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What Magical Roles Can Internationalization and Innovation Play for SMEs' Performance in Wuhan, China?

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ABSTRACT
This research explores the interaction between internationalization and innovation and their collective impact on the performance of small and medium-sized enterprises (SMEs) in Wuhan, Hubei Province, China. Data from 404 SMEs were analyzed to examine the structural relationships between internationalization (INT), innovation (INN), and organizational performance (OP), highlighting how these factors contribute to SME success. The study draws on the Revised Uppsala Internationalization Process Model, the Innovation-Related Internationalization Model, and Resource-Based View Theory (RBV). Findings reveal that innovation significantly mediates the link between internationalization and organizational performance, emphasizing that global market entry alone is insufficient without innovative practices. The results suggest SMEs benefit from both internationalization strategies and the integration of innovation to achieve financial growth, operational efficiency, and market competitiveness. The study provides actionable insights for entrepreneurs and policymakers and addresses the gap in the literature regarding the internationalization-innovation relationship in Chinese SMEs. Future research avenues include broadening the industry scope, incorporating qualitative methods, and assessing external influences on these underlying forces.

Keywords: Internationalization, Innovation, Organizational Performance, SMEs, Wuhan

1.0 INTRODUCTION

The internationalization of business activities is increasingly recognized as a crucial factor for small and medium enterprises (SMEs), offering these businesses opportunities to thrive in a highly competitive global marketplace. This process not only enhances their performance but also contributes to their overall success. In China, SMEs play a vital role in the nation's economy, significantly contributing to tax revenues and economic growth. According to the 2023 Policy Environment Report China, SMEs contribute around 50% of China's tax revenue and 60% of its Gross Domestic Product (GDP), with over 52 million micro, small, and medium-sized enterprises operating across the country. However, despite their widespread presence, Chinese SMEs have been slow to internationalize compared to larger firms. For instance, in 2020, only 10% of Chinese SMEs were engaged in exporting, contributing just 20% to the country's export value. This contrasts sharply with advanced economies, where SME internationalization is more widespread and contributes substantially to national economic performance (Ayob, Gudmundsson, & Yaacob, 2022; Tham et al., 2017; Pambreni et al., 2019; Herath et al., 2023). This disparity presents significant challenges for small enterprises in Wuhan, Hubei Province, as they strive to enhance their competitiveness and achieve the desired levels of organizational performance.

Internationalization has consistently proven to enhance organizational performance in other regions, particularly within the European Union (EU). SMEs in the EU account for over 99% of businesses and 85% of new jobs. More than one-third of these SMEs are involved in importing and exporting activities within the EU, as outlined in the Flash Eurobarometer 421 Report (2022). The Internationalisation of European SMEs (2020) final report reveals that over 50% of internationally active SMEs experienced increased turnover and higher employment growth between 2007 and 2008, highlighting a positive relationship between internationalization and organizational success. Similarly, in the United Kingdom (UK), SMEs comprise 99.9% of all businesses and contribute significantly to private sector employment and turnover. In the United States (US), SMEs account for nearly 98% of all exporters, with exports exceeding US$380 billion in 2020. Recognizing the crucial role of internationalization, the Chinese government has implemented supportive policies, as reflected in national economic development plans and five-year plans, to encourage global expansion among SMEs.

Despite the potential benefits of internationalization, SMEs in China face substantial barriers, particularly

small enterprises in Wuhan, Hubei Province. These barriers hinder their ability to compete on a global scale and achieve high levels of organizational performance. Economic challenges, such as the financial crisis experienced by the Chinese economy in 2007 and 2008, underscored the importance of internationalization for SMEs. During this period, low export rates contributed to a decline in overall GDP growth, further emphasizing the role of internationalization in mitigating economic downturns (Department of Statistics, 2012). However, internationalization is often overlooked as a strategic priority for SMEs, contributing to the ongoing challenges faced by small enterprises in Wuhan.

The contribution of SMEs to China's GDP remains relatively modest, constituting around 30% of the overall GDP, with slight growth from 33.5% in 2013 to an estimated 36.3% in 2022 (Department of Statistics China & SME Corporation China). This relatively low economic contribution can be attributed, in part, to the insufficient emphasis on internationalization. Therefore, enhancing the global engagement of small enterprises in Wuhan is essential for improving their competitiveness and contributing more significantly to the Chinese economy. Additionally, innovation is a critical factor for successful product and process development, directly impacting competitiveness and performance. However, innovation remains a challenge for SMEs in China, prompting the SME Corporation China to implement the SME Masterplan 2012-2020, which focuses on innovation-led and productivity-driven strategies. Initiatives such as the Technology Commercialisation Platform and Inclusive Innovation aim to address the low innovation levels within Chinese SMEs. The Organization for Economic Cooperation and Development (OECD) highlights the slow growth rate of China's e-commerce sector, which further emphasizes the need for innovation to reach a world-class level. Research by Love and Roper (2022) underscores the positive correlation between innovation, successful export activities, and growth in SMEs, further suggesting that the low level of internationalization among SMEs in China is closely linked to innovation challenges, ultimately affecting their organizational performance.

Given these global pressures and the potential benefits of internationalization, it is imperative to empirically investigate the internationalization of SMEs and its influence on their performance in the Chinese business context. This study aims to explore the relationship between key dimensions of internationalization, namely, knowledge, trust, commitment, and opportunity development, while considering innovation as a mediating factor. Understanding these dynamics is crucial for comprehending the factors that affect the organizational performance of SMEs in Wuhan, Hubei Province, China.

Although extensive research has been conducted on SME internationalization in developed economies, such as studies by Coviello and Munro (2017), Hutchinson, Fleck, and Lloyd-Reason (2009), and Moen and Servais (2022), there remains a lack of empirical evidence on how internationalization contributes to the organizational performance of SMEs in Wuhan. Similarly, the relationship between innovation and performance among small enterprises in this region has been underexplored. Most studies on this topic have focused on other regions, as evidenced by research from Kossai and Piget (2014) and Albors-Garrigós, Rincon-Diaz, and Igartua-Lopez (2014), further emphasizing the need for focused research in the Chinese context. By examining the internationalization process and its relationship to innovation and performance, this study aims to address the significant gaps in the literature and provide insights that can guide policymakers and practitioners in fostering a more competitive SME sector in Wuhan, Hubei Province, China.

2.0 LITERATURE REVIEW

2.1 Theoretical Background

Internationalisation theories provide essential insights into how firms expand into global markets, with the Resource-Based View (RBV) serving as a foundational framework. This perspective posits that a firm's competitive advantage in international markets stems from its unique resources and capabilities (Andersén, 2024; Barney, Wright, & Ketchen, 2001; Ojala, 2009; Peng, 2001). The resources at play, including assets, knowledge, processes, and networks, are characterized as valuable, rare, inimitable, and non-substitutable, which collectively contribute to a firm's sustainable competitive advantage (Grant, 1991; Gulati, Nohria, & Zaheer, 2020). By effectively deploying these resources, firms can formulate strategies that enhance both efficiency and effectiveness, which are vital for navigating the complexities of global markets (Daft, 1983; Porter, 1980). RBV underscores that firms with superior resources, such as technological expertise, skilled personnel, or established networks, are better positioned to exploit international market opportunities (Wernerfelt, 1984). However, while RBV offers a robust explanation for the role of resources in driving internationalisation, it has limitations, particularly for smaller firms. SMEs, for instance, often lack the resource abundance typical of larger corporations, complicating their internationalisation processes

(Powell, 1992). Empirical research confirms that although resources are key drivers of international expansion, SMEs encounter unique challenges in acquiring and developing these resources within the global business context (Peteraf, 2001).

In addition to RBV, stage models of internationalisation present another perspective on how firms evolve over time. The Uppsala Internationalisation Model (U-Model), introduced by Johanson and Vahlne (1977), conceptualizes internationalisation as a gradual, incremental process. This model suggests that firms initiate their internationalisation journey by exporting to psychically close markets and progressively increase their market commitments as they gain experiential knowledge (Johanson & Vahlne, 1977). The U-Model introduces two critical dimensions: the state dimension, which encompasses knowledge and market commitment, and the change dimension, which focuses on commitment decisions and performance activities. The model's gradual, stepwise nature has been widely accepted in the literature as an explanation for how firms, particularly SMEs, mitigate the risks associated with internationalisation (Eriksson, Johanson, Majkgård, & Sharma, 1997).

An important extension of the U-Model is the Revised Uppsala Internationalisation Model (RUIP-Model), which incorporates the significance of networks in the internationalisation process (Johanson & Vahlne, 2003, 2009). The RUIP-Model posits that firms operate within complex networks of relationships that facilitate knowledge acquisition, learning, and commitment (Axinn & Matthyssens, 2022; Wulandari et al., 2023; Ranawaka et al., 2023). These networks are crucial, enabling firms to overcome barriers to internationalisation, especially in markets characterized by high psychic distance (Johanson & Vahlne, 2009; Udriyah et al., 2019; Horani et al., 2023). Furthermore, digitalization and global connectivity challenge the traditional U-Model's stepwise progression by reducing both physical and psychic distance, allowing firms to internationalise more rapidly (Pope, 2022). The network-based approach embedded in the RUIP-Model emphasizes the transformative role of digital channels in fostering trust, commitment, and knowledge sharing across borders.

Another significant theoretical framework is the Innovation-Related Internationalisation Model (I-Model), which regards internationalisation as an innovation process. Initially proposed by Bilkey and Tesar (1977) and refined by subsequent scholars, the I-Model conceptualizes each stage of a firm's internationalisation journey as a distinct innovation. This perspective is particularly relevant for SMEs, which often depend on innovative strategies to navigate resource constraints and carve out a competitive niche in global markets (Fletcher & Prashantham, 2024). By framing internationalisation as a series of innovations, the I-Model provides a dynamic explanation of how firms adapt to the complexities and uncertainties of globalisation.

Collectively, these theories, RBV, the U-Model, the RUIP-Model, and the I-Model, offer a comprehensive framework for understanding the processes and challenges of internationalisation. While RBV emphasizes internal resources and capabilities, stage models like the U-Model and RUIP-Model focus on the incremental nature of internationalisation and the critical role of networks. Meanwhile, the I-Model highlights innovation's importance in successfully navigating global markets. These theoretical perspectives complement each other, providing a nuanced understanding of how firms, particularly SMEs, leverage resources, networks, and innovation to drive internationalisation.

2.2 Empirical Studies

Empirical research on internationalisation underscores the critical roles of knowledge, trust, commitment, and innovation in shaping firms' global strategies. Knowledge, recognized as a key driver of internationalisation, significantly influences the development of business networks and partner interactions. According to Johanson and Vahlne (2009), relationship-specific knowledge, cultivated through repeated interactions, enables firms to comprehend their partners' diverse resources and capabilities better. This knowledge is dynamic, evolving through the interplay between the buyer's user knowledge and the seller's producer knowledge, thereby facilitating knowledge transfer across various contexts. Supporting this viewpoint, Hoang and Rothaermel (2005) assert that the establishment of inter-firm relationships grounded in knowledge exchange is essential for successful internationalisation. For SMEs, effective knowledge management is particularly vital as they often rely on their ability to acquire, process, and utilize new knowledge to compensate for limited resources. Research indicates that SMEs possessing robust knowledge management capabilities tend to be more innovative and perform better in international markets (Darroch, 2005). Notably, Fletcher and Prashantham (2024) highlight that rapidly internationalising SMEs, often referred to as "born globals," exhibit superior knowledge management and innovation capabilities, enabling them to transcend the traditional limitations associated with gradual internationalisation models such as the U-Model.

Trust emerges as another essential factor in internationalisation, particularly within business networks. Defined as the expectation of competence and goodwill from the other party, trust encompasses both emotional and cognitive dimensions, influencing how firms perceive the reliability and intentions of their international partners (Blomqvist, 2017). In the internationalisation process, trust is crucial for fostering cooperation, facilitating research and development collaborations, and ensuring the smooth execution of legal and operational processes. For SMEs, which frequently operate in environments where personal relationships are paramount, trust is vital for overcoming barriers to internationalisation. Morgan and Hunt (1994) argue that personal ties and familiarity with key actors in foreign markets aid in establishing long-term commitments despite uncertainties. Trust can also provide a competitive edge, particularly in emerging markets where institutional frameworks may be less developed, and informal networks are crucial for business success (Blomqvist, 2017). In contexts like China, trust among network members enhances organisational performance by fostering collaboration. Empirical studies reveal that firms that cultivate trust-based relationships with international partners are more likely to achieve superior performance in global markets (Johanson & Vahlne, 2009; Zheng et al., 2023; Sudha et al., 2023), a particularly important factor for SMEs that may lack formal resources but can leverage trust to create value through informal networks.

Closely associated with trust is commitment, which is fundamental for sustaining long-term relationships in international business. Morgan and Hunt (1994) define commitment as a firm's willingness to invest in relationships, often necessitating short-term sacrifices for long-term gains. Commitment can manifest in two forms: calculative commitment, which is based on joint opportunities and rational decisions, and affective commitment, rooted in mutual attachment and positive regard for the other party. Gounaris (2005) cautions that while calculative commitment can drive international partnerships, overreliance on it may lead to "lock-in" situations, making firms overly dependent on single partners. Nevertheless, empirical evidence underscores the importance of commitment in sustaining business networks, influencing their strength and resilience (Thorelli, 1986). In the context of internationalisation, commitment enables firms to share risks and rewards, aiding in navigating global market uncertainties.

Innovation, encompassing product, process, and IT innovation, plays a crucial role in driving organisational performance and international success. SMEs, often challenged in differentiating their products and services, rely on innovation to enhance competitiveness and market positioning (Burke, Van Stel, & Thurik, 2020; Rajapakse, et al., 2022; Zhou & Azam, 2024). Product innovation involves introducing new products or enhancing existing ones to meet evolving consumer demands and improve efficiency (Chang & Hughes, 2012; Gunday, Ulusoy, Kilic, & Alpkan, 2024). In rapidly advancing industries, innovation becomes a strategic necessity for SMEs, enabling them to capture new markets and respond to emerging trends (Mars, 2013). Process innovation focuses on refining production methodologies, improving operational performance, and streamlining workflows (Trott & Hartmann, 2009; Lichtenthaler, 2024). Additionally, IT innovation is crucial for SMEs seeking internationalisation, as e-commerce platforms like Amazon.com and Alibaba.com have transformed engagement with global markets (Grandon & Pearson, 2024; Molla & Licker, 2005). Research confirms that implementing IT innovations enhances performance, flexibility, and operational scalability (Lim, Schultmann, & Ofori, 2020; Abeywardana, et al., 2023; Rasheed et al., 2024; Nordin et al., 2024).

Thus, empirical studies demonstrate that knowledge, trust, commitment, and innovation are integral components of successful internationalisation strategies. These interdependent elements enable SMEs to overcome resource constraints, establish robust networks, and enhance performance in competitive global markets. By fostering and leveraging these capabilities, SMEs are better equipped to navigate the complexities of international business and achieve sustained success on the global stage. The proposed hypothesised model is derived from these relationships and the theoretical background outlined in prior sections, with Figure 1 illustrating the basic research framework of this study. Additionally, Table 3.1 maps the research problems, objectives, questions, and hypotheses, providing a comprehensive overview of the study.

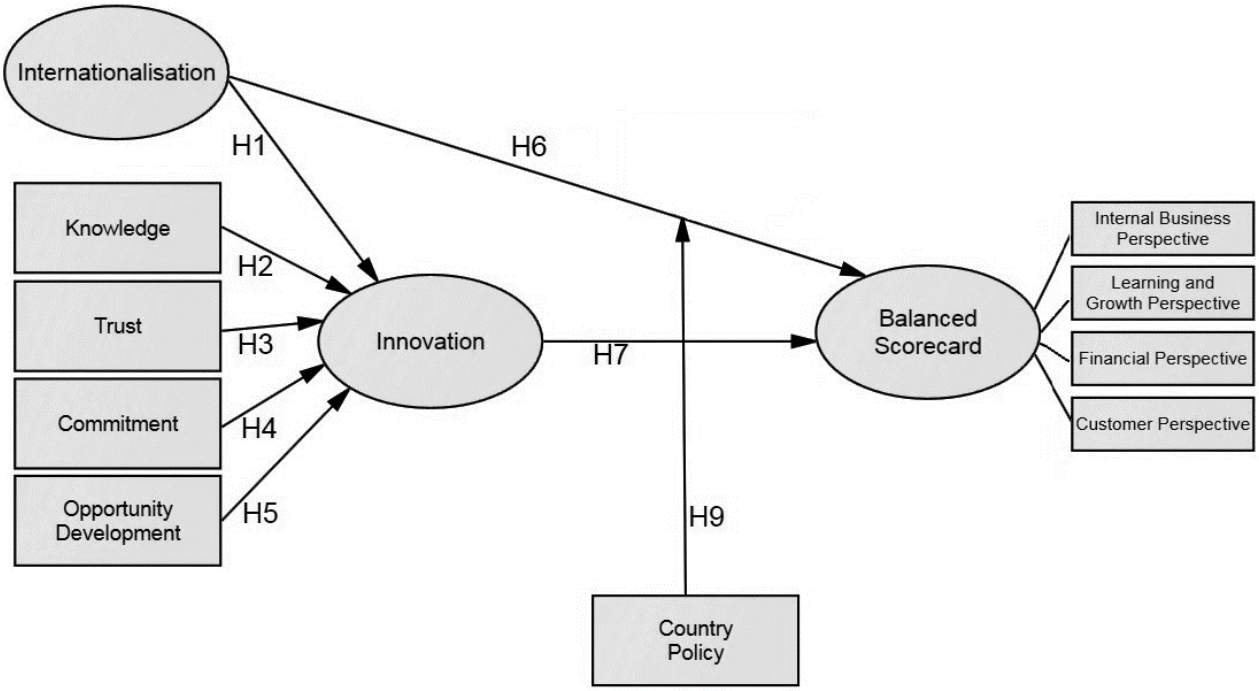

Figure 1: Research Framework

2.3 Research Hypotheses

This section explores the relationships among the independent variable, dimensions of internationalisation, including knowledge, trust, opportunity development, and commitment, as well as the mediating variable, innovation. A substantial body of literature underscores the connection between internationalisation and innovation, particularly within SMEs (Jong & Vermeulen, 2006; Lin & Chen, 2007; Altomonte, Aquilante, Békés, & Ottaviano, 2013; Gantakis & Love, 2024). Various studies have highlighted determinants of innovation, notably in the computer software industry (Chetty & Stangl, 2020). This foundational understanding leads to the first hypothesis: H1 posits that internationalisation (INT) is positively related to innovation (INN).

Moreover, the dimensions of internationalisation have critical implications for innovation. Knowledge is identified as essential to innovation and has been correlated with enhanced firm performance (Lee, 2001; Bose, 2003; Olander, Vanhala, & Hurmelinna-Laukkanen, 2014; Borjigen, 2015). Norman (2022) emphasizes that the sharing of relevant knowledge significantly enhances innovation. Trust, conceptualized as a form of social capital, further bolsters innovation and performance within small enterprises (Ceserani, 2014; Hormiga & García-Almeida, 2016; Chowdhury, 2005). Additionally, commitment in business relationships, particularly within business-to-business (B2B) and business-to-consumer (B2C) contexts, plays a vital role in fostering innovation (Drucker, 2023; Baregheh, Rowley, Sambrook, & Davies, 2012). Furthermore, opportunity development, whether on domestic or international fronts, correlates positively with enhanced innovation outcomes (Chetty & Wilson, 2003; Lin, Zhang, Fan, & Hou, 2012). This leads to the formulation of several hypotheses: H2 proposes that knowledge (KN) is positively related to innovation (INN); H3 posits that trust (TR) is positively related to innovation (INN); H4 asserts that commitment (CM) is positively related to innovation (INN); and H5 suggests that opportunity development (OD) is positively related to innovation (INN).

The relationship between internationalisation and organisational performance has been well-documented, particularly for firms venturing into global markets (Melin, 1997). Research indicates that internationalisation positively influences organisational performance, especially for SMEs (Welch & Luostarinen, 1988; Ahmad et al., 2020). Thus, H6 is proposed: internationalisation (INT) is positively related to organisational performance (OP). Similarly, innovation significantly affects organisational performance, particularly regarding product and process innovation (Pla-Barber & Alegre, 2007; Polder et al., 2020). Successful innovation can enhance a firm's competitiveness and profitability (Freel & Robson, 2024), leading to the formulation of H7, which asserts that innovation (INN) is positively related to organisational performance (OP).

Moreover, innovation is posited to mediate the

relationship between internationalisation and organisational performance. The elements of internationalisation, knowledge, trust, commitment, and opportunity development are associated with enhanced performance when mediated by innovation (Norman, 2022; Lins, Schneider, & Sunyaev, 2016). Therefore, H8 is proposed: innovation (INN) mediates the relationship between elements of internationalisation (INT) and organisational performance (OP).

Finally, several studies have indicated that country policy moderates the relationship between internationalisation and organisational performance (Eniola & Entebang, 2015; Quy, 2016; Darus, Yunus, & Rahman, 2017). Government policies in developing nations, including China, exert significant influence over industrialisation, innovation, and the performance of SMEs (Shariff et al., 2020). Thus, the final hypothesis, H9, posits that country policy (CP) moderates the relationship between internationalisation (INT) and organisational performance (OP).

Thus, the following are the nine hypotheses based on the literature:

H1: Internationalisation (INT) is positively related to Innovation (INN).
H2: Knowledge (KN) is positively related to Innovation (INN).
H3: Trust (TR) is positively related to Innovation (INN).
H4: Commitment (CM) is positively related to Innovation (INN).
H5: Opportunity Development (OD) is positively related to Innovation (INN).
H6: Internationalisation (INT) is positively related to Organisational Performance (OP).
H7: Innovation (INN) is positively related to Organisational Performance (OP).
H8: Innovation (INN) mediates the relationship between elements of Internationalisation (INT) and Organisational Performance (OP).
H9: Country Policy (CP) moderates the relationship between Internationalisation (INT) and Organisational Performance (OP).

3.0 RESEARCH METHODOLOGY

The research design is vital in ensuring the accuracy and effectiveness of a study. Kothari (2024) asserts that a meticulous approach to research design is essential for minimizing errors that could compromise the integrity of the entire study. This research adopts a structured design, serving as a blueprint to guide both data collection and analytical decisions. To achieve the research objectives and test hypotheses related to innovation and organizational performance among small and medium-sized enterprises (SMEs) in Wuhan, Hubei Province, China, a quantitative approach aligned with a positivist paradigm is employed. A deductive research approach was selected as it facilitates hypothesis testing based on existing theories (Gray, 2024; Neuman, 2007). This approach is particularly suitable for exploring the relationship between internationalization and organizational performance among SMEs. The deductive process commences with the formulation of hypotheses derived from established theories, followed by empirical testing to evaluate their validity. Such a structured approach ensures coherence and rigor, enabling an investigation into how well theoretical predictions correspond with observed data. The positivistic paradigm, which asserts that social phenomena can be studied through empirical observation and verification, underpins this research (Walker & Evers, 1999). By emphasizing objectivity, this paradigm aims to generate knowledge that is valid, reliable, and generalizable (Guba, 1990). Through quantitative data analysis, the study seeks to uncover objective truths regarding the determinants of innovation and their effects on the organizational performance of SMEs, thus contributing to a broader understanding of the dynamics within the Chinese SME sector.

The survey method was chosen for data collection due to its efficiency, cost-effectiveness, and capability to gather large amounts of data (Sekaran & Bougie, 2023; Babbie, 2020). By employing structured questionnaires, the study collects quantifiable data from business owners and managers across both service and manufacturing sectors. The use of closed-ended and Likert-scale questions facilitates statistical analysis, aligning with the positivistic paradigm's emphasis on the objective examination of relationships between variables. To enhance the representativeness of the sample, the study employs stratified random sampling, ensuring that both service and manufacturing sectors are adequately represented. The population comprises SMEs in Wuhan, Hubei Province, with business owners and managers as the units of analysis. Stratified random sampling divides the population into distinct subgroups and randomly selects samples from each stratum (Neuman, 2007). The sampling frame is derived from the SME Corporation China, focusing on the service and manufacturing sectors, which collectively represent 96% of SMEs in China (SME Annual Report, 2023). A target sample size of 1,000 SMEs is established, anticipating a response rate of 20% and resulting in an estimated final sample of approximately 200 companies. Following stratification, 404 SMEs from each sector were randomly selected, guided by Anderson and Garbing's (2018) recommendations for sample sizes in Partial Least Squares Structural Equation Modeling (PLS-SEM).

A pilot study is planned to validate the questionnaire, identifying any unclear or unreliable items (Gray, 2024; Kothari, 2024). Conducted with 20 business owners and managers, the pilot study will also involve reviews from three academic experts and three Ph.D. candidates to refine the instrument. Reliability will be assessed using Cronbach's Alpha, with a value of 0.7 or above deemed acceptable (Pallant, 2005; Azam et al., 2021; Azam et al., 2023). Content and construct validity will be evaluated through expert judgment and convergent and discriminant validity tests, respectively. This rigorous methodology, grounded in a deductive approach, positivistic paradigm, and quantitative methods, is designed to systematically investigate the determinants of innovation on the organizational performance of SMEs in Wuhan, Hubei Province, China.

4.0 DATA ANALYSIS AND RESULT DISCUSSIONS

The demographic characteristics of the study participants, offer a comprehensive view of individuals engaged in small and medium-sized enterprises (SMEs) in Wuhan, Hubei Province, China. Among the 404 respondents, the gender distribution reveals a slightly higher proportion of male participants (57.2%) compared to female participants (42.8%), indicating an increasing involvement of both genders in the SME sector. Although women are becoming more active, their predominant presence in service sectors as opposed to manufacturing indicates potential areas for further exploration concerning gender roles within these industries. The age distribution illustrates that most participants fall within the 31–50 age range, with 43.8% between 31 and 40 years old and 46.8% between 41 and 50 years old. This suggests that a significant number of respondents are in their prime working years, possessing valuable experience that contributes to the overall performance of their enterprises. Importantly, no respondents were under 20 or over 50 years old, which highlights a gap in representation for both younger and older entrepreneurs and may impact future analyses of age diversity in SME leadership (Author's computation).

The educational qualifications of the respondents are similarly diverse, with the majority holding bachelor's degrees (45.8%), followed by diploma holders (29.7%) and those with master's degrees (15.1%). The absence of respondents with primary education or doctoral degrees indicates a relatively high level of formal education among participants, potentially influencing the knowledge and innovation capabilities within SMEs. Understanding the educational backgrounds of these participants provides critical insights into how education contributes to leadership, innovation, and decision-making processes in small enterprises, an area that policymakers might explore further to support SME development (Author's computation).

In terms of professional designations, most respondents identified as managers (39.6%), followed by entrepreneurs (33.9%) and business owners (26.5%). This distribution underscores the vital role managers play in shaping the strategic direction and operational efficiency of SMEs, while also highlighting the interconnected roles of entrepreneurs and owners in driving innovation and growth. The findings suggest a dynamic relationship among these professional groups, with each contributing uniquely to organizational outcomes. Furthermore, the presence of respondents who view their involvement in SMEs as a secondary income source reflects the diverse motivations within the SME sector, which may influence business performance and strategic decisions (Author's computation).

Enterprise information indicates that the majority of SMEs in Wuhan are service-oriented (85.1%), significantly outnumbering manufacturing enterprises (14.9%). This trend aligns with broader economic patterns where service industries dominate regional development. Additionally, employee distribution data reveal that most SMEs are relatively small, with 57.7% employing between 6 and 30 workers, and none reporting more than 201 employees. This information reflects the scale of operations within the SME sector and the challenges these enterprises encounter regarding growth and resource management (Author's computation).

The internationalization activities of SMEs also reveal significant trends, with exporting identified as the primary mode of international market engagement (86.1%), followed by a smaller proportion involved in importing, licensing, and franchising. The predominance of exporting underscores these SMEs' strategic focus on leveraging existing capabilities to expand their market reach. However, the limited engagement in other modes of internationalization indicates that many SMEs are still navigating the complexities of global markets. These findings offer valuable insights into the internationalization strategies of SMEs in Wuhan and the broader challenges they encounter in adapting to global economic dynamics (Author's computation).

This study also examined the construct validity of three key dimensions: Internationalization (INT), Innovation (INN), and Organizational Performance (OP), utilizing a sample of 404 respondents,

including business owners, entrepreneurs, and managers of SMEs in China. The analysis employed Principal Component Analysis (PCA) followed by Confirmatory Factor Analysis (CFA) to confirm the dimensionality of the constructs, thereby enhancing the study's reliability and validity.

4.1 Exploratory Factor Analysis (EFA)

Exploratory Factor Analysis (EFA) was conducted to investigate the underlying dimensions of Internationalization, Innovation, and Organizational Performance within the study's framework. Principal Component Analysis (PCA) was utilized for factor extraction, employing varimax rotation to enhance the clarity of the factor structure and facilitate interpretability. The appropriateness of the data for EFA was assessed using the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and Bartlett's test of sphericity. The KMO values exceeded 0.7 for all dimensions, confirming that the data was suitable for factor analysis (Hair et al., 2020). This threshold indicates that the sample size was adequate for the analysis. Additionally, factors were retained based on the latent root criterion and the scree test, which helped ensure that only factors with eigenvalues greater than one were included in the final model. This rigorous approach to EFA contributes to the reliability and validity of the constructs being examined, thereby enhancing the study's overall robustness and providing a solid foundation for subsequent analyses. The results from this analysis will inform further investigation into the relationships among the constructs of interest, ultimately enriching the understanding of how these dimensions interact within SMEs in Wuhan, Hubei Province, China.

4.2 Reliability Analysis

The internal consistency of the scales used in this study was assessed through Cronbach's alpha, a widely recognized method for evaluating the reliability of measurement instruments. For the Internationalization construct, the dimensions of Knowledge ($\alpha = 0.882$), Trust ($\alpha = 0.848$), and Commitment ($\alpha = 0.685$) demonstrated satisfactory reliability. The overall Cronbach's alpha for the Internationalization construct was 0.815, indicating good internal consistency across its dimensions (Hair et al., 2020). This suggests that the items measuring Internationalization are reliable indicators of the construct, reinforcing the robustness of the data collected.

In a similar vein, the Innovation dimension showed a Cronbach's alpha of 0.864, reflecting strong internal consistency and affirming the reliability of the scale used to measure this construct. The Organizational Performance construct was further dissected into four sub-dimensions: Internal Business Process ($\alpha = 0.874$), Innovation and Growth ($\alpha = 0.827$), Financial ($\alpha = 0.885$), and Customer ($\alpha = 0.744$). The overall reliability for Organizational Performance was calculated at 0.781, suggesting acceptable internal consistency across its 19 items, as per established standards in the field (Cronbach, 1951; Sekaran & Bougie, 2016).

These findings provide substantial evidence for the reliability of the scales employed in this research, supporting the validity of the constructs being analyzed. The calculated Cronbach's alpha values for the extracted factors were in line with the benchmarks proposed by prominent researchers, ensuring that the study's measurement instruments are both reliable and valid, which is essential for drawing meaningful conclusions from the data. The detailed results of these analyses are presented in Table 1.

Table 1: Validity and Reliability Statistics

Variable	Dimension	KMO Value	Cronbach's Alpha	N of Items
Internationalisation	Knowledge	0.722	.882	4
	Trust		.848	4
	Commitment		.685	3
	Overall		**.815**	**11**
Innovation	**Overall**	0.864	**.864**	**5**
Organisational Performance	Internal Business Process	0.813	0.874	5
	Innovation and Growth		0.827	5
	Financial		0.885	4
	Customer		0.744	5

	Overall		**0.781**	**19**

4.3 Overall Measurement Model

This section centers on the Confirmatory Factor Analysis (CFA) conducted for a comprehensive measurement model encompassing constructs such as Knowledge (KN), Trust (TR), Commitment (CM), Innovation (INN), Organizational Performance (OP), and Internationalization (INT). The primary objective of the CFA was to assess the overall model fit, validate individual items, and ensure discriminant validity among the constructs.

Table 2: Correlations among the Constructs

Construct	Correlation	Construct	Estimate
Knowledge	<-->	Trust	.142
Knowledge	<-->	Commitment	.240
Knowledge	<-->	Innovation	.158
Organisational Performance	<-->	Knowledge	.107
Trust	<-->	Commitment	.702
Trust	<-->	Innovation	.117
Organisational Performance	<-->	Trust	.050
Commitment	<-->	Innovation	.166
Organisational Performance	<-->	Commitment	.001
Internationalisation	<-->	Innovation	.159
Organisational Performance	<-->	Innovation	.412
Organisational Performance	<-->	Internationalisation	-.002

The correlation matrix presented in Table 2 illustrates the relationships among the constructs. Notably, the correlation between Knowledge and Trust is 0.142, while Knowledge and Commitment show a correlation of 0.240. Other notable correlations include Trust and Commitment at 0.702, which, despite being relatively high, remains within acceptable limits. The correlation between Organizational Performance and Innovation is 0.412, and the relationship between Internationalization and Innovation is 0.159. Importantly, none of the correlations exceed 0.85, confirming that discriminant validity was achieved for all constructs. This finding reassures that the constructs are distinct and adequately represented, paving the way for further analyses.

The comprehensive measurement model demonstrated a robust overall model fit and confirmed discriminant validity, establishing a solid foundation for subsequent structural analyses. This strong model fit is essential for ensuring that all constructs are measured distinctly and accurately, which is critical before advancing to Structural Equation Modeling (SEM) to test the hypothesized relationships between the constructs. The established relationships among these constructs will contribute significantly to the theoretical understanding of their dynamics in the context of small and medium-sized enterprises (SMEs).

The structural model utilized in this study offers a thorough examination of the relationships between latent constructs within the framework of internationalization, innovation, and organizational performance in SMEs. Adopting a recursive approach facilitates a clear and linear progression of influence from antecedents to consequences, avoiding feedback loops, as recommended by Hair et al. (2020). This structured approach is beneficial in elucidating the causal relationships among constructs, thus providing clarity on how each variable influences the others.

Prior to conducting structural path analysis, the measurement model was rigorously assessed to confirm that constructs were accurately represented by their corresponding indicators. Validating the measurement model is crucial for the integrity of the structural model, which was evaluated through a series of fit indices, including RMSEA, CFI, and ChiSq/df. The RMSEA value of 0.048 indicates a good fit, falling below the 0.08 threshold typically considered acceptable. Additionally, a Comparative Fit Index (CFI) of 0.928 exceeds the threshold of 0.90, further supporting the model's adequacy. The Chi-Square to degrees of freedom ratio (ChiSq/df) was calculated at 1.915, which is well within the acceptable range of less than 5. Collectively, these fit indices provide compelling evidence that the structural model not only offers a statistically good fit but also aligns well with theoretical expectations.

In assessing reliability, the study employed Squared Multiple Correlations (SMC) alongside Cronbach's Alpha to evaluate the internal consistency of each

construct. SMC is particularly effective in measuring the reliability of the endogenous variables, while Cronbach's Alpha is utilized to ensure internal consistency, with values above 0.7 deemed acceptable. Furthermore, the study examined discriminant validity through inter-variable correlations, ensuring that constructs remained distinct and not excessively correlated, with all values below 0.85.

The analysis yielded significant insights into the dynamics between internationalization, innovation, and organizational performance, corroborating the hypothesized relationships through meaningful path coefficients. For instance, the significant path coefficients indicate strong relationships between the constructs, suggesting that higher levels of internationalization are associated with increased innovation, which in turn positively influences organizational performance. This finding highlights the interconnectedness of these variables and emphasizes the importance of internationalization as a strategic avenue for SMEs seeking to enhance their innovation capabilities and, ultimately, their performance.

These findings carry significant implications for both practitioners and theorists in the field. Practically, understanding how internationalization can drive innovation may encourage SME owners and managers to explore global market opportunities as a means to foster innovation and improve performance. Theoretically, these results contribute to the growing body of literature examining the relationships among these constructs in the context of SMEs, offering a framework for future research.

Moreover, the present study underscores the need for policymakers to support SMEs in navigating international markets. By fostering an environment conducive to internationalization, policymakers can help SMEs enhance their innovation capabilities, ultimately benefiting the broader economic phenomena.

In summary, the conducted CFA and subsequent structural modeling provide robust evidence of the relationships among Knowledge, Trust, Commitment, Innovation, Organizational Performance, and Internationalization. These findings not only advance the theoretical understanding of these constructs in the SME context but also offer practical insights that can inform strategies for enhancing performance through internationalization and innovation. As the study progresses to the next phase of analysis, these validated constructs will serve as a critical foundation for exploring deeper insights into the dynamics of SMEs in Wuhan, Hubei Province, China.

Figure 2 summarizes the key fit indices and parameter estimates for both the hypothesized model and the second-order analysis model, affirming the robustness of the model developed through AMOS. The analysis revealed that the structural model meets the statistical criteria for model fit, indicating a solid alignment between the theoretical framework and the empirical data. Key fit indices, including RMSEA, CFI, and ChiSq/df, underscored the model's adequacy, demonstrating strong evidence of a good fit.

The parameter estimates provided further clarity on the relationships among constructs, highlighting the significant roles that innovation and internationalization play in driving organizational performance within small and medium-sized enterprises (SMEs) across China. The results indicate that higher levels of innovation correlate positively with enhanced organizational performance, reinforcing the notion that SMEs can benefit substantially from fostering innovative practices. Additionally, the findings suggest that internationalization acts as a critical driver for innovation, enabling SMEs to expand their market reach and leverage global opportunities.

Overall, the structural model not only fulfills the statistical requirements for model fit but also offers valuable insights into the dynamics of innovation and internationalization, positioning these factors as key contributors to the success and growth of SMEs in the contemporary Chinese market.

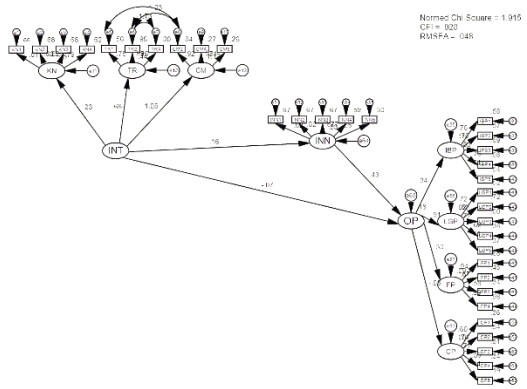

Figure 2: Fit Indexes and Parameter Estimates of Hypothesised Model

4.4 Mediating Role of Innovation

This section examines the mediating effect of innovation on the relationship between internationalization (INT) and organizational performance (OP). The mediation analysis follows the framework outlined by Baron and Kenny (1986), which stipulates that three conditions must be met to establish mediation: (1) the independent variable (internationalization) must significantly affect the dependent variable (organizational performance), (2) the independent variable must significantly influence the mediator (innovation), and (3) the mediator must significantly affect the dependent variable, with the direct relationship between the independent variable and the dependent variable remaining significant in the case of partial mediation.

Utilizing AMOS software, the analysis computed both the direct and indirect effects of internationalization on organizational performance through innovation. Results from hypothesis test H8 indicated that innovation plays a partial mediating role in this relationship. The findings confirm that internationalization significantly influences organizational performance, satisfying the first condition for mediation and highlighting its role as a key driver of organizational performance. Subsequently, internationalization was found to significantly affect innovation, fulfilling the second condition. This indicates that internationalization fosters innovation within organizations, which is crucial for understanding its mediating role.

Moreover, innovation significantly impacted organizational performance, satisfying the third condition. However, the direct effect of internationalization on organizational performance remained significant even after introducing innovation into the model. This confirms that innovation serves as a partial mediator in this relationship, meaning that while it influences the impact of internationalization on performance, internationalization itself continues to exert a direct effect.

The partial mediation identified in this analysis carries important implications for small and medium-sized enterprises (SMEs). While innovation is a vital pathway through which internationalization affects performance, the direct impact of internationalization suggests that SMEs must adopt a dual focus to enhance performance. This involves promoting innovation through training programs, collaborative projects, and research and development activities while ensuring robust internationalization strategies. Consequently, these findings emphasize the need for a balanced approach to both internationalization and innovation to achieve sustained organizational success.

4.5 The Moderating Effect of Country Policy

The current study examines the moderating effect of country policy on the relationship between internationalization (INT) and organizational performance (OP) using moderated multiple regression (MMR). MMR allows researchers to assess how a moderator variable, in this case, country policy, alters the relationship between an independent variable (INT) and a dependent variable (OP) (Aguinis, 2024). The analysis was conducted using SPSS software, which facilitated the incorporation of a linear interaction term into the regression model to assess the moderating effect.

Before conducting the MMR analysis, predictor variables were centered to mitigate multicollinearity concerns, a common issue when interaction terms are included in regression models (Jose, 2013). The interaction term was created by multiplying the centered values of internationalization and country policy. The final regression model included the main effects of both internationalization and country policy, as well as the interaction term, specified as:

\[OP = \beta_0 + \beta_1(INT) + \beta_2(Country \, Policy) + \beta_3(INT \times Country \, Policy) + \varepsilon \]

The regression results summarized in Table 3.20 illustrate the moderating effect of country policy on the relationship between internationalization and organizational performance. The interaction term was statistically significant ($\beta = -0.16$, $p = 0.044$), confirming the existence of a moderating effect. The negative coefficient indicates that restrictive country policies may reduce the positive effects of internationalization on organizational performance, suggesting organizations experience diminished performance benefits in less favorable policy environments.

Furthermore, the unstandardized coefficient for country policy (β = -0.5) points to a negative relationship between country policy and organizational performance when considered independently. The model's R-squared value of 0.394 signifies that 39.4% of the variance in organizational performance can be explained by the model, highlighting the importance of country policy in evaluating the impact of internationalization on outcomes.

These findings reveal important insights for both scholars and practitioners, suggesting that organizations must adapt their internationalization strategies based on regulatory environments. This research contributes to the understanding of external factors influencing international business dynamics and underscores the need for future exploration of additional moderators. In conclusion, the study provides robust evidence of the moderating role of country policy in the relationship between internationalization and organizational performance, advancing both theoretical frameworks and practical applications in international business.

4.6 Hypothesis Testing

To assess the validity of the hypothesized relationships among the constructs of internationalization, innovation, and organizational performance, a Confirmatory Factor Analysis (CFA) was conducted using Structural Equation Modeling (SEM). This analysis involved both individual and overall measurement models, evaluating goodness-of-fit statistics, unidimensionality, validity, and reliability. The primary aim was to establish the authenticity of the dimensions identified and categorized through Exploratory Factor Analysis (EFA). A thorough evaluation of the measurement models was essential to ensure that the constructs accurately reflected the underlying theoretical framework. This included verifying unidimensionality to confirm that each factor was measured distinctly, validating the constructs to ascertain their effectiveness in measuring the intended concepts, and assessing reliability to ensure that the measurement instruments provided consistent results across various applications.

Following the validation of the measurement models, structural models were constructed to analyze the relationships among the constructs and to understand the impacts of various paths. This process involved testing the hypothesized relationships among variables as outlined in Section Three, supported by relevant literature that guided the formulation of the hypotheses. The structural model plays a critical role in SEM, representing the relationships among latent variables and allowing for a comprehensive understanding of their interactions. This phase not only evaluates direct relationships but also facilitates the examination of mediating and moderating effects, capturing a nuanced view of the dynamics between internationalization and organizational performance.

Table 3: Hypothesis Testing (Maximum Likelihood Estimates)

Variable	Relationship	Variable	Estimate	S.E.	C.R.	P
Innovation	<---	Commitment	.112	.071	1.575	.115
Innovation	<---	Trust	.008	.059	.142	.887
Innovation	<---	Knowledge	.127	.057	2.239	.025
Innovation	<---	Internationalisation	.681	.278	2.451	.014
Organisational Performance	<---	Innovation	.121	.037	3.258	.001
Organisational Performance	<---	Internationalisation	-.085	.076	-1.119	.263

The findings from these analyses are summarized in Table 3, which provides a clear overview of the outcomes related to the hypotheses within the research framework. This table encapsulates the results of the SEM, highlighting significant relationships identified through empirical analysis. The significance levels, coefficients, and overall model fit indices are crucial for interpreting the strength and validity of the hypothesized relationships. For instance, the reported p-values indicate the statistical significance of the paths, affirming or refuting the proposed hypotheses based on the sample data.

Table 4: Standardised Regression Weights: (Default model)

Variable	Relationship	Variable	Estimate
Innovation	<---	Internationalisation	0.161
Organisational Performance	<---	Innovation	0.427

Organisational Performance	<---	Internationalisation	-0.07
Innovation	<---	Commitment	0.126
Innovation	<---	Trust	0.01
Innovation	<---	Knowledge	0.129

Table 3 presents the maximum likelihood estimates for hypothesis testing, focusing on several key parameters critical to understanding the model dynamics. The path coefficients indicated in Table 4 reveal the magnitude of the relationships among the constructs. A higher path coefficient signifies a stronger relationship, indicating that changes in one variable exert a more pronounced effect on another. This aspect is vital for validating the hypothesis that innovation serves as a significant mediator in the relationship between internationalization and organizational performance.

Furthermore, the insights gained from this analysis have practical implications for organizations seeking to enhance performance through strategic internationalization efforts. By understanding the role of innovation in this process, managers can better align resources and initiatives to foster innovative practices that ultimately drive performance improvements. The results underscore the importance of examining the relationships among multiple constructs within a unified framework. This approach advances the understanding of how organizations can strategically leverage innovation in their internationalization efforts to optimize performance outcomes. Thus, the findings provide a roadmap for practitioners aiming to enhance their international strategies while emphasizing the critical interplay between innovation and performance in the competitive phenomena of today's global market.

Table 5: Summary of Hypotheses Testing

H(x)	Hypothesis	Finding	Justification for Acceptance/Rejection
H1	Internationalisation (INT) is positively related to Innovation (INN)	Supported	C.R. > 1.96 and P < 0.05 indicate a statistically significant positive relationship.
H2	Knowledge (KN) is positively related to Innovation (INN)	Not Supported	C.R. < 1.96 and low path coefficient suggest no significant impact on innovation.
H3	Trust (TR) is positively related to Innovation (INN)	Not Supported	C.R. < 1.96 and insignificant path coefficient indicate no meaningful relationship.
H4	Commitment (CM) is positively related to Innovation (INN)	Not Supported	C.R. < 1.96 and low path coefficient reflect insufficient evidence for a relationship.
H5	Opportunity Development (OD) is positively related to Innovation (INN)	Not Supported	Inadequate factor loading during EFA indicates that the construct is not present.
H6	Internationalisation (INT) is positively related to Organisational Performance (OP)	Not Supported	C.R. < 1.96 and negative path coefficient demonstrate lack of a positive relationship.
H7	Innovation (INN) is positively related to Organisational Performance (OP)	Supported	C.R. > 1.96 and P < 0.05 confirm a significant positive relationship.
H8	Innovation (INN) mediates the relationship between elements of Internationalisation (INT) and Organisational Performance (OP)	Supported	Evidence shows that Innovation serves as a mediator, enhancing the relationship between INT and OP.
H9	There is a moderating effect of Country Policy (CP) on Internationalisation (INT) towards Organisational Performance (OP)	Supported	Significant moderation indicates that Country Policy influences the relationship between INT and OP.

Overall, the support for the ninth hypothesis emphasizes the necessity of a collaborative approach between the government and the business sector. By working together, they can create an environment that fosters international growth and enhances the competitiveness of SMEs. This partnership can lead to a more robust economy, driving innovation and performance improvements across various sectors. Future research could explore deeper into specific aspects of country policy that impact internationalization, as well as how SMEs can strategically align their operations with policy

objectives to maximize their performance outcomes.

Moreover, the significant moderating effect of country policy on the relationship between internationalization and organizational performance validates the ninth hypothesis. This finding underscores the importance of external factors in shaping the dynamics of internationalization strategies and their effectiveness in enhancing performance. The insights gained from this research contribute not only to academic literature but also provide valuable guidance for policymakers and business practitioners. By understanding the nuances of how country policies affect international competitiveness, stakeholders can develop strategies that optimize the performance of small enterprises in Wuhan and similar contexts, ultimately fostering a more dynamic and resilient economic phenomena.

5.0 CONCLUSION AND IMPLICATIONS

This study aimed to examine the relationship between internationalization and innovation concerning the organizational performance of small and medium enterprises (SMEs) in Wuhan, Hubei Province, China. Leveraging theoretical frameworks such as the Revised Uppsala Internationalization Process Model (RUIP-Model), the Innovation-Related Internationalization Model (I-Model), and Resource-Based View (RBV) Theory, the research explored how these concepts interplay to enhance organizational performance (OP). The findings provide novel insights into the processes of internationalization and innovation within SMEs, particularly in the Chinese context, contributing to both academic knowledge and practical understanding.

A significant contribution of this research is its empirical exploration of the relationship between internationalization, innovation, and organizational performance, specifically within SMEs in Wuhan. Existing literature often addresses these constructs in isolation or broader contexts, but empirical research on their interaction, particularly in small enterprises within Wuhan, has been limited. This study fills this gap by systematically assessing the structural relationships among these variables, offering both theoretical and empirical value. The analysis revealed critical dimensions of organizational performance, demonstrating how internationalization strategies and innovation initiatives can be leveraged to enhance performance outcomes. This multi-dimensional approach is essential for SMEs aiming to remain competitive in an increasingly globalized business environment.

A key finding is the mediating role of innovation in the relationship between internationalization and organizational performance. This insight elucidates how internationalization can drive improved performance not solely through market entry or expansion but also by fostering innovation, which subsequently enhances operational effectiveness. SMEs engaging in internationalization must focus on innovation as a critical factor in translating their international efforts into tangible performance outcomes. The interaction between these constructs offers valuable guidance for both academic discourse and practical applications, suggesting that integrating innovation within internationalization strategies can significantly contribute to organizational success, an essential insight for SMEs operating in China's rapidly evolving market.

The research also presents practical implications for entrepreneurs and business practitioners. One key challenge for SMEs is effectively integrating internationalization and innovation into their operational strategies. Many SMEs struggle to recognize how these two factors can work together synergistically, limiting their ability to optimize performance. This study addresses this gap by proposing a valid and reliable instrument designed to measure the impacts of internationalization and innovation on SME performance. The development of this measurement tool advances methodological approaches in the field and provides practical guidance for entrepreneurs. By applying the insights gained from this study, entrepreneurs can enhance their internationalization efforts by strategically aligning them with innovative practices that drive operational efficiency and market positioning. Additionally, the study emphasizes the importance of tailored internationalization and innovation techniques specific to SMEs' operational contexts, offering a nuanced approach to achieving sustainable competitive advantages.

From a policy perspective, the study offers several recommendations for enhancing the performance of SMEs in Wuhan, Hubei Province. The Chinese government plays a supportive role in promoting SMEs and should implement initiatives to enhance awareness and knowledge regarding internationalization processes. Key findings indicate a positive relationship between internationalization and innovation, suggesting that the government should provide training programs to promote these practices among SMEs. Such initiatives could be coordinated through government agencies and non-governmental organizations to equip SMEs with the tools necessary for integrating internationalization and innovation into their strategies.

Furthermore, policymakers should consider implementing innovation training programs as prerequisites for establishing new SMEs and as requirements for existing ones. Ensuring business

owners and managers are well-equipped with the skills necessary for innovation can create a more conducive environment for SME growth. Additionally, introducing a certification system for innovation trainers and establishing a business license requirement tied to innovation training would enhance the quality of innovation practices within SMEs. These policy recommendations are vital for ensuring the sustainability and competitiveness of SMEs in China, particularly in international markets.

Despite its contributions, this study is not without limitations. Challenges included obtaining sufficient data, as many enterprise owners and managers were reluctant to participate in the survey. Language barriers also posed significant challenges, suggesting future research should translate questionnaires into the local language for better accessibility. The study's sample of 404 respondents, while valuable, may not be representative of the broader SME population across China. Future research should aim for a larger and more diverse sample size to provide a comprehensive understanding of internationalization and innovation phenomena within SMEs.

Another limitation is the study's focus on the manufacturing and service sectors of SMEs in Wuhan. Future research should include other sectors such as agriculture, construction, and mining. Moreover, including the perspectives of general employees and workers could enrich the findings and contribute to the literature. The study was also geographically limited to SMEs in Wuhan, which may not capture the experiences of those in other regions. Future studies should include SMEs from diverse geographical areas to better understand variations in internationalization and innovation practices across different contexts.

In conclusion, this study has provided valuable insights into the relationships between internationalization, innovation, and organizational performance within SMEs in Wuhan, Hubei Province, China. By contributing to academic discourse and offering practical guidance for entrepreneurs and policymakers, the research underscores the critical role that internationalization and innovation play in driving SME success. Despite its limitations, the study opens new avenues for future research and provides a foundation for continued exploration of these important constructs, highlighting significant implications for the competitiveness and sustainability of SMEs in China's increasingly globalized economy.

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