (IT8) mentioned how signing partnerships helped his company in being presented in other markets. He said about what helped him expand abroad:

“We established strategic partnerships between us and local and international companies, and today we use them as suppliers and B2B clients.”

Mohammed (IT2) agrees. as he mentioned how the first market his company expanded to was a result of a partnership. He said:

“The first market we started in was the Malaysian market by having a partnership due to the strength of the market there.”

SMEs in the textile and apparel sector also stressed the importance of partnerships for their businesses, especially in terms of internationalization and expanding abroad. For example, Nora (TA7) mentioned how her business benefited from partnerships, as her collection is displayed in more than 50 countries around the world. She said:

“The collection is available in several stores in different countries, we sell in more than 50 countries around the world.”

She also mentioned that she is doing a partnership with a very well-known French shoe designer that will give her name a huge exposure. She said:

“We also have a surprise partnership to design a small amount of a limited bridal collection in cooperation with one of the most famous French shoe brands.”

Likewise, Lulu (TA10) mentioned how she also had a partnership with Nike in one of her fashion shows and how this partnership helped her a lot with PR and that she is planning to do more of these partnerships because of their benefits. She said:

“I did a partnership with Nike in one of the fashion shows, where the model wore the hijab that was designed by Nike with my cloth, and it was a huge success, and the PR was great for the business. So, I decided to do more of these partnerships.”

Lulu (TA10) also explained how participating in an event opened the door for new partnerships for her business. She said:

“It was in Dubai, as I was invited to participate in a festival called “Fashion Forward”, and this opened the door for me to sign a partnership with a store there to sell my designs.”

Partnerships are very important for SMEs in both sectors. They are found to play an essential role in the international expansion of SMEs. Networking can help SMEs find these partnerships and some of these partnerships can be signed based on an exchange of interest.

iv. Consultancy

Consultancy plays a vital role in helping SMEs expand abroad. Ojala (2009), stated that SMEs benefit highly from their networks to expand abroad through having the ability to receive consultancy from them about overseas markets. All participants stressed the importance of consultancy for their businesses. They also explained how SMEs can receive consultancy from their networks (IT1-IT13, TA1-TA10). For example, Khalid (IT3) mentioned how his company receive consultation from an incubator. He said:

“We have consultations from Badir regarding contracts.”

Salah (IT4) also mentioned how he received consultancy from his circle. He said:

“We are surrounded by so many people in our circle who have provided us with advice, whether they are incubators or experienced workers.”

The importance of consultancy was also raised by the textile and apparel SMEs. Huda (TA6) mentioned how her consultant helped her a lot in taking big business decisions. She said:

“I used to sit with the consultant and write the struggles down and see how can we overcome them, until I was really convinced that in this business, I will be able to express all the energy and talent I have.”

Lama (TA4) also mentioned how she benefited from her friend in marketing-related consultations. She said:

“I usually depend on myself in it but also my friend has an agency, so I called her and she helped which could also be counted as a consultancy, and she also taught me in particular how to benefit from the social media ads.”

SMEs in both sectors can benefit from their networks in receiving consultations. Receiving consultancy can help them solve several problems they face and strengthen their business to be able to expand abroad.

4.1.2.2. Opportunities in foreign markets

Capturing opportunities in overseas markets motivates SMEs to expand in these markets (Leonidou, 2011). Participants mentioned how finding opportunities in foreign markets is one of the biggest factors that motivates SMEs to expand abroad (IT3, IT5, IT6, IT7, IT8, IT9, IT10, IT11, IT12, TA1, TA2, TA4, TA5, TA7). For example, Faisal (IT9) explained how his company targets markets with a high population. He said:

“We go by a famous saying: “A few that last is better than a lot that do not last”. These are the markets that we target, the ones with mass population, and that’s why we targeted Egypt.”

Hani (IT12) also mentioned that his motive to expand in the Bahraini market was due to the cheap labour there. He said:

“The first motivation was that the cost of labour there was cheaper but also we wanted to be exposed to new talents. We struggle to get good talents here and being exposed to new talents will be useful to us.”

Moreover, Khalid (IT3) explained how the development of some foreign markets compared to the Saudi market motivated him to expand to these markets. He said:

“Oman and Egypt also have programmes for outdoor activities, and compared to Saudi their markets are already well developed.”

Likewise, the awareness of opportunities in foreign markets motivates textile and apparel SMEs to expand in these markets. Nouf (TA5) mentioned how the opportunities in the Gulf countries made her expand into these countries. She said:

“The biggest motivation was my knowledge of the needs of the Gulf market for the product or the Saudi designers, as there were a lot of people from the Gulf that were visiting us here and then asking us to come to their countries”

Lama (TA4) also mentioned how noticing she has an opportunity and a market for her collection in the UAE made her expand there. She said:

“when I learned that I have a market in the UAE I tried to participate in several exhibitions, and the sales were good.”

Being aware of or finding opportunities in foreign markets motivates SMEs to expand abroad.

4.1.2.3. Demand from abroad

One of the most important factors that motivates SMEs to internationalize is the foreign demand they receive from different countries (Kubickovaa et al., 2014). Participants explained how SMEs can be motivated to expand abroad by being contacted and receiving demands from foreign markets (IT1, IT2, IT3, IT4, IT7, IT8, IT9, IT10, IT11, TA1, TA3, TA4, TA5, TA6, TA7, TA8, TA9). For instance, Othman (IT11) explained that the reason his company expanded abroad was that they were contacted and received a demand. He said:

“They contacted us and asked for our services.”

Lina (IT1) also mentioned that her company’s reason to expand abroad was because they were contacted by a company abroad and offered a job. She said:

“In Jordan, we worked with a Jordanian team working in the field of IT. They contacted us and handed us the project.”

The situation is duplicated in the textile and apparel sector. These SMEs received orders from abroad contributory to their expansion. Deema (TA8) mentioned how her biggest motivation for expansion abroad was the demand she received from outside the Kingdom. She said:

“I would say it’s the demand we received from outside the Kingdom.”

Nora (TA7) also mentioned how she received orders from abroad. She said:

“I received orders from abroad.”

Receiving demands from markets abroad motivates SMEs to expand in these markets. This is particularly interesting because it demonstrates that many SMEs are being pulled into overseas markets rather than it being a result of a direct strategy by the owner/manager.

4.1.2.4. Limited demand in the local market

Moen (1999), argued that due to the decline in the domestic market, SMEs can be motivated to look for opportunities in new markets and export. Limited demand in the local market was one of the motivations for expansion for several participants (IT2, IT5, TA1, TA2, TA5, TA8). Mohammed (IT2) explained how the time being early for their products in Saudi Arabia motivated his company to look for opportunities in other markets to expand. He said:

“The first motivation is that the time in the Kingdom is still early for our services and we need more time for the Saudi market to accept our idea well. This was the most important reason for us to search in other markets.”

Abdullah (IT5) also explained how the decline in the local market in one period of time was his company's biggest motive to look for opportunities in foreign markets. He said:

“What motivated us the most is that the real estate market in Saudi Arabia has gone through a period of decline. And because we work online, we felt that we are not obligated to work in one country only.”

This was also the case with textile and apparel SMEs. For example, Deema (TA8) mentioned how due to taxes the demand on her products locally decreased. She said:

“The taxes – I feel it had an impact on people's purchasing power and the orders are less than what they were before, especially locally.”

Likewise, Rana (TA1) also thinks that the taxes affected the local purchasing power and sales, and that they did not have the same effect on other Gulf countries. She said:

“There are some differences in the way of buying in the Gulf countries, but in general the Gulf countries have purchasing power that could be more than in Saudi Arabia, because they were not harmed by many things like taxes.”

Limited demand in the local market motivates SMEs to look for opportunities in foreign markets and expand abroad.

4.1.2.5. Local government support

Local government support plays a significant role in the internationalization of SMEs (Agramunt and Puccinelli, 2014). All participants described how government support can help SMEs expand abroad (IT1-IT13, TA1-TA10). For example, Salah (IT4) mentioned how the government supported him greatly in several aspects. He said:

“We get support from government agencies when we have difficulties, as they help us overcome them. For example, with visas, they helped us in communicating with technical companies. Government agencies also helped us with certain legal expenses, travel expenses and media support.”

Abdullah (IT5) also mentioned how the Ministry of Trade and Commerce helped his business receive international exposure by giving them an opportunity to participate in one of the largest exhibitions in his field. He said:

“In 2015 I got a chance where the Minister of Trade at the time Tawfiq Al- Rabea wrote in Twitter that any Saudi company that has an innovation in the field of

electronic commerce and trade exchange, the ministry will adopt its projects and help them participate in Gitex, which is the biggest property exhibition.”

Textile and apparel SMEs also consider local government support as an enabler for expansion. For example, Nada (TA9) mentioned how an event that was organized from the government to support Saudi designers was very beneficial for her business in terms of networking and exposure. She said:

“There was a Saudi designers event that was I think organized by the government to introduce the Saudi designers to the world, and it was very beneficial in terms of marketing and PR, and they invited some of the biggest names in the industry. We got to network with them and ask for their advice.”

Lama (TA4) also mentioned how her business benefited from the training courses that were offered by the Prince Sultan Fund, which is a government institute. She said:

“Here in the fund I attended a course they had about how to start a business and how you do the business plans. I did my business plan based on this course and applied to be sponsored by the fund.”

4.1.2.6. Attractive Foreign Policies:

Finding countries with attractive policies such as low taxes can pull SMEs to look for opportunities to operate in these markets (Leonidou et al., 2007). The results suggest that attractive policies in countries abroad can motivate SMEs to expand in these countries (IT1, IT2, IT3, IT4, IT5, IT6, IT7, IT9, IT10, IT11, IT12, IT13, TA1-TA10). For example, Abdullah (IT5), whose business expanded in Egypt, mentioned how the policies there attracted him to expand. He said:

“I will sum up the experience of Egypt, as the coolest thing I have seen is the investment body they have. It is very wonderful. Investors are more than welcome there. They make your life easier. You go to one building and complete all procedures in one day and without the need of a closer. The whole government serves you. As an investor, you feel they really want to attract you.”

This theme also highlights the subject of expansion in the Gulf, as Saudi SMEs have the chance to expand in the Gulf countries based on the deals held by the GCC countries. For example, Khalid (IT3) mentioned how his company is planning to expand more in the Gulf because of the regulations for Gulf companies. He said:

“We are also planning to have an official presence in the countries in which we will work, especially at the Gulf level, because the regulations there are clear and ready, especially for other Gulf companies, and thus, we are planning to open branches in Bahrain or the UAE.”

Moreover, Mohammed (IT2) mentioned how the support SMEs receive in Bahrain motivated him to expand there. He said:

“What Tamkeen in Bahrain is doing with the training for example, where they provide a service that allows the company to train its employees or send them to needed training courses, then provide invoices to enable the government to pay or return the amount of training to them. They also have support for the salaries of employees, where they pay part of the salaries of employees of SMEs.”

This is also the case with textile and apparel SMEs. Deema (TA8) mentioned how she was attracted to open her factory in Dubai because of the policies there. She said:

“I opened the factory in Dubai firstly because my husband is from the UAE and also because the procedures there are much easier than Saudi, but I do have some workers in Saudi. But the main reason I opened the factory in UAE is to avoid the complications of the Saudi procedure, and how they are much easier in the UAE in comparison.”

Lama (TA4) also mentioned how she is thinking of moving her business to Dubai as well, even if it means that she will be paying more expenses, but she feels that she will be gaining more because of the policies there and the flexibility. She said:

“I'm giving myself one more year. I think that working in Dubai will be easy, everything there is arranged and they have the flexibility that we lack here, although the cost may pile up, but sometimes one would prefer peace of mind even if it is expensive, and also it is possible to pay more, but things will go smooth for you. However, here I may not pay but my time is lost. In Dubai you get what you're paying for.”

Finding countries with attractive business policies motivates SMEs to expand in these countries. GCC countries have special regulations for members that can motivate Saudi SMEs to expand in these countries.

4.2.Obstacles

SMEs face several barriers and obstacles with internationalization. These obstacles can be classified as internal and external obstacles. The internal obstacles are those that originate within the firm's internal environment, while the external obstacles are those that originate from outside the firm (Leonidou, 2004).

4.2.1. Internal Obstacles

The overall results suggest that the internal obstacles include two main problems the SME face within their internal environment. These are the lack of information and the lack of skilful workers.

4.2.1.1. Lack of Information

According to Csonka (2016), uncertainty and lack of information and knowledge about the global market prevent SMEs from taking steps such as entering new markets. Collecting information is an essential step for any business to be able to operate and develop, however, this process is not as easy as it should be in Saudi Arabia according to most of the participants (IT1, IT3, IT4, IT5, IT6, IT7, IT8, IT9, IT10, IT11, IT13, TA1-TA10). For example, Lina said (IT1):

“In the Kingdom we sometimes face lack of information or lack of availability of information.”

Fahad (IT6) also seems not happy with the information provided by the government agencies and thinks the government should form a database. He said about how the government could be more supportive:

“By creating a database. We need information about the companies we can deal with, and the government can also play the role of mediator.”

Sami (IT7) is also not satisfied with the information available from the government, nor can he benefit from it. He said:

“I tried to use the formal public statistics, but the information was not useful.”

This obstacle is also faced by textile and apparel SMEs. Mona (TA2) mentioned how her business lacks information about the support provided from the government. She said:

“We do not know about all the areas of support provided by the government.”

Likewise, Dina (TA3) explained that SMEs do not know where to get these services or benefit from them. She said:

“I also feel that there is a lack of information about the services provided by the government, so we do not know where to source them or how to benefit from them.”

Moreover, Deema (TA8) mentioned how there are needs to have an official place from which designers can collect the information they need. She said:

“They need to have a certain place or agency for designers to go to if they need information or training courses.”

The lack of market information is one of the biggest obstacles SMEs are facing in their journey to expand.

4.2.1.2. Lack of skilful workers

The lack of skilful workers is one of the biggest challenges SMEs face (Ahmed & Chowdhury, 2009). The result shows how finding skilled workers is one of the biggest challenges Saudi SMEs find in both sectors (IT2, IT3, IT4, IT5, IT6, IT7, IT8, IT9, IT10, IT11, IT12, IT13, TA1, TA2, TA4, TA6, TA7, TA8, TA9, TA10). Mohammed (IT2) explained how finding skilled workers in his field is very hard, and even when found, their wages are very high. To explain the difficulties his company is facing. He said:

“Finding skilled workers and when found, skilled workers have high wages.”

Khalid (IT3) likewise explained how finding skilful workers or even partners is the biggest challenge his company is facing. He said:

“The lack of expert technical companies in the Kingdom that provide advanced technical services. Also, if you want a good technician as a partner, looking for him is like looking for a needle in the middle of straws.”

Sami (IT7) also explained how employment is a big problem in the field, and how even if the company is willing to pay a high salary for a skilled worker, they still cannot guarantee the stability of this worker. He said:

“The problem is that talented people, even if we pay them a high salary, it is not necessarily enough for them, and they still leave when they get better offers. Even if we bring an employee with medium skills and give him a salary of up to 8,000,

we need him to work perfectly and we don't mind paying a higher salary for his work if it will be done perfectly.”

Finding skilful workers is also a challenge for SMEs in the textile and apparel sector. Lulu (TA10) mentioned how she considers finding capable workers the biggest challenge she is facing in her business. She said:

“The biggest challenge was finding the right and capable workers that are able to do the job perfectly.”

Likewise, Nada (TA9) mentioned how this was the biggest challenge her business is facing and how it pushed her to do several jobs at the same time. She said:

“The biggest challenge was finding and recruiting the team and running the business in Saudi Arabia, as finding capable workers is very difficult, and this pushed me to do almost all the jobs except for tailoring.”

Deema (TA8) also mentioned how finding capable workers is not easy. She said:

“Finding really good workers and tailors is not that easy.”

Hiring skilled workers is one of the biggest challenges ICT as well as textile and apparel Saudi SMEs face. To overcome this challenge SMEs try to hire expats, but because of the new regulations of Saudization, even hiring expats has become difficult as the government restricted employment in some jobs to Saudis only. This leads SMEs to outsource part of their jobs.

4.2.2. External obstacles

The results propose that the external obstacles include a number of barriers the SME faces within its external environment. These are: the difficulties in accessing government support, the difficulties of accessing funding, competition, laws and regulations, shipping quality and prices and the complications of dealing with government agencies.

4.2.2.1. Difficulties in accessing government support

According to Crick, Alobadidi & Chaudhry (1998), government support access is very important for SMEs to overcome the issues they face with internationalization. Although government support is very important and SMEs were able to benefit from this support in several ways, they still face some problems with accessing this support (IT1, IT2, IT3, IT5, IT6, IT7, IT8, IT9, IT11, TA2, TA3, TA4, TA5, TA6, TA7, TA8, TA9, TA10). For example, Sami (IT7) mentioned how start-ups find accessing government support difficult. He said:

“Especially as a start-up, I feel that the procedures are very complicated. Even the rules of the high-risk investment are difficult.”

Khalid (IT3) also mentioned that although the government offer a number of support programmes for SMEs, they still lack written regulations. He said:

“But unfortunately, till today there is nothing written in terms of clear regulations, for example in trade. When you want to open a company you do not know all you need, although there is a programme launched by the Ministry of Commerce now called Masarat (Tracks), which combined all the services in one place, but the other authorities such as the municipality, for example, did not contribute in this programme, therefore we are still suffering with them. These things are considered a bit difficult but there is an improvement in general.”

Mohammed (IT2) also mentioned how he feels that the support for SMEs in the Kingdom is very weak compared to other countries. He said:

“I feel that the support the government provides for SMEs in Saudi Arabia is considered weak in comparison with other countries. In the ICT sector, for example, there are countries that offer SMEs from 800,000 to 1 million Riyals as financial support, but here it is very little or almost non-existent.”

Faisal (IT9) likewise explained the misleading government support claims. He described how in reality, receiving government support is not as easy as it seems. He said:

“When we hear about the government support in the media it looks very beautiful and easy to access, while in reality the situation is different.”

This is also the case with textile and apparel SMEs. Dina (TA3) mentioned how SMEs are not aware of the support the government offers. She said:

“I also feel that there is a lack of information about the services provided by the government, so we do not know where to get them or how to benefit from them.”

Mona (TA2) as well mentioned the lack of useful training courses hosted by the government in her field. She said:

“The government does not host useful training programmes in our field and they do not host foreign coaches”

4.2.2.2. Difficulties in accessing funding

Several studies highlighted how the lack of financial support prevents SMEs from expanding in overseas markets (Richardson, 2011). This theme shows how the lack of financial resources inhibits Saudi SMEs from expanding and how they face many difficulties to attain the needed financial resources (IT1, IT2, IT3, IT5, IT6, IT8, IT9, TA1, TA2, TA4, TA6). For example, Lina (IT1) mentioned how difficult it was for her business to attain financial support either from private or government entities. She said:

“We have tried more than once to communicate with different organizations to be financed, but as we are freelancers it was difficult to be financed either from banks or the Government Credit Bank.”

Although there are several government support programmes, it seems that it is not easy to receive this support, either because it takes time or because the terms and conditions of securing this support are difficult. This leads some of the companies to find another way to finance their business. Fahad (IT6) said:

“I am well acquainted with the government support programmes, most notably Riyadh, but I read the terms and conditions and they were not suitable for us. We decided to stop and not to seek support from them, as we did not feel that we really need it urgently, and we found that the bank loan is more appropriate and faster, and we did receive some support but not financial support.”

Salman (IT8) also explained how the long time it takes to receive the money is very harmful, especially for SMEs. He said:

“Things are complicated and take a long time. For example, funding may take from four to five months, and this is particularly harmful with new emerging projects, because a day lost costs a lot of harm and money, and I feel that the financing agencies don't understand that. Time and complexity are the biggest problems.”

Funding access is also a problem for textile and apparel SMEs. Huda (TA6) explained how the rules of accessing government funding are not clear. She said:

“When you look at support funds and incubators, I don't feel that their rules are clear and they have priorities in terms of projects they help or support.”

Lama (TA4) also explained her negative experience with accessing funding and how she was able to rent an office for a good price but was not able to access funding and had to use personal funding to start her business. She said:

“I did my business plan based on this course and applied to be sponsored by the fund but I was not accepted at the beginning.”

Moreover Mona (TA2) mentioned her negative impression about accessing funding and how it needs a lot of work to be able to apply for it. She said:

“I think it will be difficult because it calls for a feasibility study and other complex matters.”

Likewise, Rana (TA1) mentioned her negative experience with funding access and how she might need to make changes she does not want to make on her business to be able to access it. She said:

“There are several difficulties: sometimes the institution or incubator gives funding, but to get this funding you must go through steps, including personal interview, and sometimes the interviewer interferes in your business and tries to make changes to your idea or your project. I may respond a bit with changing some things, but I do not like making many changes, especially as I am in a profit stage in my business.”

4.2.2.3.Competition

Competition is one of the key challenges SMEs face when they try to expand in foreign markets. SMEs that decide to expand abroad face intensive competition with other players in the market, especially from the local businesses. These businesses might have advantages such as being more familiar with their local markets and consumer tastes (Lal & Dunnewijk, 2008). The majority of participants confirmed this challenge (IT4, IT7, IT9, IT11, IT13, TA2, TA5, TA6, TA7, TA8, TA9, TA10). For example, Salman (IT8) mentioned how the high competition abroad can affect business survival. He said:

“Competition; the market there may have a financial capacity or a population density that helps, but competition is high and survival is only for the best.”

Ahmed (IT13) also agrees with him as he mentioned how in his experience, in a well-developed market like the American market, especially in the field of ICT, competing was difficult. He said:

“In America, for example, the difficulty was the competition, because the market was large and mature, and you’re not the only one that has a good technology, and the matrix of investment is difficult, as you have to reach a selling point of \$500,000, for example, while the investment matrix in Saudi Arabia is totally different.”

Textile and apparel SMEs also find competition as one of the biggest obstacles they face in their field especially in the international market. Lulu (TA10) mentioned how one of the biggest challenges her business is facing is competition. She said:

“The biggest challenge; I would say breaking through the markets and the high and intense competition”

Nada (TA9) also mentioned how competing with well-established big names is a big problem. She said:

“Also, I would say that the biggest problem is how competitive is the market, especially for us as a small company from Saudi that is trying to compete with brands and large companies that are well-established from all around the world.”

Likewise, Nora (TA7) mentioned how difficult it is to have a market share in a very competitive market. She said:

“maybe the competition, especially in our field, as we have to compete with big international companies and try to find a place in this very competitive market.”

4.2.2.4.Laws and regulations

Saudi SMEs face several difficulties related to laws and regulations that make their expansion challenging. The participants highlighted five main problems they have with the laws and regulations: customs, financial transactions, tax, expats regulations and legal issues.

i. Customs regulations

Customs regulations are very challenging for product-based SMEs. According to the OECD (2006), active exporting SMEs are concerned about issues related to the business environment, such as trade barriers that include high tariffs and customs rules and procedures. While only the product-based SMEs from the ICT sector had this problem, the majority of the textile and apparel SMEs faced it (IT6, IT7, TA1, TA2, TA3, TA4, TA5, TA6, TA7, TA8, TA9). For

example, Fahad (IT6) mentioned how he feels custom regulations in Saudi Arabia need a lot of enhancements and development to suit the country's international status. He said:

“Customs also needs to be in line especially with the high number of shipments. They need to be at the same level of the Kingdom. Since Saudi Arabia has become a centre of commerce, so customs needs to expand and have improvement plans that suit the current status of the Kingdom.”

Sami (IT7) also had the same problem with customs. He even explained that no matter the quantity of the shipment, companies still struggle with customs. He said:

“Customs at entry and exit. Sometimes even simple quantities such as one piece only are not allowed to pass.”

Textile and apparel SMEs also find customs regulations as one of the biggest challenges their businesses face, especially with expansion abroad. Nora (TA7) mentioned how difficult it is to deal with customs, even with importing raw materials. She said:

“Dealing with customs is the worst, especially when it comes to importing fabrics and raw materials and finishing all the procedures.”

Huda (TA6) mentioned how dealing with customs is one of the few problems her business is facing, and how they like to complicate things. She said:

“The only problems we faced were sometimes with customs – they like to complicate things.”

Deema (TA8) explained how she thinks the government needs to ease customs procedures to enable internationalization. She said:

“by easing the customs procedures, as customs are very important and need to develop to enable importing and exporting macromixing.”

Moreover, Mona (TA2) mentioned how she feels that customs are delaying her expansion abroad. She said:

“but until now our expansion abroad is on a very limited scale because I have already had problems with customs and in allowing my products to pass.”

Customs regulations are one of the biggest challenges for Saudi SMEs that export. This includes ICT SMEs that work in the e-commerce field as well as the textile and apparel SMEs. These services need a lot of enhancement and development.

ii. Financial transactions

According to Scharf et al. (2004), one of the obstacles faced by SMEs with exporting is the inefficiency of financial transactions, either due to slow payments or foreign currency exchange risks. The quality of financial transaction services is one of the challenges Saudi SMEs in both sectors face and it affects their international expansion negatively (IT2, IT3, IT6, IT10, IT11, IT12, IT13, TA2, TA6). Mohammed (IT2), for example, explained how complicated money transfers can be in Saudi Arabia. He said:

“There are problems related to the issue of bank transfers, where we cannot receive bank transfers until after submitting contracts, and there are several types of contracts, and sometimes we need the presence of a lawyer, which disrupts our work.”

Khalid (IT3) also mentioned how one of the biggest challenges his business is facing is the time money transactions take and that he is afraid that this could affect his company’s expansion negatively. He said:

“financial transactions are very difficult and governed, and the fact that some of our transactions are external and we also receive money from foreign organizations, which is difficult and takes long time. For now, this problem might not be major because we are a start-up, and the amount of transactions we receive is not that high, but I’m afraid with our expansion and in the future the transactions will be higher, and this might affect our expansion negatively.”

Abdulaziz (IT10) also explained how money transactions are a big challenge for his company, especially that these transactions take long time, as well as how adding different currencies for payments is expensive for a start-up. He said:

“The subject of payment and money transactions – it takes a long time and also in the case of electronic payment, for every currency we want to add in the electronic payment, we have to pay special fees, and this is expensive.”

This problem is also faced by textile and apparel SMEs. Mona (TA2) explained how her business faces difficulty with receiving money transactions as they take time. She said:

“Sometimes with money transactions as it takes time till we receive it.”

Huda (TA6) also mentioned how the delays in money transactions can affect big decisions such as cancelling partnerships. She said:

“because I did have partners from outside the Kingdom, but we cancelled our partnership because they were not professional with transferring the money in time, and the whole experience was not rewarding.”

Financial transactions are complicated in Saudi Arabia and affect SMEs’ expansion and international trade negatively.

iii. Tax policies

High taxes can impact the international growth of SMEs negatively (Todd & Javalgi, 2007). Participants were affected by the tax policies negatively either directly or indirectly. This harmed their businesses and international expansion (IT1-IT13, TA1-TA10). A 5% value added tax (VAT) was introduced in Saudi Arabia for the first time in 2018. Khalid (IT3), for example, who at the beginning felt his company was not affected directly by the tax regulations, later explained that the sudden application of these regulations did have an indirect effect on his company, as they had to update and rehabilitate their system to cope with these regulations, especially as they have different service providers. He said:

“We did not expect the government to take 5%. I was surprised as an entrepreneur. These many new regulations affected us negatively.”

Salman (IT8) also explained how harmful these regulations were on his company’s profit. He said:

“Of course we were harmed by it. The tax amount or the amount of money we have to pay from our profit affects us, especially as we are a start-up, so any amount of money deducted from our profit reflects on our work.”

Faisal (IT9) also explained how these regulations affected his business negatively in terms of income as well as how he decided to pay the taxes instead of the customers, and used this as a marketing strategy. He said:

“It affected our income because we decided to pay the tax instead of our customers and used this as a marketing policy.”

However, interviewees like Sami (IT7) mentioned how actually they are happy with these regulations as they feel it cleaned the market. He said:

“A system like VAT for me was very useful as it cleaned the market and even raised the financial statements. We do the work by following the rules and we get hurt if the market is not cleaned of those who don’t follow the rules.”

Hani (IT12) also agrees with him as he mentioned these regulations will help in reducing fraud. He said:

“It's not bad from my point of view, it will reduce much of the fraud in the market and that’s the hardest part of our work.”

Textile and apparel SMEs were also affected negatively by taxes. Nora (TA7) mentioned how she feels taxes indirectly affected her business. She said:

“I think it did affect us even if in an indirect way. The costs of some of the transactions increased, but the biggest effect I would say was in the consumers’ behaviour and how the demand on products that have alternatives, such as high-quality or expensive cloth, decreased. This made us very careful in terms of pricing our pieces, especially abayas.”

Likewise, Deema (TA8) also thinks that taxes affected the consumers’ behaviour and purchasing power. She said:

“I think it did affect our business, especially the taxes. I feel it had an impact on people’s purchasing power, and the orders are less than what they were before, especially locally, and it makes you consider raising the prices.”

Rana (TA1) as well explained how although her business is exempt from the direct tax, it is still affected by it indirectly, either through extra expenses or the change in consumers’ behaviour. She said:

“Tax had big effect on us, although we are not taxed. We are exempt from tax because our income is less than required, but generally the nature of the market after tax changed, and people are spending less on goods like ours.”

The new Saudi tax regulations affected SMEs negatively either directly or indirectly. These policies can limit SMEs’ financial resources, which is one of the most important enablers of

growth and expansion. However, some ICT SMEs do not mind this effect as they feel these regulations helped clean the market.

iv. Saudization and expats regulations

According to Looney (2004), Saudization regulations reduce firms' competitiveness. Saudization and expats regulations affected SMEs negatively and complicated their work (IT1-IT13, TA1-TA10). For example, Mohammed (IT2) was affected significantly by this regulation, and even thinks it is one of the reasons behind any delay in their growth. He said:

“Our work relies on foreign workers and having the expats has become expensive for us in terms of visa fees, accommodation and health insurance. In my opinion this is one of the reasons behind the delay of the company's growth.”

Sami (IT7) also explained how his business was negatively affected by these regulations, which pushed him to outsource some jobs in his company. He said:

“It affected us negatively – the Saudi worker does not do the job, and if he does the job it wouldn't have affected me and this prompted me to go abroad.”

Ahmed (IT13) mentioned he believes in hiring Saudis; however, he is currently outsourcing the tech jobs because of the lack of funds to hire locally. He said:

“for the tech part I'm currently outsourcing, not because there are no talents but because I do not have enough funds to hire in Saudi. But once I have the funds, I will hire Saudis.”

Faisal (IT9) also mentioned that he had to outsource part of the jobs in Egypt because the experience he gets for the same money he pays in Saudi is higher. He said:

“The rate of the salary we pay did not change a lot, but the difference is that the worker you give this salary to in Egypt has an experience of five to seven years. When your workers are experts, this experience transfers to the new generation that is here to learn.”

This is also one of the biggest problems for textile and apparel SMEs. Nora (TA7) mentioned how the expats regulations affected her business negatively and made her job difficult, especially with the lack of Saudi skilful workers. She said:

“As you know, in Saudi there are no professional Saudi tailors, especially when it comes to embroidery. The Indians are the best in this area as well as the Filipinos,

and lately the government started to make many regulations against allowing male workers or tailors to work in making female's cloth. Also, the reduction of issuing visas complicated our job and made it more difficult."

Huda (TA6) also mentioned her negative previous experience with hiring Saudi female workers and how this made her take the decision to not open her own store. She said:

"One of the things would be that I don't want them to force me to hire a woman if I opened a shop, for example. Also, I would like to be allowed to have my tailors work in an open space for people to see. I have some ideas I would like to apply, but mainly the force to hire Saudi women complicated things, because my experience with them was bad as they were not professional compared to foreign workers. I actually had an experience when I opened a store three years ago when I first started, and they were one of the reasons I had to close the store."

Nouf (TA5) also mentioned how raising the expats fees affected her business negatively. She said:

"We were affected by the decisions related to employment fees, especially the raising of expenses related to them."

Moreover, Lama (TA4) mentioned how these expats regulations pushed her to outsource tailoring, and how her business is affected negatively by the constant changes in these regulations. She said:

"Since there is no availability of skilled Saudi tailors or in Saudi Arabia in general, we have resorted to out sourcing. I also had a problem when I needed to obtain visas for the tailors' workers. They suddenly told me that they introduced a new decision to prevent tailors who are men."

Saudization and 'expats' policies affect SMEs seeking to expand, such as with costs or the lack of experience in Saudi employees. The government added more pressure on SMEs with these regulations, and some SMEs choose to outsource part of these jobs, either for the experience or to reduce their expenses.

v. Legal issues

According to Banham (2010), who studied the external environment for SMEs, the lack of clarity of regulations complicates SMEs' trade. Moreover, a weak regulatory procedure with

the lack of public assistance can prevent SMEs from expanding abroad (Rahman, Akter & Radicic, 2019). This theme encapsulates the legal issue faced by the participants and how they affected their expansion (IT2, IT3, IT4, IT5, IT6, IT7, IT9, IT10, IT11, IT13, TA2, TA3, TA4, TA5, TA6, TA7, TA9). For example, Mohammed (IT2) mentioned how registration and legal issues in general were a challenge for his company. He said:

“the registration of the company – legal issues in general were a big challenge for us.”

Moreover, Fahad (IT6) explained how the rapid change in regulations has a negative effect on his business. He said when questioned about the challenges his business is facing:

“the fast and continuous changes in regulations. Also, our internal regulations regarding e-commerce are different from other countries.”

Othman (IT11) as well was affected by the fast change in regulations he also mentioned how the government should give notice and enough time for businesses to prepare for new policies. He said:

“The government is supposed to give notice and enough time before forcing new rules or policies.”

Khalid (IT3) agrees with him, as he mentioned that the regulations are not written nor clear. He said:

“Unfortunately, till today there is nothing written in terms of clear regulations.”

Faisal (IT9) also faced problems with laws and regulations. He said:

“We face many internal difficulties that are related to the laws and regulations.”

The case is no different for textile and apparel SMEs as they also face legal difficulties. Dina (TA3) mentioned how the biggest issue her business faces is not being able to register the business under her name legally because she is a government employee. She said:

“The biggest obstacle is the subject of the records and that as a government employee I have no right to open a business.”

Lama (TA4) also mentioned how the fast and repeated changes in employment laws affect her business negatively and make her not sure about how serious are the new laws and for how long they will be applied. She said:

“I also had a problem when I needed to obtain visas for the tailors’ workers. They suddenly told me that they introduced a new decision to prevent tailors who are men as workers I prefer working with men, and now the law prevents men tailors.”

Nora (TA7) mentioned how she had legal issues with registering her business. She said:

“I remember how I struggled when I first started the business in registering it as a cloth factory, as they insisted that I have to register it as an operator, not a factory, and they refused to recognize us as a factory.”

The lack of clarity with regulations as well as the rapid change in laws affect SMEs negatively.

4.2.2.5. Shipping quality and price

Walsh & Gallion (2011) found that shipping distance and logistics are one of the concerns and barriers SMEs face with internationalization. This theme captures the issues SMEs face with shipping, that is dispatching goods and services abroad. Textile and apparel SMEs as well as ICT SMEs that work in the e-commerce field face several problems with shipping (IT6, IT7, TA1, TA3, TA4, TA7, TA8, TA9). For example, Sami (IT7), whose company works in selling car parts online, explained how shipping services and prices affect his business negatively. He said:

“With shipping companies, prices are very high.”

Fahad (IT6), whose business is an online shipping business, also mentioned how the reason he chose to enter this field is because of the lack of shipping companies in Saudi Arabia. He said:

“When we first started our e-commerce business we studied and examined the market well and we found out that the shipping market is what needs expansion.”

This problem is even bigger for textile and apparel SMEs, as shipping is an essential part of exporting their products. Nora (TA7) mentioned how the shipping services in Saudi Arabia are underdeveloped and relatively expensive. She said:

“I feel that the shipping companies in Saudi are on a lower level than the developed countries.”

Rana (TA1) also mentioned how these high prices of shipping can cost her the cancellation of some orders from abroad, especially because she is not selling expensive products. She said:

“The only problem facing customers is the high shipping price ... so when the price of shipping is high, the customer may cancel the purchase because the price of shipping is close to the price of the product.”

Dina (TA3) also mentioned how her business was affected by shipping regulations. She said:

“The most difficult problem we encountered was the shipping problem, because for our products not all companies accept the shipment, and also the idea that we must put the invoice in a certain way with the box.”

SMEs reported the lack of developed shipping services in Saudi Arabia and the high prices of the services they offer. This makes their expansion abroad and exporting challenging.

4.2.2.6. Dealing with government agencies

SMEs deal with government agencies on a regular basis, and the quality of services provided by the government for SMEs is important for their growth and expansion. (Suh & Kim, 2014). This theme summarizes the interviewees’ experience with dealing with different government agencies and the obstacles they face while dealing with these agencies. The theme is divided into three subthemes: bureaucracy, going around the system and service variation between government agencies.

i. Bureaucracy

Exporting involves a range of bureaucratic procedures that are regarded as complicated and a major obstacle for SMEs’ development and expansion (Jeddah Chamber, 2016). Bureaucracy in dealing with the government procedures is one of the biggest challenges most participants faced (IT2, IT3, IT5, IT6, IT7, IT8, IT9, IT11, IT12, IT13, TA1-TA9). For example, Abdullah (IT5) explained how dealing with issues related to visas to hire new employees is hectic and takes a long time, and how he does not want to hire a “closer”, which is a middle man to finish these procedures for him. He said:

“Even with the visa these things are either expensive or usually take a long time, and I don’t want to use the services of a “closer” or someone to finish them for me, because it will also be costly.”

Mohammed (IT2) also felt that the government services are expensive and time-consuming. He said:

“In terms of cost and time, it is very expensive and takes a long time and we took, for example, five months, and so far we still have not finished some of the legal issues.”

Moreover, Sami (IT7) explained how the system for exporting is old and has not been updated to suit new businesses that are established in incubators causing him problems. He said:

“To finish my procedure, I have to provide something called a municipal number, which I don’t have, because I don’t fit under the old criteria, and to get it I have to rent a place even though I don’t need to. So, the system is very old and suits only traditional businesses.”

Faisal (IT9) also mentioned that even with development and transforming to electronic government the bureaucracy still continued. He said:

“They are very annoying and bureaucracy has moved up even with the electronic switch.”

Hani (IT12) similarly agrees that all the development did not solve the bureaucracy problems. He said:

“I think it still has ton of bureaucracy. Some of the procedures disable us or delay our work sometimes.”

Textile and apparel SMEs also have the same problem. Rana (TA1) mentioned how complicated some government procedures are and how they delay and affect the business negatively. She even needed an additional person – a ‘closer’ to act as a middleman between her and these agencies and complete the job, which adds more expenses to her business. She said:

“Procedures such as registration in the Ministry of Labour, licences and insurance, all of which we had to hire a person to finish them for us, and they were exhausting and took a long time.”

Likewise, Mona (TA2) explained how the inflexibility as well as the long time the government procedures take cost SMEs both time and money. She said:

“I suffered a lot to register my business right, as its exact classification was not available, so I had to look for the closest classification to my business, which was a gift shop.”

Lama (TA4) also mentioned how the system has no flexibility with new concepts. She said:

“The policies need improvement. I feel that the government’s thinking is narrow. They do not accept new and different ideas easily. We need them to be more flexible. In government agencies, when we register, we find a list of specific options. We cannot choose others, and there may not be any choice of the options that represent what we want or do.”

She also mentioned how in some procedures she needed to hire a closer to finish them, which increases the cost. She said:

“I also have to deal with and pay someone to finish all these procedures for me. I cannot do everything, and this increases the cost, such as the cities and registration in the Zakat – these were not clear to me.”

Nouf (TA5) explained that even with switching to electronic systems, there are still some bureaucratic problems with registrations. She said:

“Even in the subject of the commercial registration and record, they claim that it’s easy because it’s electronic, but in fact there are procedures that are not clear and need to be understood. They take time to agree on the name, and you enter more than one name to see which one they will accept.”

Bureaucracy is one of the biggest obstacles SMEs are facing while dealing with government agencies.

ii. Going around the system

Several participants explained how they had to ‘go around the system’ in several situations to complete some of the government requirements (IT3, IT5, IT7, IT8, TA1, TA2, TA3, TA4, TA5, TA6). For example, Abdullah (IT5) mentioned how he had the same experience with his business registration at his time, but also thinks the system has developed. He said:

“In our time, the option that describes our business was not available in the government system. So, we had to register under a different description, while in reality we were doing something different. But now with the companies that were registered lately, the situation is different and the system is more developed.”

Salman (IT8) also explained how his company faced the same problem with registering their name, as they wanted to register a certain name that was not accepted by the government, so

they had to register under another name in the official papers and go by the name they wanted in reality. He said:

“We wanted to register the company under the apps name “Packigat”, but the name was not accepted, so we had to register another name in the official papers.”

Textile and apparel SMEs also had the same experience where they had to go around the system in several situations. For example, Mona (TA2) explained how she had to register her business under a wrong classification just to complete the government documents. She said:

“I suffered a lot to register my business right as its exact classification was not available, so I had to look for the closest classification to my business.”

Nouf (TA5) also had the same problem, as she had to register the business under her sister’s name because she is a government employee. She said:

“One of the things I dreamt of was to be the official owner of my institution in records, but because I am a government employee, I had to register the establishment and the commercial record under the name of my sister, even though I am the real owner.”

Moreover, Lama (TA4) mentioned how being a business with a new concept forced her to go around the system to register. She said:

“I had a problem when I started because my idea was fairly new even for the commercial registration. I was named something in it which was actually different, because it was a new concept for a business to be doing. You design, create and produce and also sell online in one time. Therefore, I’m trying to work around the system just to make it official.”

Huda (TA6) also mentioned how she needs to go around the system with customs sometimes, so they would not charge the customers. She said:

“Also, there is a problem with the customs which sometimes forces us to go around the system, like when I ship a piece, I have to write a different price on it so they wouldn’t charge the customers.”

SMEs need to go around the system in some cases to be able to complete the government requirements, which need to be more flexible and developed.

iii. Service variation between government agencies

The quality of the services government agencies provide were reported to vary from one agency to the other, based on the experience of several participants (IT1, IT3, IT4, IT5, IT6, IT7, TA1, TA4). For example, Fahad (IT6) explained how his experience with government agencies differs depending on the agency. He said:

“These actions experiences fluctuate from one place to another and from one institute to another.”

He also continued that even though there is a bit of development in some services, still some agencies, such as the municipality, need development more than the others. Municipalities in Saudi Arabia are part of the local administration. They are responsible for the urban planning of the cities; they also manage the related services and issue the required business licences. Fahad (IT6) explained how he feels they are underdeveloped. He said:

“Only the municipality is where I feel the development is slow and does not keep pace with the development in the other government agencies.”

Abdullah (IT5) also agrees with him, as he thinks the municipality needs the biggest development, and the biggest problem he ever faced was also with them. He said:

“For us the worst government department in our experience was the municipality – it causes the most problems. The last problem we had was that I was trying to finish some papers at one of the government agencies and their system showed that the papers can’t be completed, due to a problem in my papers that was not clear Municipalities are the most difficult to deal with, and even their electronic system is inactive.”

Sami (IT7) also reported that services between the government agencies vary and that the municipality as well as the labour ministry needs the most improvement. He said:

“As I told you before the Ministry of Commerce is good, and the Ministry of Labour and the Municipality need a lot of enhancements.”

Textile and apparel SMEs also had the same experiences. Rana (TA1), for example, mentioned how her business suffered from different government agencies, such as the Ministry of Labour. However, her experience with the Ministry of Commerce was positive and she wishes that other government agencies would follow its steps. She said:

“Procedures such as registration in the Ministry of Labour, licences and insurance, all of which we had to hire a person to finish them for us and they were exhausting and took a long time ... However, with the Ministry of Commerce, all procedures are online until the commercial register is sealed and just printed. I hope that the rest of the government institutions will follow.”

Lama (TA4) also reported on how she feels government services vary based on the agency you are dealing with and how the Ministry of Commerce procedures were easy and clear. However, she struggled with Cities and the Zakat. She said:

“I feel that the things related to the Ministry of Commerce were excellent, and I was never tired with it; everything was available online. For the trade mark it takes three months, but I know that for anyone applying it will take this period of time.”

Government services vary between one agency and the other. Although there is development in some of the agencies, some still need a lot of enhancements, especially the municipalities.

4.3.Conclusion:

In this chapter the results of the in-depth interviews with SME owner-managers have been presented. The themes were generated with the support of NVivo software. Through the method of thematic analysis, themes were developed to answer the research questions both deriving from the literature review as well as new themes that emerged. Themes were classified into internal and external motivations and capabilities of SMEs internationalization, the internal and external obstacles SMEs face, and the role that innovation, networking and social media play in internationalization. Although the themes were broadly guided by the literature, new themes have emerged. For example, marketing capabilities are found to be a key element in Saudi SMEs internationalization. Marketing efforts, either through campaigns, social media or Google Ads is found to enable Saudi SMEs to expand abroad and ease their internationalization. Support SMEs receive from the Saudi government was found to help some in their external expansion.

With regard to the obstacles, Saudi SMEs reported problems with a number of laws and regulations that can impede their expansion overseas, such as with Saudization and financial transactions. They also face a number of problems when dealing with the local government agencies, such as finding the relevant information and access to funding, or with extracting the needed licence. Overall, the chapter provides a sound basis for the discussion. The next chapter provides a discussion of the themes and comparison with past research, as well as the conclusion of the research.

Chapter Five: Discussion

In this chapter, the findings will be discussed in relation to the existing literature and aims of the thesis. While the key findings were presented in the previous chapter, in this chapter these will now be analysed and discussed in relation to the research objectives, with a reflection on the existing literature, in order to determine whether this research supports previous studies and its overall contribution. Hence the chapter is designed to answer the research questions: (i) the motivation and capabilities of Saudi SMEs, (ii) the obstacles they face and (iii) the role innovation, networking and social media play in internationalization. These are followed by a comparison of the ICT and textile and apparel sectors in light of the research objectives. Finally, the model for the internationalization of Saudi SMEs is presented with the implications for policy development and interventions.

5.1. Motivation and capabilities

One of the objectives of this research is to find out what motivates and enables Saudi SMEs to expand abroad. The findings of the research suggest that the decision of Saudi SMEs to expand abroad in both sectors is based on several motivations and enablers, that can be broadly classified as internal and external (Leonidou et al., 2007; Pett et al., 2004; Senik et al., 2014; Alrashidi, 2013). The internal motivations are allied by intra-firm factors such as the desire of the entrepreneur for growth, product competitiveness and their available resources. However, the external motivations are based on the environment outside the enterprise, either in the home or host countries. This includes demand for goods and services from abroad, government support and attractive policies (Leonidou et al., 2007).

5.1.1. Internal motivation and capabilities

5.1.1.1. Management capabilities and entrepreneurial orientation

One of the biggest motivations for Saudi SMEs' expansion abroad is the entrepreneurial orientation of the owner-manager. This confirms the findings of previous studies (Oviatt & McDougall, 2005; Teece, 2007; Yang, 2008). McDougall et al., defined international entrepreneurial orientation as "the discovery, enactment, evaluation, and exploitation of opportunities – across national borders – to create future goods and services" (Oviatt, McDougall & Sharder, 2003).

Several scholars have stated that strong entrepreneurial orientation leads to greater organizational capabilities (Teece, 2007). According to Teece (2007), entrepreneurial

orientation affects the firms' capabilities significantly and the organization's resources can be integrated, developed and adjusted to be more efficient based on entrepreneurial characteristics such as his/her entrepreneurial orientation or previous experiences. Nummela et al. (2020), found that SMEs internationalization depends on the owners expert and the managers attitude. Oviatt and McDougall (2005) argued that SMEs that want to expand internationally need to have an international entrepreneurship orientation. This international orientation can be achieved if the entrepreneur has an internationalization vision (Knight & Cavusgil, 2004), a proactive behaviour (Oviatt and McDougall, 2005) and risk-taking and innovative behaviour (Kang & Han, 2007). Jung and Yang (2008), also emphasise the substantial positive link between the organizational capabilities and the international entrepreneurship orientation. The findings support the existing literature, as having an international entrepreneurial orientation motivates Saudi SMEs to expand abroad.

According to Etemad (2015) among the most significant key factors that influence the firm's international behaviour is innovation, risk-taking and proactiveness. Broutheres et al. (2015) also highlighted how risk-taking, proactiveness and innovativeness comprises entrepreneurial orientation. In this study the entrepreneurial orientation can be observed through four main factors: the innovativeness of the firm, the proactiveness of the entrepreneur, the risk-taking orientation and the entrepreneur's vision for the firm.

The innovativeness of the SME is a major internal motivation for most participants. Innovation was captured under the OECD (2005) definition, which described innovation as

“the implementation of a new or significantly improved product (good or service), or process, a new marketing method, or a new organisational method in business practices, workplace organisation or external relations”.

Participants in both the ICT and the textile and apparel sectors showed the importance of being innovative in order to be able to compete and expand abroad. This is consistent with earlier studies (Etemad, 2015; Hinojosa et al., 2016; CassimN & Golovko, 2011).

Moreover, being a risk-taker is one of the characteristics that help the entrepreneur to be more innovative and take steps toward expanding abroad in both the ICT and textile and apparel sectors. This also supports previous studies that found that companies that are willing to take risks can breach into international markets (Florida, 1997; Broutheres et al., 2015; Lee et al., 2001; Pappas et al., 2018). Moreover, Leonidou (2011), found that risk-taking firms are motivated to look for opportunities to move quickly toward internationalization.

The findings also highlight how being proactive is one of the characteristics the entrepreneurs in both sectors need to have and how their willingness to act in advance or as an immediate reaction once they are contacted influence them to expand abroad. This confirms previous research that found how entrepreneurial orientation, including being proactive, is one of the key factors that influence the international performance of the SME (Etemad, 2015; Knight 2000; Lee et al., 2001; Pappas et al., 2018).

One more characteristic the research found as a vital motive for Saudi SMEs to expand abroad in both sectors is the entrepreneur's vision to be an international business. This supports previous research that stressed the importance of the role of the entrepreneur's vision, and how the SME's decision to expand abroad is based mainly on the manager's vision for the business to be international (Narasimhan, Kumar and Sridhar,2015; Ibeh & Kasem, 2011). Thus, overall, entrepreneurial orientation of the decision maker plays a major role in the firm's expansion abroad in both sectors.

5.1.1.2. The availability of resources

The availability of financial resources also enables Saudi SMEs to expand abroad. This is particularly important for those firms requiring high amounts of lending to export. According to Hoang (2000), who focussed on SMEs in Vietnam as a developing economy, the resources the firm has control its decision to expand abroad. This is reflected in this research as the case was similar for SMEs from both sectors: having financial resources or funding access motivates and enables SMEs to expand abroad in both ICT as well as textile and apparel sector. This finding is in line with the results of previous studies in the ICT sector (Behrouz, Nasser and Tajeddin, 2011; Kuivalainen et al., 2010; Andrés et al., 2014) as well as studies in the textile and apparel sector (De Falco& Simoni, 2014; Berra et al., 1995; Johnsen & Johnsen, 1999).

Kuivalainen et al. (2010), argued that there is no evidence of the relationship between management capability and vision and the performance of the firm internationally, and that the financial resources play a bigger role in internationalization than the manager's role. However, in the case of Saudi Arabia, although financial resources are found to be important for the internationalization of SMEs, the manager's vision for the firm to be international is found to be more significant.

5.1.1.3. Revenue, growth and risk diversification

Another motivation that encourages Saudi SMEs in both sectors to expand abroad is the high revenue and growth they can achieve from expansion. This is similar to the findings of several previous studies (Chi, 2015; Zucchella & Siano, 2014; De Falco & Simoni, 2014; Bakhtiar & Sorensen, 2013). According to the OECD (2009), the growth opportunities that internationalization provides are considered one of the biggest internationalization drivers for SMEs. Firms look for opportunities overseas to grow their businesses and profits, as well as the market size, and to reduce their dependence on one market.

Risk diversification also motivates Saudi SMEs in both sectors to look for opportunities in new markets and expand abroad. Thus, if they lose their market share in one of the markets, sales to other markets can help them overcome this loss. This confirms the findings of (De Falco & Simoni, 2014; Berra et al., 1995; Johnsen & Johnsen, 1999).

5.1.1.4. Language ability

One more internal factor that seems to play a role, especially with the decision of Saudi ICT SMEs to expand, is language ability. According to Lautanen (2000), language can play a role in the firm's internationalization. His study found that the language knowledge of the firm's manager can motivate the firm to take an early step in exporting once it becomes interested in internationalization. Turunen & Nummela (2016), also found that entrepreneurial capabilities such as language skills play a key role in the internationalization of location-bound service SMEs. This research found that language did play a role in the expansion of ICT SMEs in several ways. One of these ways is choosing the countries to expand to based on the language they speak. For example, in ICT SMEs language played an important role in enabling a firm to expand. Adding the English language to an app enabled an immediate global platform. In another case, the ability to speak Arabic gave a Saudi SME an advantage to receive work from abroad from customers that are looking for Arabic programmers. This corroborates previous studies that highlight the role language plays in the internationalization of ICT SMEs (Csonka, 2016; Richardson, 2011; Andre et al., 2014). However, in the textile and apparel sector, language seems to have a less significant impact. This may be a result of the ways in which these products are distributed, especially with the use of intermediaries. For example, a study of the textile and apparel SMEs in Scotland found that Scottish SMEs prefer to enter the foreign market through distributors or agents in the foreign market as a way to compensate for the lack of language skills or insecurity of dealing with foreign customers (Johnsen & Johnsen, 1999).

5.1.1.5. Product competitiveness and innovation

Product competitiveness also plays a major role in the expansion of Saudi SMEs abroad. The research found that in both sectors the competitiveness of the products or services the SMEs offer plays a role in their expansion. The more competitive the product is, the more it enables SMEs to expand internationally. This is consistent with earlier studies that suggest that SMEs have greater chances to succeed abroad if the product they are producing is competitive (Csonka,2016; Saarenketo et al., 2003; Lal & Dunnewijk, 2008; Chi, 2015; Zucchella & Siano, 2014).

Innovation was found to play a major role in giving Saudi SMEs in both sectors a competitive advantage that helps with their internationalization. This confirms the findings of previous studies that highlight the significant role innovation can play in internationalization (Reid, 1981; Gankema et al., 2000; Chi, 2015; Zuazua et al.,2014; Love & Roper, 2013; Love and Roper, 2013). Innovation and internationalization are the most significant strategies for business success, especially in the current competitive markets (Vila & Kuster, 2007; Zucchella & Siano, 2014). SMEs' ability to create and access new technologies and knowledge is essential to their constant competitiveness, especially in the international market.

Several previous studies that focussed on the internationalization of SMEs in both the ICT and the textile and apparel sectors, found that being innovative is very important for SMEs to be able to expand abroad. For example, a study that focussed on entrepreneurship and innovation strategies in ICT SMEs in Europe found that continuously innovative SMEs tend to expand more to the international market, while firms that go through occasional innovation focus on the domestic market (Lal & Dunnewijk, 2008). Another study that took place in Syria highlighted the importance of the product and how ICT firms need to be innovative and invest in process technologies to be able to develop innovative products and services to enter the international markets (Ibeh & Kasem, 2011). According to Teece, Pisano and Shuen (1997), having innovation capability or resources is the biggest driver for growth locally and internationally. Onetti et al., (2010), even found that the most influential aspects for business success and growth are innovation and internationalization. Being innovative opens new markets and opportunities for businesses, and accessing these markets may allow firms to find new resources and knowledge, which also nurture their innovation (Andersen & Kheam, 1998).

The significance of innovation for internationalization is also found to be reflected in the textile and apparel sector. According to Chi (2015), there is a positive link between innovation and

international growth for SMEs in the textile and apparel sector, as innovation is very important for SMEs to grow in this competitive industry. A study in the Campania Region in Italy analysed the relation between innovation and internationalization in small businesses in the clothing and textile industry. The findings showed a positive link between innovation and international growth, as innovation and international networking are the two main growth avenues available for firms, and understanding how they are related is important to manage the firm in the best way possible (Zucchella & Siano, 2014). Johnsen & Johnsen (1999) found that the textile and apparel industry is very competitive, and SMEs need to be innovative and have a competitive advantage to be able to survive and grow.

Although the importance of innovation for the internationalization of Saudi SMEs is found to be essential for both sectors, there are still differences in terms of the innovation strategy for each sector. The ICT sector is a high-tech sector, while the textile and apparel sector is considered low-tech. There are several strategies SMEs can use to develop their innovation and competitiveness: the innovation strategy, the information technology strategy, the niche strategy, the network strategy and the cluster strategy (OECD, 2000). Saudi ICT SMEs were found to go through R&D process to be innovative. However, the textile and apparel SMEs do not need to go through the same process, and tend to depend on different strategies for innovation, such as their network.

This confirms the findings of previous studies. According to Csonka (2014), R&D and innovative activities are highly affected by the sector or industry the business belongs to. Several studies suggested that SMEs that invest in R&D and innovative activities are more productive (Audretsch & Vivarelli, 1996; Cerrato, 2009). Csonka (2014) also stated that the ICT sector in Europe, for example, shows above-average growth in comparison to other sectors and is also the most export-oriented sector. In the OECD countries, the amount of investment in R&D in the ICT sector is almost three times the amount spent in other sectors (OECD, 2000). The IT sector is one of the most international sectors. R&D and innovation have a positive impact on the performance of SMEs in this sector. SMEs that innovate or have some means of collaborating on R&D, achieve success and perform higher locally and internationally than those that do not. Also, SMEs that found global niche markets for their products showed big success, and these SMEs invest highly in innovation and R&D (Csonka, 2014). D'Angelo (2010) emphasised the importance of R&D as well as partnerships with research centres and universities for high-tech SMEs.

The textile and apparel industry is less dynamic in terms of speed of change and R&D. Thus, having a competitive advantage is not an easy process (Zucchella & Siano, 2014). SMEs rely less on R&D as an innovation source, either because of their limited resources or the low level of technology needed in their sector. Instead, SMEs can rely on their networks to act as a source of innovation and competitive advantage (Zucchella & Siano, 2014).

Collaborations with research institutes are important for SMEs and are high among high-tech businesses. However, these collaborations are less in traditional or low-tech industries, especially with universities, incubators and technological parks being less dedicated to these sectors, though collaborations with customers and suppliers might be more significant to the traditional businesses, as it allows them to have access to information that can inspire innovation (Bonte & Keilback, 1995). Furthermore, being part of local clusters can also allow firms to meet competitors and clients, and also collect information that can help with innovation (Bathelt et al., 2004). However, there are no well-developed textile and apparel clusters in Saudi Arabia. Evers and Knight (2008), found that firms can participate in exhibitions and fairs that will give them networking opportunities and help them collect information. Bathelt and Schuldt (2008) even called these fairs “temporary clusters” as they allow firms to meet competitors and customers, and access information. Another source of support for SMEs is the government agencies, including industry associations as well as chambers of commerce. These organizations can provide low-cost training and advisory services which can help innovation.

According to Zucchella & Siano (2014), whose research focussed on textile and apparel SMEs in Italy, innovation is important for SMEs to grow. However, what distinguishes SMEs in the textile and apparel industry, which is a low-tech industry, from a high-tech industry such as ICT is that the export performance of these SMEs is not related to internal R&D. Rather, according to Zucchella & Siano (2014), innovation in textile and apparel firms was related to external resources that inspire innovation, such as partnerships. Partnerships with customers and suppliers are the most significant for textile and apparel SMEs. SMEs benefit from the information they collect from informal networks, such as at exhibitions and fairs. However, their research found that textile and apparel SMEs are not highly affected by or benefiting from research centres or R&D, nor do they benefit from patents. This study agrees with the existing literature that proves the relationship between innovation and internationalization.

5.1.1.6. Marketing and social media

Marketing is also found to have an impact on Saudi SMEs' expansion abroad. The research found that marketing plays an important role in SMEs' internationalization in both the ICT and the textile and apparel sectors. Several authors advocated to find that marketing can play a role in the internationalization of SMEs (Pett et al., 2004; Hamill & Gregory, 1997; Skudiene et al., 2014). Through marketing, Saudi SMEs can gain the exposure they need internationally and find new opportunities for their businesses. Saudi SMEs in both sectors do marketing campaigns from time to time that target both the local and international markets. This was noted by Zucchella (2002), who looked into 200 Italian SMEs and highlighted the importance of marketing capabilities in the internationalization process. However, the marketing techniques SMEs in both sectors rely on are different. The study by Burdus and Alpopi (2010), found that being successful in a competitive market depends on adopting the appropriate strategies and tactics, such as the right marketing strategy that is suitable for the environment the business operates in. For example, SMEs in the ICT sector rely heavily on marketing through Google Ads, while this tool does not seem to be used at all by SMEs in the textile and apparel sector.

SMEs in both sectors use social media platforms as marketing tools. This has increased in the past ten years. Marketing teams are now using different social media tools to create two-way communication with consumers, and due to that, the term "social network marketing" was born. This includes creating and operating a page for the company in different social media platforms, as well as promoting, sustaining public relations and conducting market research. Moreover, through these pages, the firms can provide customers support, discussion and even recruit new employees. This confirms the findings of past studies (Bettioli et al., 2012; Newman, 2013; Pentina et al., 2012; Miller and Lammas, 2010). Oztamur and Karakadilar (2014), analysed SMEs in the fashion industry and found that they are very active in social media in terms of creating social media content and posting updates about their newest releases and collections, as well as communication, and found it to be the best way to attract followers in this industry. This confirms the findings of this research, as Saudi SMEs in the textile and apparel sector stated how they have profiles for their businesses in different social media outlets. However, textile and apparel SMEs in Saudi Arabia find Instagram to be the most significant and useful social media outlet for their businesses.

In the ICT sector the social media platform SMEs choose to use differs from one SME to the other based on several factors, such as the features of the social media platform, the availability of the targeted audience and the popularity of the platform in the country. As noted by past research findings, the marketing strategy SMEs use is driven and determined by the market they go to (Cui et al., 2011). Nevertheless, SMEs in the textile and apparel sector rely heavily on Instagram and not only use it as a marketing platform but as a selling point for their products as well. This is in line with the findings of Miles (2014) – according to him Instagram delivers more engagement to brands per follower than any other social media platform. It is also very important for cloth SMEs' growth in both brand awareness and sales due to three main mechanisms: its visual nature, the engaged users and its environment (Miles, 2014). According to Dervojeda et al., (2014), the factors that affect the companies' choice of the social media tool they prefer to use, are the monthly users, number of followers and interaction rate. Their study also found that Instagram brand communities are large and with high interaction levels compared to other social media tools. Moreover, the geographical targeting and the tool with most active users in each country also determine the business use of the tool. The report mentioned how social media can also be used as an online retailing tool for internationalization, and how through it businesses can display products in the users' native language and show it in their country's currency. This confirms the findings of this study.

The results of the research highlight how beneficial social media is for Saudi SMEs in international expansion. This is especially important given the limited resources they have and the low cost of using these platforms. Also, through social media platforms, SMEs can observe potential markets for their products or services from interacting with their followers. They can also spot future customers that show interest in their products by using features that shows the location and visits to their social media pages which can motivate them to expand in these markets. The findings are consistent with Pentina et al., (2012). Gligorijevic and Leong (2011) revealed that social media is a platform for customers to share their experiences and speak about the companies or recommend the products and services. There are also features in social media to measure and give insights to the companies such as the number of clicks and visits and the countries these visits came from.

According to Dervojeda et al., (2014), using social media tools allow companies to improve their presence in international markets and have exposure as well as access to potential customers from all around the world. They mention in their study that the reasons companies are attracted to use social media platforms is its low cost, as well as engaging the consumers

and collecting information from them. It also allows companies to categorise and target consumers and reach those who are interested. Other than B2C communication, social media also allows B2B and C2C communication. It can also be used for market research purposes.

According to Newman (2013), Social media is used more broadly as a business tool by companies in developing economies compared to developed economies. Oztamur and Karakadilar (2014) stated that the internet gave SMEs an extensive range of opportunities, such as the ability to have contact with people from all around the world. Moreover, the high use of social media pushed businesses to adjust their business models to make use of the internet and make social media part of their strategies. The web is now considered one of the most profitable tools to promote products and services and attract new customers. Many SMEs are now using social media and including it in their business model due to its low barriers of entry.

SMEs benefit from social media due to its low cost, time-saving and the way it allows firms to engage with customers from all around the world. Newman (2013) also revealed that social media is now the method most used by consumers to collect information about companies. Miller and Lammas (2010) mentioned that for the business to choose the right social media tool, the target customers need to be determined. Then the company needs to know which social media platform they prefer and use. This agrees with the findings of this research.

Saudi SMEs' decision to expand abroad is affected by a number of internal motivations and enablers. These are the entrepreneurial orientation, the availability of financial resources, the revenue and growth they can achieve from expanding abroad, their product or service competitiveness, diverting their risks, having language as a competitive advantage, and opportunities they find through marketing. In particular, for Saudi SMEs the most significant internal factors for internationalization are found to be the entrepreneurs' vision and proactiveness, innovation and product competitiveness, and marketing, especially through social media. These factors were found in both ICT and textile and apparel SMEs, However, there are some differences between the two sectors.

For example, the research results stress the importance of innovation for the internationalization of Saudi SMEs in both the ICT and the textile and apparel sectors. However, there are differences between the two sectors in terms of the innovation strategy they use. Although innovation plays a key role in the internationalization of Saudi SMEs, there are differences in terms of the innovation strategy SMEs in both sectors use to develop their competitiveness. Being a high-tech sector, the ICT sector relies on R&D for innovation, as well

as collaborations with universities and research institutes. On the other hand, textile and apparel is a low-tech sector, and having a competitive advantage is more difficult for SMEs in this sector, and the R&D role is less significant. Therefore, Saudi SMEs in this sector rely on alternative strategies for innovation, such as networks and partnerships.

Also, the findings of the research suggest that marketing and social media play a key role in the internationalization of Saudi SMEs in both the ICT and the textile and apparel sectors. However, the social media platform SMEs depend on for internationalization and marketing differ based on the sector they operate in. While Saudi SMEs in both sectors use a range of social media outlets for their businesses, textile and apparel SMEs find Instagram is the most beneficial social media outlet. Also, ICT SMEs use Google Ads to market their businesses overseas, while the tool is not used at all by textile and apparel SMEs.

There were other internal internationalization motivations and enablers that were found in previous literature, such as how textile and apparel SMEs can be motivated to internationalize by excess capacity when their production exceeds the local demand. Having this capacity motivates them to export (Zucchella & Siano, 2014). Or how ICT SMEs can be motivated by cost-cutting. Expanding to foreign markets enables them to increase their outputs and form economies of scale, which helps in reducing the production cost (Csonka, 2016). These internal motivations do not seem to be significant for SMEs in Saudi Arabia. This could be due to that excess capacity for example, is usually caused by overinvestment, suppressed demand, technological development or an external surprise such as, a financial crisis (Zucchella & Siano, 2014). These factors are not present in the Saudi market. Also, Saudi ICT SMEs not reporting cost-cutting and reaching economy of scale as a motivation of exporting, might be because economy of scale is usually reached by specialized firms with efficient experience and skilled labor, that can produce at a large scale (Crick et al., 1998). Though being in a developing economy, Saudi SMEs need more experience to be able to achieve it. Also the lack of skilled employees reported by ICT SMEs might prevent them from achieving this. However, this needs further investigation. The internal motivations are not the only factors that can motivate SMEs to expand abroad. There are a number of external motivations and enablers for the internationalization of Saudi SMEs that will be explained in the next section.

5.1.2. External motivations and capabilities

5.1.2.1. Networking capabilities

The research found a number of external motivations and enablers that influence the Saudi SMEs decision to expand abroad. One of these motivations is the network SMEs have and how these networks can open opportunities for SMEs or enable them to expand. Networking plays a vital role in motivating, enabling and supporting SMEs in their international expansion. The findings of this research support the existing literature that suggests that networking plays a dynamic role in the internationalization of SMEs (Johanson and Vahlne, 1990; Coviello and Munro 1997; Csonka, 2016; Narasimhan et al., 2015; Saarenketo et al., 2003; Zarei et al., 2011; Kuivalainen et al., 2010; Hewerdine et al., 2014; Kennedy & Keeney, 2009; Andre et al., 2014; Ibeh & Kasem, 2011). Several studies that focussed on the internationalization of SMEs in developing countries stressed the importance of networking in expanding abroad (Matenge, 2011; Alrashidi, 2013; Taylor, 2013; Abdullah & Zain, 2011). Saudi SMEs can gain several benefits and support through their networks. This support assists and eases internationalization.

A study that investigated SMEs in 10 OECD countries found that networking capabilities, as well as social and business ties, give SMEs an advantage that motivates them to internationalize. This is verified with the findings of this research, as networking played a major role in motivating SMEs to expand abroad in both sectors. The role networking plays in the internationalization of SMEs was discussed and proven in several previous studies in both sectors. For example, in the ICT sector, a study by Behrouz et al. (2011), which took place in Iran and studied ICT SMEs, suggested that they can benefit from their networks to overcome the obstacles they face with internationalization. Hewerdine et al. (2014), also stressed the importance of networking for ICT SMEs, and that creating relationships abroad can help SMEs to access resources. Andrés et al. (2014) also mentioned how networks can help SMEs to gain information and knowledge about unfamiliar markets. Additionally, Ibeh & Kasem (2011) stress the importance of relationships for the internationalization of software SMEs, and how these relationships help to select the right market to expand into, and speed up internationalization.

Moreover, several studies focussing on SMEs in the textile and apparel sector also stressed the importance of networking for the expansion of SMEs abroad. For example, a study by Zucchella & Siano, (2014), suggests that entrepreneurs should build strong relationships within the industry and commercial partners to be able to maximize their opportunities and gain

knowledge. Similarly, Bakhtiar & Sorensen (2013), stressed the importance of networking for SMEs in the textile and apparel industry and how establishing a network with value chain members, as well as learning from external actors, are crucial elements within internationalization. Johnsen & Johnsen (1999) unpacked the role of networking for SMEs taking several forms, such as relationships with agents, customers, suppliers or even competitors, and how these relationships can help in generating opportunities to expand into the international market. The study also showed that networks can support firms by helping them to understand the advantages of exporting and to be aware of the opportunities in the foreign market. Also, through the network, the firm can collect information and know their product's export potentials by hearing competitors' success stories.

To explain the role networking plays in the internationalization of Saudi SMEs, the research highlights two main aspects. The first is the ways Saudi SMEs can build their networks, and the second is the benefits they gain from these networks. This approach was followed in several studies. A study by Senik et al. (2011) focussed on the sources and roles of networking for internationalization in emerging economies.

This study identified three sources SMEs can use for networking: government institutes, business links and personal relationships. The study also found that it is very important for the business to manage its network to be able to internationalize effectively. Moreover, Moller et al. (2005) focussed on the role of partnerships and networks in SME innovation and growth, and divided the networking process into benefits of networking on growth and ways of accessing these networks.

The results of the fieldwork also found that Saudi SMEs tend to build useful relationships through incubators, exhibitions, visiting more developed countries, membership of the chamber of commerce, universities and colleges and using the services of the Saudi SMEs authority. However, there are several differences between the two sectors in terms of use of and dependence on networking. The second aspect of networking the research highlighted is the benefits that SMEs gain from networking. Saudi SMEs are found to benefit from their networks in collecting and accessing information, training, receiving consultancy and making partnerships.

5.1.2.1.1. Ways of networking

Incubators can help and assist Saudi SMEs in several ways to achieve internationalization. It can save them a lot of time and effort by creating an environment that adopts the development

of their projects and increases their chances of success. Incubators can be defined as shared places that support start-ups with resources, monitoring and business aid. This confirms the findings of past studies. In incubators, businesses can network and share their different experiences relatively easily (Engelman et al., 2014). Textile and apparel SMEs did not benefit from this context, as the number of textile and apparel-focussed incubators in the Kingdom is much lower than ICT-focussed incubators (Khorsheed et al., 2012). Moreover, the Saudi incubators do not offer export-focussed services, although several incubators around the world offer these services to their incubated business, such as the American International Business Incubator and the Austin Technology Incubator (Engelman et al., 2014).

Another way Saudi SMEs network is through participating in fairs and exhibitions. Although SMEs in both sectors benefit from these exhibitions, textile and apparel SMEs find their role particularly important for their businesses. This confirms Measson and Campbell-Hunt (2015), who suggest that participating in exhibitions and fairs allows SMEs to build networks, as well as sell, promote and collect useful information, which helps them in their innovation as well as their internationalization journey. A study that focussed on design entrepreneurs in Taiwan found that at the stage of distribution and marketing, entrepreneurs must attend exhibitions, as these exhibitions help them network with their peers as well as market and sell their products in international markets (Tung, 2017). Another study that focussed on SMEs in the ICT sector in Norway revealed that it is very important for SMEs in the ICT sector to visit exhibitions and trade fairs to be able to network and have an exposure that will help them with internationalization (Moen et al., 2004). Nevertheless, participating in big exhibitions can come with high fees that several SMEs cannot afford due to their limited resources; therefore, they need more support programmes that can help them take part in these exhibitions.

Hence, it is argued that Saudi SMEs can build very beneficial networks through visiting developed countries and being exposed to dynamic businesses and environments. From these visits, they can be introduced to new technologies and different ways of thinking. Several authors advocate how beneficial these visits can be. Giorcelli (2019), found that between the 1952 and 1958, the US and Italy had an agreement where the US invited several Italian managers for visits to the US firms. As a result of these visits the Italian companies were able to network with these companies, as well as gain access to advanced technologies and machines. These trips reflected positively on the performance of these Italian companies. Moreover, a study that focussed on the learning communities in Silicon Valley found that blending and networking with such communities helps individuals learn, and stimulates

innovation (Benner, 2003). According to the OECD (2000), Silicon Valley can highly benefit SMEs in several ways through networking with other players in the industry. This can help them be even more innovative through the “spillover” effect. This suggests that by mixing with other entrepreneurs in the field there will be a knowledge spillover that enables innovation and leads to growth.

Another useful way Saudi SMEs are found to network is through the chambers of commerce and the Saudi SMEs Authority (government institutes). The research found that these agencies were helpful for SMEs in terms of brokering links, consultancy, information access and courses they offer. As noted by Uden (2007), government agencies such as chambers of commerce and SME authorities can help SMEs overcome several barriers they face with internationalization, such as the lack of information, experience or even the financial resources. They can also provide training in addition to consultancy programmes that are designed for the international market. Moreover, they can help SMEs find partners or set joint ventures. Panagiotakouplos (2011) also mentioned how these agencies can help SMEs access training courses that can help them overcome the obstacles they face.

Although these agencies were helpful, there were still complaints about the quality of the services they offer. For example, the research found that a number of the courses the chambers of commerce offer are very general and outdated, and that they could enhance their services by offering more sector-specific training courses. Although the Saudi SME authority is specialized in supporting SMEs, and initially provides several services to them, not everyone seems aware of the services they provide or how they can be helpful. Even though several ICT SMEs did benefit from their services, they still think there is room for improvement. The experience of SMEs in the textile and apparel sector was very different. None of them claimed to benefit from the services they provide and they are not familiar with them.

Networking with universities and colleges is very helpful for Saudi SMEs, either by attending training courses or exhibitions they hold, signing partnerships, seeking consultancy from academics, and having a strong alumni system that acts as a network for graduates. As identified earlier (Macdonald et al., 2007), universities can play a crucial role in increasing the innovation and competitiveness of SMEs by providing them with education and training. Moreover, Freeman (2000) showed how both universities and SMEs can benefit from this type of partnership, as university students will be exposed to an actual work environment and universities will be able to develop new teaching materials. SMEs will benefit through finding

potential new employees that suit their businesses, have access to information and university facilities and equipment, network with expert academics and access their research. Halila and Tell (2013) even found that collaboration between universities and SMEs can help SMEs overcome some of the barriers they face, such as the lack of resources, low confidence and isolation.

The results of the study tended to show a lower level of connectivity with universities than the literature suggests (Halila and Tell, 2013). Although Saudi SMEs did benefit from engagement with universities and colleges, they feel that the universities in Saudi Arabia are not collaborative enough and could offer much more than what they are currently offering.

5.1.2.1.2. Benefits of networking

The second aspect of networking the research focusses on is the benefits Saudi SMEs gained from their networks. The research found that SMEs in both sectors depend on their networks to collect the information they need. Having the needed information can help them grow and take steps such as expanding abroad. This was proven in several previous studies in the ICT sector. For example, a study by Csonka (2016), which focussed on the internationalization of SMEs in the ICT sector, found that the Hungarian IT SMEs' decision to go abroad is motivated by information and knowledge access. Andrés et al. (2014) also examined the internationalization behaviour of IT and software SMEs. Their study stresses the importance of networks for the SMEs to gain information and knowledge about unfamiliar markets. Studies in the textile and apparel sector did not differ in this aspect.

Through their networks, Saudi SMEs can also access beneficial training courses. Training can be at both the management and employee level. By attending these training courses, SMEs can develop their capabilities and solve the problem of the lack of capable workers in their fields. Although SMEs showed some concerns regarding the quality of training courses provided by the government agencies, especially in the textile and apparel sector, they feel that the government is not giving enough attention to the sector. However, they still were able to know and access beneficial training through their networks. These findings are consistent with research by Ibeh & Kasem (2011) that focussed on SMEs internationalization in the ICT sector and found that through networking SMEs can access beneficial training and consultancy. Musteena et al. (2010) found that networking among ICT SMEs in the Czech Republic, can speed up their internationalization and that training is one of the benefits they gain from their networks. This is also found in the textile and apparel sector. Pal et al. (2014) confirmed that

SMEs in this industry can benefit from their networks in gaining access to beneficial training. Chowdhury et al. (2009), who studies the textile and apparel SMEs in Turkey, found that Turkish SMEs share knowledge and training within their networks.

A further important benefit the research found that Saudi SMEs can access through networking is useful partnerships. These partnerships are very important for Saudi SMEs and considered a key factor in their expansion abroad. SMEs can find their partners through networking, and can sign partnerships based on an exchange of interest. Several studies confirm that SMEs and entrepreneurs can access these partnerships through networking (Lechner & Dowling, 2003; Hite & Hesterly, 2001; Vanhaverbeke, 2001). A study by Saarenketo et al. (2003) found that SMEs in the ICT sector tend to have limited resources, yet they try to make relationships and have different partners and networks, which enables them to learn and enter the foreign market. Nummela et al. (2004) had similar findings and suggest that ICT firms look for partners with similar types of competence. Likewise, a study by Kennedy & Keeney (2009) found that SMEs form these strategic partnerships to take advantage of the firm's interaction, status and credibility. Moreover, these partnerships can serve as an important way to enter foreign markets that allow SMEs to rush sales cycles and decrease the risks associated with entering new foreign markets. The case is also similar with SMEs in the textile and apparel sector. A study by Berra et al. (1995) found that entrepreneurs should take into consideration maintaining strong relationships within the industry and commercial partners to be able to maximize their opportunities and knowledge and internationalize. SMEs look for collaborations with other businesses and organizations to share the risks, get access to different resources, to be able to innovate or even to manage their growth (Castells, 1996). According to Liao & Welsch (2002), SMEs should establish partnerships with other firms or organizations that have more experience in the field in the early stage of growth. These partnerships can help the SME overcome different problems they may face as newcomers. These partnerships can even help SMEs with marketing, innovation, information and even market access (Lechner & Dowling, 2003).

One more benefit Saudi SMEs are found to receive through their networks is access to consultancy. Consultancy helps SMEs overcome the precise problems they face and strengthen their position to be able to expand and grow. Berry et al. (2006), found a positive link between SMEs that receive consultancy and advice and their growth rate. In their study, they found that SMEs seek business, financial, emergency as well as legal consultation through their existing network. Ojala (2009) investigated the role networking plays in the internationalization of ICT

SMEs and confirmed that SMEs benefit highly from their networks to expand abroad, including having the ability to seek and receive consultancy. Likewise, Johnsen (2007) studied the textile and apparel SMEs in Italy and noted that networking can be very beneficial for these SMEs in terms of internationalization, and that consultation is one of the benefits they gain from their networks.

5.1.2.2. Opportunities in foreign markets

Although the SME's network plays a vital role in their internationalization decision, there are other external motivations and enablers that play a role in this decision. For example, the opportunities SMEs find in external markets affect their decision to expand abroad. This supports findings of previous studies that found that SMEs are motivated to expand abroad when they find opportunities in foreign markets (Diamantopoulos et al., 1990, Sullivan & Bauerschmidt, 1990. Leonidou, 2011). Saudi SMEs in both sectors tend to expand overseas after spotting opportunities in foreign markets. This was also identified in previous studies that focussed on both the ICT as well as the textile and apparel sectors. A study by Narasimhan, Kumar and Sridhar (2015), which aimed to investigate the transformation of the Indian technology-based SMEs during internationalization, found that SMEs can be motivated to expand abroad by the stability and opportunities in international markets. A study on ICT SMEs by Karagozoglu and Lindell (1998) also agrees with these findings. This was also the case with studies in the textile and apparel sector, as a study by Johnsen & Johnsen (1999) found that SMEs' awareness of opportunities in the foreign markets motivates them to expand in these markets.

5.1.2.3. Receiving demand from abroad

One more motivation that influences the Saudi SMEs' decision to expand abroad is receiving demands from overseas countries. SMEs in both the ICT and the textile and apparel sectors are motivated to expand abroad because of the demand they receive from foreign countries. This confirms the findings of previous studies, such as the Johnsen & Johnsen study (1999) that focussed on the textile and apparel sector. This is also the case with ICT SMEs. Karagozoglu and Lindell (1998) found that ICT SMEs can be motivated to expand based on inquiries they receive from abroad. Leonidou (2011) also mentioned that SMEs are motivated to export when they are contacted by foreign clients from other countries.

5.1.2.4.Limited local demand

Saudi SMEs in both sectors were also found to be motivated to expand internationally when there is a limited local demand for their products. This motivates them to look for new opportunities and customers for their goods or services outside their immediate market. This could also be associated with a decline in the local market or if the product and service the business is offering is new and the local market is not ready for it. This is consistent with the findings of previous studies. Moen (1999) stated that the decline in the domestic market leads SMEs to export. Moreover, Ibeh & Kasem (2011) found that if the demand for the SME's product in the local market is limited, this encourages SMEs to find new buyers and markets for their products. Decline in the domestic market push SMEs to selectively target new markets to sell their products in (Sasaki et al., 2021). Karagozoglu and Lindell (1998) also mentioned that local market saturation motivates SMEs to look for new opportunities abroad. Leonidou (2011) revealed that the local market conditions, such as going through a recession or the falling of the domestic sales, motivate SMEs to look for opportunities in new markets and internationalize.

5.1.2.5.Local government support

Local government support was also found to play a significant role in Saudi SMEs' decision to go international. Government support is very important for SMEs in both sectors to expand and can highly motivate them to do so. This confirms the finding of past researches that explained how government export assistance can lead to a successful exporting approach (Bilkey, 1978; Cavusgil, 1982; Westhead et al., 2004; Crick, 1995; Shamsuddoha et al., 2009). Westhead et al. (2004) found that SMEs are motivated to expand abroad by the national and government agencies that establish contracts with clients from other countries. According to Crick (1995), SMEs need high-level and diverse government support, due to their limited capabilities and lack of both human and financial resources. Crick (2004) also mentioned how governments in developed markets offer different forms of export programmes that motivate SMEs to expand abroad.

Although the Saudi government has many beneficial support programmes that the research highlighted (Appendix 7), SMEs in the ICT sector struggle in accessing this support. Also, SMEs in the textile and apparel sector feel that the government is not giving enough support to their sector. The importance of government support in motivating SMEs to internationalize is highlighted in several previous studies. For example, Andrés et al. (2014) stressed how local

government needs to support the SMEs through helping them establish international networks, and ease access to financial resources. The government can also support the internationalization of SMEs through offering more inclusive services, such as information on funding opportunities, information about the rules of foreign authorities, and backing for SMEs in finding international networks, through expert advice or associations with a particular government body or business incubators (Hewerdine et al., 2014; Arechavala-Vargas et al., 2015). Furthermore, policymakers should create economic and financial incentives that can help in lowering the risk perception of export activities, especially for SMEs that have never exported before. These incentives can also improve the capabilities of firms that already have relevant abilities to sell products in global markets (De Falco & Simoni, 2014; Berra et al., 1995; Johnsen & Johnsen, 1999).

5.1.2.6. Attractive foreign policies

The SME's decision to expand abroad can be motivated by the attractive policies of governments in foreign markets. For example, the GCC countries have special regulations for members. These special regulations are found to motivate SMEs to expand to these countries as a first choice. This confirms previous studies that found that one of the factors that impact the firm's decision to internationalize is the policies of that market (Csonak, 2016; Narasimhan et al., 2015; Lal & Dunnewijk, 2008).

The decision of Saudi SMEs to internationalize is affected by several external factors that motivate SMEs to internationalize. These include networking and the advantages it offers, the opportunities they find in foreign markets, the demand they receive from abroad, the limited local demand, the support they receive from their local government and attractive policies in foreign countries. The research found that the most significant external motivation and enablers for Saudi SMEs are networking and the local government support.

Networking plays a key role in the internationalization of Saudi SMEs for both the ICT and the textile and apparel sectors. Saudi SMEs mentioned a number of ways in which they network. For example, they network through incubators, exhibitions, visiting developed countries, universities and colleges and government agencies such as the Saudi SMEs Authority and the chambers of commerce. However, there are differences between the two sectors in terms of the ways of networking they find most significant. For example, ICT SMEs find incubators the most beneficial place for networking, while textile and apparel SMEs do not find incubators as significant. Incubation is not easy for SMEs in the textile and apparel sector because the

specialised textile and apparel incubators are limited in the Kingdom. ICT SMEs also benefit from the SMEs Authority for networking, while the textile and apparel SMEs were not fully aware of them or the services they provide. However, textile and apparel SMEs in Saudi Arabia find the chambers of commerce and exhibitions as the most beneficial ways of building their networks. Through these networks Saudi SMEs were able to gain different benefits. For instance, they were able to collect information, access training and consultancy or even find useful partnerships. Although, there were differences between the two sectors in terms of the significance of the ways in which SMEs networked. Surprisingly, both SMEs in the ICT as well as the textile and apparel sector agree on the benefits they were able to receive from their networks. They find signing partnerships and seeking consultancy as the most significant benefits they were able to obtain through their networks.

Moreover, the local government support is also found to play a key role in Saudi SMEs' internationalization for both sectors. However, textile and apparel SMEs feel that the Saudi government is not giving enough support for their sector. Previous studies stated how ICT SMEs can be motivated to find opportunities to expand abroad when they face high competition in the local market (Narasimhan et al., 2015). However, Saudi ICT SMEs did not report being motivated by this factor. This could be due to the fact that Saudi Arabia is a developing country and competition in the ICT sector in the local market is not intense. As the number of ICT SMEs in the Kingdom is still low in comparison to developed economies (CITC, 2015). However, this requires further investigation. There are also several obstacles SMEs face that can prevent them from expanding abroad. These obstacles will be detailed in the following section.

5.2. The obstacles

Several obstacles and barriers can complicate and prevent Saudi SMEs in both sectors from expanding abroad. These obstacles can be classified into internal and external obstacles (Hutchinson et al., 2009; Cardoza & Fornes, 2011; Alrashidi, 2019). A report by the OECD (2009), which focussed on the barriers to and drivers of the internationalization of SMEs, found that there are general obstacles that can be common between SMEs regardless of which sector they operate in. However, there are also sector-specific barriers that can occur in one sector and not the other. This is consistent with the findings of this research.

5.2.1. Internal obstacles

According to the OECD (2005), internal barriers are those associated with the firm, such as capabilities or organizational resources. Generally, internal obstacles are related to information, functions and marketing. Informational barriers are related to the inability to identify and select opportunities in international markets due to lack of information, while functional barriers are those associated with the enterprise's functioning, such as a lack of financial or human resources (Leonidou, 2004).

5.2.1.1.Lack of information

The study found that the lack of information is one of the biggest challenges Saudi SMEs face in their journey to expand abroad, in both sectors. SMEs need information in order to internationalize. The uncertainty and difficulties they faced while trying to find and understand the information they need averts their ambition in the process of expanding abroad. This confirms the findings of previous studies that explained how uncertainty and lack of information about the global market are an obstacle for SMEs that prevents them from expanding overseas (Csonka, 2016; Zarie et al., 2011; Arechavala-Vargas et al., 2015). According to an OECD report (2009), the limited knowledge SMEs have, especially about overseas markets, is one of the top barriers for internationalization, as it is considered to be one of the most critical challenges for SMEs, even in the current era of availability of data and information. Moreover, the lack of knowledge about internationalization prevents the decision makers in SMEs from taking this step. They do not have internal resources, and so have to use external resources.

5.2.1.2.Lack of skilled workers

Saudi SMEs were also found to suffer from the lack of skilled workers in both sectors. This limits the resources they have and inhibits their growth. It also prevents them from internationalizing. This obstacle was identified earlier by (Alrashidi, 2019; Alhyari et al., 2012; Bary, 2019). This seems to be a major problem for the ICT sector and is confirmed by large scale studies. A study by the Saudi CITC in 2014 found that one of the main problems that faces the ICT sector in Saudi Arabia is the shortage of ICT skilful workers. Although the number of Saudi Arabian ICT specialists has gradually grown over the past 10 years, there is still a wide gap between the supply and demand of ICT professionals. This conclusion is also reiterated by several previous studies. For example, research that took place in Egypt and focussed on the internationalization of Egyptian ICT SMEs found that the lack of efficient

skills, as well as poor staff training, are some of the internal obstacles ICT SMEs in developing countries face (Bary, 2019). This problem is also found in the textile and apparel sector but to a less extent. According to the SIDF (2015), only 19% of the workers in this sector are Saudis, suggesting the lack of skills or interest in this sector.

While ICT SMEs find the lack of skilful workers as the most significant internal obstacle, textile and apparel SMEs find the lack of information more significant. Although previous research has highlighted other internal obstacles to the internationalization of SMEs, such as the lack of foreign language knowledge for both ICT (Richardson, 2011) and textile and apparel sectors (Johnsen & Johnsen, 2017), having a short-sighted manager for the ICT sector (Csonka, 2016), or being part of a cluster for the textile and apparel sector (Zucchella & Siano, 2014), these internal obstacles were not found to be significant for Saudi SMEs. This might be due to the lack of textile and apparel clusters in Saudi Arabia (Khorsheed et al., 2012) and, the fact that all the interviewees in this research were owner-managers, which makes it difficult to find or point out their mistakes or short sight. However, this requires further investigation in future research. Also, according to Andre et al. (2014), the lack of foreign language knowledge can be reduced if firms create a business model that allows the sale of their products without contacting the customers directly, such as through using internet distributors or tools. Thus, this might explain why none of the Saudi SMEs reported the lack of language knowledge as an obstacle. As all the participants use social media tools that offer instant language translation or have international partners. According to Dervojeda et al. (2014), through social media outlets businesses can display products in the users' native language and show it in their country's currency. The research highlighted the internal obstacles that prevent Saudi SMEs in both sectors from expanding abroad, particularly the lack of information and the lack of skilled workers. However, there are several external obstacles and barriers Saudi SMEs face which prevent them from expanding. These factors will be detailed in the next section.

5.2.2. External obstacles

The study has identified a number of external barriers and obstacles that are faced by Saudi SMEs in both sectors. The external barriers to the internationalization of SMEs are associated with the environment, whether the home or host environment (OECD, 2005). This is related to the competition, governmental barriers such as tariff and non-tariff laws, as well as procedural barriers that are related to operating and transactions with foreign customers (Leonidou, 2004). The government barriers can take the shape of action or inaction with regard to how the home government deals with SMEs and exporting.

5.2.2.1.High competition

The study found that one of the major obstacles that internationalizing Saudi SMEs in both sectors are facing is high competition in foreign markets. This confirms the findings of past research (Csonak, 2016; Narasimhan et al., 2015; Richardson, 2011; Lal & Dunnewijk, 2008). SMEs that decide to go global face intensive competition with the other players in the market, especially the local businesses in each market. These businesses have advantages such as being more familiar with these markets and consumers. Moreover, Lal & Dunnewijk (2008) mentioned how it is very important for SMEs in the ICT field to have a competitive advantage to be able to compete. As for the textile and apparel sector, previous studies also identified that SMEs struggle with high competition in the field. Johnsen & Johnsen (1999) mentioned how, due to the high competition in the international apparel market, Scottish SMEs are facing difficulties with planning for their future on the international scale.

Several studies show that SMEs avoid entering new markets because they fear the competition and think that they will not be able to compete (Richardson, 2011; Lal & Dunnewijk, 2008). However, it is argued that the high competition can motivate SMEs to improve their capabilities and be more innovative (Csonak, 2016). Other studies proposed that entering new markets can improve the competitiveness of the firm (Csonak, 2016; Saarenketo et al., 2003).

5.2.2.2.Difficulties in accessing funding

Another obstacle SMEs in both sectors face is difficulties in accessing funding. This obstacle was identified earlier by Alrashidi, 2019; Saarenketo et al., 2003; Richardson, 2011; and Andrés et al., 2014. This confirms the findings of the IMF that stated how loans to SMEs in Saudi Arabia account for only 2% of lending by Saudi banks, compared with 5% in the other GCC countries, 15% in the MENA region economies, and 25% in high-income OECD countries (IMF, 2018). One of the reasons for the limited financing access for Saudi ICT businesses is the lack of a clear and separate classification group for ICT businesses, as well as the narrow business know-how in property evaluation that might help to raise funds from possible investors or help getting finance through financial institutes. This resonates with the findings of a study that took place in Malaysia and focussed on the ICT sector. This study found that the main barriers to internationalization are the lack of financial support and resources to expand abroad (Richardson, 2011). Andrés et al. (2014) highlighted how it is very important for governments to ease the access to financial resources for ICT SMEs to be able to internationalize.

Moreover, according to Kuivalainen et al. (2010), there is a relationship between the financial capabilities, such as good investment expertise, networking with venture capitalists and excellent financial management, and the performance of the firm in the international market. Arechavala-Vargas et al. (2015) stress the importance of the government to help SMEs access financial resources to expand abroad. According to a report by the OECD (2009), the lack of resources for SMEs, such as financial resources, as well as the limited access to the needed infrastructure is one of the most common barriers to the internationalization of SMEs. This was found as a common barrier between developed and developing countries, such as China, Finland, Indonesia and Turkey, especially at the early stage of the firm's internationalization. According to the OECD report (2009), the barrier of limited resources for SMEs is found to be critical no matter what the sector is, as the report compared an ICT SME in Finland to a textile and apparel SME in India, and limited resources were found to be a barrier in both cases.

5.2.2.3. Difficulties in accessing government support

Saudi SMEs in both sectors were found to face difficulties in accessing government support in general. Although Saudi SMEs benefited from several support programmes and initiatives the government provides, they still face problems with accessing these support programmes, the quality and variation of these programmes and finding a simple way to be informed and kept up to date with the support the government offers. Government export assistance programmes are found to have a long-term positive impact on the internationalization of SMEs (Shamsuddoha et al., 2009; Okpara, 2009; Korsakiene & Tvaronaviciene, 2012). Moreover, a study by Crick et al. (1998) that took place in Saudi Arabia and focussed on exporting barriers found that the lack of information and experience is one of the biggest barriers for Saudi businesses. Thus, government support access is very important for Saudi SMEs to overcome these issues.

5.2.2.4. Laws and regulations

There are also several laws and regulations that the Saudi government has issued that complicate internationalization. SMEs in the textile and apparel sector, as well as SMEs in the ICT sector working in the e-commerce field, face major problems with customs. Although the government of Saudi Arabia came up with regulations, such as permitting customs operations and introducing support programmes and incentives to open the way for trade and import and export activities, such as the "Fas-h" programme (Saudi Customs, 2018), SMEs are still facing problems with the procedures. In several cases, SMEs even have to appoint a "closer" that

works as a middle man between businesses and government agencies to complete these procedures for them. This adds extra costs on SMEs and depletes their limited resources. Several previous studies found that simplified customs procedures, reducing export paperwork and easing deliveries are essentials that could support the internationalization of SMEs (Glas et al., 1998; Yener et al., 2014; Suominen & Gordon, 2015). This is also in line with the findings of the OECD (2006) that focussed on internationalization trade barriers for SMEs. These barriers include high tariffs, unfavourable regulations and customs rules and procedures.

The study also found that the regulations surrounding financial transactions were challenging for Saudi SMEs. Complex financial transactions are time-consuming. The lack of FinTech services in the Kingdom complicates internationalization, as these services create more flexible and faster financial transactions (IMF, 2018). A report by the OECD (2009), also mentioned problems with payments, exchange rates and technicalities related to transactions being a barrier to the internationalization of SMEs. However, the report mentioned that barriers related to competition or financial transactions are considered to be perceptual or psychological, and that they begin to vanish after the firms develop experience and knowledge of the international markets. This is also supported by Scharf et al. (2004). According to their study, the obstacles faced by SMEs with exporting are universal, and this includes financial issues such as slow payments and foreign currency exchange risks.

The new Saudi tax regulations also negatively affected SMEs in both sectors either directly or indirectly. SMEs have limited resources, and any extra or unexpected expenses can harm them. However, several SMEs tried to look at the 'bright side' of this regulation and mentioned that they do not mind this effect, as they feel it helped in cleaning the market by reducing commercial cover-ups, and that this is more important to them. Also, although the government came up with tax exemptions for SMEs with a certain income, they were still affected in indirect ways, such as with the change in consumer behaviour or the rise in the price of some of the raw materials they use. This confirms the findings of previous researches (Todd & Javalgi, 2007; Ameyaw & Modzi, 2016). Todd & Javalgi (2007) found that high taxes impact the international growth of SMEs negatively. Ameyaw and Modzi (2016) also argue that taxes harm the internationalization of SMEs. In their study, they suggest that the tax rates should not be the same for SMEs and large companies and that the governments need to restructure these taxes to suit SMEs.

In both sectors, ‘Saudization’ and expats policies affect SMEs. Although there are SMEs that believe in hiring Saudis, they still face problems either with the costs or lack of experience in Saudi employees. The government adds to the pressure on SMEs with these regulations, especially with the lack of a skilful workforce, and some SMEs choose to outsource part of these jobs in countries with cheaper labour, either for the experience or to reduce their expenses. This obstacle is noted by previous studies. According to Looney (2004), Saudization regulations reduce firms’ competitiveness. Azhar et al. (2016) also mentioned how these regulations will add to the costs of businesses as they will have to provide new and specific training programmes or recruit new employees to meet these regulations. Tripathi (2019) even mentioned how a large number of Saudi SMEs had to shut down because of ‘Saudization’.

The study also found that Saudi SMEs in both sectors are impeded by several legal issues and the lack of clarity with regulations, as well as the rapid change of laws. Rapid changes, and the struggles SMEs face in understanding them or keeping pace with them, make their international expansion and growth difficult. This confirms the findings of past research. According to Banham (2010), who studied the external environment for SMEs, the lack of clarity of regulations complicates SMEs’ trade and international expansion. A study by Rahman et al. (2019) focussed on identifying, categorizing and comparing regulatory barriers to the internationalization of SMEs in emerging markets. They found how a weak regulatory procedure with a lack of public assistance can prevent SMEs from expanding abroad. Moreover, Abou-Elseoud et al. (2019) studied SMEs in three Arab countries. The results of their study suggest that the lack of clarity with processes and time-consuming government approvals is one of the major obstacles SMEs face.

Saudi SMEs also have difficulties related to logistics and infrastructure. Saudi SMEs face particular problems with shipping services. The fieldwork found that SMEs in the textile and apparel sector, as well as the SMEs that work in the e-commerce field from the ICT sector, are dissatisfied with the quality of shipping services in the Kingdom. The lack of efficient shipping services and the high prices of these services, make the expansion of SMEs abroad and their exporting process challenging. However, shipping and deliveries problems are not restricted to the Saudi context. According to the OECD (2009), more than 40% of SMEs with export experience find delivery costs too high. Cui et al. (2011) found that shipping distance and logistics are one of the concerns and barriers SMEs that internationalize face. Abonyi (2015), found that the lack of shipping logistics and capabilities is one of the obstacles faced by exporting SMEs in Asia. This problem is more crucial for SMEs in the textile and apparel

sector in comparison with the ICT sector. This may be because of the nature of the sector. As noted by Csonka (2014), the software service industry depends less on foreign materials, as SMEs' performance depends more on human value added instead of physical components.

5.2.2.5. Dealing with local government agencies

Saudi SMEs reported several obstacles related to dealing with local government agencies. Bureaucracy was found to be one of the biggest obstacles Saudi SMEs in both sectors face while dealing with government agencies, and they reported having to face excessively standardized and, complicated administrative procedures. This is in line with the findings of the Saudi SMEs report by Jeddah Chamber (2016), which found that, despite reducing the number of procedures and moving toward an electronic government, SMEs in Saudi Arabia still find the procedures complicated, and bureaucracy is found to be the biggest obstacle SMEs in Saudi face.

SMEs in both sectors reported that when dealing with government agencies, they had to go around the system to complete some of the government requirements. One example of this is having to register the name of the company under certain regulations, such as not allowing the company to hold a foreign language name in its licence, while the company, in reality, can use a different name in dealing with customers. Although there is development in a number of the agencies, such as the ministry of commerce, others still need improving, such as the municipality. SMEs' performance has been found to depend vastly on government support, strategy and services. Being satisfied with the quality of services provided by the government is important for SMEs to be able to expand (Suh & Kim, 2014). The obstacles found in this research confirm a report by the Jeddah Chamber (2016). This report found that the biggest obstacles SMEs face in the Kingdom are bureaucracy, lack of resources, financial obstacles, lack of workforce, technical obstacles, managerial and legal obstacles, as well as the lack of information.

Overall, the analysis highlights several internal and external obstacles Saudi SMEs face. These obstacles can act as barriers and prevent SMEs from expanding abroad. The internal obstacles include the lack of information and the lack of a skilled workforce. The external obstacles include the high competition; accessing government support; accessing funding; several laws and regulations related to customs, financial transactions, tax, expats regulations and legal issues; shipping difficulties; and obstacles related to dealing with government agencies, such as bureaucracy, having to go around the system and how service varies between one

government agency and another. The most significant external obstacles for Saudi SMEs in both sectors are found to be the tax policies and Saudization and expats regulations. SMEs in both sectors explained that they suffer from these regulations and their progress is affected negatively by them. Also, bureaucracy and the difficulties SMEs face in completing any government procedure is one of the biggest obstacles SMEs in both sectors face. Textile and apparel SMEs find accessing government support is a major difficulty. They are also negatively affected by the customs regulations and the low quality of shipping services in the Kingdom. However, only SMEs in the e-commerce industry from the ICT sector face these obstacles. Previous researches stated that SMEs in both sectors have difficulties in establishing networks and finding partners in foreign markets (Hewerdine et al., 2014; Johnsen & Johnsen, 2017). However, this obstacle was not reported by Saudi SMEs in this research. This could be due to that the interviewed ICT SMEs were all members of incubators, which ease building useful networks (Engelman et al., 2014). Also, the interviewed textile and apparel SMEs all participated in exhibitions locally and internationally which is also known to be very helpful in building networks and signing partnerships (Campbell-Hunt ,2015). However, this requires further investigation.

After exploring and investigating the motivations and obstacles as well as the role of innovation, networking and social media for the internationalization of SMEs in both the ICT and the textile and apparel sectors, the next section details the similarities and differences between the two sectors.

5.3. A comparison between the sectors

Table 5- 1: Comparison between the two sectors in light of motivation and capabilities

Objective		ICT sector	Textile and apparel sector
Motivation and capabilities	Internal	<p>Entrepreneurial orientation:</p> <ul style="list-style-type: none"> • Innovativeness • Proactiveness • Risk-taking • Entrepreneur’s vision <p>Marketing:</p> <ul style="list-style-type: none"> • Social media • Marketing campaigns • Goole Ads <p>Product competitiveness:</p> <ul style="list-style-type: none"> • High-tech industry • Requires R&D <p>Financial resources</p> <p>Revenue & growth</p> <p>Language</p> <p>Risk diversification</p>	<p>Entrepreneurial orientation:</p> <ul style="list-style-type: none"> • Innovativeness • Proactiveness • Entrepreneur’s vision • Risk-taking <p>Marketing:</p> <ul style="list-style-type: none"> • Social media (Instagram) • Marketing campaigns <p>Product competitiveness:</p> <ul style="list-style-type: none"> • Low-tech industry • Does not require the same amount of R&D <p>Revenue & growth</p> <p>Financial resources</p> <p>Language</p> <p>Risk diversification</p>
	External	<p>Networking</p> <p>Ways of networking:</p> <ul style="list-style-type: none"> • Incubators • SMEs Authority • Chamber of commerce • Universities & colleges • Exhibitions • Visits to developed countries <p>Benefits of networking:</p> <ul style="list-style-type: none"> • Consultancy • Partnerships • Collecting information • Training <p>Local government support</p> <p>Attractive foreign policies</p> <p>Demand from abroad</p> <p>Opportunities in foreign markets</p> <p>Limited demand in the local market</p>	<p>Networking</p> <p>Ways of networking:</p> <ul style="list-style-type: none"> • Chamber of commerce • Exhibitions • Universities & colleges • Incubators • SMEs Authority • Visits to developed countries <p>Benefits of networking:</p> <ul style="list-style-type: none"> • Consultancy • Partnerships • Collecting information • Training <p>Local government support</p> <p>Attractive foreign policies</p> <p>Demand from abroad</p> <p>Opportunities in foreign markets</p> <p>Limited demand in the local market</p>

Table 5-1 shows the similarities and differences between the two sectors. Saudi SMEs in both sectors are motivated to internationalize by internal and external motivations and capabilities. There are similarities as well as differences. SMEs in both sectors are internally motivated by the entrepreneurial orientation, marketing capabilities, product competitiveness, having the needed financial resources, revenue and growth, language capabilities and risk diversification. However, the importance in which these themes appear in the two sectors is different.

Innovation plays a key role in the internationalization of Saudi SMEs in both sectors. Nevertheless, there are several differences between the two sectors in terms of the strategies they use to be innovative, as shown in Table (5-1). The ICT sector is a high-tech sector while the textile and apparel sector is considered a low-tech sector. Therefore, Saudi ICT SMEs are found to depend heavily on R&D to become innovative, while textile and apparel SMEs do not seem to depend on the same strategy to innovate.

A key difference between the two sectors is in marketing. ICT SMEs use Google Ads to market their products internationally, while textile and apparel SMEs do not seem to use this method at all. Furthermore, in the two sectors, Saudi SMEs find social media to be vital in internationalization. To choose the right social media platform, SMEs depend on several factors such as the features of the platform, the availability of the targeted audience, and the popularity of the platform in the country. However, textile and apparel SMEs depend on Instagram particularly, more than any other social media platform, as shown in Table 5-1.

While there are differences between the two sectors in terms of the order of the internal motivation and capabilities of the Saudi SME to go abroad, the external motivations and capabilities are the same, even in terms of the order. Saudi SMEs in both sectors are externally motivated to internationalize through benefits they gain from networking, the local government support, attractive foreign policies, demand from abroad, opportunities in foreign markets and limited demand in the local market.

Saudi SMEs in both sectors depend on and benefit from their networks in their journeys to become international. Although SMEs in both sectors depend on the same methods of networking, the order of these ways of networking is different from one sector to the other, as can be seen in Table 5-1. ICT SMEs depend on the following ways of networking in that particular order: incubators, the SMEs Authority, chambers of commerce, universities and colleges, exhibitions and visits to developed countries. For textile and apparel SMEs the order is completely different, as they depend on the chambers of commerce as the most common

option then exhibitions, universities and colleges, incubators, the SMEs Authority and lastly visits to developed countries. However, SMEs in both sectors find the benefits they receive from networking similar and in the same order. These benefits are: consultancy, signing partnerships, collecting information and training.

Table 5- 2: Comparison between the two sectors in light of the obstacles

Obstacles	Internal	Lack of skilful workers Lack of information	Lack of information Lack of skilful workers
	External	Laws & regulations: <ul style="list-style-type: none"> • Tax policies • Saudization & expats regulations • Legal issues • Financial transactions • Customs regulations Dealing with government agencies: <ul style="list-style-type: none"> • Bureaucracy • Service varies • Going around the system Difficulties in accessing government support Difficulties in accessing funding Competition Shipping quality & prices	Laws & regulations: <ul style="list-style-type: none"> • Tax policies • Saudization & expats regulations • Customs regulations • Legal issues • Financial transactions Dealing with government agencies: <ul style="list-style-type: none"> • Bureaucracy • Going around the system • Service varies Difficulties in accessing government support Competition Shipping quality & prices Difficulties in accessing funding

Table 5-2 shows the obstacles faced by Saudi SMEs. Saudi SMEs in both sectors face the same two internal obstacles, though the order of these obstacles is different. While ICT SMEs find the lack of skilful workers more common than the lack of information, the case is the opposite for the textile and apparel SMEs, as they find the lack of information more common.

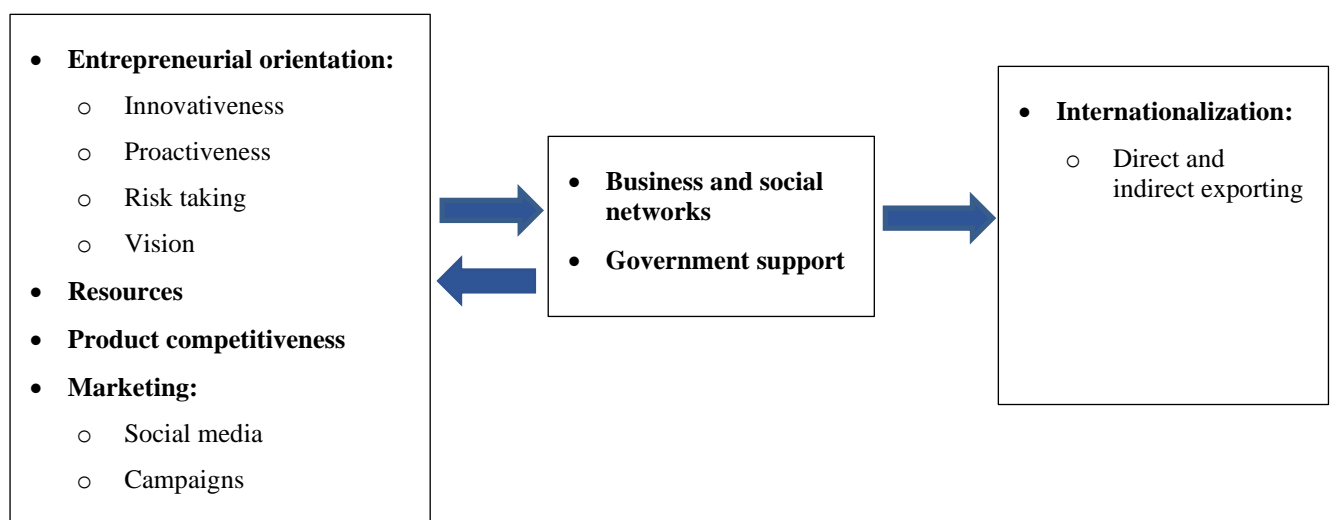
As for the external obstacles, SMEs in both sectors face the same difficulties. However, the importance of these obstacles is different between the two sectors. ICT SMEs find the order of the obstacles to be: difficulties in accessing government support, difficulties of accessing funding, competition, shipping quality and prices, harmful laws and regulations, and how

service varies between government agencies. Textile and apparel SMEs also find the difficulties in accessing government support the most common obstacle. However, they find competition and then shipping quality and prices more damaging than the difficulties of accessing funding, followed by harmful laws and regulations and how service varies between agencies.

Moreover, in terms of laws and regulation, Saudi SMEs in both sectors are impaired by laws and regulations. These are the tax policies, the Saudization and expats regulations, legal issues, financial transactions and customs regulations. However, the customs regulations are more substantial for the textile and apparel SMEs than the legal issues and the financial transactions obstacles. Both customs and shipping problems were significant problems for textile and apparel SMEs, while in ICT, only SMEs that work in product-related industries such as e-commerce were affected by these problems. Also, while dealing with government agencies, SMEs in both sectors face the same problems with bureaucracy and how service varies between one government agency and another, and the fact that in certain cases they have to go around the system to complete different procedures. However, having to go around the system is more common for textile and apparel SMEs than how service varies between agencies.

5.4. Proposed model for the internationalization of Saudi SMEs

Figure 5- 1: The proposed internationalization model



Based on the findings of the research, the model for internationalization of Saudi SMEs has been produced Figure 5-1. Internally, the orientation and vision of SME entrepreneurs for the

business to be international is the most significant motivation for it to export. Moreover, being innovative and having a competitive product or service allows the business to find opportunities for expansion. Securing resources including finance and skilled workers is essential for SMEs to be able to expand overseas and grow. Marketing efforts, especially communications through social media, is a great tool for Saudi SMEs that can help them internationalize, especially due to its efficiency and low cost, which suits their limited resources.

There are also important external factors for the internationalization of Saudi SMEs. SMEs need to establish a network. Networks play a vital role in the internationalization of SMEs, especially with their limited resources. They help businesses gain knowledge in foreign environments and provide them with business and market intelligence. Saudi SMEs also need government support with regulations and laws to be able to export. However, this model is produced based on the results of the two sectors studied in this research. Different sectors might have different approach of internationalization. Therefore conducting more research on Saudi SMEs internationalization and exploring different sectors is important to find if this model applies to them.

This study contributes to SMEs internationalization theories through the integration of various theories into a new, emerging internationalization model. This work contributes to a better understanding of the internationalization process of SMEs. The study develops SMEs internationalization research by explaining the new emerging areas of network and international entrepreneurship and their theoretical basis within internationalization research. For the purpose of this study, both the network model and the international entrepreneur model have been selected to be examined. The findings of the study agree with the significance of the role both the entrepreneur and network play in SMEs international expansion. However, there are several differences related to the Saudi context that need to be highlighted. Therefore, the initial model of the study was revisited to overcome its limitations and integrate the findings of this study as seen in Figure 5-1.

Saudi SMEs find internationalization as an entrepreneurial action. The entrepreneurial orientation of the firm is found to be influenced by the owner/ manager's vision, innovativeness, risk-taking and proactiveness. Moreover, marketing especially through social media is found to play a key role for Saudi SMEs international expansion. This role has been ignored by both the network and international entrepreneur models. The analysis of the results also highlights the significant role government support play for Saudi SMEs

internationalization. For example, government export promotion programs can lead to a faster and easier international expansion. Yet, this is less prominent in the initial model, most possibly because of its enhanced significance in developing economies where there is less infrastructure and services for SME internationalization. This study contributes to theory by recommending a redeveloped theoretical integrative model of internationalization. This model contributes to both the networking theory and the international entrepreneur theory by giving a contextualised explanation of Saudi SMEs under the phenomena.

In the next section, several policies that are generated from the findings of this research, as well as a look at adopted policies and export assistance programmes from different countries, will be suggested.

5.5. Policy and practical implications

One of the key goals of the Saudi government is to boost SMEs' contribution to GDP from 20% to 35% by 2030, as well as to increase their exporting activities to compete with the G20 countries. The government want to raise the level of SMEs contribution in the economy (Saudi Vision 2030, 2016). However, SMEs in the ICT and the textile and apparel sectors face several obstacles within internationalization, and these obstacles prevent them from growing and expanding abroad. Though, the government could take numerous actions to help SMEs overcome these barriers and limitations. Public support plays a significant role in enabling internationalization. One of the most important issues related to internationalization is the competitiveness of SMEs. The government could create different public support programmes for SMEs, either financial or non-financial, to help increase SMEs' competitiveness and enable them to expand internationally.

In this section, several policies will be suggested for the Saudi government to support the internationalization of SMEs. These suggestions are based on responding to the key obstacles identified in this research, as well as examples of best policy practices in other countries.

5.5.1. Developing skills

Many SMEs raised the lack of skilful workers and the absence of sector-focussed training courses or the offering of outdated training programmes. Therefore, the government needs to create sector-based programmes to develop the SMEs owners' and employees' skills. An example of such a programme that Saudi Arabia could follow is Malaysia's Penang Skills Development Centre. This is an industry-led skills training programme that is based on a partnership between government, industry and academia. This programme provides education,

training and internships to support SMEs and keep them updated with the sector's technological progress (Abonyi, 2015).

To develop skilful workers for SMEs the government needs to have a solid national training ecosystem and training organisations. To ensure that students are receiving high-quality training, the government has to develop an institutional certification and accreditation system.

Although SMEs are aware that a skilled workforce is more productive and can create products with better quality, several SMEs lack the time or resources to train their employees. Therefore, more flexible training programmes should be available, both public and private. Tailored training opportunities that suit the characteristics of SMEs can be very beneficial. These can take the shape of part-time arrangements or throughout slow periods of the business cycle or by bringing the trainer to the company instead of sending the employees away. Furthermore, the government needs to ensure that the SMEs are aware of the publicly funded training schemes, such as training scholarships, vouchers or partial-cost support.

The government can also create partnerships among SMEs, government agencies and training providers. Skills and management training initiatives can be delivered by industry-led programmes, where SMEs cooperatively found training institutes or programmes. These can be organized or funded by the government as a partner. The benefits of these programmes are that they offer extremely job-relevant training because the industry is involved in planning the curriculum, and they are the most aware of the type of skills they need in the workplace. Also, professional employees from the business or industry can be involved in training.

The Saudi government could also create sector skills councils that assist SMEs' needs. These councils should include key stakeholders, such as the government, training providers, SMEs and employees representatives to develop and offer sector-based training programmes for employees and the labour force. TNIT is a good example of these councils, where Japanese manufacturers formed a programme that focuses on imparting know-how to their SMEs (ADBI, 2015).

Moreover, the government can promote collaborations between large companies and SMEs in terms of employment. For example, Singapore's Economic Development Board provided support to the local SMEs so they could employ technicians and engineers from multinational corporations (MNCs) to work for two years in their businesses. This improves the knowledge and skills of the employees (ADBI, 2015).

The government could also come up with policies to ease the procedures of employing expats in sectors that lack local skilful workforce, or exempt SMEs from the expats regulations. For example, Malaysia has sector-based expatriates requirements where decisions are made on a case by case basis. Therefore, the Saudi government could allow SMEs to operate with fewer regulations or less enforcement of such laws (Abonyi, 2015).

5.5.2. Finance

One of the biggest obstacles the research highlights that Saudi SMEs face is the difficulty of accessing funding. Although there are several financing programmes, SMEs still struggle with access to finance. To internationalize, SMEs require financing. However, banks may refuse to finance them due to the cross-border activities and other risks. Therefore, the Saudi government needs to provide trade finance support, such as trade transactions guarantees or pre-export loans, to help overcome this barrier.

There are no internationalization-specific financing programmes in the Kingdom. For SMEs this presents a major problem. Therefore, the government needs to provide efficient financial support programmes and decrease the barriers to benefiting from such support. These programmes can take several shapes and forms. They can be 100% government funding, or private funding where the government provides assurance by holding part of the risk of lending to SMEs and shares the cost. A good example of such funding is the Singapore Internationalization Finance Scheme, which aims to help Singaporean SMEs to enter international markets by providing them with the needed finances. Another example is the Taiwanese Globalsure Credit Insurance by their Export and Import Bank that covers SMEs' delivery payments risks (Abonyi, 2015).

The Saudi government could also develop a credit-rating system for SMEs. This would allow SMEs to have a verified credit history that could allow banks or other financing institutes to judge their creditworthiness. This could decrease the time SMEs take to receive loans. It would also help them understand their financial status. Japan recently built a financial database for its SMEs for these reasons (ADBI, 2015).

5.5.3. Networks and clusters

Building business networks and partnerships can help SMEs expand abroad and compete more effectively. The government could play a role in stimulating such linkages and create initiatives to support SMEs in building these networks. One of the examples the Saudi government could follow in creating these alliances is Japan's Business Alliance Promoting SMEs. This

programme promotes business alliances between Taiwan and Japan through creating partnerships, joint ventures, sharing technology and suppliers' activities. Another initiative the Saudi Government could learn from in this matter is Singapore's Business Federation Global Sourcing Hub which is an online portal that provides instant access to international opportunities (Abonyi, 2015).

Although building a cluster is not an easy process, there are several examples of successful clusters the Saudi government could follow. One of these clusters is the Malaysian IT cluster, and another successful example is South Africa's Durban Auto Cluster, which has been recognised as a great place for benchmarking, strengthening suppliers' capacity and facilitating collaborations.

The government could also offer official competitions to give recognition to the best SMEs in the Kingdom. An example of such an initiative is The Malaysian SME Corporation: they offer an annual award for the 50 best SMEs in different categories. Through this competition, the winners have government recognition, and their best practice is endorsed in the media so others can follow. Thus, Malaysia has formed a competitive information network of business best practices.

5.5.4. Exhibitions and foreign markets visits

The research emphasised the importance of exhibitions for SMEs and the role these exhibitions play in networking and opening new markets and opportunities. Therefore, the government should organize international exhibitions and promote the biggest exhibitions for SMEs, as well as facilitate the participation of high-potential SMEs in exhibitions. According to Measson and Campbell-Hunt (2015), attending and participating in exhibitions overseas familiarises firms with global market trends, specifically foreign markets, and showcases SME products and services. Therefore, the Saudi governments should offer support for SMEs that includes travel costs to contribute in international fairs and exhibitions, and also support local exhibitions and invite international interested investors to them.

Moreover, one of the most effective ways of training is having hands-on experience and networking with more developed and more innovative communities. Therefore, the government should create new programmes and offer scholarships for SMEs to visit developed cities and parks such as the Silicon Valley, for the ICT sector to mix with the SMEs there and benefit from their experience, in addition to advanced technologies and innovation. The government should also arrange visits to Italy or France for the textile and apparel SMEs to

benefit from their long-term experience. According to Abonyi (2015), attending structured overseas training programmes also helps employees understand the foreign markets and become familiar with new technologies. However, the costs of these programmes can be high for SMEs, therefore they need government assistance either to provide these courses or share part of the costs. An example of such programmes that the Saudi Government could follow is the Singaporean Manpower and International Business Fellowship, which supports SMEs with training and networking in selected markets. This programme offers both long-term and short-term training courses. Another example is Japan's International Federation Training Project, which organises international tours for SME owners and employees (Abonyi, 2015).

5.5.5. Enhancing exporting infrastructure

The research found that one of the biggest challenges Saudi SMEs are facing is the lack of shipping companies or the inefficient services they provide, as well as the long-time financial transactions take. These obstacles indicate that the exporting infrastructure in the Kingdom need to be enhanced. Therefore, the Saudi government should create new policies that rationalise trade procedures and decrease both tariff and non-tariff barriers. Internationalization and exports require an environment and infrastructure where products and goods can move easily between borders. Therefore, the government needs to negotiate and sign trade agreements that lower tariffs and customs expenses. A good example of such agreements is the ASEAN trade agreements (ADBI, 2015).

Moreover, the government needs to solve the problems with customs and how time-consuming these procedures are by implementing an efficient system, employing sufficient employees and training them to ensure that the products transfer fast. Also, for SMEs to export abroad, they need to be able to depend on an effective transportation system. Since transportation is a public asset, the government plays a key role in it. It can either provide it itself or appoint expertise and finance the private sector to enhance it. They should also connect the industrial zones to ports and borders to ease meeting delivery schedules. They also need to encourage more shipping companies to enter the market and provide their services to ease the exporting process. The government could also sign border cooperation agreements with other countries. These arrangements could allow shipping companies to move between borders, and diminish the need for reloading between vehicles, which can cause costly delays.

The Saudi government is also advised to adopt and encourage the new FinTech technologies that ease the money transactions between countries. According to the IMF (2018), FinTech

which includes e-banking and mobile banking has become a rather inexpensive tool than can assist individuals to use financial services and lower transaction costs.

5.5.6. Overcoming the information barrier

The deficiencies in SMEs-related data in Saudi Arabia limits SMEs' internationalization analysis in the Kingdom. Therefore, the government should create a strategy for data collection to build a database like the Eurostat data of trade, for example. This database is substantial to policymakers, as it can help them identify the most common forms of SME internationalization in the country, the trends of internationalization in each sector, and statistics that can help with evaluating the efficiency of policies with a view to enhancing them (Yuhua, 2015).

One of the biggest issues Saudi SMEs face is the lack of information. Therefore the government needs to fill these information gaps by providing information about overseas markets and the legal and organisational requirements to enter these markets. This can be done by holding workshops that offer information and advice about particular markets. An example of such initiatives is the Malaysian Development Programme for New Exporters by the Malaysian External Trade Development Corporation. This is a three-year programme that offers SMEs assistance, advice and information and includes visits to developed markets. Another example is the Hong Kong Pro-Act Training and Development Centre that provides export and import training, shipping documents and specific training workshops (Abonyi, 2015).

Moreover, SMEs face problems finding a suitable support programme or applying for and getting accepted into such programmes. The government can help solve this problem by lowering the entry barriers for these programmes. According to the OECD (2000), offering such programmes might not be enough, as SMEs still find it difficult to find or apply for the most suitable programme, given the variety of public initiatives. Though creating a single point of sale where SMEs can apply and a public appointed institute can respond and guide the SME to choose the suitable programme for its need among the offered programmes would have the added value of facilitating between SMEs and public relations.

5.5.7. Internationalization incubators

One of the issues the research found is the lack of internationalization-focussed incubators. This type of incubator is available in several countries, but Saudi Arabia does not offer these services. Therefore, the country could build incubators to support SMEs in seeking opportunities abroad. There are several examples of internationalization-focussed incubators

the Saudi government could follow, such as the Silicon Valley-based American International Business Incubator and the Turkish International Cooperation Agency project in Uzbekistan. The services incubators provide include building international relationships, promoting exports as well as giving expert advice on international trade (Engelman et al., 2014). Moreover, both the European Commission and IDISC provide SMEs with opportunities for international networking that can help SMEs internationalize through more than 80 incubators and business parks. Even the Morocco-based Casablanca Technopark Incubator is now providing services for incubated SMEs to access the international markets. These incubators can even assist businesses in finding partners in international markets (Engelman et al., 2014). Furthermore, numerous incubators around the world also offer internationalization-specific services for incubated businesses, such as international networking, information, knowledge and experience transaction, consultations, participation in international programmes, and even technologies transfer (Engelman et al., 2014).

The government should also form trade centres to provide cultural and legal guidance on doing business in foreign markets and link SMEs with partners in those countries. One of the reasons SMEs find internationalization difficult is the lack of information they have about foreign markets and because they think it is costly. The government could decrease these costs by supporting them to build an international presence. A good example of this is what the European Union and Japan did to promote exports. They have a two-sided trade body that offers free consultation and guidance to businesses that are interested in entering these markets (ADBI, 2015). As well as offering information about the locals' characteristics, they also help with connecting the companies to local agencies that can simplify the process.

Another way the Saudi government could support SMEs is through developing internet portals that provide services for SMEs that want to enter international markets. An example of such a portal is the USA International Trade Agency initiative, which provides promotional services to SMEs looking for international trade. Through this website, SMEs are offered services such as translation, finance, legal counselling, and other service areas that reduce the barriers to exporting (ADBI, 2015).

5.6. Conclusion

This chapter examined the findings of this research in light of the research objectives, with a reflection on the existing literature. It acknowledged the Saudi SMEs motivation and capabilities of internationalization, the obstacles they face and examined the role innovation, networking and social media play in internationalization. Saudi SMEs are motivated to internationalize by both internal and external factors. The internal factors include the entrepreneurial orientation, the availability of financial resources, the revenue and growth SMEs can achieve from expanding abroad, their product or service competitiveness, diverting their risks, having language as a competitive advantage, and opportunities they find through marketing. While the external factors include networking and the advantages it beholds, the opportunities they find in foreign markets, the demand they receive from abroad, the limited local demand, the support they receive from their local government and attractive policies in foreign countries. The analysis highlights the significant role networking, innovation and social media play in the internationalization of Saudi SMEs.

Saudi SMEs also face internal and external obstacles that prevents them from expanding abroad. Internally, they are affected by the lack of information and the lack of skilful workers. While externally the obstacles include the high competition in foreign markets; accessing government support; accessing funding; several laws and regulations related to customs, financial transactions, tax, expats regulations and legal issues; shipping difficulties; and obstacles related to dealing with government agencies, such as bureaucracy, having to go around the system and how service varies between one government agency and another.

The presentation of the motivation and obstacles was followed by a comparison of the ICT and textile and apparel sectors, it is shown that the similarities between the two sectors in terms of internationalization are more than the differences. However there are some differences. For example, ICT SMEs rely on research and development for innovation while textile and apparel SMEs do not seem to find it significant. Also, incubators are the most beneficial networking place for ICT SMEs while exhibitions are more significant for textile and apparel SMEs. ICT SMEs use google ads to market their products abroad, while textile and apparel SMEs do not use it at all. Textile and apparel SMEs find Instagram as the most significant social media outlet, however ICT SMEs use it but do not find it as significant. The analysis lead to the formation of the model for the internationalization of Saudi SMEs as well as the suggestion of a number of policies.

Chapter Six: Conclusion

6.1. Background

Despite the vast literature on the internationalization of SMEs, most of the current models and theories derive from the behaviour, practices and procedures in developed countries. These generic approaches are unable to take into account the specific contexts of SMEs in developing countries. Therefore, it is important to explore this phenomenon more from the context of developing economies. For this purpose, this study contributes to the literature by providing insight to the internationalization of SMEs from the context of Saudi Arabia. Although research on SMEs in Saudi Arabia is limited, there have been a number of valuable studies (Al-Somali et al., 2011; Skoko, 2012; Almoawi and Mahmood, 2011; Alrashidi, 2013). These studies investigated the status of SMEs in Saudi Arabia from different angles, including the significance of innovation, the adoption of electronic commerce and entrepreneurship characteristics. However, Saudi SMEs internationalization is under-explored. Therefore conducting more research on Saudi SMEs internationalization and exploring different sectors is important to contribute to theory and practice.

This study seeks to contribute to knowledge by increasing the current level of knowledge on the existing literature of SMEs internationalization. This is achieved through the analysis of original evidence from a developing economy perspective, to shed the light on how things are similar or different in a developing country and, examine if the existing internationalization theories can be applied to the Saudi context. It also contributes to the limited studies that focus on SMEs internationalization in developing countries. Moreover, it contributes to practice by proposing a model Saudi SMEs in the studied sectors can follow to expand abroad. It also contributes to policy, by identifying the needs of Saudi SMEs for internationalization, and developing a list of suggested policies based on these needs.

To investigate the internationalization of Saudi SMEs and understand it from the perspective of the entrepreneurs, the study was guided by the following research questions:

- 1) What are the obstacles that Saudi ICT and textile & apparel SMEs are facing with internationalization?
- 2) What are the capabilities and motivation of ICT and textile & apparel SME owner-managers for internationalization?
- 3) How does innovation, networking and social media plays a role in the internationalization of Saudi SMEs?

- 4) What are the policies that could be developed to address the internationalization needs of Saudi SMEs and how could the current policies be improved?

A qualitative approach was found to be more appropriate as it enables an in-depth understanding of the phenomenon under study to be gained. The main questions of this research are “how” and “what” questions, therefore the data was collected through 23 semi-structured, in-depth, face-to-face interviews with SME owner- managers. 13 interviews were with SMEs in the ICT sector and 10 interviews were with textile and apparel SMEs in Saudi Arabia. The interviewing process stopped after reaching data saturation (Bryman & Bell, 2015). Interviews were conducted with both ICT and textile and apparel SMEs on the basis that the pathway to internationalization, the motivations and challenges are partially influence by sector context. The sectors were selected because there is a gap in in evidence on these sectors in developing economies and *a priori*, they provided the opportunity for comparison because of their different characteristics. This gap was discovered during the literature review stage of the study. The two sectors are considered to be representative of both high-tch and low-tech industries. ICT represents a high-tech sector (Richardson, 2011) while textile and apparel represents a low-tech sector (Zucchella & Siano, 2014). This variation in the sample enriches the comparison as it highlights the similarities and differences between the two sectors in terms of internationalization. The interviews were conducted in Saudi Arabia in the Arabic language to allow the interviewees to express themselves in the best way possible and avoid any barriers the language could cause. After the data collection, the interviews were transcribed and, translated into English and then analysed through thematic analysis with the support of NVivo software.

This chapter aims to summarise the key findings of the study and to place these findings in the context of the contribution the thesis makes to literature, policy and practice.

6.2. Summary of key findings

6.2.1. The findings in light of a developing economy

As with many developing economies, there are numerous factors that are important for the internationalization of SMEs in Saudi Arabia. The results found that, for Saudi SMEs, the most significant internal factors for internationalization are found to be the entrepreneurs’ orientation and vision, innovation and product competitiveness, and marketing. Social media plays a significant role in Saudi SMEs internationalization efforts. It is found to be used more broadly as a business tool by businesses in developing countries compared to developed countries

(Newman, 2013). Through using social media, Saudi SMEs can gain the exposure they need internationally and find new opportunities for their businesses. This is especially important given the limited resources they have and the low cost of using these platforms. Moreover, Saudi SMEs are found to depend on their networks and their local government support for external expansion. Networks can help SMEs gain knowledge about opportunities and regulations in foreign markets. They also provide links to the conduct of business and market intelligence that help SMEs make the decision of when and how to expand abroad. Although the role SMEs network plays in internationalization is significant in both developed and developing economies (Andre et al., 2014; Ibeh & Kasem, 2011), Saudi SMEs depend on local institutions such as, incubators, SMEs Authority or the Chamber of Commerce to act as facilitators of the networking process.

Internationalization in the Kingdom requires finding the needed information, learning about international markets and local government support. SMEs need high-level and diverse government support, due to their limited capabilities and lack of both human and financial resources. Although the Saudi government offers various beneficial support programmes for SMEs, none of these programmes is dedicated to export. In contrast, governments in developed markets offer different forms of export programmes that motivate SMEs to expand abroad (Crick, 2004). While the lack of financial resources might be a common problem for SMEs in developed and developing economies (OECD, 2009). It is still a bigger problem for SMEs in Saudi Arabia. As Saudi SMEs account for only 2% of lending by Saudi banks, compared with 25% in high-income OECD countries (IMF, 2018). Saudi SMEs also find the lack of skilled workforce as one of the biggest barriers to internationalization. This is found to be a common problem in developing economies, especially in high tech industries (Brenton & Newfarmer, 2007). In Saudi Arabia, there is a gap in the ICT workforce, as the demand is higher than the supply and not all jobs are filled (The Saudi CITC, 2015).

Furthermore, Saudi SMEs face the challenges of a lack of an advanced exporting infrastructure, such as, high quality shipping services and efficient international money transactions. Although, the limited access to the needed infrastructure is a common barrier for SMEs in developed and developing countries (OECD, 2009), the regulations surrounding financial transactions specifically are challenging for Saudi SMEs. Complex financial transactions are time-consuming. The lack of FinTech services as well as low quality of shipping services in the Kingdom complicate SMEs internationalization, as these services create more flexible and faster transactions (IMF, 2018). Also, in comparison to developed economies, Saudi SMEs

suffer from the lack of clarity with process and bureaucratic time-consuming procedures receiving government approvals and their progress is affected negatively by them (Matenge, 2011).

6.2.2. The findings in light of the two sectors

In terms of the factors that influence internationalization, the analysis found greater similarities than differences between the ICT and textile and apparel sectors. Saudi SMEs' decision to expand abroad is motivated by a number of internal and external motivations and enablers. The internal motivations include the entrepreneurial orientation, the availability of financial resources, the revenue and growth SMEs can achieve from expanding abroad, their product or service competitiveness, diverting their risks, having language as a competitive advantage, and opportunities they find through marketing. In particular, for Saudi SMEs, the most significant internal factors for internationalization are found to be the entrepreneurs' vision and proactiveness, innovation and product competitiveness, and marketing, especially through social media. These factors were found in both ICT and textile and apparel SMEs.

However, there are some sector-specific differences. For example, the research results stress the importance of innovation for the internationalization of Saudi SMEs in both the ICT and the textile and apparel sectors. Being innovative can give SMEs a competitive advantage and enable them to expand internationally. However, there are differences between the two sectors in terms of their innovation strategies. Being a high-tech sector, where high technology, activities or equipment are involved, the ICT sector relies on R&D for innovation, as well as collaborations with universities and research institutes. The textile and apparel sector, on the other hand, is a low-tech sector, where simple technologies or traditional methods are used, so having a competitive advantage is more difficult and the R&D role is less significant. Therefore, Saudi SMEs in this sector rely on alternative strategies for innovation, such as their networks and partnerships.

Also, the findings suggest that marketing and social media play a key role in the internationalization of Saudi SMEs in both the ICT and the textile and apparel sectors. Through using social media platforms, SMEs can improve their presence in international markets and have exposure, as well as access to potential customers from all around the world. It is also considered an especially useful tool for SMEs because of its low cost and the ability to contact people from all around the world with a click. However, the social media platform SMEs depend on for internationalization and marketing differ based on the sector they operate in.

While Saudi SMEs in both sectors use a range of social media outlets for their businesses, textile and apparel SMEs find Instagram is the most beneficial social media outlet, most probably because of the visual aspect of their products. ICT SMEs use Google Ads to market their businesses overseas, while this tool is not used at all by textile and apparel SMEs.

Saudi SMEs' internationalization decision is also affected by several external motivational factors. These include networking support, the opportunities they find in foreign markets, the demand they receive from abroad, the limited local demand, the support they receive from their local government and attractive policies in foreign countries. These resonate with much of the existing literature. More importantly, the research found that the most significant external motivation and enablers for Saudi SMEs are networking capabilities and the local government support.

Networking plays a key role in Saudi SMEs' internationalization for both ICT and the textile and apparel sector. These networks enhance the competitiveness of SMEs and enable them to have a stronger position in terms of international expansion. Saudi SMEs build their network through several ways such as incubators, exhibitions, visits to developed countries, universities and colleges, and government agencies, including the Saudi SMEs Authority and the chambers of commerce. However, there are differences between the two sectors in terms of the ways they find most significant for networking. For example, ICT SMEs find incubators the most beneficial place for networking and establishing useful relationships, while textile and apparel SMEs do not find it as significant especially since the specialised textile and apparel incubators are limited in the Kingdom. ICT SMEs also benefit from the SMEs Authority for networking, while the textile and apparel SMEs were not fully aware of them or the services they provide. However, textile and apparel SMEs in Saudi Arabia find the chambers of commerce and exhibitions the most beneficial ways of building their networks.

Saudi SMEs in both sectors were able to receive different benefits from networking. However, there are differences between the two sectors in terms of the ways in which they network. Surprisingly, both SMEs in the ICT and the textile and apparel sectors agreed on the benefits they were able to receive from their networks. These benefits include the ability to collect information, access to training and consultancy, and finding useful partnerships.

The local government support is also found to play a key role in motivating the internationalization of Saudi SMEs for both sectors. However, textile and apparel SMEs feel that the Saudi government is not giving enough support and attention to their sector.

Overall, the research highlights the internal and external obstacles that prevent Saudi SMEs in both sectors from expanding abroad. Internally, they are particularly the lack of information and the lack of skilful workers. While ICT SMEs find the lack of skilful workers is the most significant internal obstacle, textile and apparel SMEs find the lack of information more significant.

Moreover, the external obstacles the research found Saudi SMEs face include the high competition in foreign markets; accessing government support; accessing funding; several laws and regulations related to customs, financial transactions, tax, expats regulations and legal issues; shipping difficulties; and obstacles related to dealing with government agencies, such as bureaucracy, having to go around the system and how service varies between one government agency and another. The most significant external obstacles for Saudi SMEs in both sectors are found to be the tax policies, Saudization and expats regulations, and bureaucracy. SMEs in both sectors explained how they suffer from these regulations and how their progress is affected negatively by them. Also, bureaucracy and the difficulties SMEs face to complete any government procedure is one of the biggest obstacles SMEs in both sectors face. Moreover, textile and apparel SMEs find accessing government support a major difficulty. They are also negatively affected by the customs regulations and the low quality of shipping services in the Kingdom. However, only SMEs in the e-commerce industry from the ICT sector face these obstacles due to the nature of their businesses. While sectors describe a large segment of the economy, an industry refers to a specific group of businesses within a sector. Thus, industries are more specific than the broad classification sectors hold (Csonka, 2014).

6.3. Contributions of the study

This research contributes to knowledge on three different levels: theory, practice and policy.

Contribution for theory

This research has contributed to theory by providing insights on the internationalization of SMEs from the context of a developing economy (Saudi Arabia). It has examined the current assumptions of the literature and dominant theories and highlighted the importance of context-related issues that have been ignored in previous studies. Most of the current theories are established by practices and procedures in developed countries, which are usually applied dimly to developing countries. The existing internationalization theories seem to ignore the difference between developed and developing countries and lean toward generalising findings

based on studies from developed economies (Matenge, 2011). Therefore, it was important to examine these theories more in the light of developing countries, which this thesis does.

SMEs in each country differ from one another based on several factors, such as the sector they operate in, the resources they have and their business environment, including Saudi SMEs (Rafiki, 2019). However, the literature on Saudi SMEs is very limited. According to Rafiki (2019), between 1993 and 2018 33,000 articles were written about Saudi Arabia, and out of these only 49 articles studied SMEs. This limited data highlights the gap in the research on Saudi SMEs compared to other developing countries. Therefore, it was important to study Saudi SMEs to have a better understanding of the phenomena from the Saudi context.

The study also builds on previous work on internationalization, by extending knowledge through comparing two sectors, adding new perspectives such as what networking methods are used more than others; the difference between the two sectors in terms of innovation strategy; and the distinctive role social media plays in Saudi SMEs international expansion. Thus, it contributes to the network model and the international entrepreneur model from the perspective of a developing economy with a highlight on the ICT and textile and apparel sectors.

Contribution for practice

The study presented an internationalization model that Saudi SME owner-managers in the studied sectors can follow. They can also anticipate the challenges while engaging in internationalization and know how to utilize their resources. Moreover, they can know how to benefit from innovation, social media and networking in internationalization to boost their performance.

Contribution for policy

The study is in line with the Saudi government's 2030 vision that aims to expand the contribution to GDP of SMEs and increase exports (Saudi Vision 2030, 2016). Based on the analysis of the study, the government can know how to support SMEs internationalization in the best way possible. The study highlights what motivates Saudi SMEs to internationalize. Thus, the government can support these motivations. It also highlights the obstacle they face. Therefore, the government can help them overcome these obstacles by responding to the key obstacles identified in this research as well as examples of best policy practices in other countries. A number of policies have been suggested for the Saudi government to support the internationalization of SMEs, such as creating databases, organizing international exhibitions,

creating internationalization-specific finance programmes, developing a national training ecosystem, building internationalization-focussed incubators, enhancing the exports infrastructure and promoting business partnerships.

6.4. Limitations of the study

As this is a study about Saudi SMEs, investigating large companies is excluded. This study focusses on the Saudi SMEs that export and excludes any internationalization inward processes such as importing. Moreover, this study took place in Saudi Arabia and interviews were undertaken with Saudi entrepreneurs in the ICT and textile and apparel sectors. Hence there is opportunities for other investigations in other sectors and other developing economies. In other words, internationalization of SMEs in other countries might differ. Moreover, the number of interviews is 23, which limits the sample size, and the findings are difficult to generalise statistically. However, the analysis has identified the reasons behind the internationalization of Saudi SMEs and the reasons behind the obstacles they face. Although this study suggest an internationalization model, this newly developed model has not been empirically tested.

6.5. Suggestions for future research

While this study contributes to the knowledge of the internationalization of Saudi SMEs, it has its limitations and thus feasible paths for future studies endure. The aim of this study is not to generalise its findings as they are based on the interviewees' perspective. However, the findings of this study can be used and further investigated in future researches. Therefore, quantitative research and surveys can be used to examine, challenge or confirm the findings of this study and to discover the generalisability of the motivating and obstacles to internationalization.

It is also important to highlight that this study focussed on the ICT and textile and apparel sectors; therefore, it is important to study internationalization of other sectors in the country to compare the findings and examine if the generated model applies to other sectors.

This study focussed on several factors of internationalization, it highlighted the role of networks, innovation and social media in general and showed that they play an important role in internationalization. Thus, there is a need for further investigation into each factor on its own and individual studies that focus on the role of each of these factors in the internationalization of Saudi SMEs. Also, the internationalization model suggested in this study can be empirically tested in future researches.

Both male and female entrepreneurs were interviewed for this research. However, the research did not focus on the difference between them and the role gender plays in internationalization. Hence, this remains a fruitful area of research for future studies.

The thesis also highlighted the role of the entrepreneurial orientation of SMEs that have export experience. Therefore, it would be exciting to find out the differences between the entrepreneurial orientation of international and domestic only SMEs.

All interviews in this study were with owner-managers. Thus, investigating the phenomenon from the perspective of the employees would be interesting.

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Appendix 1: The interview questionnaire

Case

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<i>Internationalization of Saudi SMEs (FACE-TO-FACE INTERVIEW)</i>

Interviewer	<input type="text"/>	Date	<input type="text"/>	Length	<input type="text"/>
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Could I begin by verifying a few details?

<h1>LABEL</h1>	<p>Contact name:</p> <p>.....</p> <p>.....</p> <p>Contact position:</p> <p>.....</p>
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SECTION 1: COMPANY BACKGROUND AND PRODUCTS

First, I would like to get some information on the background to your company and the markets in which you operate:

1 *In what year was your company established in its current form? Write in*

2a *What is the legal form of your company? Circle one*

- | | |
|---------------------|---|
| Sole Trader | 1 |
| Division of a Group | 2 |
| Partnership | 3 |
| Limited Company | 4 |
| Other | 5 |

2b *And is your company a...?* Read out, circle one only

A single site	1
Headquarters	2
Branch or Division (or franchise)	3
Subsidiary	4
Other.....	5

3 *What would you describe as your main products and/or services? Write in description plus whether retail, distribution or manufacturing*

.....

.....

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4 *What percentages of your current sales are made in each of the following markets? Write in % for each market; check adds to 100%*

Percentage of Sales

Saudi Arabia	%
Other GCC	%
Other Non-GCC	%
Total	100%

5 *Could you tell me about the products or services that your company produce?*

6 *Have you introduced ANY new or improved products or services since 2014? Circle one*

	Yes	No
Product/services changes since 2014	1	2

7 *And what proportion of your current sales arises from ...? Write in % for each category; check adds to 100%. IF NO to Q5, write in 100 in Box C*

Products or services newly introduced since 2014	A	
Products or services which you were producing in 2014 but have since modified	B	
Products or services which have remained unchanged since 2014	C	
Total	100	

8 *I'm also interested in innovation in your firm. By that I mean did you create any original or made any improvements in your products, designs, materials, processes, systems, organizational structures or business models? If yes please explain*

9 *Do you consider your product or service innovative in any way? If yes how?*

10 *Has your firm registered any (patents, copyrights, trademarks)? If yes please give details*

Yes		1	
No		2	

11 *Who do you involve in your product development?*

SECTION 2: EXPORTING MOTIVES AND CHALLENGES

Now, I would like to ask you some brief questions about your internationalization experience and the motives and challenges you face with exporting.

12 *What motivated you to export? (Internal and External Motives) please explain*

.....
.....
.....
.....
.....

13 *What do you consider the biggest motive behind your decision?*

.....
.....
.....
.....
.....

14 *Did you face any internal challenges with exporting? If yes, please explain*

.....
.....
.....
.....
.....

15 *Did you face any external Challenges with exporting? If yes please explain*

.....
.....
.....
.....
.....

16 *What do you consider the biggest challenge you faced?*

.....
.....
.....
.....
.....

17 *How did you overcome these Challenges?*

.....
.....
.....
.....
.....

SECTION 3: THE OWNER-MANAGER

Now I would like to ask you some questions about the background and experience of the owner-manager or the key person in your firm.

Note: This might be the interviewee or not depending on the situation. If it is not the interviewee ask him or her about the owner-manager

18 *Was <.....>/were you involved in the foundation/start of the company?*

Yes		1
No		2

19 *Were they/you the sole founder of the company?*

Yes		1	
No		2	

20 *Do they/you hold a significant proportion (more than 20%) of the equity in this firm?*

Yes		1	
No		2	

21 *To achieve an expansion of the business would you/they be prepared to:*

(a) Share power

Yes		1	
No		2	
Not relevant		3	

(b) Share ownership or equity

Yes		1	
No		2	
Not relevant		3	

(Note: by Power we mean managerial power within the company. This could be done with the current ownership. Sharing equity means bringing in additional capital and diluting the existing ownership)

What would be the circumstances and rationale for you sharing power within the business?

22 **Could you tell me which of the following the highest qualification you/they hold? Circle one**

None	1
GCSE or O level qualification	2
Diploma	3
Bachelor Degree	4
MA/MSC/MBA	5
PhD	6
Don't know/not sure	7

23 **And could you please indicate which of the following age bands you/they fit into?**

20-30	1
30-40	2
40-50	3
50-60	4
60 plus	5

24 **Before you/they joined/started this firm did you/they previously work in any of the following? Read out, circle all that apply**

	Yes	No	DK
Large businesses (250+ employees)	1	2	3
Medium businesses (50-250 employees)	1	2	3
Small businesses (1-50 employees)	1	2	3

IF YES TO ANY

25 **And, in any of those businesses, which of the following functions did they perform? Circle one per row**

	Yes	No	DK
a) Owner or proprietor	1	2	3
b) Managing Director (or Chief Executive)	1	2	3
c) General Manager	1	2	3
d) Department or function manager or director (e.g. sales, finance, marketing, production, personnel manager)	1	2	3
e) Other positions only	1	2	3
If in doubt, write in			

26 *Were you/they self-employed for any time before you/they joined this company? Circle one*

Yes		1	
No		2	

27 *How many years have you/they been in the current industry? Write in*

28 *How many years have you/they been with this company? Write in*

29 *Is this their only business? Circle one*

Yes		1	
No		2	

Record the narrative on the Owner-Managers career history and ask:

What were the reasons for setting up this business (if the founder)?

SECTION 4: NETWORKING AND SOCIAL MEDIA ROLE

Could I now turn to the role networking play in your business?

30 *Can you tell me whether you have used any of the following external sources of assistance to launch your business abroad?*

	Yes	No	DK
a) Accountant (<i>not just to prepare accounts</i>)	1	2	3
b) Bank (<i>not just to borrow money</i>)	1	2	3
c) Private Consultants	1	2	3
d) Chamber of Commerce	1	2	3
e) Suppliers	1	2	3
f) Business Link	1	2	3
g) Saudi Ministry of Commerce and Investment	1	2	3
h) Saudi SMEs Authority	1	2	3
i) Local Authority	1	2	3
j) Over sea partners	1	2	3
k) University/ College etc	1	2	3
l) Trade Association	1	2	3

Comments: (e.g., probe on the "Yes" responses - when and in what circumstances)

Organisation

Reasons/Circumstances

31 *Did you receive help or support from networking? If yes, what type or types of help or support did you receive? Read out, circle one per row*

	Yes	No	DK
Information	1	2	3
Consultancy	1	2	3
Attending Events	1	2	3
Specialist Advice and Services	1	2	3
Design	1	2	3
Innovation and Technology	1	2	3
International Trade/Exporting	1	2	3
Finance	1	2	3
Management Training/Human Resources	1	2	3
Marketing	1	2	3
Premises/Land Use	1	2	3
Regulatory Issues	1	2	3
Supply Chain Development	1	2	3

Comments: (elaborate on "Yes" responses - details of projects supported and precise nature of the support)

Probe in relation to EACH type of support received from networking

Type of Assistance

Impact on exporting and reasons

32 *How do you engage with your foreign partners, suppliers and customers?*

33 *What was the first market you decided to export to and Why?*

34 *Did your partners play any role when you launched your business abroad? If yes, please explain their role*

35 *Did you have previous connections in all the markets you exported to?*

Yes		1	
No		2	

36 *What is the most important social media outlet for your business? (Twitter/Instagram/Facebook etc.) Please explain why it is important.*

37 *Based on your exporting experience, did social media play any role in the process? If yes, please explain its role*

SECTION 5: THE GOVERNMENT POLICIES

38 *Did your Firm receive any help or support from the government with:*

	Yes	No	DK
Financing	1	2	3
Network building	1	2	3
Training	1	2	3
Market access	1	2	3
Other	1	2	3

Please explain:

39 *Does your firm have any problems in accessing the support given from the government?*

40 *What do you think about the current Tariff and tax policies?*

41 *How does the Saudi government human resources policy affect your firm? Please explain*

42 *Based on your experience, how would you evaluate the government regulations? Do they cause you any problems such as (cost, time etc.)? Please explain.*

43 *How could the government help you in your exporting effort?*

44 *What lessons have you learned from your exporting experience?*

45 *If you had the chance to change one thing about your exporting experience, what would you do differently?*

46 *Could I now ask you to explain your plans for the forthcoming year? What changes do you expect in your product or service? How about your working process and methods?*

47 *Do you intend to export more? If yes where? If not why not?*

Appendix 2: Statement by participant

Statement by participant

I confirm that I have read and understood the information sheet/letter of invitation for this study. I have been informed of the purpose, risks, and benefits of taking part.

Title of Study: Internationalization of Saudi SMEs

I understand what my involvement will entail and any questions have been answered to my satisfaction.

I understand that my participation is entirely voluntary, and that I can withdraw at any time without prejudice.

I understand that all information obtained will be confidential.

I agree that research data gathered for the study may be published provided that I cannot be identified as a subject.

Contact information has been provided should I (a) wish to seek further information from the investigator at any time for purposes of clarification (b) wish to make a complaint.

Participant's Signature-----

Date -----

Statement by investigator

I have explained this project and the implications of participation in it to this participant without bias and I believe that the consent is informed and that he/she understands the implications of participation.

Name of investigator -----

Signature of investigator -----

Date -----

Appendix 3: Email sent to participants

Dear Participant,

Study of Saudi SMEs Internationalization

We are asking you if you would help us with a study which involves interviews with Saudi SMEs owners/ managers. We are doing this study to:

- Acknowledge the obstacles that Saudi SMEs are facing with internationalization.
- Investigate the capabilities and motivation of SMEs owner-managers in internationalization.
- Examine the role of product and process innovation in Saudi SMEs internationalization.
- Examine the role of Social Networks in Saudi SMEs internationalization.
- Develop the policies of Saudi SMEs internationalization.

If you agree, we would like to set a meeting to interview you.

Your name as a possible participant was accessed via.....

If you felt during the interview or afterward that you want to cancel or that you don't want to take part in this study, you can leave it at any time without affecting your education/relationship with the Faculty or University in any way.

All information we gain from you will be maintained in a strictly confidential manner. The only people who will have access to the information will be me and my supervisors. After the project all raw data that can identify individuals will be destroyed. In the reporting of the project, no information will be released which will enable to reader to identify who the respondent was. If you have any questions or problems, please contact me. My telephone number is 0503828455.

Yours sincerely

Sarah Al-Mulla

Table 1 ICT SMEs Background Information

Appendix 4: Interviewed SMEs background tables

Case	Code	Industry	Year of Establishment	Legal Form	Product / Service	Number of Employees	Interviewee Position	International Exposure
1	IT1	ICT Solutions Development	2017	Partnership	<ul style="list-style-type: none"> • E-Marketing • Develop E-shops • Develop websites • Link websites with logistics and payment gates • They are also working on their own product “Kaples”, which is a Saudi online marketplace that features a wide range of electronic products through linking the customers with a variety of electronic warehouses. 	6	CEO/ Founder	GCC
2	IT2	E-Commerce	2016	Ltd Limited Company	<ul style="list-style-type: none"> • Website that markets and offers courses from around the world for students seeking to study abroad 	4	CEO/ Founder	International
3	IT3	E-Commerce	2017	Partnership	<ul style="list-style-type: none"> • Website and App that market and offers adventures and sport 	4	Partner and Sales Manager	International

					activities from around the world			
4	IT4	Social Media Platform	2016	LLC Limited Liability Company	<ul style="list-style-type: none"> • Social networking platform that allows sharing anonymous feedback between its members 	5 full time 4 part time	CEO/ Founder	International
5	IT5	ICT Solutions Development	2003	Sole Trader	<ul style="list-style-type: none"> • E-Marketing • Develop E-shops • Develop websites • Link websites with logistics and payment gates 	15	CEO/ Founder	International
6	IT6	E-Commerce	2017	Ltd Limited Company	Website that offers Shop and Ship services from Amazon	5	CEO/ Founder	International
7	IT7	E-Commerce	2017	Ltd Limited Company	Website and App that sell car parts	10	CEO/ Founder	GCC
8	IT8	E-Commerce	2017	Ltd Limited Company	App that offers travelling packages	5	CEO/ Founder	International
9	IT9	ICT Solutions Development	2014	Partnership	<ul style="list-style-type: none"> • Digital Marketing • Branding • Develop Websites and Apps • Design 	8	CEO/ Founder	International

					<ul style="list-style-type: none"> • Programming • Enterprise resource planning 			
10	IT10	E-Commerce	2017	Sole Trader	Website and App that offers reports about used cars before buying them	3	CEO/ Founder	GCC
11	IT11	ICT Solutions Development	2016	Sole Trader	<ul style="list-style-type: none"> • Develop Websites, Software and Apps • Design • Programming • They also sell a program/ software that they developed; this program helps companies with decision making 	4	Partner/ IT Manager	GCC
12	IT12	ICT Solutions Development	2011	Ltd Limited Company	<ul style="list-style-type: none"> • Digital Marketing • Branding • Develop Websites and Apps • Design • Programming • Enterprise resource planning 	40	- CEO/ Founder - Creative Leader Assistant	GCC
13	IT13	E-Commerce	2013	LLC Limited Liability Company	<ul style="list-style-type: none"> • An online platform that connects companies with independent business consultants 	3	CEO/ Founder	International

					<ul style="list-style-type: none">• This technology helps clients to meet, hire and pay independent consultants from one place			
--	--	--	--	--	--	--	--	--

Table 2: Textile and apparel Background Information

Case	Code	Industry	Year of Establishment	Legal Form	Product / Service	Number of Employees	Interviewee Position	International Exposure
14	TA1	Stationery and Leather Goods	2016	Sole Trader	Design and Produce stationary, gifts and leather goods	4 full-time 2 part-time	Owner and Creative Director	GCC
15	TA2	Stationery and Leather Goods	2017	Sole Trader	Design and Produce stationary, gifts and leather goods	3	Owner and Creative Director	GCC
16	TA3	Body Care	2015	Sole Trader	Natural skincare handmade products	4 full-time 4 part-time	Owner and Creative Director	GCC
17	TA4	Clothing	2017	Sole Trader	Design and produce authentic ready to wear collection	3	Owner and Designer	GCC
18	TA5	Traditional Garments	2009	Sole Trader	Design and produce traditional garments (abaya)	3	Owner and Designer	International
19	TA6	Traditional Garments	2015	Sole Trader	Design and produce traditional garments (abaya)	15	Owner and Designer	International
20	TA7	Clothing	2009	Sole Trader	Design and produce: <ul style="list-style-type: none"> • Authentic ready to wear collections • Haute couture collection • Traditional garments 	40	Owner and Designer	International

					<ul style="list-style-type: none"> • Kaftans • Shoes • Accessories 			
21	TA8	Traditional Garments	2012	Sole Trader	Design and produce traditional garments (abaya)	20	Owner and Designer	International
22	TA9	Clothing	2009	Sole Trader	Design and produce: <ul style="list-style-type: none"> • Authentic ready to wear collections • Haute couture collection • Traditional garments • Kaftans 	18	Owner and Designer	International
23	TA10	Clothing	2013	Sole Trader	Design and produce: <ul style="list-style-type: none"> • Authentic ready to wear collections • Haute couture collection • Female and Male clothing • Traditional garments • Kaftans 	15	Owner and Designer	International

Appendix 5: NVivo Example

Internationalization of Saudi SMEs.nvp - NVivo 12 Plus

Name	Files	References	Created On	Created By	Modified On	Modified By
Obstacles		0	12/04/2019 19:42	SKM	12/04/2019 19:42	SKM
External Obstacles		0	12/04/2019 19:45	SKM	12/04/2019 19:45	SKM
Accessing Fundin		11	13/01/2020 15:22	SKM	13/01/2020 18:00	SKM
Accessing Govern		18	13/01/2020 15:21	SKM	13/01/2020 18:00	SKM
Competition		12	12/04/2019 19:45	SKM	12/01/2020 16:34	SKM
Dealing with Gove		0	12/04/2019 19:51	SKM	12/04/2019 19:51	SKM
Bureaucracy		19	12/04/2019 19:51	SKM	15/01/2020 16:58	SKM
Going around		10	12/04/2019 19:51	SKM	13/01/2020 16:30	SKM
Service varies		8	12/04/2019 19:52	SKM	12/01/2020 16:30	SKM
Laws & Regulatio		0	12/04/2019 19:46	SKM	13/04/2019 14:21	SKM
Customs		11	12/04/2019 19:46	SKM	12/01/2020 16:34	SKM
Expats Regulat		23	12/04/2019 19:47	SKM	15/01/2020 16:59	SKM
Financial Trans		9	12/04/2019 19:46	SKM	13/01/2020 17:11	SKM
Legal issues		17	13/04/2019 14:19	SKM	13/01/2020 17:15	SKM
Tax		23	12/04/2019 19:47	SKM	15/01/2020 16:56	SKM
Shipping Quality a		8	15/04/2019 13:43	SKM	13/01/2020 18:11	SKM
Internal Obstacles		0	12/04/2019 19:43	SKM	12/04/2019 19:43	SKM
Lack of Informatio		21	12/04/2019 19:43	SKM	13/01/2020 16:20	SKM
Lack of skilful wor		20	12/04/2019 19:44	SKM	17/04/2019 15:14	SKM

Internationalization of Saudi SMEs.nvp - NVivo 12 Plus

Name	Files	References	Created On	Created By	Modified On	Modified By
Internal Obstacles		0	12/04/2019 19:43	SKM	12/04/2019 19:43	SKM
Lack of Informatio		21	12/04/2019 19:43	SKM	13/01/2020 16:20	SKM
Lack of skilful wor		20	12/04/2019 19:44	SKM	17/04/2019 15:14	SKM

Internationalization of Saudi SMEs.nvp - NVivo 12 Plus

File Home Import Create Explore Share

Clipboard: Cut, Copy, Paste, Merge

Properties: Open

Item: Memo Link, Add To Set, Create As Code, Create As Cases

Explore: Query, Visualize

Coding: Code, Auto Code, Range Code, Uncode

Classification: Case Classification, File Classification

Workspace: Detail View, Sort By, Undock, Navigation View, List View, Find

Quick Access: Files, Memos, Nodes

Data: Files, ICT Interviews, Textile Interviews, File Classifications, Externals

Codes: Nodes, Sentiment, Relationships, Relationship Types

Cases: Cases, Case Classifications

Notes

Search

Maps

Nodes

Name	Files	References	Created On	Created By	Modified On	Modified By
Internal Motives		0	12/04/2019 19:22	SKM	12/04/2019 19:22	SKM
Entrepreneurial Or		0	12/04/2019 19:22	SKM	12/04/2019 16:40	SKM
Innovativeness		23	12/04/2019 19:22	SKM	15/01/2020 16:26	SKM
Proactiveness		23	12/04/2019 19:22	SKM	12/01/2020 16:33	SKM
Risk taking		15	12/04/2019 19:22	SKM	13/01/2020 16:11	SKM
Vision		22	12/04/2019 19:22	SKM	15/01/2020 16:48	SKM
Financial Resource		18	12/04/2019 19:27	SKM	13/01/2020 16:57	SKM
Language		8	12/04/2019 19:30	SKM	12/01/2020 16:33	SKM
Marketing		1	12/04/2019 19:22	SKM	17/04/2019 14:50	SKM
Google ads		5	12/04/2019 19:22	SKM	15/01/2020 17:12	SKM
Marketing Ca		15	13/04/2019 14:37	SKM	12/01/2020 16:33	SKM
Social Media		23	12/04/2019 19:22	SKM	12/01/2020 16:33	SKM
Product Competiti		22	12/04/2019 19:29	SKM	12/01/2020 16:33	SKM
Revenue & Growt		16	20/12/04/2019 19:28	SKM	12/01/2020 16:33	SKM
Risk diversification		5	12/04/2019 19:30	SKM	13/01/2020 16:55	SKM
Obstacles		0	12/04/2019 19:42	SKM	12/04/2019 19:42	SKM
External Obstacles		0	12/04/2019 19:45	SKM	12/04/2019 19:45	SKM
Internal Obstacles		0	12/04/2019 19:43	SKM	12/04/2019 19:43	SKM

SKM 65 Items

17:45 15/01/2020

Internationalization of Saudi SMEs.nvp - NVivo 12 Plus

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Nodes

Name	Files	References	Created On	Created By	Modified On	Modified By
Obstacles		0	12/04/2019 19:42	SKM	12/04/2019 19:42	SKM
External Obstacles		0	12/04/2019 19:45	SKM	12/04/2019 19:45	SKM
Accessing Fundin		11	13/01/2020 15:22	SKM	13/01/2020 18:00	SKM
Accessing Govern		18	13/01/2020 15:21	SKM	13/01/2020 18:00	SKM
Competition		12	12/04/2019 19:45	SKM	12/01/2020 16:34	SKM
Dealing with Gove		0	12/04/2019 19:51	SKM	12/04/2019 19:51	SKM
Laws & Regulatio		0	12/04/2019 19:46	SKM	13/04/2019 14:21	SKM
Shipping Quality a		8	15/04/2019 13:43	SKM	13/01/2020 18:11	SKM
Internal Obstacles		0	12/04/2019 19:43	SKM	12/04/2019 19:43	SKM
Lack of Informatio		21	12/04/2019 19:43	SKM	13/01/2020 16:20	SKM
Lack of skillful wor		20	12/04/2019 19:44	SKM	17/04/2019 15:14	SKM

SKM 65 Items

17:46 15/01/2020

Internationalization of Saudi SMEs.nvp - NVivo 12 Plus

File Home Import Create Explore Share

Clipboard: Cut, Copy, Paste, Merge
 Properties: Open
 Item: Memo Link, Add To Set, Create As Code, Create As Cases
 Explore: Query, Visualize
 Coding: Code, Auto Code, Range Code, Uncode
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Cases: Cases, Case Classifications

Notes, Search, Maps

Nodes

Name	Files	References	Created On	Created By	Modified On	Modified By
Internal Motives		0	12/04/2019 19:22	SKM	12/04/2019 19:22	SKM
Entrepreneurial Or		0	12/04/2019 19:22	SKM	12/04/2019 16:40	SKM
Innovativeness		23	12/04/2019 19:22	SKM	15/01/2020 16:26	SKM
Proactiveness		23	12/04/2019 19:22	SKM	12/01/2020 16:33	SKM
Risk taking		15	12/04/2019 19:22	SKM	13/01/2020 16:11	SKM
Vision		22	12/04/2019 19:22	SKM	15/01/2020 16:48	SKM
Financial Resource		18	12/04/2019 19:27	SKM	13/01/2020 16:57	SKM
Language		8	12/04/2019 19:30	SKM	12/01/2020 16:33	SKM
Marketing		1	12/04/2019 19:22	SKM	17/04/2019 14:50	SKM
Google ads		5	12/04/2019 19:22	SKM	15/01/2020 17:12	SKM
Marketing Ca		15	13/04/2019 14:37	SKM	12/01/2020 16:33	SKM
Social Media		23	12/04/2019 19:22	SKM	12/01/2020 16:33	SKM
Product Competiti		22	12/04/2019 19:29	SKM	12/01/2020 16:33	SKM
Revenue & Growt		16	12/04/2019 19:28	SKM	12/01/2020 16:33	SKM
Risk diversificati		5	12/04/2019 19:30	SKM	13/01/2020 16:55	SKM
Obstacles		0	12/04/2019 19:42	SKM	12/04/2019 19:42	SKM
External Obstacles		0	12/04/2019 19:45	SKM	12/04/2019 19:45	SKM
Internal Obstacles		0	12/04/2019 19:43	SKM	12/04/2019 19:43	SKM

SKM 65 Items

17:45 15/01/2020

Internationalization of Saudi SMEs.nvp - NVivo 12 Plus

File Home Import Create Explore Share

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Notes, Search, Maps

Nodes

Name	Files	References	Created On	Created By	Modified On	Modified By
External Motives		0	12/04/2019 19:31	SKM	12/04/2019 19:31	SKM
Attractive Foreign		22	12/04/2019 19:39	SKM	13/01/2020 18:08	SKM
Demand from abr		17	12/04/2019 19:41	SKM	12/01/2020 16:31	SKM
Limited local dem		6	12/04/2019 19:41	SKM	12/01/2020 16:31	SKM
Local Government		23	12/04/2019 21:19	SKM	13/01/2020 18:08	SKM
Networking		0	12/04/2019 19:32	SKM	12/01/2020 16:31	SKM
Benefits of Ne		0	12/04/2019 19:35	SKM	12/04/2019 19:35	SKM
Collecting		21	12/04/2019 19:36	SKM	12/01/2020 16:31	SKM
Consultanc		23	12/04/2019 20:48	SKM	12/01/2020 16:31	SKM
Partnershi		23	12/04/2019 19:36	SKM	12/01/2020 16:31	SKM
Training		17	12/04/2019 19:36	SKM	13/01/2020 17:08	SKM
Ways of Netw		0	12/04/2019 19:32	SKM	12/04/2019 19:32	SKM
Chamber o		20	12/04/2019 19:33	SKM	12/01/2020 16:32	SKM
Exhibitions		16	12/04/2019 19:33	SKM	12/01/2020 16:32	SKM
Incubators		18	12/04/2019 19:32	SKM	13/01/2020 17:03	SKM
SMEs Auth		16	12/04/2019 19:35	SKM	12/01/2020 16:32	SKM
Univercitie		17	12/04/2019 19:34	SKM	12/01/2020 16:32	SKM
Visits		6	12/04/2019 19:33	SKM	12/01/2020 16:32	SKM
Opportunities in F		14	12/04/2019 19:40	SKM	13/01/2020 16:17	SKM

SKM 65 Items

17:45 15/01/2020

Internationalization of Saudi SMEs.nvp - NVivo 12 Plus

File Home Import Create Explore Share

Clipboard: Paste, Copy, Merge, Cut

Properties: Open

Explore: Add To Set, Create As Code, Memo Link, Create As Cases, Query, Visualize

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Search

Maps

Nodes

Name	Files	References	Created On	Created By	Modified On	Modified By
Motives		0	12/04/2019 19:21	SKM	12/04/2019 19:21	SKM
External Motives		0	12/04/2019 19:31	SKM	12/04/2019 19:31	SKM
Attractive Foreign		22	12/04/2019 19:39	SKM	13/01/2020 18:08	SKM
Demand from abr		17	12/04/2019 19:41	SKM	12/01/2020 16:31	SKM
Limited local dem		6	12/04/2019 19:41	SKM	12/01/2020 16:31	SKM
Local Government		23	12/04/2019 21:19	SKM	13/01/2020 18:08	SKM
Networking		0	12/04/2019 19:32	SKM	12/01/2020 16:31	SKM
Opportunities in F		14	12/04/2019 19:40	SKM	13/01/2020 16:17	SKM
Internal Motives		0	12/04/2019 19:22	SKM	12/04/2019 19:22	SKM
Entrepreneurial Or		0	12/04/2019 19:22	SKM	12/04/2019 16:40	SKM
Financial Resource		18	12/04/2019 19:27	SKM	13/01/2020 16:57	SKM
Language		8	12/04/2019 19:30	SKM	12/01/2020 16:33	SKM
Marketing		1	12/04/2019 19:22	SKM	17/04/2019 14:50	SKM
Product Competiti		22	12/04/2019 19:29	SKM	12/01/2020 16:33	SKM
Revenue & Growt		16	12/04/2019 19:28	SKM	12/01/2020 16:33	SKM
Risk diversification		5	12/04/2019 19:30	SKM	13/01/2020 16:55	SKM
Obstacles		0	12/04/2019 19:42	SKM	12/04/2019 19:42	SKM
External Obstacles		0	12/04/2019 19:45	SKM	12/04/2019 19:45	SKM
Internal Obstacles		0	12/04/2019 19:43	SKM	12/04/2019 19:43	SKM

SKM 65 Items

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Maps

Nodes

Name	Files	References	Created On	Created By	Modified On	Modified By
General Information		0	12/04/2019 16:35	SKM	12/04/2019 16:35	SKM
Age		23	12/04/2019 20:37	SKM	17/04/2019 15:06	SKM
Experience		23	12/04/2019 20:38	SKM	17/04/2019 15:07	SKM
Focus		23	12/04/2019 20:43	SKM	13/01/2020 17:52	SKM
International Exposure		23	12/04/2019 19:21	SKM	13/01/2020 17:42	SKM
Legal Form		23	12/04/2019 19:19	SKM	13/01/2020 17:44	SKM
Ownership		67	12/04/2019 20:30	SKM	17/04/2019 15:06	SKM
Position		23	12/04/2019 16:30	SKM	17/04/2019 14:58	SKM
Product or Service		23	12/04/2019 19:20	SKM	17/04/2019 15:00	SKM
Qualification		23	12/04/2019 20:36	SKM	17/04/2019 15:06	SKM
Year of establishment		23	12/04/2019 16:44	SKM	17/04/2019 14:58	SKM
Motives		0	12/04/2019 19:21	SKM	12/04/2019 19:21	SKM
External Motives		0	12/04/2019 19:31	SKM	12/04/2019 19:31	SKM
Attractive Foreign		22	12/04/2019 19:39	SKM	13/01/2020 18:08	SKM
Demand from abro		17	12/04/2019 19:41	SKM	12/01/2020 16:31	SKM
Limited local dema		6	12/04/2019 19:41	SKM	12/01/2020 16:31	SKM
Local Government		23	12/04/2019 21:19	SKM	13/01/2020 18:08	SKM
Networking		0	12/04/2019 19:32	SKM	12/01/2020 16:31	SKM
Opportunities in Fo		14	12/04/2019 19:40	SKM	13/01/2020 16:17	SKM
Internal Motives		0	12/04/2019 19:22	SKM	12/04/2019 19:22	SKM

SKM 65 Items

Internationalization of Saudi SMEs.nvp - NVivo 12 Plus

File Home Import Create Explore Share

Clipboard: Paste, Cut, Copy, Merge
Properties: Open
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Notes, Search, Maps

Nodes

Name	Files	References	Created On	Created By	Modified On	Modified By
General Information		0	12/04/2019 16:35	SKM	12/04/2019 16:35	SKM
Motives		0	12/04/2019 19:21	SKM	12/04/2019 19:21	SKM
External Motives		0	12/04/2019 19:31	SKM	12/04/2019 19:31	SKM
Internal Motives		0	12/04/2019 19:22	SKM	12/04/2019 19:22	SKM
Obstacles		0	12/04/2019 19:42	SKM	12/04/2019 19:42	SKM
External Obstacles		0	12/04/2019 19:45	SKM	12/04/2019 19:45	SKM
Internal Obstacles		0	12/04/2019 19:43	SKM	12/04/2019 19:43	SKM

SKM 65 Items

17:44 15/01/2020

Internationalization of Saudi SMEs.nvp - NVivo 12 Plus

File Home Import Create Explore Share

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Nodes

Name	Files	References	Created On	Created By	Modified On	Modified By
Age		23	12/04/2019 20:37	SKM	17/04/2019 15:06	SKM
Experience		23	12/04/2019 20:38	SKM	17/04/2019 15:07	SKM
Focus		23	12/04/2019 20:43	SKM	13/01/2020 17:52	SKM
International Exposure		23	12/04/2019 19:21	SKM	13/01/2020 17:42	SKM
Legal Form		23	12/04/2019 19:19	SKM	13/01/2020 17:44	SKM
Ownership		67	12/04/2019 20:30	SKM	17/04/2019 15:06	SKM
Position		23	12/04/2019 16:30	SKM	17/04/2019 14:58	SKM
Product or Service		23	12/04/2019 19:20	SKM	17/04/2019 15:00	SKM
Qualification		23	12/04/2019 20:36	SKM	17/04/2019 15:06	SKM
Year of establishment		23	12/04/2019 16:44	SKM	17/04/2019 14:58	SKM
Motives		0	12/04/2019 19:21	SKM	12/04/2019 19:21	SKM
External Motives		0	12/04/2019 19:31	SKM	12/04/2019 19:31	SKM
Attractive Foreign		22	12/04/2019 19:39	SKM	13/01/2020 18:08	SKM
Demand from abro		17	12/04/2019 19:41	SKM	12/01/2020 16:31	SKM
Limited local dema		6	12/04/2019 19:41	SKM	12/01/2020 16:31	SKM
Local Government		23	12/04/2019 21:19	SKM	13/01/2020 18:08	SKM
Networking		0	12/04/2019 19:32	SKM	12/01/2020 16:31	SKM
Opportunities in Fo		14	12/04/2019 19:40	SKM	13/01/2020 16:17	SKM
Internal Motives		0	12/04/2019 19:22	SKM	12/04/2019 19:22	SKM

SKM 65 Items

17:44 15/01/2020

Appendix 6: List of SMEs Support Programmes in Saudi Arabia

#	Initiative	Sponsor	Location	Focus	Member Category
1	Information Technology and Communication Incubator	KACST	Riyadh	Government/Technology	Incubators
2	Biotechnology Incubator	KACST	Riyadh	Government/Medical	Incubators
3	Advanced Manufacturing Incubator	KACST	Riyadh	Government/Industrial	Incubators
4	Riyadh Center for Incubators	King Saud University	Riyadh	Government/Mixed	Incubators
5	Bedayat Engineering Qualification Program	Saudi Mubadara Development Company	Riyadh	Private Engineering	Incubators
6	Unlimited Entrepreneurship Center	Private Sector	Riyadh	Private/Mixed	Incubators
7	The Riyadh Center for SME Development	Ministry of Commerce - Riyadh Chamber of Commerce & Industry	Riyadh	Private/Technological	Incubators
8	Verso	Private Sector	Riyadh	Private/Educational	Incubators
9	Business Support and Development Center	Princess Nora bint Abdulrahman University	Riyadh	Semi-Governmental/Mixed	Incubators
10	Makeen: Saudi Businesses Incubator Organization	Ministry of Social Affairs	Riyadh	Charitable/Mixed	Incubators
11	Information Technology and Communication Incubator	KACST	Al-Qassim	Government/Technology	Incubators
12	Business Incubator (My Project)	Women Committee in Al-Qassim Region	Al-Qassim	Semi-Governmental/Mixed	Incubators
13	Information Technology and Communication Incubator	KACST	Khobar	Government/Technology	Incubators
14	Prince Sultan bin Abdulaziz Fund for Women Development	Ministry of Social Affairs	Khobar	Charitable/Mixed	Incubators
15	Industrial Development Center	Royal Commission for Jubail	Khobar	Government/Industrial	Incubators
16	King Abdullah Incubator for Science and Technology	Kabdullah University for Science and Technology	Jeddah	Private/Technological	Incubators
17	Badir Incubator for Information Technology and Communication	King Abdullaziz City for Information Technology and Communication, Jeddah Chamber of Commerce	Jeddah	Government/Technological	Incubators
18	Taibah University Technology Incubators	King Abdullaziz City for Information Technology and Communication	Madina	Government/Mixed	Incubators

19	Business Incubators and Technology Center in Royal Commission for Yanbu	Royal Commission for Jubail and Yanbu	Yanbu	Government/Technological	Incubators
20	Badir Program for Technology Incubators	King Abdullaziz City for Information Technology and Communication	Baha	Government/Mixed	Incubators
21	Saudi Entrepreneurship Association	King Saud University	Riyadh	Government/Educational	Supporting Entity
22	Prince Salman Institute for Entrepreneurship	King Saud University	Riyadh	Govt./Tech./Engineering	Supporting Entity
23	The SME Loan Guarantee Program Kafalah	Saudi Industrial Development Fund	Riyadh	Government/Mixed	Supporting Entity
24	The National Program for Developing Crafts (Skillful)	Saudi Commission for Tourism and Antiquities	Riyadh	Government/Crafts	Supporting Entity
25	Raz Group Holding Company	Raz Group Holding Company	Riyadh	Private/Mixed	Supporting Entity
26	OQAL Group: Minds and Money	Private Sector	Riyadh	Private/Mixed	Supporting Entity
27	Endeavor Saudi Arabia	Global Endeavor	Riyadh	Private/Mixed	Supporting Entity
28	Social Charity Fund	Ministry of Social Affairs	Riyadh	Charitable/Crafts	Supporting Entity
29	Princess Madawi Musa'ad Fund for Women Development	Saudi bin Fahad Charitable Foundation	Riyadh	Charitable/Mixed	Supporting Entity
30	Prince Salman Youth Center	Ministry of Social Affairs	Riyadh	Charitable/Mixed	Supporting Entity
31	Multipurpose Women Cooperative (Herfah)	Ministry of Social Affairs	Al-Qassim	Charitable/Crafts	Supporting Entity
32	Business Women Center	Asharqia Chamber	Khobar	Semi-Govt./Educ. Consultative	Supporting Entity
33	SME Development Center	Council of Chambers	Khobar	Semi-Governmental/Education	Supporting Entity
34	Aramco Entrepreneurship Center	Saudi Aramco	Khobar	Semi-Governmental/Technological	Supporting Entity
35	Knowledge and Business Alliance	King Abdulaziz University	Jeddah	Governmental/Mixed	Supporting Entity
36	Sirb: Angel Investor Network	King Abdulaziz City for Science and Technology	Jeddah	Governmental/Mixed	Supporting Entity
37	Institution of innovation and Entrepreneurship	Umm AlQuar University	Makkah	Governmental/Technological	Supporting Entity
38	Makkah Techno Valley Company	Umm Al-Quar University - Joint-stock Company	Makkah	Private/Mixed	Supporting Entity
39	The Centennial Fund	The Centennial Fund	Makkah	Royal Decree	Supporting Entity
40	Bab Rizq Jameel	Abdullatif Jameel Community Initiative	Makkah	Private/Mixed	Supporting Entity
41	Riyadh National Entrepreneurship Institute	Independent Board Council	Makkah	Semi-governmental/Mixed	Supporting Entity
42	Badir + Oasis 500	Badir Program for Technological Incubators	Riyadh	Governmental/Technological	Business Accelerators
43	Qutof Arriyadah	Qutof Arriyadah Company	Jeddah	Private/Technological	Business Accelerators
44	Business Accelerator Program	Umm Al-Qura University	Makkah	Governmental/Mixed	Business Accelerators

Saudi Business Incubator Network

