

The role of entrepreneurial networks in overcoming export barriers of small and medium-sized enterprises from developing economies

Lidija Mitrašević¹

¹ *University East Sarajevo, Faculty of Economics Brčko, Bosnia and Herzegovina*

ARTICLE INFO

Review article

Received: 23rd of October 2023

Received in revised: 20th of November 2023

Accepted: 22nd of November 2023

doi:10.7251/JOCE2307077M

UDK 330.356.2:004.738.5

Keywords: entrepreneurial networks, export barriers, small and medium-sized enterprises, post-transition economies.

JEL Classification: L26

ABSTRACT

The role of entrepreneurial networks in overcoming export barriers of small and medium-sized enterprises (SMEs) varies depending on the development level of the domestic institutional environment. So far relevant literature has been dominantly focused on the effects of participation of SMEs from developed economies in different forms of domestic and international entrepreneurial networks. However, in the last two decades, the SMEs from post-transition economies (PTE), namely developing economies, have become more involved in international business which is an important challenge for them because of resource scarcity and a long period of international isolation. Starting from the entrepreneurial perspective of internationalization based on accelerated internationalization models, the paper considers modes, motives, benefits, and obstacles of establishing alternative management structures - SME entrepreneurial networks in institutional discontinuity conditions. The research aim is to indicate the importance of establishing network connections as a modus for overcoming resource and institutional export barriers of SMEs from PTE. The research is based on the analysis and synthesis of relevant literature in the field of international entrepreneurship and network approach to the internationalization of SMEs in the context of PTE. Based on conceptual analysis and the results based on previous research, pragmatic recommendations for export SMEs from PTE regarding the choice of appropriate participation modality in entrepreneurial networks are stated.

©CC BY-NC-ND 4.0

¹Ph. D. Assistant Professor, e-mail addresses: lidija.mitrasevic@efb.ues.rs.ba (L. Mitrašević).
available online 29 December 2023. © 2023 The Authors. Published by the Republic of Srpska Association of Economists „SWOT“, Bosnia and Herzegovina. This is an open-access article under the CC BY license (<http://creativecommons.org/licenses/by/4.0/>).

1. Introduction

The internationalization of small and medium-sized enterprises (SMEs) from post-transition economies (PTE) has become an intriguing area of interest for the scientific and expert public in the last two decades (Ribau et al., 2018) due to large empirical evidence of their success in an international market (HSBC, 2016). Oviatt and McDougall (Oviatt & McDougall, 1994) pointed to the existence of international entrepreneurial organizations (IEO) which are, regardless of resource scarcity, active in an international market at the early stages of their business, as well as the fact that their business patterns cannot be explained based on classical theories based on the models of the incremental process of internationalization. It instigated the development of the entrepreneurial perspective of internationalization (based on the models of accelerated international expansion) and the appearance of international entrepreneurship as a special area of research (Perényi & Losoncz, 2018). Initially, the focus of the research was on international entrepreneurial organizations from developed countries, but the pronounced institutional and cultural specificities of different national economies influenced the intensification of international comparisons of entrepreneurial internationalization (Jones et al., 2011), and thus the consideration of the internationalization of entrepreneurial ventures from developing countries.

The initiation and success of SMEs' entrepreneurial internationalization are significantly influenced by their partners, suppliers, customers, and other actors, as well as the characteristics of the environment in their own country and abroad. Among the main entrepreneurial challenges, and especially for PTE entrepreneurs, is the choice of mode for initiating, managing, and developing foreign business in the conditions of the poorly developed institutional environment. Besides the internationalization of business transactions, the exploitation of foreign locations' advantages and unique resources, and the establishment of alternative management structures (hybrid or network structures) represent a requirement for the existence and sustainability of IEO (Oviatt & McDougall, 1994, p. 54).

Although in relevant literature, the interpreta-

tion and comprehensiveness of the term business activities internationalization vary depending on conceptual and contextual approach, export is considered the most common SMEs internationalization modality (Dimitratos et al., 2003; Stoian et al., 2018). For that reason, entrepreneurial networks, their modalities, and potential benefits that export SMEs, in the conditions of institutional discontinuity, can realize by participating in various forms of domicile and international networks, are considered further in the text. The research aims to indicate a broad range of possibilities and the significance of establishing network relationships as a mode for overcoming resource and institutional export barriers of SMEs from PTE. The theoretical contribution of the research is reflected in shifting the focus from business subjects from developed economies to SMEs from developing countries while considering entrepreneurial patterns of (accelerated) internationalization via the establishment of network relationships. It allows institutional authorities to identify the areas in which the export SMEs need the greatest help, and entrepreneurs to perceive various types and benefits of networking in the initiation and development of export activities. In the paper, following the introduction, there is a literature review where the way of functioning and network structure typology are explained and common characteristics of entrepreneurial networks are described. In the third part of the paper, the potential effects of entrepreneurial networks on SME internationalization are analyzed, while in the fourth part, based on the review of empirical research, the importance of entrepreneurial networks for SMEs export activities from PTE is indicated. The paper ends with the conclusions and implications for theory, policies, and management decisions.

2. Literature review

2.1. Entrepreneurial networks and network structure typology

From the perspective of internationalization, an entrepreneurial network represents the establishment of two or more relationships of entrepreneurs or entrepreneurial teams with business partners (customers, suppliers, distributors, competitors, fi-

nancial institutions), government agencies (regulatory and public agencies), educational institutions (universities and research centers), business associations and private agencies (chambers of commerce, trade associations, agency for support for the internationalization) and other close social groups (family, friends) that enable and/or facilitate international expansion (Revindo et al., 2019). In the relevant literature, there are various approaches to the classification of networks and network behavior, a method of establishment, development, and maintenance of network relationships, the level of engagement and role of individual participants in a network, as well as the adequacy of use of network approach in SMEs entrepreneurial internationalization from PTE.

Entrepreneurial networks can be classified into economic and non-economic networks, technological networks, regional networks, social networks, etc. (Nummela, 2004, p. 134). From the viewpoint of the source of network relationships, SMEs can make connections with formal institutions (including all government agencies), business associates (suppliers, global supply chains, other enterprises), or via personal contacts (relatives, friends, colleagues) (Malecki, 2018). Furthermore, formal, informal, and intermediary relationships are differentiated, whereby formal relationships are the basis of the functioning of business networks, the informal ones of social networks, while intermediary relationships are created when a third party ties the actors of either business or social networks (Zahoor et al., 2020, p. 447). Also, certain authors classify networks according to (1) contents - social and business, (2) the type of obligations between actors - formal and informal, (3) the level of connection of actors - personal and organizational networks, and (4) business functions – production, finance, marketing, etc. (e.g. O'Donnell et al., 2001).

Differentiating between certain types of entrepreneurial networks is also performed depending on the manner of the development of SMEs relationship with the actors in a network, which can be active or passive (Hilmersson & Hilmersson, 2021). Active networking implies SMEs taking initiative while building network relationships to facilitate export activities, while passive networking refers to the situation when building network relationships is ini-

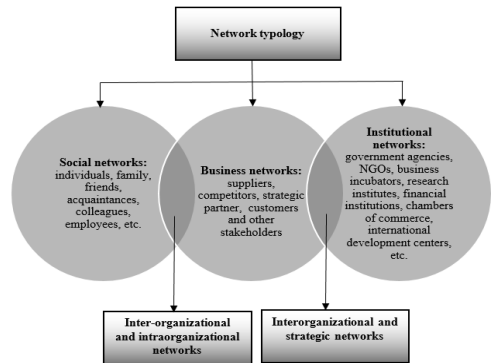
tiated by other actors (customers, importers, distributors, intermediaries), and SMEs have a passive role.

While researching network relationships in the area of international entrepreneurship, it is necessary to determine the differences and interconnection, as well as the overlapping of network ideologies between the three basic types of networks that companies use in export (Figure 1).

Institutional networks represent the relationships between enterprises and public institutions that are established to provide support and create conditions for enticing export, as well as improving enterprise success in local and foreign markets (Costa et al., 2017). They provide SMEs with material and non-material resources that are not available to them within their social and business networks. Given that their ultimate goal is national economic prosperity (based on the SMEs growth), government authorities do not have profit motives for establishing network relationships, so they do not charge for most services they provide (Oparaocha, 2015). Furthermore, the network interaction between actors can have a social aspect (social networks) or corporative aspect (business networks, with the aim of potential provision of support to SMEs export (Steinhäuser et al., 2021).

Figure 1

Network typology and network ideology overlapping



Note. Retrieved and adapted from Oparaocha, 2015, p. 864.

Based on Figure 1, two overlappings of network ideologies can be observed: 1) inter-organizational

and intraorganizational networks between the actors of social and business networks and 2) interorganizational and strategic networks between the actors of business and institutional networks. The first overlapping most commonly refers to technical and procedural cooperation with the aim of business expansion and profitability, while the second overlapping is based on other (most often non-profit) motives and implies specific network relationships that are not enveloped by institutional network relationships themselves (Oparaocha, 2015).

2.2. Common characteristics of entrepreneurial networks

Although there are different approaches to defining entrepreneurial networks and the absence of unique and all-encompassing classification of network structures, the following common characteristics of entrepreneurial networks were identified in relevant literature:

1. networks are different from formal hierarchical structures,
2. networks do not have objective boundaries,
3. networks are stable structures, but they change in time,
4. networks depend on previously made decisions and experience and
5. networks are to be observed from the aspect of structure and process (Spigel, 2017; Poocharoen & Ting, 2015; Torkkeli et al., 2016; Malecki, 2018; Dagnino et al., 2015).

Networks are based on relatively permanent and voluntary relationships of exchange which actors manage autonomously and by the principle of reciprocity, and not by the principle of control and coercion, as the case is with formal hierarchical structures (Spigel, 2017). They do not have an owner and no actor manages the network, because all the actors participate in network management. Activities and resources that network actors make available cannot be spontaneously combined, as their coordination is needed (Dagnino et al., 2015). From the aspect of the level of power, individual actors can hold different positions (role, function and identity) in a network, which depends on their eco-

omic base, technology, expertise, trust and legitimacy (Malecki, 2018). Therefore, some network actors can use their power strategically and influence other actors (offering them relief) in order to strengthen the network and thus realize their goals more efficiently.

Unlike traditional organizational structures, networks do not have clear boundaries. Network actors realize direct and indirect ties with external actors and other networks, that is, each actor in a network determines its subjective boundaries which are, in practice, relative and arbitrary as they are the result of its motives and perception (Poocharoen & Ting, 2015). The criteria for determining boundaries can be a type of product, the technology that is used, the national economy of interest, and others (Ratajczak-Mrozek, 2017, p. 35). Due to the intangible nature of relationships within and outside of a network, although some actors are unaware of this, the existence of ties with third parties affects the relationships in a certain network.

The relationships within the network occur in the process of long-lasting temporal interdependence and considerable resource involvement which contributes to creating firm and binding ties, that is, network stability (Torkkeli et al., 2016). Besides the invested time and resources while building network relationships, network stability is also affected by the existence of limited capabilities of individual actors that could not act without the support of the network, as well as the possibility of high costs due to potential abandonment of network (Morais & Ferreira, 2020). However, the interaction of the actors of a certain network with third parties affects its stability and dynamism. Although they are stable, network relationships are not static, which is the consequence of the actors' tendency to build new relationships that are included in the network, change the network positions of actors, as well as change the level and method of interaction between the existing actors in the network (Yin & Zhou, 2021).

The existing relationships between actors within a certain network have a strong impact on their individual actions, because they are the result of previously made decisions and acquired experience. The investment of time and resources into building network relationships, as well as the development of routine behavior patterns influence the efforts of

network actors to maintain the results of their investments in the existing relationships and continue exploiting them (Poocharoen & Ting, 2015). Mutual trust and commitment of network actors are desirable, but, in the long term, they can limit their objectivity in the decision-making process, as well as the independence of acting and discovering new opportunities (Malecki, 2018). Too stable relationships within a network can inhibit identifying and exploiting new entrepreneurial opportunities and establishing new relationships as potential sources of SMEs further development.

The benefits that actors hope to get by participating in a certain network depend on several key aspects, among which, are characteristics of network structure and network processes (Dagnino et al., 2015). Network structure represents a collection of interconnected nodes (actors) based on reciprocity and long-term adjustment to specific relationships, as well as considerable resource investments (Ratajczak-Mrozek, 2017). Network structures are relationship patterns that exist between network actors, and can be observed from the aspect of the level of centralization (more or less centralized), the strength of relationships (tight or weak relationship) and the number of interactions between actors (dense or sparse) networks (Poocharoen & Ting, 2015). On the other hand, a process approach refers to an interactive and dynamic aspect of the analysis of network relationships divided into subprocesses, whereby each process consists of numerous phases (Dagnino et al., 2015). It implies the consideration of behavior and the activity of actors in formulating, developing, maintaining and exploiting the benefits of participating in a certain network. Actors' behavior and activities include building trust, mutual respect, mutual understanding and the commitment to network relationships (Ratajczak-Mrozek, 2017). Thus, network structures are the result of network processes, that is, network processes precede and represent a prerequisite for building network structures, but also their continuous change.

2.3. Potential effects of entrepreneurial networks on SMEs' internationalization

Although relevant literature points out that entrepreneurial networks facilitate and accelerate

SMEs international expansion, the effects of network relationships can also have negative implications (Nummela, 2004). For that reason, the positive and negative influences of network relationships on the internationalization of entrepreneurial ventures are considered. Among the positive effects of networking, there are the initiation and instigation of internationalization, the influence on the choice of the target market and the way of entering, the establishment of foreign relations, and the access to foreign distribution channels, enabling access to knowledge of the chosen market, ensuring initial credibility in new markets, decreasing the costs and risks of foreign business activities, as well as the influence of the network on the speed and patterns of SMEs internationalization (Morais & Ferreira, 2020, p. 69).

Networks are especially important at the early stages of SMEs internationalization, because, by inclusion in networks, entrepreneurial ventures perceive the significance and necessity of international expansion, so they start to intensify their efforts in that direction (Senik et al., 2011, p. 260). Networks enable the implementation of international business vision of entrepreneurial ventures and offer considerable moral support. It is especially pronounced if they are based on personal relations (relatives, friends, colleagues) (Perényi & Losoncz, 2018) which provide them with initial funding, information, advice, and emotional support in the realization of the business idea and the internationalization process acceleration (Malecki, 2018).

A very significant decision for SMEs is the choice of the market where the first international activity is realized, because, from their perspective, international markets seem very broad and diverse (Jones et al., 2011). Network actors with the greatest influence on SMEs can offer guidelines for the choice of foreign market, as well as the mechanism for entering the target market itself. Due to intensive contact with a key foreign partner, SMEs often imitate its way of doing business, which, accordingly, influences the form of their international activity (Morais & Ferreira, 2020).

The development of distribution channels for the placement of products on an international market is another challenge that SMEs face in export. The establishment of network relationships with international partners that have well-established distri-

bution channels and can facilitate making contacts with potential customers represents a convenient way to solve this issue (Hilmersson & Hilmersson, 2021).

Network relationships with international partners enable approaching, exchanging, transferring, and acquiring necessary knowledge and information (Zucchella & Magnani, 2016, p. 57). They can help SMEs obtain knowledge about the local market on which they plan to place their products or services, as well as get relevant and reliable information that will make it easier for them to identify marketing and technological opportunities, key suppliers, institutional incentives or limitations, etc. (Morais & Ferreira, 2020).

To achieve initial credibility and trust, as well as to build a reputation in the international market, SMEs need to work together with their network partners on that. The presence of role models, mentors, and networks can significantly help entrepreneurs without much business experience (Petković, 2021, p. 433). Network partners must be in the limelight (such as, for example, big and well-known enterprises or institutions), as potential customers and workforce, financial institutions, and media will have a more positive perception of the SMEs they are doing business with. "Borrowing" goodwill enables SMEs to establish numerous beneficial relationships, and with it access to greater business opportunities, resources, and competencies (Yin & Zhou, 2021).

Well-established network relationships with foreign partners can also reduce transaction costs and the costs associated with finding target customers (Narooz & Child, 2017, p. 693). Considering the pronounced uncertainty in the first export activity, SMEs are not prepared for considerable engagement of their resources, that is, they tend to avoid risk. By developing network relationships with foreign partners, they can change direct experimental learning with indirect experimental knowledge via network partners (Nabi & Zapata, 2018). This means that SMEs have the opportunity to indirectly (and rapidly) gain international experience through networking relationships, which can have a positive impact on reducing risk perception, and increase willingness to commit the resources needed to succeed in a foreign market. Accordingly, networks can

enable overcoming the shortcomings of necessary resources and the capabilities for endurance and development in a foreign market (Revindo et al., 2019). Experiential knowledge obtained through networking with foreign partners determines the tempo, scope, and patterns of SMEs internationalization since network relationships enable the establishing of close relationships with customers (Morais & Ferreira, 2020).

However, the effects of establishing network relationships on SMEs internationalization are not always positive, that is, their universal usefulness cannot be stated since they may become the inhibitors of their international development (Nummela, 2004).

Although stable and long-term networks can facilitate internationalization, too tight relationships tend to limit SMEs only to the resources, capabilities, and business opportunities that are available within subjectively determined boundaries of the network, as well as to block cooperation with other entities that could potentially provide them with additional values (Malecki, 2018). It can influence the narrowing of SMEs business horizons and limit the search for international entrepreneurial opportunities beyond the existing network.

The acquired routines and behavioral patterns resulting from previously made decisions and experiences influence the objectivity of network actors (Ratajczak-Mrozek, 2017), so there is a danger that SMEs (due to their pronounced loyalty to network) will endeavor to do business according to already established patterns, which can limit their independence and complicate the capabilities of rational decision-making.

SMEs have limited resources to invest in developing and maintaining network relationships, which exposes them to the risk of overinvestment that, instead of increasing value, can lead to neutral or even negative results (Nabi & Zapata, 2018), that is, turn the expected benefit to obligation only. For that reason, SMEs should manage their network relationships to achieve results that support their international development instead of useless investments.

Summarized, the potential effects of entrepreneurial networks on SMEs internationalization are shown in Table 1.

Table 1*Potential effects of entrepreneurial networks on SMEs internationalization*

Influences of networking on SMEs internationalization	
Positive	Negative
- enable the implementation of international business vision;	- tend to block cooperation with other networks and entities;
- provide moral, funding, information, advice and emotional support;	- narrow SMEs business horizons;
- offer guidelines for market selection and entry mode selection;	- limit the search for international entrepreneurial opportunities;
- facilitate making contacts with potential customers;	- influence the objectivity of network actors;
- enable approaching, exchanging, transferring and acquiring knowledge and information;	- limit the independence of SMEs;
- enable the achievement of initial credibility and trust;	- influence the rational decision-making;
- reduce transaction costs, the costs associated with finding target customers and risk perception;	- risk of overinvestment;

Note. Retrieved and adapted from Morais & Ferreira, 2020; Senik et al., 2011; Perényi & Losoncz, 2018; Malecki, 2018; Hilmersson & Hilmersson, 2021; Zucchella & Magnani, 2016; Yin & Zhou, 2021; Narooz & Child, 2017; Ratajczak-Mrozek, 2017; Nabi & Zapata, 2018.

3. The significance of entrepreneurial networks for export activities of SMEs from developing economies

Motives, modalities, and the level of SMEs involvement in network relationships and the exploitation of network potentials in export vary depending on the level of the development of the in-

stitutional environment (Chandra et al., 2020). To consider the role of networks in the context of SMEs internationalization from PTE, it is necessary to perform their differentiation in three aspects: 1. the origin of network actors (national and international networks), 2. relational dimensions (strong and weak networks) and 3. structural dimensions (network size, diversity, and density) (Kiss & Danis, 2010).

Due to the long-term international isolation of PTE, SMEs have limited capabilities of establishing international networks that direct their focus on building strong domicile and potentially weak foreign network relationships (Narooz & Child, 2017). To overcome great institutional barriers and initial lack of international contacts, they establish network relationships with business subjects and various institutions in the country, which can provide them with safety and national legitimacy in doing business, a reliable source of information and incentives for export activities (Yamakawa et al., 2008). However, such network relationships have only partial and short-term influence on the speed and success of export, as they require great commitment of time and resources and can limit the business horizons of SMEs from PTE (Danis et al., 2011). For that reason, it is suggested, in the relevant literature that, as the internationalization process advances and the domicile environment develops institutionally, it is necessary to decrease the engagement in domicile networks and direct greater attention to the development of weak international network relationships (Kiss & Danis, 2010). In general, weak networks do not require a greater commitment of time and resources, but they provide SMEs from PTE with access to resources at lower costs, a broader range of knowledge and information, more autonomy, and faster adjustment to new foreign circumstances (Narooz & Child, 2017).

Network relationships of SMEs from PTE often feature two separate network clusters - national and international (Kiss & Danis, 2010), which need to be tied so that their advantages in international business are more efficiently used. Relevant literature points to the importance of state institutions (regulatory and public agencies) as intermediaries of SMEs that are familiar with alternative methods of foreign business, have better access to information

and have a better position in negotiation relations (Volchek, 2015, p. 228).

Besides the network relational dimension, network structure (network size, diversity, and density), whose influence is manifested differently, depending on the obtained level of internationalization and institutional development of the domicile environment, is also relevant for the speed and success of the export of SMEs from PTE (Danis et al., 2011). The networks that are composed of several various actors compensate for the institutional shortcomings and provide SMEs with better and more diverse access to information, experience, and knowledge about the complexity and dynamism of the business environment in initial export activities (Zucchella & Magnani, 2016). However, by developing export activities, SMEs position is improving, so the usefulness of participating in great and various network relationships may weaken over time (Narooz & Child, 2017). Also, more immediate, direct contacts between network actors (great network density) have positive effects on the speed and success of the export of SMEs from PTE in conditions when trust and reciprocity are vital (Morais & Ferreira, 2020), while in other situations, they can be a reflection of poor distribution of network actors and lead to information redundancy, and whereby complicate the access to a foreign market (Kiss & Danis, 2010). For this reason, it is considered that networks with fewer direct contacts between actors (dispersed networks) allow access to unique knowledge of specific and relevant opportunities in foreign markets, improving the international engagement of SMEs from PTE (Narooz & Child, 2017).

The results of the research conducted on a sample of nine developing countries (Argentina, Chile, Mexico, Peru, Venezuela, South Africa, Uganda, India, and Korea) and five post-transition economies (China, Croatia, Hungary, Poland, and Slovenia) demonstrated that the tie between the inclusion of ambitious entrepreneurs in social networks (such as political parties, religious groups, trade and professional associations) and new business activities is stronger if there are greater regulatory ($\chi^2 = 6.948; p < .001$) and normative burdens ($\chi^2 = 2.768; p < .01$), and weaker in case of greater cognitive burdens ($\chi^2 = -1.019; p < .001$) (De

Clercq et al., 2010). However, when founding a company in economies characterized by inefficient or unpredictable regulatory institutions and a negative perception of the appeal of entrepreneurship as a choice of career, entrepreneurs are more ready to participate in various associations to get material and non-material support. The same research pointed to the complementarity of the activities of establishing network relationships and relevant knowledge and skills necessary for initiating business in PTE, that is, that social networks cannot be a substitute for the lack of business (entrepreneurial) education and professional training, but a supplement to the existing one (De Clercq et al., 2010).

To determine how the institutional characteristics of different national contexts determine patterns of networking as alternative structures for export support, a comparative survey of twenty Egyptian and twenty British SMEs was conducted (Narooz & Child, 2017). Differences in the patterns of establishing network relationships are considered from relational and structural aspects of networks, as well as the type of network relationship (business vs. social). It is determined that Egyptian SMEs greatly depend on public institutions and have a low tendency to establish non-institutional network relationships; that the norm of universal treatment is missing, so they are marginalized compared to large enterprises and that information that can help them in export is not available through formal public communications channels, but can be obtained exclusively through personal contacts. For the abovementioned reasons, Egyptian SMEs make efforts to make up for institutional voids and dysfunction by establishing strong, informal, long-term, and direct social relationships with institutional authorities to realize access to resources, information and other types of help for business internationalization (Ibidem, 2017).

The results of that research (Narooz & Child, 2017) showed that, unlike Egyptian, British enterprises do not need to establish informal network relationships with public institutions (either directly or via an intermediary), because they provide support for international activities with the help of proactive business networking with a low interaction level. They tend to establish weak business network relationships based on formal (contractual) arrangements, without being conditioned by the realization of social con-

tacts. Considering that the institutional barriers referring to technical limitations of the public institutions' support were identified in the research (e.g. the impossibility of providing specific information on certain market niches, lower level of knowledge of public employees compared to enterprise owners/managers, the lack of coordination within public agencies), British SMEs mainly develop contacts with non-government networks (clients, chambers of commerce, expert advisors). Thus, they endeavor to get support for a wide international expansion and overcome the lack of institutional knowledge about foreign markets and contacts (Ibidem, 2017).

The research of Gil-Barragan and others (Gil-Barragan et al., 2020) was directed at identifying the type of domicile network relationship, that contributes to and enhances accelerated internationalization of Latin American entrepreneurial ventures in the conditions of unfavorable institutional environment, offers considerable contribution to relevant literature and pragmatic recommendations. The specificity of networking of Latin American SMEs was discussed, taking into account the degree of limited resources and the logic on which they base their decision-making on early business internationalization. It was found that the process of internationalization of resource-limited SMEs, which strive through clearly defined goals and plans for resource management and the ability to predict and control future risks and uncertainty (rational decision-making logic), is accelerating by establishing intensive (strong) ties with domicile actors. On the contrary, with SMEs with less resource limitation, which rely more on experimenting, flexibility, a tendency toward risk with acceptable losses, and the perception of uncertainty as a source of potential opportunities (the realization or effectuation logic), the internationalization process accelerates if they rely on weak domicile networks (Gil-Barragan et al., 2020).

4. Conclusion and implications

The research about the roles of entrepreneurial networks is directed at identifying the opportunities for building and exploiting network relationships as how SMEs from PTE can overcome or compensate for domicile institutional shortcomings and resource limitations in the initiation and development of ex-

port activities. SMEs from PTE have various modes of engagement in entrepreneurial networks at their disposal, to overcome export barriers. They can establish networks with formal institutions, business partners, or via personal contacts (Malecki, 2018). The relationships between actors can be formal, informal, or intermediary (Zahoor et al., 2020, p. 447), while the network development process, from SMEs aspect, can be active or passive (Hilmersson & Hilmersson, 2021). Networks can provide technical and procedural cooperation with the aim of the expansion of business and profitability (business and social networks), but they can also have non-profit motives (networking with institutions), so SMEs do not have to pay for most services provided to them (Oparaocha, 2015).

Entrepreneurial networks have certain common specificities, among which the following can be distinguished: the absence of hierarchical relations and objective and clear boundaries, the susceptibility to the changes of relationships between actors, the development of routine patterns of action, etc. (Spigel, 2017; Poocharoen & Ting, 2015; Torkkeli et al., 2016; Malecki, 2018; Dagnino et al., 2015), while the structure of the relationship between network actors can be observed from the aspect of the level of centralization (more or less centralized), the strength of relationships (tight or weak relationship) and number of interactions between actors (dense or sparse) networks (Poocharoen & Ting, 2015).

Participation in entrepreneurial networks can have positive effects, such as: initiation and instigation of internationalization, the influence on the choice of target market and the way of entering, the establishment of foreign relations and the access to foreign distribution channels, enabling the access to knowledge of the chosen market, ensuring initial credibility in new markets, decreasing the costs and risks of foreign business activities, as well as the influence of the network on the speed and patterns of SMEs internationalization (Morais & Ferreira, 2020, p. 69). On the other hand, entrepreneurial networks can also have negative effects, such as: preventing cooperation with other subjects (Malecki, 2018), limiting the objectivity of thinking and acting for the sake of loyalty to the network (Ratajczak-Mrozek, 2017), and the danger of overinvesting time and resources for building network relationships (Nabi & Zapata, 2018).

4.1. Theoretical implications

The results of previous research have shown that SMEs from PTE usually tend to establish strong, informal, long-term, and direct social relationships with institutional authorities to realize access to resources, information, and other types of help for business internationalization (Narooz & Child, 2017), which is not the case with SMEs from developed economies. Also, resource-limited SMEs from PTE that prefer rational decision-making logic rely more on strong ties with domicile actors in export, while more flexible SMEs with less resource limitation that base their business on realization logic rely on weak domicile networks (Gil-Barragan et al., 2020).

Theoretical implications of the conducted analysis and relevant literature systematization are reflected in the necessity of role differentiation that entrepreneurial networks have in overcoming SMEs export barriers depending on the institutional development of the national economy they come from. Namely, it is emphasized that not all types and structures have universal usefulness in various institutional contexts which is why its reviewing is necessary in the conditions of institutional discontinuity, i.e. in post-transition countries.

4.2. Policy and managerial implications

This paper also has implications for government policies and programs. Considering that the prosperity of the national economy is based on the growth and development of SMEs, institutional authorities from PTE ought to identify the areas in which their intervention is necessary to decrease or eliminate export barriers. Although significant, financial institutional support to resource-limited SMEs from PTE can have short-term and weak effects on the instigation of export activities if applied selectively and non-transparently. Therefore, national policymakers are suggested to develop the practice of systemic entrepreneurial education, which will enable promising and motivated SMEs to acquire knowledge and skills for initiating and developing internationalization.

To use network potentials in export to its maximum, SMEs from PTE should primarily identify the motives, that is, goals of its networking, and based on them choose an adequate model of network relation-

ships. The entrepreneurs from PTE should, following their internal potentials and based on the analysis of different types and uses of networking in the initiation and development of export activities, opt for establishing and developing network contacts whose uses overcome the levels of the engagement of time and scarce resources.

For SMEs from PTE to use the advantages and avoid dangers when participating in entrepreneurial networks, it is recommended that only during initial export activities, the establishment of strong domicile and potentially weak foreign network relationships are preferred. (Danis et al., 2011). By developing export activities, SMEs ought to focus more on the development of weak international network relationships (Kiss & Danis, 2010) which, through less engagement of time and finance allow access to resources at lower costs, a broader range of knowledge and information, more autonomy and faster adjustment to new foreign circumstances (Narooz & Child, 2017). The recommendation to the managers in SMEs who plan to do business in export activities is to head toward networking. Namely, since the benefits from participating in large and diverse networks decrease over time, the inclusion in the networks with fewer direct contacts between actors is recommended (dispersed networks) as they enable access SMEs from PTE to unique knowledge on specific and relevant opportunities in foreign markets (Ibidem, 2017).

Although entrepreneurs in conditions of regulatory institutional discontinuity and negative perception of entrepreneurship as a career tend to participate in various associations to receive material and non-material support, they must be aware that social networks cannot be a substitute for the lack of business (entrepreneurial) education and professional training of individuals, but only the supplementation of the existing ones (De Clercq et al., 2010).

4.3. Limitations and suggestions for future research

This paper also has its limitations. The key limitation of the research is the lack of concrete empirical research on the character and role of entrepreneurial networks in the growth of productivity and innovation of export-oriented SMEs in open developing economies, such as the economies of the Western Balkans countries. However, by re-

viewing the literature from PTE, the opportunities and limitations of entrepreneurial networks in the early SMEs internationalization are presented, which is also the greatest contribution of this paper. This limitation is, at the same time, a recommendation for future research.

CRedit authorship contribution statement

L.M.: Conceptualization, Methodology, Formal analysis, Writing – original draft, Writing – review

Data availability

The data that has been used is available upon a request to the author.

Funding: This research received no external funding.

Institutional Review Board Statement: Not applicable.

Informed Consent Statement: Not applicable.

Conflicts of Interest: The author declares no conflict of interest.

References

- Chandra, A., Paul, J., & Chavan, M. (2020). Internationalization barriers of SMEs from developing countries: a review and research agenda. *International Journal of Entrepreneurial Behavior & Research*, 26(6), 1281-1310. <https://doi.org/10.1108/IJEBR-03-2020-0167>.
- Costa, E., Lucas Soares, A., & Pinho de Sousa, J. (2017). Institutional networks for supporting the internationalization of SMEs: the case of industrial business associations. *Journal of Business & Industrial Marketing*, 32(8), 1182-1202. <https://doi.org/10.1108/JBIM-03-2017-0067>.
- Dagnino, G. B., Levanti, G., Mina, A., & Picone, P. M. (2015). Interorganizational network and innovation: A bibliometric study and proposed research agenda. *Journal of Business & Industrial Marketing*, 30(3), 354-377. <https://doi.org/10.1108/JBIM-02-2013-0032>.
- Danis, W. M., De Clercq, D., & Petricevic, O. (2011). Are social networks more important for new business activity in emerging than developed economies? An empirical extension. *International Business Review*, 20(4), 394-408. .
- De Clercq, D., Danis, W. M., & Dakhli, M. (2010). The moderating effect of institutional context on the relationship between associational activity and new business activity in emerging economies. *International Business Review*, 19(1), 85-101. <https://doi.org/10.1016/j.ibusrev.2009.09.002>.
- Dimitratos, P., Johnson, J., Slow, J., & Young, S. (2003). Micromultinationals: New Types of Firms for the Global Competitive Landscape. *European Management Journal*, 21(2), 164-174. [https://doi.org/10.1016/S0263-2373\(03\)00011-2](https://doi.org/10.1016/S0263-2373(03)00011-2).
- Gil-Barragan, J. M., Belso-Martínez, J. A., & Mas-Verdú, F. (2020). When do domestic networks cause accelerated internationalization under different decision-making logic?: Evidence from the weak institutional environment. *European Business Review*, 32(2), 227-256. <https://doi.org/10.1108/EBR-11-2018-0191>.
- Hilmersson, F. P., & Hilmersson, M. (2021). Networking to accelerate the pace of SME innovations. *Journal of Innovation & Knowledge*, 6(1), 43-49. <https://doi.org/10.1016/j.jik.2020.10.001>.
- HSBC (2016). *Exporting for Growth: The SME Perspective*. London. Retrieved 05th of March 2022 from <https://www.business.hsbc.uk/-/media/library/business-uk/pdfs/hsbc-exporting-for-growth-the-sme-perspective.pdf?la=en-GB>.
- Jones, M. V., Coviello, N. E., & Tang, Y. K. (2011). International entrepreneurship research (1989–2009): a domain ontology and thematic analysis. *Journal of Business Venturing*, 26(6), 632-659. <https://doi.org/10.1016/j.jbusvent.2011.04.001>.
- Kiss, A., & Danis, W. (2010). Social networks and speed of new venture internationalization during institutional transition: A conceptual model. *Journal of International Entrepreneurship*, 8(3), 273-287. <https://doi.org/10.1007/s10843-010-0051-0>.
- Malecki, E. J. (2018). Entrepreneurs, Networks, and

- Economic Development: A Review of Recent Research. In *Reflections and Extensions on Key Papers of the First Twenty-Five Years of Advances* (pp. 71-116). Emerald Publishing Limited, Bingley. <https://doi.org/10.1108/S1074-75402018000020010>.
- Morais, F., & Ferreira, J. J. (2020). SME internationalization process: Key issues and contributions, existing gaps and the future research agenda. *European Management Journal*, 38(1), 62-77. <https://doi.org/10.1016/j.emj.2019.08.001>.
- Nabi, M. N. U., & Zapata, I. E. T. (2018). Analyzing the role of psychic distance on the export behavior of Chilean service exporters. *International Journal of Export Marketing*, 2(2), 125-140. <https://doi.org/10.1504/IJEXPORTM.2018.096781>.
- Narooz, R., & Child, J. (2017). Networking responses to different levels of institutional void: A comparison of internationalizing SMEs in Egypt and the UK. *International Business Review*, 26(4), 683-696. <https://doi.org/10.1016/j.ibusrev.2016.12.008>.
- Nummela, N. (2004). Is the globe becoming small or is the small becoming global? Globalization and internationalizing SMEs. *Emerging Paradigms in International Entrepreneurship*, 128-151. <https://doi.org/10.4337/9781845420635.00015>.
- O'Donnell, A., Gilmore, A., Cummins, D., & Carson, D. (2001). The network construct in entrepreneurship research: a review and critique. *Management Decision*, 39(9), 749-760. <https://doi.org/10.1108/EUM0000000006220>.
- Oparaocha, G. O. (2015). SMEs and international entrepreneurship: An institutional network perspective. *International Business Review*, 24(5), 861-873. <https://doi.org/10.1016/j.ibusrev.2015.03.007>.
- Oviatt, B. M., & McDougall, P. P. (1994). Toward a theory of international new ventures. *Journal of International Business Studies*, 25(1), 45-64. <https://doi.org/10.1057/palgrave.jibs.8490193>.
- Perényi, Á., & Losoncz, M. (2018). A systematic review of international entrepreneurship special issue articles. *Sustainability*, 10(10), 3476. <https://doi.org/10.3390/su10103476>.
- Poocharoen, O. O., & Ting, B. (2015). Collaboration, co-production, networks: Convergence of theories. *Public Management Review*, 17(4), 587-614. <https://doi.org/10.1080/14719037.2013.866479>.
- Petković, S. (2021). *Preduzetništvo i inovacije u digitalnoj eri*. Banja Luka: Univerzitet u Banjoj Luci, Ekonomski fakultet i Udruženje ekonomista Republike Srpske SWOT.
- Ratajczak-Mrozek, M. (2017). The Essence of the Network Approach. In *Network Embeddedness* (pp. 27-59). Palgrave Macmillan, Cham. https://doi.org/10.1007/978-3-319-56511-8_2.
- Revindo, M. D., Indrawati, S. M., & Hambali, S. (2019). The Role of Networking in the Internationalization of Indonesian SMEs. *JEJAK: Jurnal Ekonomi dan Kebijakan - Journal of Economics and Policy*, 12(2), 421-445. <https://doi.org/10.15294/jejak.v12i2.21821>.
- Ribau, C. P., Moreira, A. C., & Raposo, M. (2018). SME internationalization research: Mapping the state of the art. *Canadian Journal of Administrative Sciences/Revue Canadienne des Sciences de l'Administration*, 35(2), 280-303. <https://doi.org/10.1002/cjas.1419>.
- Senik, Z., Scott-ladd, B., Entrekin, L., & Adham, K. (2011). Networking and internationalization of SMEs in emerging economies. *Journal of International Entrepreneurship*, 9(4), 259-281. <https://doi.org/10.1007/s10843-011-0078-x>.
- Spigel, B. (2017). The Relational Organization of Entrepreneurial Ecosystems. *Entrepreneurship Theory and Practice*, 41(1), 49-72. <https://doi.org/10.1111/etap.12167>.
- Steinhäuser, V. P. S., Paula, F. D. O., & de Macedo-Soares, T. D. L. V. A. (2021). Internationalization of SMEs: a systematic review of 20 years of research. *Journal of International Entrepreneurship*, 19(2), 164-195. <https://doi.org/10.1007/s10843-020-00271-7>.
- Stoian, M. C., Dimitratos, P., & Plakoyiannaki, E. (2018). SME internationalization beyond exporting: A knowledge-based perspective across managers and advisers. *Journal of World Business*, 53(5), 768-779. <https://doi.org/10.1016/j.jwb.2018.06.001>.
- Torkkeli, L., Kuivalainen, O., Saarenketo, S., & Pu-

- umalainen, K. (2016). Network competence in Finnish SMEs: implications for growth. *Baltic Journal of Management*, 11(2), 207-230. <https://doi.org/10.1108/BJM-02-2015-0032>.
- Volchek, D., Saarenketo, S., & Jantunen, A. (2015). Structural model of institutional environment influence on international entrepreneurship in emerging economies. In *Institutional Impacts on Firm Internationalization* (pp. 190-216). London: Palgrave Macmillan. https://doi.org/10.1057/9781137446350_9.
- Yamakawa, Y., Peng, M. W., & Deeds, D. L. (2008). What drives new ventures to internationalize from emerging to developed economies? *Entrepreneurship Theory and Practice*, 32(1), 59-82. <https://doi.org/10.1111/j.1540-6520.2007.00216.x>.
- Yin, M., & Zhou, B. (2021). The too-much-of-a-good-thing effect of new ventures' opportunity development on innovation strategy under the Chinese context. *Cross Cultural & Strategic Management*, 28(2), 286-308. <https://doi.org/10.1108/CCSM-02-2020-0059>.
- Zahoor, N., Al-Tabbaa, O., Khan, Z., & Wood, G. (2020). Collaboration and internationalization of SMEs: Insights and recommendations from a systematic review. *International Journal of Management Reviews*, 22(4), 427-456. <https://doi.org/10.1111/ijmr.12238>.
- Zucchella, A., & Magnani, G. (2016). *Theoretical Foundations of International Entrepreneurship*. In: International Entrepreneurship (pp. 4-36). Palgrave Macmillan, London. https://doi.org/10.1057/9781137520036_2.

Biography

Lidija Mitrašević, Ph. D. an Assistant Professor of Entrepreneurial Economics at the Faculty of Economics Brčko, University of East Sarajevo, Bosnia and Herzegovina. She earned her Ph.D. at the Faculty of Economics, University of Banja Luka, Bosnia and Herzegovina, and explores how institutions and institutional complexity influence international business activities of SMEs from developing countries. Her research interests include entrepreneurship, international business, international new ventures, network approach to internationalization, institutional theory and institutional profile for entrepreneurship. She has published papers in the following journals: Business Consultant, Economic Outlook: Magazine for Economic Theory and Practice Matters, Proceedings of Faculty of Economics Brcko.

Улога предузетничких мрежа у превазилажењу извозних баријера малих и средњих предузећа из привреда у развоју

Лиђија Митрашевић¹

¹ Универзитет у Источном Сарајеву, Економски факултет у Брчко, Брчко Дистрикт, Босна и Херцеговина

Кључне ријечи:
предузетничке мреже,
извозне баријере,
мала и средња предузећа,
пост-транзицијске економије

САЖЕТАК

Улога предузетничких мрежа у превазилажењу извозних баријера малих и средњих предузећа (МСП) варира у зависности од развијености домаћег институционалног окружења. До сада је релевантна литература била доминантно фокусирана на ефекте учешћа МСП из развијених економија у различитим облицима домаћих и међународних предузетничких мрежа. Међутим, у посљедње двије деценије, МСП из посттранзицијских економија (ПТЕ), односно економија у развоју, постала су све више укључена у међународно пословање, што је за њих важан изазов због оскудице ресурса и дугог периода међународне изолације. Полазећи од предузетничке перспективе интернационализације засноване на моделима убрзане интернационализације, у раду се разматрају начини, мотиви, користи и препреке успостављања алтернативних управљачких структура – предузетничких мрежа МСП у условима институционалног дисконтинуитета. Циљ истраживања је да укаже на важност успостављања мрежних веза као модуса за превазилажење ресурсних и институционалних извозних баријера МСП из ПТЕ. Истраживање се заснива на анализи и синтези релевантне литературе из области међународног предузетништва и мрежног приступа интернационализацији МСП у контексту ПТЕ. На основу концептуалне анализе и резултата заснованих на досадашњим истраживањима, дате су прагматичне препоруке за извозна МСП из ПТЕ у погледу избора одговарајућег модалитета учешћа у предузетничким мрежама.