

Beyond borders, beyond results? Examining the financial effects of internationalization on Czech SMEs

Zdenko Metzker*

*Department of Economics and Public Administration,
Ambis University, Czechia
zdenko.metzker@ambis.cz
ORCID 0000-0002-6962-2428*

Slavka Silberg*

*Faculty of Arts, Department of Psychology,
Palacký University Olomouc, Czechia
slavka.silberg@upol.cz
ORCID 0000-0001-6710-9463*

Zuzana Virglerova

*Faculty of Management & Economics,
Tomas Bata University in Zlín,
Czechia
virglerova@utb.cz
ORCID 0000-0002-7957-9216*

Ludmila Kozubikova

*Independent researcher,
Czechia
L.Kozubikova@oazlin.cz
ORCID 0000-0003-2017-0384*

Abstract. Internationalization may create opportunities for SME growth, but its financial implications remain heterogeneous and context dependent. This study examines the relationships between foreign-market tenure, perceived sales development, capital-structure changes, and perceptions of financial sustainability among Czech SMEs. Data were collected through a computer-assisted web interview in January 2024 from 420 SME owners and managerial decision-makers, of whom 223 represented firms active in foreign markets. Among internationalized SMEs, foreign-market tenure was not significantly associated with perceived sales development but was weakly associated with the type of capital-structure adjustment. Sales development showed a weak relationship with perceived financial sustainability, whereas a shift in capital structure toward equity

Received:
October, 2025
1st Revision:
August, 2026
Accepted:
September, 2026

DOI:
10.14254/2071-
8330.2026/19-3/8

did not. Furthermore, perceptions of financial conditions did not differ significantly according to the duration of firms' foreign-market activity. An exploratory comparison indicated that internationally active firms expressed stronger agreement than non-internationalized firms that foreign-market entry contributes positively to financial sustainability. Overall, the findings do not support a simple linear relationship between longer international experience and improved financial outcomes and highlight the heterogeneous financial implications of SME internationalization.

Keywords: internationalization, SMEs, capital structure, financial performance, financial sustainability.

JEL Classification: F23, G32, L25

1. INTRODUCTION

Internationalization represents an important strategic option for small and medium-sized enterprises (SMEs) seeking new customers, market diversification, knowledge, and growth opportunities. At the same time, expansion into foreign markets requires financial, managerial, and organizational resources that are often more limited in SMEs than in large firms. Foreign-market participation therefore does not necessarily translate directly into stronger financial performance (Korsakiene & Tvaronavičiene, 2012).

Internationalization can be understood as the expansion of a firm's activities into foreign markets and the related extension of its economic activities beyond the domestic environment (Mikić et al., 2016). For SMEs, this process is frequently constrained by limited resources and market-specific knowledge. Moreover, internationalization is not necessarily linear. Firms may differ in the speed and duration of their international expansion and may subsequently reduce or renew their foreign-market commitments (Dominguez & Mayrhofer, 2017).

Previous research has identified numerous determinants of SME internationalization. These include politico-economic and social barriers (Mendy et al., 2020), social capital and networking (Puthusserry et al., 2019), dynamic capabilities and international entrepreneurial orientation (AlShehhi et al., 2022), human capital (Dar & Mishra, 2019), owner characteristics and firm resources (Bozsik et al., 2023; Haddoud et al., 2021), and organizational learning and business networks (Alnaa & Neszmélyi, 2021). Financial resources are particularly relevant because international expansion may require investment in production capacity, logistics, marketing, and market-specific knowledge before any benefits of foreign-market participation materialize.

The relationship between internationalization and financial performance nevertheless remains complex. Previous studies have associated internationalization with improved sales, profitability, market expansion, and other dimensions of performance (Mikić et al., 2016; Rahman et al., 2021). However, the magnitude and direction of these relationships vary between firms and institutional environments. Access to finance, firm capabilities, networks, and the characteristics of foreign markets may determine whether internationalization produces financial benefits (Kraus et al., 2017; Sanyal et al., 2020).

Similarly, there is no clear consensus concerning the relationship between internationalization and capital structure. Some studies report greater leverage among internationally oriented firms, potentially because geographical diversification reduces business risk or because foreign expansion increases demand for external financing (Vithessonthi & Tongurai, 2015; Wyrobek & Lane, 2019). Other studies identify lower indebtedness or stronger reliance on equity among internationally active firms (Lindner et al., 2018;

Chatzivgeri et al., 2016). These conflicting findings suggest that capital-structure adjustment may not follow a simple linear pattern during the internationalization process.

Despite considerable research on SME internationalization, evidence concerning the simultaneous relationships between foreign-market experience, perceived sales development, capital-structure changes, and perceptions of financial sustainability remains limited in the Czech SME context. The contribution of the present study lies in examining these dimensions within one empirical framework and, importantly, distinguishing between internationalization status and the duration of foreign-market activity.

The aim of this study is to examine how foreign-market activity is associated with selected financial outcomes and perceptions among Czech SMEs. More specifically, the study addresses four related tasks: to examine whether foreign-market tenure is associated with perceived sales development; to determine whether the distribution of capital-structure changes differs according to foreign-market tenure; to investigate whether sales and capital-structure changes are associated with perceptions of the positive contribution of internationalization to financial sustainability; and to assess whether financial perceptions differ according to the duration of firms' foreign-market activity.

The empirical investigation is based on a quantitative CAWI survey conducted in January 2024 among 420 Czech SME owners and managerial decision-makers. The statistical analysis uses the subsample of 223 internationally active firms for hypotheses concerning foreign-market experience and post-entry changes. Correlation analysis, contingency analysis, regression modeling, and analysis of variance are applied according to the measurement level of the respective variables.

The study is subject to several limitations. It is cross-sectional and therefore does not permit causal conclusions. The principal variables reflect respondents' perceptions rather than objective financial statements, and several constructs are measured using individual Likert-type items. Furthermore, the study is limited to Czech SMEs and achieved a response rate of 17%. These limitations require the results to be interpreted as associations within the observed sample rather than causal financial effects of internationalization.

The remainder of the paper reviews the relevant literature and develops the hypotheses, describes the research methodology, reports the empirical results, discusses their implications in relation to previous research, and concludes with limitations and directions for further research.

2. LITERATURE REVIEW

SMEs generally possess fewer financial, managerial, and organizational resources than large enterprises. Cooperation and participation in business networks can therefore facilitate foreign-market expansion by providing access to knowledge, capabilities, information, and complementary resources (Bencsik & Belas, 2025; Michna & Czerwińska-Lubszczyk, 2019; Mishchuk et al., 2016; Srivastava, 2020). International partnerships may enable SMEs to overcome some of the constraints associated with limited production capacity and unfamiliar foreign-market environments (Mikić et al., 2016).

Internationalization is frequently associated with opportunities for improved competitiveness and business performance. Previous research has linked foreign-market activity with sales growth, profitability, market expansion, reputation, and organizational learning (Mikić et al., 2016; Rahman et al., 2021). However, these outcomes depend on a range of internal and external conditions. Research identifies market orientation and regulation (Afsharhasemi et al., 2013), networks (Senik et al., 2014), institutional and resource-based factors (Lahiri et al., 2020; Zsigmond & Mura, 2023), taxation and corruption (Shirokova & Tsukanova, 2013; Virglerova et al., 2025), brand development (Sultoni et al., 2022), and technology and finance (Halai et al., 2026; Mamduh et al., 2022) as potentially important determinants of internationalization.

Financial resources are particularly important. International expansion generally creates additional financing requirements before potential returns can be realized. Kraus et al. (2017) identify financing as an important determinant of successful internationalization, while Sanyal et al. (2020) emphasize access to finance alongside market access and the business environment. At the same time, the relationship may operate in both directions: existing financial performance affects firms' capacity to internationalize, whereas international activities can subsequently alter financial performance and resource availability (Schmuck et al., 2022). Recent evidence from Czech and Polish manufacturing SMEs further shows that sufficient profit and the ability to meet financial obligations are important components of perceived business sustainability (Bednarz & Matasova, 2024). Financial resources alone may not determine whether SMEs convert international activity into sustainable outcomes. Constraints of this kind are widely reported: in a survey of 60 small businesses in South Africa, firms reported limited access to finance and had not developed long-term financial strategies (Aliamutu & Mkhize, 2024). Organizational performance may also depend on internal workforce-management capabilities, including the capacity to recruit and retain employees (Gyurák Babel'ová et al., 2020). Foreign-market tenure may therefore capture only one part of the capability base underlying perceived financial outcomes.

International experience may also matter. Firms that remain active in foreign markets over longer periods have had more opportunities to accumulate market knowledge, establish networks, and adapt their operations. This may contribute to stronger performance. However, longer foreign-market tenure does not necessarily imply greater international intensity or success. Firms may remain internationally active without substantially increasing sales or may experience periods of stagnation and retrenchment. The empirical relationship between tenure and financial performance therefore requires examination rather than assumption. Svobodova et al. (2024) likewise indicates that firm performance is influenced by broader regional and economic conditions, supporting a contextual rather than single-factor explanation of SME performance.

Based on the expectation that experience in foreign markets may facilitate the exploitation of international opportunities, the first part of H1 is formulated as follows:

H1a: Among internationally active SMEs, longer foreign-market tenure is associated with more favorable perceived sales development after foreign-market entry.

One important financial dimension of internationalization is capital structure. The existing evidence is mixed. Vithessonthi and Tongurai (2015) and Wyrobek and Lane (2019) identify circumstances under which internationalization is associated with greater leverage. Conversely, Lindner et al. (2018) and Chatzivgeri et al. (2016) document relationships between internationalization and lower leverage or zero-debt financing. Kraus et al. (2017) further emphasize potential advantages of equity financing during international expansion because high indebtedness may increase risk and reduce liquidity. Gajdosikova et al. (2024) demonstrates significant sectoral differences in corporate indebtedness, indicating that capital structure is also shaped by sector-specific conditions. Evidence from transport confirms this: maritime companies typically require large volumes of borrowed capital, which makes their capital-structure decisions an exception to general patterns (Puleikiene & Svazas, 2023).

Given these divergent findings, the relationship is formulated as an association rather than as an assumption of a uniform linear shift:

H1b: The distribution of capital-structure changes differs according to the duration of firms' foreign-market activity.

Perceived financial sustainability represents another relevant dimension. More favorable sales development can strengthen a firm's ability to generate resources internally, whereas the financing structure may influence financial flexibility and risk. If internationalization contributes to higher sales and an

advantageous financing structure, managers may be more likely to perceive foreign-market entry as financially sustainable. Accordingly:

H2: More favorable perceived sales development and capital-structure changes in favor of equity are associated with stronger agreement that foreign-market entry contributes positively to financial sustainability.

Financial conditions may also be evaluated differently by firms with different levels of international experience. Firms with longer foreign-market tenure may have accumulated experience concerning the financial requirements and consequences of international expansion. The final two hypotheses therefore examine whether these perceptions vary among internationally active firms:

H3: Among internationally active SMEs, the perceived importance of avoiding financial problems prior to foreign-market entry differs according to foreign-market tenure.

H4: Among internationally active SMEs, perceptions of the positive contribution of foreign-market entry to financial sustainability differ according to foreign-market tenure.

3. METHODOLOGY

The empirical research was conducted in the Czech Republic in January 2024 using a computer-assisted web interview (CAWI). The questionnaire targeted owners and managerial decision-makers of Czech SMEs. A total of 420 valid responses were obtained, corresponding to a response rate of 17%. Of the respondents, 109 (25.95%) were firm owners. The remaining 311 respondents occupied top-management, director or managerial positions, or other positions involving responsibility for firm-development decisions. Regarding firm size, 141 firms (33.57%) were micro-enterprises, 109 (25.95%) were small enterprises, and 170 (40.48%) were medium-sized enterprises.

Foreign-market activity was measured by the question “How long has your company been active in the foreign market?” Four response categories were available: (1) not active in foreign markets, (2) less than 5 years, (3) 5–10 years, and (4) more than 10 years.

Of the 420 firms, 197 (46.90%) were not active in foreign markets and 223 (53.10%) were internationally active. Among the internationally active SMEs, 73 had operated abroad for less than 5 years, 49 for 5–10 years, and 101 for more than 10 years. This distinction determines the analytical samples used in the study. H1–H4 concern changes or perceptions associated with actual foreign-market experience and are therefore tested primarily using the 223 internationally active SMEs. Responses from the 197 non-internationalized firms are not treated as observations of foreign-market tenure.

Table 1

Foreign-market activity of the sample

Foreign-market activity	n	% of full sample
Not active in foreign markets	197	46.90
Active for less than 5 years	73	17.38
Active for 5–10 years	49	11.67
Active for more than 10 years	101	24.05
Total	420	100.00

Source: Authors' calculations

Sales development after foreign-market entry was measured by the question “How have your sales changed after entering the foreign market?” Seven response categories were used: (1) increased by more than 50%, (2) increased by 25–50%, (3) increased by less than 25%, (4) remained unchanged, (5) decreased by less than 25%, (6) decreased by 25–50%, and (7) decreased by more than 50%. Lower values therefore

indicate more favorable sales development. Capital-structure change was measured by the question “How has the capital structure changed after entering the foreign market?”

Respondents selected one of three categories: (1) changed in favor of equity, i.e., indebtedness decreased; (2) changed against equity, i.e., indebtedness increased; or (3) remained unchanged. These categories do not constitute an ordinal scale and were therefore treated as categorical in the revised statistical analysis. The perceived importance of financial stability was measured by the statement “When entering a foreign market, it is important that the company does not have financial problems.” Perceptions concerning financial sustainability were measured by the statement “Entering a foreign market positively contributes to the financial sustainability of the business.” Both perception items used a five-point response scale ranging from 1 = strongly agree to 5 = strongly disagree. Lower scores therefore indicate stronger agreement.

All variables analyzed in this study are individual questionnaire items rather than multi-item scales. Consequently, measures of internal consistency such as Cronbach’s alpha are not applicable.

The statistical method used for each hypothesis was selected according to the measurement level of the variables. H1a was tested using Spearman’s rank-order correlation. H1b was examined using Pearson’s chi-square test of independence. Cramer’s V was reported as an effect-size measure.

H2 was examined among the 223 internationally active firms. An OLS regression was estimated with the financial-sustainability perception item as the dependent variable. Sales change was included as an ordinal score. Capital-structure change was dummy-coded, with “no change” serving as the reference category. The model included only the predictors specified in H2. Due to the dependent variable as a five-point Likert item, OLS was supplemented by an ordinal logistic regression as a robustness check. Regression diagnostics included tolerance and variance inflation factors (VIF), residual-normality diagnostics, the Breusch-Pagan and White tests for heteroscedasticity, and Cook’s distance and externally studentized residuals for influential observations.

H3 and H4 were tested among the 223 internationally active SMEs using one-way ANOVA across the three foreign-market-tenure groups. Levene’s test was used to assess homogeneity of variance, and the Kruskal-Wallis test provided a non-parametric robustness check.

Because the two perception questions were also answered by firms without foreign-market activity, a supplementary exploratory comparison between internationalized and non-internationalized firms was conducted. These results were not used to test the tenure hypotheses.

All tests were two-sided and evaluated at $\alpha = .05$.

4. EMPIRICAL RESULTS AND DISCUSSION

Foreign-market tenure and sales development

H1a examined whether longer foreign-market tenure was associated with more favorable sales development following foreign-market entry. Overall, 156 of the 223 internationally active SMEs (70.0%) reported an increase in sales, 57 (25.6%) reported no change, and 10 (4.5%) reported a decline.

Because both foreign-market tenure and sales change were ordinal variables, their relationship was examined using Spearman’s rank-order correlation. The association was small and statistically non-significant, $\rho = -.070$, $p = .300$. Since lower scores on the sales-change variable represent stronger sales growth, the negative coefficient is directionally consistent with somewhat more favorable sales development among firms with longer foreign-market tenure. However, its magnitude was negligible.

H1a was therefore not supported.

Foreign-market tenure and capital-structure change

H1b examined whether the type of capital-structure adjustment differed according to foreign-market tenure. Capital-structure change was treated as a categorical variable because the three response categories – change in favor of equity, change against equity, and no change – do not form a meaningful numerical continuum.

The distribution is presented in Table 2.

Table 2

Capital-structure change by foreign-market tenure

Foreign-market tenure	In favor of equity	Against equity	No change	Total
Less than 5 years	38 (52.1%)	13 (17.8%)	22 (30.1%)	73
5–10 years	31 (63.3%)	6 (12.2%)	12 (24.5%)	49
More than 10 years	37 (36.6%)	13 (12.9%)	51 (50.5%)	101
Total	106 (47.5%)	32 (14.3%)	85 (38.1%)	223

Source: Authors' results. Pearson $\chi^2(4) = 13.970$, $p = .007$; Cramer's $V = .177$.

The association between foreign-market tenure and capital-structure adjustment was statistically significant, $\chi^2(4) = 13.970$, $p = .007$, with a small effect size (Cramer's $V = .177$). All expected cell frequencies exceeded 5. The observed pattern was not linear. A change in favor of equity was reported by 52.1% of firms with less than 5 years of foreign-market experience and 63.3% of firms with 5–10 years of experience, but by only 36.6% of firms operating abroad for more than 10 years. In the longest-tenure group, 50.5% of firms reported no capital-structure change. Thus, H1b was supported in the sense that capital-structure adjustment differed significantly according to foreign-market tenure. However, the results do not indicate a progressive shift toward equity as the duration of internationalization increases.

Sales development, capital structure, and perceived financial sustainability

H2 examined whether changes in sales and capital structure following foreign-market entry were associated with respondents' perceptions that internationalization contributes positively to financial sustainability. At the bivariate level, sales development showed a weak but statistically significant association with perceived financial sustainability, Spearman's $\rho = .137$, $p = .041$. Because higher scores on both variables represent less favorable responses, poorer sales development was associated with less favorable perceptions of the contribution of internationalization to financial sustainability.

For the multivariable analysis, perceived financial sustainability was regressed on sales change and capital-structure change. Capital structure was entered using two dummy variables, with "no change" as the reference category. This specification avoids treating the three capital-structure categories as an artificial numerical scale. The results are presented in Table 3.

Table 3

OLS regression predicting perceived financial sustainability

Predictor	B	HC3 SE	95% CI	β	p	VIF
Constant	1.735	0.195	[1.351, 2.118]	—	<.001	—
Sales change	0.124	0.064	[−0.002, 0.249]	.177	.053	1.186
Capital structure: in favor of equity vs. no change	−0.078	0.117	[−0.309, 0.152]	−.047	.502	1.281
Capital structure: against equity vs. no change	−0.410	0.188	[−0.780, −0.039]	−.173	.030	1.215

Source: Authors' results. $n = 223$; $R^2 = .045$; adjusted $R^2 = .032$. Conventional OLS: $F(3, 219) = 3.472$, $p = .017$. HC3 robust joint test: $F(3, 219) = 2.089$, $p = .103$. Higher values of the dependent variable indicate less favorable perceptions of financial sustainability.

The model explained 4.5% of the variance in perceived financial sustainability. Although the conventional OLS F-test was statistically significant, diagnostic testing indicated that robust inference was more appropriate. Residuals deviated from normality (Shapiro-Wilk $W = .935$, $p < .001$), and the White test indicated heteroscedasticity, $\chi^2 = 24.585$, $p < .001$. The Breusch-Pagan test, in contrast, was not significant ($p = .940$). Multicollinearity was not a concern, with VIF values ranging from 1.186 to 1.281. Influence diagnostics did not identify any observation with an extreme influence on the model: the maximum Cook's distance was .171. Using HC3 inference, sales change was close to, but did not reach, the conventional .05 significance level ($B = .124$, $p = .053$). A capital-structure shift in favor of equity was not significantly associated with perceived financial sustainability ($B = -.078$, $p = .502$).

Unexpectedly, firms reporting a capital-structure change against equity, i.e., increased indebtedness, expressed more favorable perceptions of financial sustainability than firms reporting no change ($B = -.410$, $p = .030$). Because lower values of the dependent variable represent stronger agreement that internationalization contributes positively to financial sustainability, the direction of this result is contrary to the original expectation.

Given that perceived financial sustainability was measured using an ordinal five-point item, an ordinal logistic regression was also estimated as a robustness check. The results were substantively similar. Less favorable sales development was associated with higher odds of a less favorable sustainability response ($OR = 1.354$, 95% CI [1.064, 1.724], $p = .014$). A change in favor of equity remained statistically non-significant ($OR = 0.854$, 95% CI [0.491, 1.486], $p = .577$), whereas a change against equity again differed significantly from the no-change category ($OR = 0.363$, 95% CI [0.162, 0.815], $p = .014$).

Taken together, the results indicate some relationship between sales development and perceived financial sustainability, but they do not support the expected positive role of a shift toward equity. H2 was therefore not supported in its proposed form.

Foreign-market tenure and financial perceptions

H3 and H4 examined whether financial perceptions differed according to the duration of foreign-market activity. These analyses were conducted only among the 223 internationally active SMEs, thereby comparing firms with actual foreign-market experience. Table 4 presents the group means, standard deviations, confidence intervals, and omnibus ANOVA results.

Table 4

Financial perceptions by foreign-market tenure						
Outcome	<5 years (n = 73) M (SD), 95% CI	5–10 years (n = 49) M (SD), 95% CI	>10 years (n = 101) M (SD), 95% CI	F(2,220)	p	η^2
Importance of avoiding financial problems	1.904 (0.767), [1.725, 2.083]	1.694 (0.619), [1.516, 1.872]	1.921 (0.902), [1.743, 2.099]	1.440	.239	.013
Positive contribution to financial sustainability	1.973 (0.833), [1.778, 2.167]	1.939 (0.747), [1.724, 2.153]	2.030 (0.877), [1.857, 2.203]	0.222	.801	.002

Source: Authors' results. Lower values indicate stronger agreement.

For H3, the perceived importance of avoiding financial problems did not differ significantly across the three tenure groups, $F(2, 220) = 1.440$, $p = .239$, $\eta^2 = .013$. The homogeneity-of-variance assumption was not violated (Levene's $p = .284$), and the Kruskal-Wallis robustness test produced the same conclusion, $H(2) = 1.997$, $p = .368$. H3 was not supported.

For H4, perceptions that internationalization contributes positively to financial sustainability were virtually identical across the three tenure groups, $F(2, 220) = 0.222$, $p = .801$, $\eta^2 = .002$. The homogeneity-

of-variance assumption was again satisfied (Levene's $p = .786$), and the Kruskal-Wallis test confirmed the absence of group differences, $H(2) = 0.148$, $p = .929$.

H4 was not supported. In particular, the data provide no evidence that firms with longer foreign-market experience evaluate the financial-sustainability contribution of internationalization more favorably than firms with shorter international experience.

Overall, the findings do not support a simple assumption that longer international experience automatically translates into stronger financial outcomes. Foreign-market tenure was not significantly associated with perceived sales development, although approximately 70% of internationally active SMEs reported an increase in sales after entering foreign markets. This finding only partly corresponds with studies reporting positive relationships between internationalization and SME performance (Mikić et al., 2016; Rahman et al., 2021). However, previous research also emphasizes that internationalization outcomes depend on firms' dynamic capabilities, financial and intellectual resources, and access to finance and markets (AlShehhi et al., 2022; Li et al., 2018; Sanyal et al., 2020). The present results therefore suggest that foreign-market tenure alone is an insufficient indicator of internationalization success.

Foreign-market tenure was significantly associated with capital-structure adjustment, but the relationship was weak and non-linear. This corresponds with the mixed evidence in previous research. Internationalization has been associated with higher leverage in some studies (Vithessonthi & Tongurai, 2015; Wyrobek & Lane, 2019), while others identify lower leverage or zero-debt tendencies among internationally active firms (Chatzivgeri et al., 2016; Lindner et al., 2018). Kraus et al. (2017) additionally emphasize potential advantages of equity financing because excessive debt may increase financial risk. The present results support neither a consistently debt-oriented nor an equity-oriented pattern. This is also consistent with Pacheco (2016), who shows that capital structure depends on several firm characteristics, including profitability, size, liquidity, and asset structure. Consequently, differences observed across foreign-market tenure groups cannot be attributed to international experience alone.

Perceived sales development showed a weak relationship with perceived financial sustainability. This broadly corresponds with research linking internationalization to financial performance and financial health (Horta et al., 2016; Lee et al., 2014) and with evidence that international business networks may contribute to financial and strategic performance (Jeong, 2016). Nevertheless, the explanatory power of the present model was low. Financial sustainability is likely to reflect more than sales development alone. This interpretation is supported by Bednarz & Matasova (2024), who identify sufficient profit and the ability to meet financial obligations as important components of sustainability perceptions among Czech and Polish SMEs.

The expected positive relationship between a shift toward equity and perceived financial sustainability was not supported. More unexpectedly, firms reporting increased indebtedness expressed more favorable sustainability perceptions than firms reporting no capital-structure change. This should not be interpreted as evidence that greater debt improves sustainability. Rather, it underlines the ambiguity of debt in the internationalization process: external financing may represent financial pressure, but it may also provide resources for expansion. The mixed findings of Vithessonthi and Tongurai (2015), Wyrobek and Lane (2019), and Kraus et al. (2017) similarly indicate that the financial consequences of debt during internationalization are not uniform. This is in line with the observation that no unified theory of SME capital structure has emerged, since both trade-off and pecking-order predictions receive partial empirical support (Adair & Adaskou, 2018).

Foreign-market tenure was not significantly associated with either the perceived importance of avoiding financial problems or perceptions of the contribution of internationalization to financial sustainability. This is consistent with evidence showing that financial risk and sustainability perceptions vary

according to broader business-environment conditions (Petrakova & Karacsony, 2024). Previous research also emphasizes the importance of cooperation, networks, resources, and institutional conditions in SME internationalization (Lahiri et al., 2020; Michna & Czerwińska-Lubszczyk, 2019; Srivastava, 2020). Thus, tenure should be regarded as only one dimension of international experience rather than a direct measure of accumulated capabilities.

The exploratory comparison showed that internationally active SMEs perceived the contribution of foreign-market entry to financial sustainability more favorably than non-internationalized firms. However, no corresponding differences were found among firms with different lengths of foreign-market experience. This distinction is important: the results indicate a difference between firms with and without international experience, but not a progressive improvement associated with longer tenure. Because the study is cross-sectional, this difference may also reflect pre-existing differences between firms rather than an effect of internationalization itself.

Taken together, the findings support a conditional rather than linear interpretation of the internationalization–performance relationship. Longer foreign-market activity was not associated with better sales development or more favorable sustainability perceptions, while its relationship with capital structure was significant but weak and non-linear. SME financial outcomes therefore appear to depend on a broader combination of resources, financing conditions, capabilities, networks, and contextual factors rather than foreign-market tenure alone. Future research should consequently complement tenure with measures such as foreign-sales intensity, number of foreign markets, entry modes, and objective financial indicators, preferably using longitudinal data.

5. CONCLUSION

This study examined the relationships between foreign-market tenure, sales development, capital-structure changes, and perceptions of financial sustainability among Czech SMEs. The findings do not support a simple linear relationship between longer international experience and stronger financial outcomes. Foreign-market tenure was not significantly related to perceived sales development, although approximately 70% of internationalized SMEs reported sales growth following foreign-market entry.

Foreign-market tenure was associated with the type of capital-structure adjustment, but the effect was small and non-linear. Firms with 5–10 years of foreign-market experience most frequently reported a shift in favor of equity, whereas firms with more than 10 years of experience most frequently reported no capital-structure change.

Sales development showed a weak relationship with perceptions of the contribution of internationalization to financial sustainability. In contrast, a shift toward equity was not associated with more favorable sustainability perceptions. The unexpected association between increased indebtedness and more favorable sustainability perceptions further demonstrates that the financing consequences of internationalization cannot be reduced to a simple debt-versus-equity relationship.

Foreign-market tenure was also unrelated to respondents' perceptions of the importance of avoiding financial problems or to their assessment of the positive contribution of internationalization to financial sustainability. An exploratory analysis showed that internationalized firms expressed more favorable views of the financial-sustainability contribution of internationalization than non-internationalized firms, but no corresponding tenure gradient existed among exporters.

Overall, the results suggest that the financial implications of SME internationalization are heterogeneous. International-market experience alone is not sufficient to explain financial outcomes or perceptions; sales development, financing conditions, and other firm-specific characteristics also need to be considered.

ACKNOWLEDGMENTS

This paper was supported by projects RO/FaME/2023/04, *Sustainable Internationalization of SMEs in the Post-COVID Era*, and IGA_FF_2024_001, funded through specific research by the Czech Ministry of Education, Youth and Sports.

The authors used OpenAI ChatGPT (GPT-5.6 Sol) for language editing and proofreading of the manuscript. All generated suggestions were reviewed by the authors, who take full responsibility for the final content.

REFERENCES

- Adair, P., & Adaskou, M. (2018). The capital structure of mature French SMEs and impact of the great recession: A dynamic panel data analysis (2002-2010). *Economics, Management and Sustainability*, 3(2), 60-75. <https://doi.org/10.14254/jems.2018.3-2.5>
- Afsharghasemi, A., Zain, M., Sambasivan, M., & Imm, S. (2013). Market orientation, government regulation, competitive advantage and internationalization of SMEs: A study in Malaysia. *Journal of Business Administration Research*, 2(2). <https://doi.org/10.5430/jbar.v2n2p13>
- Aliamutu, K., & Mkhize, M. (2024). Financial management engagement and small and medium-sized businesses in eThekweni municipality, South Africa. *Economics, Management and Sustainability*, 9(1), 90-104. <https://doi.org/10.14254/jems.2024.9-1.7>
- AlShehhi, M. R., Cherian, J. P., Farouk, S., & Nahyan, M. A. (2022). Influential dynamic capabilities and small and medium enterprises' internationalization success: Mediating role of international entrepreneurial orientation. *Review of International Business and Strategy*, 33(1), 55-78. <https://doi.org/10.1108/ribs-12-2021-0171>
- Altnaa, U., & Neszmélyi, G. (2021). Barriers of the internationalization in smes in transition countries: Evidence and methodological suggestion in case of Mongolia. *Studia Mundi - Economica*, 8(3), 97-104. <https://doi.org/10.18531/studia.mundi.2021.08.03.97-104>
- Bednarz, J., & Matasova, T. (2024). Financial management in the context of sustainable development in Polish and Czech manufacturing SMEs. *Journal of Business Sectors*, 2(2), 62-72. <https://doi.org/10.62222/OEZW6658>
- Bencsik, A., & Belas, J. (2025). Inter-organisational knowledge transfer practices for SMEs. *Economics and Sociology*, 18(4), 160-181. doi:10.14254/2071- 789X.2025/18-4/8
- Bozsik, N., Ngo, D. M., & Vasa, L. (2023). The effects of foreign direct investment on the performance of small-medium enterprises: The case of Vietnam. *Journal of International Studies*, 16(1), 57-70. <https://doi.org/10.14254/2071- 8330.2023/16-1/4>
- Chatzivgeri, E., Dontis-Charitos, P., & Sivaprasad, S. (2016). The impact of internationalization on zero leverage: evidence from the uk. *SSRN Electronic Journal*. <https://doi.org/10.2139/ssrn.2930941>
- Dar, I. & Mishra, M. (2019). Human Capital and SMEs Internationalization: Development and Validation of a Measurement Scale. *Global Business Review*, 22(3), 718-734. <https://doi.org/10.1177/0972150918817390>
- Dominguez, N., & Mayrhofer, U. (2017). Internationalization stages of traditional SMEs: Increasing, decreasing and re-increasing commitment to foreign markets. *International Business Review*, 26(6), 1051-1063. <https://doi.org/10.1016/j.ibusrev.2017.03.010>
- Gajdosikova, D., Valaskova, K., Lopatka, A., & Lazaroïu, G. (2024). Corporate Debt Dynamics: Sectoral Clustering Analysis Using NACE Classification in Slovakia. *Journal of Business Sectors*, 2(1), 32-46. <https://doi.org/10.62222/FYUX6733>
- Gyurák Babeřová, Z., Stareček, A., Koltnerová, K., & Cagaňová, D. (2020). Perceived organizational performance in recruiting and retaining employees with respect to different generational groups of employees and sustainable human resource management. *Sustainability*, 12(2), 574. <https://doi.org/10.3390/su12020574>
- Haddoud, M. Y., Onjewu, A.-K. E., Nowiński, W., & Jones, P. (2021). The determinants of SMEs' export entry: A systematic review of the literature. *Journal of Business Research*, 125, 262-278. <https://doi.org/10.1016/j.jbusres.2020.12.017>
- Halai, O., Neilenko, S., Zemlina, Y., Derhaliuk, M., & Akimov, O. (2026). Digital Solutions as a Driver of Sustainable Innovations. *Innovation Journal*, 31(2), 1. <https://doi.org/10.5281/zenodo.21937037>

- Horta, I., Kapelko, M., & Camanho, A. (2016). The impact of internationalization and diversification on construction industry performance. *International Journal of Strategic Property Management*, 20(2), 172-183. <https://doi.org/10.3846/1648715x.2015.1123201>
- Jeong, S. W. (2016). Types of foreign networks and internationalization performance of Korean SMEs. *Multinational Business Review*, 24(1), 47-61. <https://doi.org/10.1108/mbr-08-2015-0039>
- Korsakienė, R., & Tvaronavičienė, M. (2012). The internationalization of SMEs: An integrative approach. *Journal of Business Economics and Management*, 13(2), 294-307. <https://doi.org/10.3846/16111699.2011.620138>
- Kraus, S., Mitter, C., Eggers, F., & Stieg, P. (2017). Drivers of internationalization success: A conjoint choice experiment on German SME managers. *Review of Managerial Science*, 11(3), 691-716. <https://doi.org/10.1007/s11846-016-0201-4>
- Lahiri, S., Mukherjee, D., & Peng, M. (2020). Behind the internationalization of family SMEs: A strategy tripod synthesis. *Global Strategy Journal*, 4(10), 813-838. <https://doi.org/10.1002/gsj.1376>
- Lee, S., Koh, Y., & Xiao, Q. (2014). Internationalization and financial health in the US hotel industry. *Tourism Economics*, 20(1), 87-105. <https://doi.org/10.5367/te.2013.0261>
- Li, L., Li, D., Goerzen, A., & Shi, W. (2018). What and how do SMEs gain by going international? A longitudinal investigation of financial and intellectual resource growth. *Journal of World Business*, 53(6), 817-834. <https://doi.org/10.1016/j.jwb.2018.07.001>
- Lindner, T., Klein, F., & Schmidt, S. (2018). The effect of internationalization on firm capital structure: A meta-analysis and exploration of institutional contingencies. *International Business Review*, 27(6), 1238-1249. <https://doi.org/10.1016/j.ibusrev.2018.05.005>
- Mamduh, A., Mukhlis, I., & Murwani, D. (2022). The role of financial literature of SMEs in the internationalization of export products. *Eduvest*, 5(2), 885-892. <https://doi.org/10.59188/eduvest.v2i5.437>
- Mendy, J., Rahman, M., & Bal, P. (2020). Using the “best-fit” approach to investigate the effects of politico-economic and social barriers on smes' internationalization in an emerging country context: implications and future directions. *Thunderbird International Business Review*, 62(2), 199-211. <https://doi.org/10.1002/tie.22119>
- Michna, A., & Czerwińska-Lubszczyk, A. (2019). Cooperation of construction enterprises from the perspective of German partner. *Journal of Organizational Management Studies*, 1-11. <https://doi.org/10.5171/2019.627787>
- Mikić, M., Primorac, D., & Kozina, G. (2016). Determining the link between internationalization and business performance of SMEs. *Tehniki Vjesnik-Technical Gazette*, 23(4), 1201-1206. <https://doi.org/10.17559/TV-20150701204258>
- Mishchuk, H., Bilan, Y., & Pavlushenko, L. (2016). Knowledge management systems: issues in enterprise human capital management implementation in transition economy. *Polish Journal of Management Studies*, 14(1), 163-173. <https://doi.org/10.17512/pjms.2016.14.1.15>
- Pacheco, L. (2016). Capital structure and internationalization: The case of Portuguese industrial SMEs. *Research in International Business and Finance*, 38, 531-545. <https://doi.org/10.1016/j.ribaf.2016.07.014>
- Petrakova, Z., & Karascony, P. (2024). Sustainability of SMEs and their determinants. Comparative analysis from V4 countries. *Journal of Business Sectors*, 2(2), 50–61. <https://doi.org/10.62222/KWBA5277>
- Puleikiene, K., & Svazas, M. (2023). Factors of the capital structure of maritime sector companies for increasing business value - theoretical approach. *Journal of Sustainable Development of Transport and Logistics*, 8(1), 53-62. <https://doi.org/10.14254/jsdtl.2023.8-1.4>
- Puthusserry, P., Child, J., & Khan, Z. (2019). Social capital development through the stages of internationalization: relations between British and Indian SMEs. *Global Strategy Journal*, 10(2), 282-308. <https://doi.org/10.1002/gsj.1361>
- Rahman, M., Hack-Polay, D., Shafique, S., & Igwe, P. (2021). Dynamic capability of the firm: Analysis of the impact of internationalisation on SME performance in an emerging economy. *International Journal of Emerging Markets*, 18(9), <https://doi.org/10.1108/ijoem-02-2021-0236>
- Sanyal, S., Hisam, M. W., & Baawain, A. M. S. (2020). Challenges facing internationalization of SMEs in emerging economies: A study on OECD model. *Journal of Asian Finance, Economics and Business*, 7(2), 281-289. <https://doi.org/10.13106/jafeb.2020.vol7.no2.281>

- Schmuck, A., Lagerström, K., & Sallis, J. (2022). Turning the tables: The relationship between performance and multinationality. *Management International Review*, 62(1), 3-26. <https://doi.org/10.1007/s11575-022-00464-3>
- Senik, Z., Isa, R., Sham, R., & Ayob, A. (2014). A model for understanding SMEs internationalization in emerging economies. *Jurnal Pengurusan*, 41, 25-42. <https://www.ukm.my/jurnalpengurusan/article/a-model-for-understanding-smes-internationalization-in-emerging-economies/>
- Shirokova, G., & Tsukanova, T. (2013). Impact of the domestic institutional environment on the degree of internationalization of SMEs in transition economies. *The International Journal of Entrepreneurship and Innovation*, 14(3), 193-204. <https://doi.org/10.5367/ijei.2013.0121>
- Srivastava, M. (2020). The influence of brokers on networking behavior during internationalization: A study of Czech SMEs. *Journal of Business and Industrial Marketing*, 36(3), 436-453. <https://doi.org/10.1108/JBIM-09-2019-0405>
- Sultoni, M., Sudarmiatin, S., & Bidin, R. (2022). SMEs internationalization process through brand awareness and perceived quality. *Journal of Economics Education and Entrepreneurship*, 1(3), 75. <https://doi.org/10.20527/jee.v3i1.5147>
- Svobodova, Z., Vecerova, V., Redlichova, R., & Somerlikova, K. (2024). Evaluation of the performance of SMEs in the context of regional development. *Journal of Business Sectors*, 2(1), 47–60. <https://doi.org/10.62222/RIOX8892>.
- Virglerova, Z., Kovács, S., Belas, J., & Olah, J. (2025). Factors influencing internationalization of micro-enterprises and SMEs in Central Europe. *Journal of International Studies*, 18(1), 179-195. <https://doi.org/10.14254/2071-8330.2025/18-1/11>
- Vithessonthi, C., & Tongurai, J. (2015). The effect of leverage on performance: domestically-oriented versus internationally-oriented firms. *Research in International Business and Finance*, 34, 265-280. <https://doi.org/10.1016/j.ribaf.2015.02.016>
- Wyrobek, J. & Lane, P. (2019). Impact of internationalization on the capital structure of commercial companies. *Zeszyty Naukowe SGGW Polityki Europejskie Finanse I Marketing*, 71(22), 250-267. <https://doi.org/10.22630/pefim.2019.22.71.40>
- Zsigmond, T., & Mura, L. (2023). Emotional intelligence and knowledge sharing as key factors in business management – evidence from Slovak SMEs. *Economics and Sociology*, 16(2), 248-264. <https://doi.org/10.14254/2071-789X.2023/16-2/15>