

SMEs and institutional theory: major inroads and opportunities ahead

Marco Balzano

*Department of Economics, Management, Mathematics and Statistics,
University of Trieste, Trieste, Italy*

Giacomo Marzi

*Analysis of Complex Economic Systems (AXES) Research Unit,
IMT School for Advanced Studies Lucca, Lucca, Italy, and*

Teresa Turzo

*Department of Law and Economics, UnitelmaSapienza University of Rome,
Rome, Italy*

Received 10 May 2023
Revised 23 October 2023
4 March 2024
27 September 2024
Accepted 8 November 2024

Abstract

Purpose – The present paper offers a literature review on the application of institutional theory in the context of small and medium-sized enterprises (SMEs). The study aims to synthesize existing research on how institutional factors, both formal and informal, shape the strategic behaviors of SMEs through the lens of new institutionalism and its three strands – rational-action neoinstitutionalism (RAN), social-constructionist neoinstitutionalism (SCN) and mediated-conflict neoinstitutionalism (MCN). It also identifies critical gaps and proposes avenues for future research.

Design/methodology/approach – Employing the B-SLR's multi-method framework, this study integrates bibliometric analysis and a systematic literature review. The analysis examines 202 articles, categorizing them into four key research clusters related to the application of institutional theory to SMEs.

Findings – The literature on SMEs and institutional theory is framed around the following clusters: (1) institutional theory and innovation in SMEs, (2) institutional theory and the environmental sustainability of SMEs, (3) institutional theory and the internationalization of SMEs and (4) institutional theory and SME strategies in emerging markets.

Originality/value – This study represents the first literature review applying institutional theory to SMEs, offering a framework for understanding how institutional factors influence SME strategic decisions. The paper also identifies research gaps, proposing directions for future studies within each of the four clusters and contributes to bridging the fragmented research on SMEs and institutional theory.

Keywords Institutional theory, Small and medium-sized enterprises, Bibliometric analysis, Systematic literature review, Sustainability, Innovation

Paper type Literature review

1. Introduction

Over the last few decades, institutional factors—both formal and informal—have become increasingly important for small and medium-sized enterprises (SMEs), influencing their financial performance and their contributions to sustainable development (de Sousa Jabbour *et al.*, 2020). As SMEs account for about 90% of all businesses globally and more than 50% of employment worldwide (World Bank, 2023), they are considered as crucial actors in advancing the global sustainability agenda, contributing to the achievement of the sustainable development goals (SDGs) through advanced corporate activities in areas such as environmental protection, social equity, and economic resilience (Graafland and Smid, 2017).



© Marco Balzano, Giacomo Marzi and Teresa Turzo. Published by Emerald Publishing Limited. This article is published under the Creative Commons Attribution (CC BY 4.0) licence. Anyone may reproduce, distribute, translate and create derivative works of this article (for both commercial and non-commercial purposes), subject to full attribution to the original publication and authors. The full terms of this licence may be seen at <http://creativecommons.org/licences/by/4.0/legalcode>

Management Decision
Vol. 63 No. 13, 2025
pp. 1-27
Emerald Publishing Limited
e-ISSN: 1758-6070
p-ISSN: 0025-1747
DOI 10.1108/MD-05-2023-0734

Despite the growing recognition of the role that institutional factors—both formal and informal—play in shaping the strategic behaviors of SMEs, the existing body of literature remains fragmented. Prior research has primarily focused on large corporations (DiMaggio and Powell, 2012), with only limited attention given to SMEs, particularly in terms of how they navigate complex institutional landscapes. Additionally, while institutional theory has been widely applied to study the behavior of firms, few studies systematically investigate the applicability of this theory specifically to SMEs, which face unique challenges due to their limited resources and greater vulnerability to external pressures (Graafland and Smid, 2017). To date, there is no systematic synthesis of how institutional theory has been employed to explain the strategic behavior and responses of SMEs, leaving critical gaps in our understanding of how these enterprises manage formal and informal institutional pressures. This study seeks to fill this gap by conducting the first systematic literature review on the application of institutional theory to SMEs, thereby providing a much-needed framework for future research in this area.

SMEs are being called upon to engage in sustainable innovation, integrating eco-friendly practices and social responsibility into their business models as a response to institutional pressures and market expectations. Institutions can be categorized into formal institutions and informal institutions. Formal institutions, such as regulatory frameworks and governance structures, define the legal and procedural environment within which firms operate (DiMaggio and Powell, 2012). These formal structures, including environmental regulations and labor laws, exert significant pressure on SMEs to align their operations with broader social goals. Informal institutions are widespread, taken-for-granted understandings, unwritten norms, cultural expectations, and community standards (DiMaggio and Powell, 2012). They influence SMEs through social expectations of legitimacy and ethical business practices, which are particularly salient for firms deeply rooted in local communities (Amaeshi *et al.*, 2016; Graafland and Smid, 2017).

The effect of both formal institutions on the strategies and practices of SMEs is analyzed in the existing literature through the application of institutional theory, which relies on institutionalism, and particularly new institutionalism. New institutionalism has evolved from its predecessor, old institutionalism. Old institutionalism, which emerged in the mid-20th century, emphasized the stability of formal structures, power relations, and established practices within organizations (DiMaggio and Powell, 2012). It framed institutions as rigid entities that largely maintained organizational stability by reinforcing rules and norms. This earlier form of institutionalism primarily focused on describing how organizations adapted to their external environments through formal procedures and power dynamics (Selznick, 1949). However, old institutionalism was often criticized for being overly descriptive, too focused on specific case studies, and lacking the flexibility to explain institutional change over time (DiMaggio and Powell, 2012). New institutionalism emerged in response to these limitations, emphasizing the cognitive and cultural dimensions of institutions. This perspective focuses on how institutions constrain behavior and shape the preferences and actions of individuals and firms by embedding them within broader social and cultural frameworks (DiMaggio and Powell, 2012). This theoretical shift is particularly relevant for SMEs, which have to face both growing formal regulatory demands and informal pressures for legitimacy in their local communities (Graafland and Smid, 2017).

Within new institutionalism, there are three primary strands — Rational-Action Neoinstitutionalism (RAN), Social-Constructionist Neoinstitutionalism (SCN), and Mediated-Conflict Neoinstitutionalism (MCN) — each representing distinct but complementary approaches to understanding how institutions shape corporate behavior (DiMaggio, 1998). RAN emphasizes the role of formal institutions, such as regulations and governance structures, in shaping the rational, strategic actions of firms (DiMaggio, 1998). SCN, by contrast, focuses on how informal institutions—such as social norms, cultural expectations, and legitimacy pressures—influence corporate behavior (DiMaggio, 1998).

MCN, rooted in political science, examines how political institutions mediate conflicts between various interest groups (DiMaggio, 1998).

These strands of the new institutionalism provide a framework for analyzing the different ways in which institutions influence firms, especially SMEs, by addressing both the formal regulatory environment and the informal, culturally rooted expectations they face. To better illustrate the distinctions between these strands and how they influence SMEs, Table 1 summarizes their key characteristics and impacts.

In this context, RAN explains how firms comply with regulatory frameworks and minimize transaction costs while pursuing operational efficiency (Hall and Taylor, 1996). For SMEs, given their limited resources, this often means facing significant challenges in adhering to sustainability regulations, labor laws, and other formal requirements (Madrid-Guijarro *et al.*, 2009; Silva *et al.*, 2021). Nevertheless, their compliance is essential for maintaining legitimacy in competitive markets and avoiding legal sanctions (Graafland and Smid, 2017). Beyond formal pressures, SMEs, due to their smaller size and local embeddedness, are particularly sensitive to informal influences, which often arise from community stakeholders, local media, and environmental groups. Here, SCN helps explain how SMEs adapt their behaviors to align with community expectations and social license pressures, which can influence their strategies for sustainability and innovation. For instance, firms may adopt eco-friendly practices for regulatory compliance and also to maintain legitimacy and gain competitive advantages through the perception of an increased level of sustainability (Graafland and Smid, 2017). Additionally, MCN helps explain cross-national differences in regulatory environments and how SMEs strategically respond to these variations, balancing compliance with the pursuit of innovation in areas like sustainability (DiMaggio, 1998).

Building upon this theoretical foundation, the present study seeks to explore how institutional theory has been applied to the study of SMEs. By examining the existing body of research, we aim to identify patterns, gaps, and avenues for future research, particularly in relation to how institutional theory explains the behavior and strategies of SMEs. As such, this research will address the following research question:

RQ. How has institutional theory been applied in the study of SMEs, and what insights does it offer into the influence of institutions on their behavior and strategies?

To answer this research question, the study relies on a transparent and replicable multi-method framework, designed to conduct a literature review according to the methodological practices in the field (Marzi *et al.*, 2024a). This includes a bibliometric analysis, the visualization of similarities (VOS) technique, the AMSTAR 2 checklist, and the PRISMA model, ensuring the transparency and reproducibility of the research process. Through this rigorous methodology,

Table 1. New institutionalism strands and their impact on SMEs

New institutionalism strand	Focus	Impact on SMEs
Rational-action neoinstitutionalism (RAN)	Formal (e.g. laws, regulations)	SMEs must allocate resources to comply with legal and regulatory frameworks, which can create constraints, especially in terms of cost and operational flexibility
Social-constructionist neoinstitutionalism (SCN)	Informal (e.g. social norms, culture)	SMEs face pressure to adapt to local norms and gain legitimacy within their communities, influencing their strategies and practices
Mediated-conflict neoinstitutionalism (MCN)	Political institutions	SMEs need to manage complex political environments where conflicting interests and regulatory inconsistencies can influence their strategies, requiring flexibility and careful management of external relations

we systematically reviewed the literature to provide robust insights into the application of institutional theory in the context of SMEs. After excluding non-relevant articles, the final literature review comprised a sample of 202 articles, offering a substantial base for identifying patterns, gaps, and avenues for future research in this field.

The present study offers a significant contribution in understanding the application of institutional theory to SMEs. As a literature review in this research area, our study fills a relevant gap in the literature by organizing and synthesizing fragmented research. Previous studies on SMEs and institutional theory have remained largely disconnected, lacking a framework to link the various findings. This paper addresses this shortage by providing a clear and structured overview of how institutional theory has been employed to explain the strategic behaviors and responses of SMEs.

Another key contribution of this research lies the use of the three strands of new institutionalism — RAN, SCN, and MCN — as a framework for interpreting the findings from the literature. By applying these distinct perspectives, the paper brings clarity to how formal institutions, such as regulations and governance structures, and informal institutions, including social norms and cultural expectations, shape the strategic decisions of SMEs. The use of this theoretical framework enhances the interpretative power of the review, allowing for a deeper understanding of the different institutional pressures SMEs face and how these pressures influence their strategies and practices in different contexts.

In addition, this paper is the first to systematically organize and interpret the findings from the literature regarding how SMEs balance the demands arising from formal and informal institutions. By structuring the analysis in terms of the formal and informal institutions, the study provides an original and examination of how SMEs attempt to comply with legal requirements while responding to community expectations. This approach sheds light on the strategic adjustments that SMEs make in managing these dual pressures, providing a deeper understanding of the institutional factors shaping their strategies and activities.

The remainder of the article is structured as follows: [Section 2](#) presents the methodology adopted. [Section 3](#) sets out the results of the bibliometric analysis, and [Section 4](#) provides a review of the literature on the four emerged clusters. [Section 5](#) develops a future research agenda, offering perspectives on the investigation of SMEs in the context of institutional theory. [Section 6](#) discusses the theoretical, managerial, and practical implications of the findings. Finally, [Section 7](#) presents the conclusions of the study.

2. Methods

To conduct a literature review on SMEs and institutional theory, we employed the B-SLR ten step methodological approach proposed by [Marzi *et al.* \(2024a\)](#). This approach integrates key methodological practices from bibliometric analysis, the VOS clustering technique developed by [van Eck and Waltman \(2010\)](#), and the literature review framework outlined by [Tranfield *et al.* \(2003\)](#). Furthermore, the analysis adhered to the AMSTAR 2 checklist ([Shea *et al.*, 2017](#)) and utilized the PRISMA model ([Moher *et al.*, 2009](#)) to ensure the reliability and reproducibility of the study.

In September 2022, we undertook a survey of extant literature pertaining to the influence of institutional theory on SMEs. This process was instrumental in elucidating a contemporary understanding of the research domain and in formulating a compendium of prevalent terminologies within the field. In line with the AMSTAR 2 protocol ([Shea *et al.*, 2017](#)), our inclusion criteria were established prior to the commencement of the data acquisition phase. The inclusion prerequisites were twofold: the articles must embrace institutional theory as their theoretical underpinning, spanning its various conceptualizations as articulated by seminal theorists such as [Parsons \(1937\)](#), [Meyer and Rowan \(1977\)](#), [DiMaggio and Powell \(1983\)](#), [North \(1990\)](#), [Oliver \(1991\)](#), and [Scott \(2008\)](#), moreover, the focus of these articles must be on SMEs, with firm serving as the principal unit of observation. In defining SMEs, our study aligns with the criterion set forth by the European Union, categorizing firms with no

more than 250 employees (European Commission, 2003). Subsequently, we embarked on the identification of pertinent literature, deploying a strategic integration of keywords referring to SMEs and institutional theory. This keyword aggregation thus generated a search query designed to identify relevant keywords. Based on the findings, the final query was constructed to retrieve all relevant scientific material, using the terms (institution*) AND ("SMEs*" OR "small-medium size* enterprise*" OR "small-medium size*").

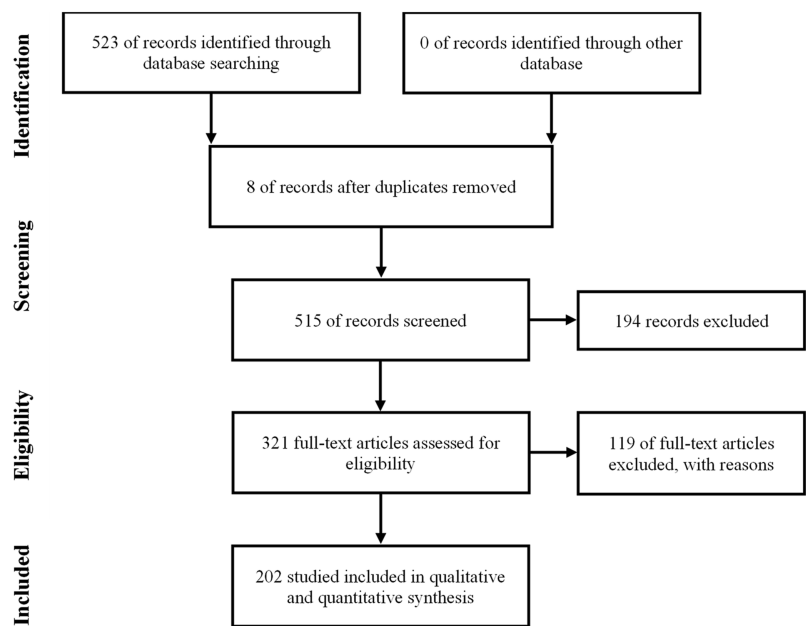
Next, we executed the query on the Scopus database using the "TITLE-ABS-KEY" operator. The search was limited to peer-reviewed articles published in English. To enhance the quality of our research output, we applied an additional filter, focusing only on journals with an ABS ranking of at least 2. This selection ensured that our study was grounded in high-quality academic material, subjected to a rigorous double-blind peer review process.

After defining the boundaries of our study, data collection was first performed on December 31, 2022, with an update on July 31, 2024. We collected data from the Scopus database and validated it with the Web of Science Core Collection. Comparison of the two databases revealed no missing documents in Scopus. Because previous studies have suggested that the coverage of Scopus is better than that of the Web of Science Core Collection and cross-validation of the data in our study confirmed this result, we opted for Scopus as the primary source for the present research (Turzo *et al.*, 2024). We initially obtained a dataset of 523 articles, which was refined by examining the key information of each document to ensure alignment with our predefined inclusion criteria. Articles that did not meet these criteria were excluded. After eliminating eight duplicates, 321 articles were selected for further analysis. This was followed by the full reading of each of the 321 selected articles, ensuring full adherence to the inclusion criteria outlined. This detailed review resulted in a final dataset of 202 articles. To further validate our research protocol and ensure the representativeness of our sample, we consulted two academic experts in the field, whose feedback confirmed the soundness and reliability of our approach as per Marzi *et al.* (2024b).

The graphical representation of the adopted workflow is reported in the PRISMA model included in Figure 1.

Then, we conducted a bibliometric analysis of the 184 selected articles. For this, we utilized VOSviewer 1.6.16 to perform a VOS analysis, applying bibliographic coupling as the aggregation criterion (van Eck and Waltman, 2010). VOSviewer's routine normalizes a co-occurrence matrix of entries, generating a similarity matrix that serves as the foundation for the graphical output: a 2-D map where the proximity of entries indicates a higher number of shared references. The software also clusters the entries, revealing potential sub-areas of research (van Eck and Waltman, 2010). This analysis was further supported by VisualBib (Dattolo and Corbato, 2019), where the gleaned metadata and discerned central research themes for each cluster.

After that, we independently read the full text of all included papers and generating a list of potential topics that summarized the content of each cluster. In most cases, our decisions exhibited a high degree of consensus (Marzi *et al.*, 2024b). However, in instances where our initial classifications diverged, we held informal discussions to review and debate the studies until we reached a consensus. We then verified the consistency and representativeness of the papers in each cluster. The number of papers analyzed provided an adequate sample size for conducting a literature review (Marzi *et al.*, 2021). To ensure an additional level of reliability and minimize bias in the selection of papers and cluster topics, we consulted a panel of three independent experts in SMEs and institutional theory. These experts reviewed the selected papers and the themes assigned to each cluster. Their feedback was positive (Marzi *et al.*, 2021). As a result, we reviewed the selected papers, retaining representative articles based on a combination of normalized citations, total citations, and ABS 2021 journal rankings. Based on the evidence gathered, we focused on identifying future research avenues in the area of SMEs and institutional theory. Specifically, drawing from the findings of the literature review, we highlighted several research gaps that future studies could explore.



Source(s): Our adaption from Moher *et al* (2009)

Figure 1. The PRISMA model

3. Results of the bibliometric analysis

Over years, the amount of research concerning institutional theory and SMEs has increased. Figure 2 outlines the temporal distribution of published research, where an upward trajectory can be observed, corroborating the growing interest in understanding this phenomenon during more recent years. While the first article of our sample was published in 1991, the peak of research production on the influence of institutional theory on SMEs was substantiated in 2022.

Table 2 exhibits the academic journal, including a minimum of five selected articles. Such journals were mainly focused on international business, strategic management, ethics, and entrepreneurship. As will be further detailed in the next sections, in the context of international business, SMEs often navigate a complex array of institutional frameworks across borders, grappling with issues that can either facilitate or constrain their global strategies. Meanwhile, strategic management within SMEs is entwined with both formal and informal institutional pressures, which serve to shape the organization's competitive positioning. On the ethical side, institutional theory elucidates how broader social structures, like legal systems and cultural norms, can guide behaviors for SMEs, thus impacting their social capital and reputation. Finally, entrepreneurial activities within the SME context are influenced by institutional variables that can either stimulate or inhibit innovation, risk-taking, and proactiveness.

Each of these thematic areas contributes to a more detailed understanding of the challenges and opportunities SMEs face, providing insights for both scholarly exploration and practical application. Indeed, the prevalence of these thematic journals in the literature suggests that the interplay of institutional factors significantly shapes the operational landscape for SMEs.

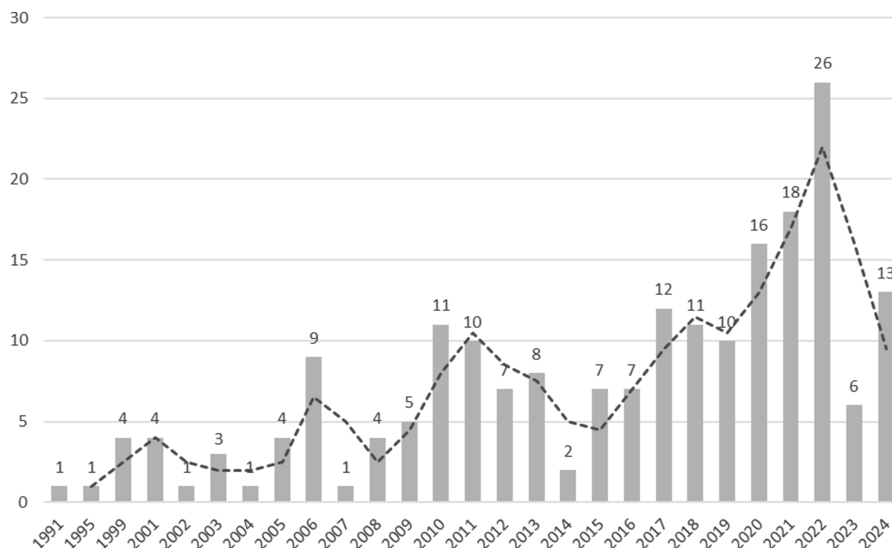


Figure 2. Articles by year

Table 2. Articles by journal

Journal	n.	Citations
<i>International Business Review</i>	18	664
<i>Journal of Business Research</i>	12	437
<i>Small Business Economics</i>	12	497
<i>Entrepreneurship and Regional Development</i>	11	240
<i>Journal of Business Ethics</i>	11	1,027
<i>Journal of Small Business Management</i>	11	290
<i>Business Strategy and the Environment</i>	9	54
<i>Asia Pacific Journal of Management</i>	7	505
<i>Journal of International Management</i>	7	94
<i>International Marketing Review</i>	7	124
<i>Journal of World Business</i>	6	190
<i>International Journal of Entrepreneurial Behavior and Research</i>	5	86
<i>International Small Business Journal</i>	5	145
<i>Management International Review</i>	5	79

The graphical output of the VOS analysis is presented in [Figure 3](#). The results reveal four distinct clusters, each representing a research theme.

In order to provide a fine-grained analysis of the institutional theory and SMEs field, [Table 3](#) presents the descriptive summary for each cluster. The table shows that the red and green clusters comprise 78 and 54 articles, respectively. With 5,319 citations, the red cluster exhibits the highest citation count, also showing the greatest ratio of total citations to the number of articles (78 articles amassing 5,319 citations). Subsequently, the blue cluster follows suit, consisting of 39 articles that have collectively accumulated 1,265 citations.

4. A systematic review of the clusters

SMEs are influenced by a range of institutional factors, which drive their strategic responses and shape their behavior ([Amaeshi et al., 2016](#); [Graafland and Smid, 2017](#)). As shown in

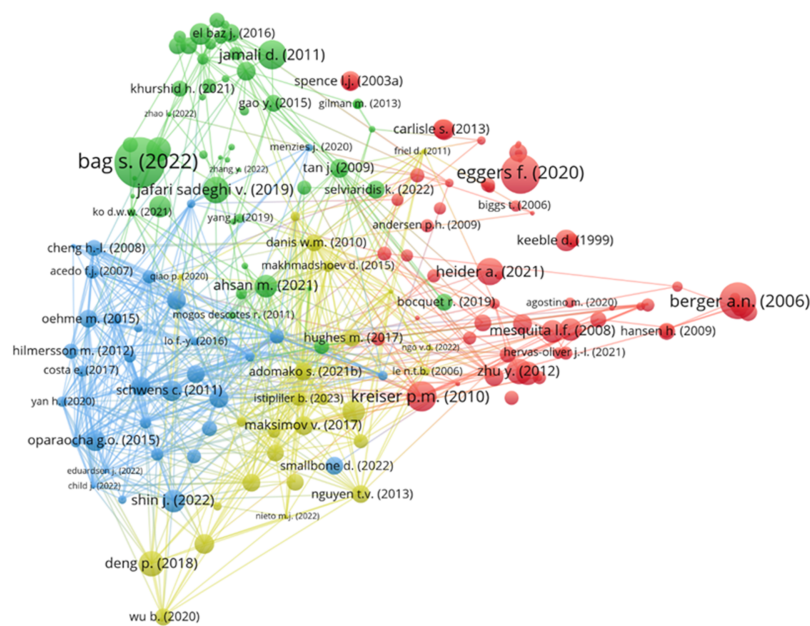


Figure 3. Graphical output of the VOS analysis

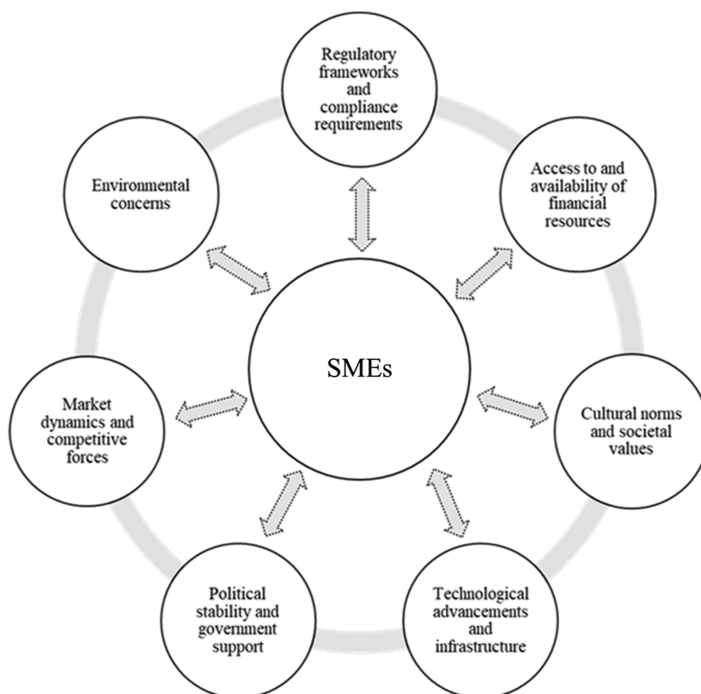
Table 3. Descriptive summary of the clusters

Cluster	n.	Citations
Institutional theory and innovation in SMEs	78	5,318
Institutional theory in fostering environmental sustainability of SMEs	54	1,711
Institutional theory and the internationalization of SMEs	39	1,265
Institutional theory and SME strategies in emerging markets	31	778

Figure 4, formal and informal institutional factors affect SMEs in a synergistic manner and require a holistic approach for understanding their combined influence.

Understanding how formal and informal institutions work together provides a more view of the pressures SMEs face and the strategies they adopt in response. In the following sections, we systematically interpret and structure the findings of the existing literature through the theoretical framework of new institutionalism, specifically its three strands—RAN, SCN, and MCN. This framework enables us to critically examine how institutions shape SMEs’ behavior in different contexts. In particular, the application of RAN provides insights into how SMEs respond to the demands of formal institutions, particularly in areas such as compliance with regulations and resource allocation. SCN, in contrast, focuses on how informal institutions influence SMEs’ pursuit of legitimacy and social acceptance, especially in local settings where community expectations are strong. Meanwhile, MCN helps to explain how SMEs balance the often-competing interests of various stakeholders, particularly in environments where political and economic conditions create conflicts between formal compliance and informal expectations.

Table 4 provides a summary of the key topics and references within each cluster, offering a foundation for the following discussion on how formal and informal institutional factors



Source(s): Authors' own elaboration based on the findings of the literature review

Figure 4. Formal and informal institutions with an impact on SMEs

interact to shape SMEs' strategies and behavior. These interactions will be examined in depth through the lens of RAN, SCN, and MCN.

4.1 Red cluster – institutional theory and innovation in SMEs

The literature within this cluster discusses how SMEs approach innovation through the lens of institutional theory. The findings from this body of knowledge are interpreted through the framework of new institutionalism, particularly its three strands—RAN, SCN, and MCN.

Regulatory mechanisms, when viewed through the RAN framework, are seen as external forces that influence SMEs by imposing compliance requirements and establishing the legal boundaries for adopting new technologies (Berger and Udell, 2006). These regulations help structure the innovation processes of SMEs by defining the rules they must follow. However, while such regulations aim to support innovation, they can sometimes cause SMEs to shift their focus toward regulatory compliance rather than fostering long-term internal innovation, as firms may allocate resources to meeting regulatory standards instead of investing in new technological processes (Acs et al., 2001; Mesquita and Lazzarini, 2008). In situations where regulatory support is weak or inconsistent, SMEs often turn to alternative strategies. They form networks — both vertical, such as supply chains, and horizontal, such as collaborations with peers — to pool resources and share knowledge, thereby achieving greater operational efficiencies and overcoming resource constraints (Mesquita and Lazzarini, 2008). The reliance on external networks, in turn, highlights how SMEs, constrained by formal regulations (Acs et al., 2001; Mesquita and Lazzarini, 2008) and limited internal capacities (Carlisle et al., 2013; Hansen et al., 2009), face these challenges by leveraging external partnerships to facilitate innovation processes (Mesquita and Lazzarini, 2008).

Table 4. Main topic, key references and key institutional factors for every cluster

Main topic	Key references	Key institutional factors
<i>Red cluster – institutional theory and innovation in SMEs</i>		
Impact of institutional environment on technology adoption by SMEs	Ramdani et al. (2023) , Barron et al. (2024) , Zhu et al. (2012)	<ul style="list-style-type: none">• Role of Legal and Regulatory Frameworks• Government Initiatives and Public Policies• Global Access to Information• Transition Economies and Technology• Culture and Technology Acceptance• Cultural Impediments
The institutional environment is shaped by emerging technologies in SMEs	Dickson et al. (2006) , Eggers (2020) , Mol-Gómez-Vázquez et al. (2020)	
Institutional theory from a cultural lens: cultural values may hinder the implementation of technology in SMEs	Benassi et al. (2022) , Keizer et al. (2001)	
<i>Green cluster – institutional theory and sustainability in SMEs</i>		
The role of formal and informal institutions in shaping SMEs’ sustainable behavior	Madrid-Guijarro and Duréndez (2024) , O’Reilly et al. (2023) , Bag et al. (2022)	<ul style="list-style-type: none">• Impact of Local Government Policies• Environmental concerns• Legitimacy and Community Bonding• Contextual institutional analysis• Model of Environmental Consciousness
Driving forces behind SMEs’ actions to enhance their CSR.	Jamali and Neville (2011) , Shibin et al. (2020)	
The development of CSR strategies by SMEs to gain legitimacy in the institutional context	Bocquet et al. (2019) , Ko and Liu (2017)	
<i>Blue cluster–institutional theory and SME internationalization</i>		
The social net between the institutional environment and SMEs internationalization	Ranjan (2024) , Dung Ngo et al. (2024) , Hessels and Terjesen (2010)	<ul style="list-style-type: none">• Information, Resources, and Capabilities• Social and Networking Characteristics• External Forces and Legitimacy• Political Stability• Dual Impact of Institutional Setting
How the institutional environment of the host country affects the SMEs’ internationalization	Hessels and Terjesen (2010) , Torkkeli et al. (2019)	
The positive and negative effects of the institutional environment on SME internationalization	Chen et al. (2014) , Schwens et al. (2011) , Shin et al. (2022)	
<i>Yellow cluster–institutional theory and SME strategies in emerging markets</i>		
The institutional voids of SMEs in emerging markets	Shi et al. (2024) , Hansen-Addy et al. (2024) , Harrison et al. (2018)	<ul style="list-style-type: none">• Deficiencies in the Institutional System• Impediments to Economic Growth• Government as an Intermediary• Formal and Informal Institutions• Role of Informal Institutions• Institutional Compensatory Mechanisms
SME relationships with formal and informal institutions to overcome the challenges of institutional gaps	Danis et al. (2010) , Oriaifo et al. (2020) , Kafouros et al. (2022)	
Institutional mechanisms enabling SMEs to undertake international strategies	Deng and Zhang (2018) , Wu and Deng (2020)	

At this point, the SCN framework helps us understand how these external networks foster collective learning and cognitive adaptation. SMEs constrained by limited internal capacities and unfamiliarity with emerging technologies often rely on informal collaborations to enhance their innovation capacity (Carlisle *et al.*, 2013; Hansen *et al.*, 2009; Heider *et al.*, 2021). Public initiatives designed to reduce technological barriers, such as government-led programs, contribute to this process by facilitating access to knowledge and resources, though their influence remains formal and regulatory, aligning more closely with the RAN framework (Zhu *et al.*, 2012). In contrast, informal networks, central to the SCN strand, function as channel for exchanging ideas and fostering the cognitive flexibility SMEs need to respond to rapid technological change (Spence *et al.*, 2003). Through these informal mechanisms, SMEs acquire the technical resources and the knowledge needed to address innovation challenges (Ramdani *et al.*, 2023). Barron *et al.* (2024) further deepen this analysis by illustrating how SMEs filter digital opportunities based on their stance toward regulatory frameworks. Their study identifies two primary cognitive filters, human pragmatism and futurism, that SMEs use to evaluate digitalization strategies. SMEs adopting a human pragmatist stance tend to view digital opportunities through the lens of immediate practical benefits and human-centered outcomes, often focusing on how technologies can enhance existing workflows without drastically altering the company's structure (Barron *et al.*, 2024). On the other hand, SMEs with a futurist stance are more likely to embrace transformative technologies, viewing digitalization as a pathway to scaling and fundamentally changing their operational models (Barron *et al.*, 2024). Both approaches reflect how SMEs manage the intersection of formal regulations and informal networks in constructing their digitalization strategies. This highlights the dual role of regulatory frameworks under the RAN strand, establishing formal conditions for innovation, and the SCN strand, where shared cognitive frameworks guide SMEs in interpreting and filtering digital opportunities.

Through the lens of the MCN framework, industry-wide norms and cultural factors become central in influencing SMEs' adoption of new technologies. In conservative sectors, cultural resistance may hinder adoption, while in more dynamic industries, mimetic pressures drive firms to follow industry leaders in the implementation of digital innovations (Dwivedi and Pawsey, 2023; Kreiser *et al.*, 2010). This mimetic behavior is particularly evident in transition economies, where the lack of institutional support increases the reliance on technological innovation for growth (Eggers, 2020; Hashi and Krasniqi, 2011). Here, governments actively shape the business environment by introducing targeted policies that strengthen mimetic and normative pressures, ensuring that SMEs align their digitalization strategies with prevailing industry standards (Zhou, 2013).

4.2 Green cluster – institutional theory and sustainability in SMEs

The studies included in this cluster of literature focus on the various institutional pressures that influence the sustainability strategies of SMEs.

Analyzing the phenomenon from the perspective of RAN, formal institutions, such as governmental regulations and policies, force SMEs to comply with sustainability standards, especially in terms of reducing emissions, energy consumption, and waste generation (Brinkerink and Bammens, 2024; Madrid-Guijarro and Duréndez, 2024). Complying with these norms requires SMEs to allocate a significant amount of resources, as they must invest in sustainable technologies, adopt greener processes, and often restructure their corporate operations to meet regulatory demands (O'Reilly *et al.*, 2023; Salmeron and Bueno, 2006). For instance, frameworks such as the EU Green Taxonomy, which outline specific sustainability criteria, serve as both a guide and a coercive force, pushing SMEs to align their strategies and activities with stricter environmental standards (O'Reilly *et al.*, 2023). Although these regulations aim to promote sustainability and enhance sustainable development, they can place a heavy burden on SMEs, particularly those with limited financial resources or reduced operational capacity (Guerrero-Baena *et al.*, 2024; Madrid-Guijarro and Duréndez, 2024).

In such cases, compliance becomes a balancing act between meeting regulatory requirements and managing internal resource constraints, which can ultimately limit the scope of proactive sustainability efforts (Guerrero-Baena *et al.*, 2024). In economically unstable environments, such as those characterized by high inflation, volatile exchange rates, or political instability, SMEs face additional challenges in implementing sustainability initiatives (Hamann *et al.*, 2017). These conditions exacerbate resource constraints, making it more difficult for SMEs to meet both formal regulatory demands and informal sustainability expectations (Jafari Sadeghi *et al.*, 2019).

Looking at the phenomenon from the perspective of SCN, and thus considering informal institutions, SMEs are often driven to adopt sustainability practices that go beyond regulatory requirements, influenced by social norms and the need for legitimacy within their communities (Bag *et al.*, 2022; El Baz *et al.*, 2016). SMEs, particularly those highly tied to their local communities, face expectations from various stakeholders, including customers and suppliers, to demonstrate greater levels of sustainability implementation (Agyabeng-Mensah *et al.*, 2024; Bai *et al.*, 2024). In sectors like food processing industry, for example, these expectations are particularly strong, pushing SMEs to engage more intensively with sustainability (El Baz *et al.*, 2016). Among the reasons, there is particularly their higher level of integration into complex supply chains, which often amplify the informal pressures to adopt sustainable practices, even in cases where formal institutions may be less stringent (Carrigan *et al.*, 2017). As noted by El Baz *et al.* (2016), multinational companies in the food-processing sector often impose sustainability requirements on SMEs, encouraging them to integrate higher environmental and social practices to remain within the supply chain. In this way, SMEs have to comply with the formal institutions of their home countries and also meet the informal institutional pressures represented by the international sustainability standards set by leading companies (El Baz *et al.*, 2016).

MCN perspective can help to better explain how SMEs reconcile formal regulatory requirements with informal stakeholder expectations, such as customer or supplier demands for enhanced sustainability standards. For example, in sectors with high visibility, such as manufacturing, SMEs may be pressured to adopt circular supply chain practices due to stakeholder influence, even if formal regulations are less stringent (Guerrero-Baena *et al.*, 2024). The weight of informal institutions becomes evident through mimetic processes, where SMEs emulate the sustainability practices of industry leaders to enhance their legitimacy and competitiveness (Sawang *et al.*, 2024). In markets where local social norms align with global sustainability trends, informal expectations push SMEs to innovate and improve their sustainability practices (Agyabeng-Mensah *et al.*, 2024). While formal institutions enforce compliance, informal institutions foster a more proactive approach to sustainability, helping SMEs strengthen their reputation within their communities and maintain their competitive edge (Agyabeng-Mensah *et al.*, 2024; Sawang *et al.*, 2024).

The contrast between formal and informal institutions is even more evident in the case of cross-country comparisons. SMEs operating in highly regulated regions like the European Union often prioritize compliance with stringent sustainability standards. In contrast, SMEs based in less regulated countries, such as developing economies, may initially focus on minimizing constraints but eventually view sustainability as a strategic opportunity for entering international markets (El Baz *et al.*, 2016). In these cases, formal and informal institutions generate different strategic outcomes depending on the local context, as SMEs tailor their sustainability strategies and practices to align with specific regulatory and market conditions (Jafari Sadeghi *et al.*, 2019; Tang and Tang, 2012).

4.3 Blue cluster – institutional theory and the internationalization of SMEs

This literature included in the blue cluster explores the influence of institutions on SMEs' internationalization strategies and activities.

From a RAN perspective, formal institutions result to both enable and constrain SMEs' internationalization efforts. Regulatory turbulence, such as frequent policy changes, complex

bureaucratic procedures, and inefficient regulatory enforcement, often poses significant challenges for SMEs. To comply with these shifting and often unclear regulations, particularly in emerging markets, SMEs must allocate additional resources to manage the administrative burden and ensure compliance, which can slow down their growth and reduce export performance (Manolopoulos *et al.*, 2018; Schwens *et al.*, 2011). For instance, regulatory complexity can manifest in delayed permits, inconsistent policy enforcement, and costly compliance requirements, all of which demand SMEs to invest in legal expertise, adapt operational processes, and increase time-to-market (Dung Ngo *et al.*, 2024; Tajeddin *et al.*, 2023). By contrast, when formal institutions provide stability and support, such as through well-defined policies and simplified processes, SMEs can take advantage of these conditions to improve their performance in international markets (Dung Ngo *et al.*, 2024; Kalinic and Brouthers, 2022; Oehme and Bort, 2015; Ranjan, 2024). Government initiatives, including export promotion programs and fiscal incentives, provide SMEs with the necessary resources to improve their branding and operational capabilities, making them more competitive abroad (Oparaocha, 2015; Ranjan, 2024). Such institutional support enables SMEs to overcome challenges like local corruption or bureaucratic inefficiencies, which often act as barriers to international expansion (Manolopoulos *et al.*, 2018; Tajeddin *et al.*, 2023).

The SCN perspective allows for an in-depth analysis of how informal institutions shape SMEs' ability to establish legitimacy both domestically and internationally (Fabian *et al.*, 2009; Maekelburger *et al.*, 2012). The literature points out that, in addition to formal institutions, SMEs' internationalization strategies are significantly influenced by their integration into informal networks, which help them gain trust and acceptance from key stakeholders—critical factors in mitigating the risks associated with entering new markets (Jonsson and Lindbergh, 2010; Oparaocha, 2015). Informal networks and social capital provide SMEs with access to relevant market information and resources that would otherwise be difficult to obtain (Lo *et al.*, 2016). The result consist in a reduction of uncertainty and the promotion of the exchange of knowledge, enabling SMEs to make informed decisions, build relationships with local actors, and overcome the liabilities of foreignness (Fabian *et al.*, 2009; Oparaocha, 2015). Informal networks are essential for SMEs, which often lack the financial and institutional resources available to larger firms, helping them remain competitive in international markets (Jonsson and Lindbergh, 2010; Cheng and Yu, 2008). In emerging economies, where formal institutions may be inconsistent or underdeveloped, the reliance on informal networks becomes even more significant (Tajeddin *et al.*, 2023; Cheng and Yu, 2008). Informal networks help SMEs to overcome institutional voids, such as inadequate regulatory frameworks or bureaucratic inefficiencies, which are common in these markets (Tajeddin *et al.*, 2023; Lo *et al.*, 2016). Thus, SMEs that have joined informal networks are better equipped to adapt to the volatile conditions of emerging markets, such as unpredictable regulatory changes or fluctuating political environments, which might otherwise hinder their internationalization efforts (Fabian *et al.*, 2009; Tajeddin *et al.*, 2023). As a result, SMEs will be better positioned to mitigate risks and maintain their competitive advantage even in challenging institutional contexts (Akbar *et al.*, 2022; Fabian *et al.*, 2009; Tajeddin *et al.*, 2023).

The MCN framework allows us to observe how institutional conflicts and political dynamics influence the internationalization strategies of SMEs. Operating in politically unstable or high-risk environments presents additional challenges, as formal institutions may be inconsistent or underdeveloped, failing to adequately support internationalization efforts (Schwens *et al.*, 2011). In these situations, SMEs often have to rely more heavily on their internal capabilities and informal networks to mitigate risks, balancing the demands of formal regulations with the expectations of local stakeholders (Klaas *et al.*, 2010; Shin *et al.*, 2022). This is particularly evident in emerging economies, where institutional voids, such as weak legal frameworks or bureaucratic inefficiencies, drive SMEs to seek growth opportunities abroad to bypass domestic limitations (Dung Ngo *et al.*, 2024; Hessels and Terjesen, 2010; Manolopoulos *et al.*, 2018; Smallbone *et al.*, 2022). In these contexts, internationalization

becomes a strategy for escaping the inefficiencies of the home market, allowing SMEs to leverage the relative stability and growth potential of foreign markets. Business group affiliations can also moderate home market inefficiencies by providing SMEs with access to additional resources and institutional support, as seen in Korean firms, where group affiliations help to mitigate the risks associated with high institutional uncertainty (Shin *et al.*, 2022). In addition, the specific conditions of domestic markets, such as regulatory inefficiencies, poor infrastructure, and intense competition, can further complicate the internationalization process for SMEs. In countries with weak institutional frameworks, the benefits of resource investments can be significantly reduced, hindering international expansion efforts (Dung Ngo *et al.*, 2024). Conversely, SMEs in more stable institutional contexts benefit from greater predictability, which allows them to focus on scaling their operations and successfully entering new markets (Bai *et al.*, 2024).

4.4 Yellow cluster – institutional theory and SME strategies in emerging markets

The literature included in this cluster examines the strategies that SMEs in emerging markets commonly adopt in response to the unique institutional conditions of these regions. Emerging markets often present a combination of unique formal and informal institutional challenges, which shape the strategic responses and practices for these firms (Rodgers *et al.*, 2022; Harrison *et al.*, 2018; Sun *et al.*, 2021). Examining at these dynamics through the framework of new institutionalism provides insight into how SMEs operate in such complex environments.

The analysis of the literature from the RAN perspective highlights the central role formal institutions play in shaping SMEs' strategies and practices in emerging markets. Regulatory uncertainty and inconsistent enforcement complicate SMEs' efforts to grow in these regions (Harrison *et al.*, 2018; Oriaifo *et al.*, 2020). In some cases, the regulatory instability leads SMEs to adopt strategies that elude these domestic barriers, often through informal networks or external market expansion (Deng and Zhang, 2018; Qiao *et al.*, 2020). In Tunisia and China, for instance, SMEs that manage to align their strategies with the formal institutional frameworks in place are better able to capitalize on opportunities for international expansion (Shi *et al.*, 2024).

From the SCN perspective, informal institutions result equally relevant in shaping the strategies and outcome of SMEs operating in emerging markets. Informal institutions can either support or hinder business development, depending on how well the firm aligns with local expectations (Narooz and Child, 2017; Hughes and Mustafa, 2017). In certain regions, such as the Middle East, SMEs frequently rely on strong community networks to access resources and build legitimacy, leveraging these networks to overcome institutional voids (Hansen-Addy *et al.*, 2024). However, these same social norms can also act as barriers, especially for marginalized groups like women entrepreneurs, whose access to business networks and resources may be restricted by established cultural biases (Aker *et al.*, 2023).

The MCN perspective helps us understand how SMEs manage the often conflicting demands of formal and informal institutions within emerging markets. SMEs are required to balance regulatory compliance with the need to meet social expectations, particularly in regions where the formal institutions are weak (Danis *et al.*, 2010; Kafouros *et al.*, 2022). For instance, in Africa, even though improvements in the regulatory environment have increased access to formal financing options, many SMEs still prefer to rely on retained earnings for their operations due to the high costs and complexities associated with external financing (Donbesuur *et al.*, 2020; Hansen-Addy *et al.*, 2024). This demonstrates that, while formal institutions may improve, informal institutions and preferences often continue to shape business behavior of SMEs. In regions such as Central Asia and Southeastern Europe, SMEs often turn to informal networks to compensate for gaps in formal institutional support. These networks are instrumental in securing resources and mitigating risks related to regulatory uncertainty (Adomako *et al.*, 2020; Deng and Zhang, 2018), operational disruptions (Harrison *et al.*, 2018), and limited access to formal financing (Hansen-Addy *et al.*, 2024). For instance,

Stojčić *et al.* (2024) highlight how SMEs in these regions rely on networking to facilitate internationalization to escape domestic institutional constraints. When formal institutions fail to consistently enforce regulations or provide adequate support, SMEs increasingly depend on these relationships to gain access to essential resources like market intelligence and financial capital (Rodgers *et al.*, 2022). By leveraging informal networks, SMEs can better manage the uncertainty of their environment, securing the resources needed to navigate unpredictable regulatory frameworks and volatile market conditions (Maksimov *et al.*, 2017; Narooz and Child, 2017).

5. Future research agenda

5.1 *The interplay of institutional theory, SMEs, and technological innovation in a globalized landscape*

Various authors explored the relationship between SMEs, institutional theory, and technology innovation (Dickson *et al.*, 2006; Minh and Hjortsø, 2015; Sadeghi *et al.*, 2019). However, despite significant advancements, there remain significant gaps in the literature that need to be addressed by future research. For example, studies could focus on how various regulatory frameworks (Hadjimanolis, 1999), local and international market dynamics (Acs *et al.*, 2001), and cultural norms (Keizer *et al.*, 2001) could facilitate or hinder technology utilization and innovation. In turn, this could shed light on the specific institutional barriers and facilitators that influence the ability of SMEs to harness technological progress to their advantage.

Moreover, future research could examine the implications of innovation processes on ecosystem dynamics (Dickson *et al.*, 2006). In this context, scholars could elaborate on the ways in which technological innovation can be utilized to bridge the digital divide between SMEs and larger firms, enabling the former to more effectively compete in digital environments.

Another prominent area of investigation is the role played by the institutional environment in the face of disruptive digital innovation (Chan *et al.*, 2019). Understanding this relationship could foster the development of appropriate strategies and policies to support SMEs' adaptability in the face of rapidly evolving technological landscapes. Researchers could also consider the complex interplay between formal and informal institutions in shaping SMEs' technology adoption decisions and practices, to understand the interdependencies and interactions between various institutional drivers and their combined effects on SMEs' responses to disruptive digital innovation.

5.2 *Investigating the interplay of institutional theory, sustainability, and stakeholder engagement in SMEs*

The literature on institutional theory and sustainability in SMEs is still emerging, thus opening promising future directions. Although previous literature has acknowledged the importance of understanding the needs and desires of local communities in the definition of sustainability strategies (Bocquet *et al.*, 2019; Gao and Hafsi, 2015), more research is needed to investigate the role of stakeholder engagement in shaping SMEs' sustainability initiatives. This may include examining the mechanisms through which stakeholders exert influence on SMEs' decision-making processes and the strategies that SMEs employ to manage stakeholder expectations and demands.

Furthermore, the relationship between institutions, sustainability, and SMEs could be analyzed through different theoretical lenses than those already used in the literature. For example, most studies have focused on stakeholder theory, agency theory, and resource dependency theory, yet few contributions analyze the relationship between institutional theory and signaling theory. Signaling theory suggests that organizations will use signals, such as the adoption of sustainability standards, to demonstrate to their environment that they are compliant and meet institutional expectations. This theory might be particularly relevant for

firms such as SMEs, whose ethicality is often not observable from the outside. It would be useful to examine the role of signaling theory in this process, as it offers a theoretical framework for understanding the motivations behind SMEs' decisions to adopt sustainability strategies and initiatives. In this regard, future research could examine the role of external stakeholders, such as governments and investors, in influencing SMEs' sustainability strategies and analyze how these theories can help SMEs adapt to changes in their environment and communicate their intentions and preferences in order to be more transparent.

5.3 Leveraging the institutional environment in the analysis of SME internationalization strategies

The landscape of research on the impact of institutional settings on the internationalization of SMEs is multifaceted. This is witnessed, for example, by the positive and negative effects on the process of internationalization (Schwens *et al.*, 2011). In this view, future research could delve deeper into these varying outcomes to offer a more detailed understanding of the nuanced roles that institutional settings play in the international activities of SMEs. This line of research could provide novel insights for both policymakers and firms as they navigate the multifaceted realities of international expansion.

Moreover, existing research underscores how the institutional environment can influence resource availability, the costs associated with international activities, and the level of risk connected to internationalization (Chen *et al.*, 2014; Oparaocha, 2015). Nevertheless, future studies could investigate how the institutional setting determines the scope, mode, and timing of SME internationalization strategies. Gaining a deeper understanding of the various modes of internationalization may enable SMEs to devise appropriate strategies for navigating, adapting to, and potentially capitalizing on differences in the institutional environment across countries. As it concerns the creation by the institutional environment of opportunities for success related to internationalization, future research could seek to provide additional evidence on the multi-level influences that shape SMEs' internationalization strategies and enhance their market performance.

Scholars are also encouraged to focus on the strategies and approaches used by SMEs to effectively address the challenges and realize the opportunities presented by the institutional environment when expanding into new markets. This line of research has significant potential to enrich the understanding of how SMEs adapt to variations in the institutional context, as well as the mechanisms they use to overcome obstacles and capitalize on the advantages associated with internationalization.

5.4 SME in emerging markets with institutional voids

Since formal institutions might be not adequately developed in emerging markets (Narooz and Child, 2017; Rodgers *et al.*, 2022), it is suggested to delve more deeply into how SMEs can leverage informal institutions to enhance organizational outcomes.

Furthermore, the contributions of network support systems and external stakeholders, such as consultants, accountants, and other professionals, to the success of SMEs in overcoming institutional voids warrant further exploration. In this context, researchers might consider the role of inter-organizational collaborations, knowledge-sharing channels, and capacity-building initiatives in navigating challenging institutional landscapes. It is also important to investigate the potential impact of industry-specific networks and mentorship programs in assisting SMEs to bridge the institutional gaps. This line of inquiry could encompass the evaluation of government-sponsored initiatives, private sector efforts, and sector-specific associations in fostering an environment conducive to SME growth, despite the limitations imposed by institutional voids.

Another promising avenue for scholarly investigation concerns the utilization of digital platforms to address the institutional deficiencies that typify emerging economies (Chen *et al.*, 2022). In particular, researchers could probe the capacity of such platforms to mitigate costs

and broaden access to global markets. This examination might entail a focus on the potential of digital platforms to facilitate access to capital and create novel financing opportunities for SMEs, thereby empowering them to overcome resource constraints and institutional challenges.

Additionally, cross-country and cross-cultural comparisons present a valuable opportunity for researchers to gain a deeper understanding of the role of institutional theory in the context of SMEs. For instance, researchers can investigate the differences and similarities in the institutional environments of developed and emerging economies and their impact on SMEs' decision-making processes, strategies, and outcomes. This line of research can provide valuable insights into how SMEs can leverage institutional variations to their advantage, enabling them to manage complex and dynamic environments more effectively.

6. Theoretical, managerial, and practical implications

6.1 Theoretical implications

This study makes significant contributions to the academic debate by offering a systematic analysis of how institutional theory applies to SME research. Existing studies have often focused on large firms, but this study demonstrates the necessity of adapting institutional theory to the specific challenges that SMEs face, such as limited resources and heightened vulnerability to external pressures (Graafland and Smid, 2017). SMEs, due to their smaller dimension, are particularly sensitive to external institutional forces, which can restrict their strategic options and increase their dependence on local communities for survival (Graafland and Smid, 2017).

One key theoretical implication is the application of the three strands of new institutionalism—RAN, SCN, and MCN—to explain how SMEs manage the pressures from both formal and informal institutions. These strands provide a framework for understanding the different ways in which SMEs navigate diverse institutional demands. RAN, for instance, helps to explain how SMEs strategically allocate their limited resources to meet regulatory requirements, often prioritizing legal compliance over other operational needs due to the high costs associated with regulatory frameworks (Madrid-Guijarro and Duréndez, 2024). SCN is useful to understand how informal expectations from communities, such as cultural norms and legitimacy concerns, push SMEs to adapt their behavior to align with unwritten social norms and community standards, especially in sectors where social acceptance is crucial (Bag *et al.*, 2022; Agyabeng-Mensah *et al.*, 2024). In such contexts, informal pressures can be just as influential as formal regulations in shaping strategic decisions. MCN offers insight into how SMEs must balance the often-competing interests of multiple stakeholders, particularly in politically unstable environments, where regulatory inconsistencies and competing social expectations create complex dynamics (Dung Ngo *et al.*, 2024; Manolopoulos *et al.*, 2018). These challenges become even more pronounced in cross-border operations, where SMEs contend with differing institutional landscapes and political environments across home and host countries (Ranjan, 2024; Torkkeli *et al.*, 2019).

This research also highlights the duality of institutions as both constraints and opportunities for SMEs. While formal institutions impose regulatory frameworks that SMEs must comply with, informal institutions such as local norms and cultural expectations drive SMEs to adopt practices that exceed compliance to gain local legitimacy and competitive advantages (Madrid-Guijarro and Duréndez, 2024; O'Reilly *et al.*, 2023). For example, SMEs deeply rooted in their local communities may implement eco-friendly initiatives or social responsibility programs to meet regulatory standards and also to align with the values and expectations of their stakeholders, thus enhancing their legitimacy and market position (Agyabeng-Mensah *et al.*, 2024; El Baz *et al.*, 2016). This is particularly evident in sectors like food processing, where supply chains impose sustainability requirements that go beyond legal obligations, forcing SMEs to adapt to both formal regulations and informal pressures from stakeholders (El Baz *et al.*, 2016). This finding suggests that theoretical models need to be

expanded to account for the informal, non-regulatory pressures that can push SMEs to innovate and adapt beyond formal institutional requirements (Bag *et al.*, 2022).

Furthermore, the study emphasizes the importance of comparative institutional analysis, especially for SMEs engaged in internationalization. The institutional environments in home and host countries often differ significantly, and these variations can profoundly influence how SMEs develop strategies for entering and competing in foreign markets. For instance, an SME operating in a host country with weaker regulatory frameworks may face stronger informal expectations from local stakeholders, requiring a different strategic approach than in its home country (Graafland and Smid, 2017). This dynamic underscores the need to refine existing theoretical models to better capture cross-national differences in institutional contexts, particularly how formal and informal institutions interact in shaping the strategic responses of SMEs.

Lastly, the findings underscore the need for a deeper examination of how SMEs handle the simultaneous pressures exerted by formal and informal institutions. A constant adjustment is required to ensure compliance with both formal and informal institutions, allowing SMEs to maintain operational flexibility and secure legitimacy in varied institutional contexts. The ability of SMEs to manage the often-competing demands arising from these two types of institutions highlights the need to refine existing theoretical models, enabling a better understanding of how SMEs adapt their strategies to succeed in complex institutional environments (Graafland and Smid, 2017; Kafouros *et al.*, 2022).

6.2 Managerial implications

The findings of this study offer several important managerial implications for SMEs. First, managers must be able to adapt their strategies to manage the simultaneous pressures from formal institutions, such as regulations and laws, and informal institutions, including cultural norms and community expectations. This ability to meet regulatory requirements while responding to stakeholder expectations is essential for ensuring that SMEs remain flexible in their operations and maintain legitimacy within their environments (Graafland and Smid, 2017; Agyabeng-Mensah *et al.*, 2024).

Managers who leverage institutional knowledge effectively can significantly improve their firms' competitive advantage. Aligning knowledge management with strategic goals—whether through proactive approaches for innovation or conservative approaches for stability—can enhance organizational performance and innovation (Bagnoli and Vedovato, 2014). By strategically managing both internal and external knowledge sources, managers can ensure that SMEs respond more effectively to market shifts and improve decision-making, which supports long-term performance (Wang and Yang, 2016). This is particularly important for managers of SMEs with limited resources, who must mitigate risks associated with knowledge loss and enhance their firm's ability to innovate (Durst *et al.*, 2023).

Sustainability is another critical concern for managers, as regulatory frameworks in many countries require SMEs to meet both environmental and social standards. Managers should prioritize integrating sustainable practices into their operations to comply with these standards and strengthen their market position (Madrid-Guijarro and Duréndez, 2024; Bag *et al.*, 2022). For example, SMEs in highly visible sectors, such as manufacturing or food processing, are often expected to exceed basic legal requirements to maintain their place in supply chains and meet the growing expectations of stakeholders (El Baz *et al.*, 2016).

Finally, managers must recognize that institutional expectations differ significantly between home and host countries when expanding internationally. To successfully compete in foreign markets, managers need to adapt their business practices to the specific regulatory and societal standards of each country. This alignment ensures compliance and also acceptance by local stakeholders, which is vital for long-term success (Torkkeli *et al.*, 2019; Schwens *et al.*, 2011).

6.3 Practical implications

Based on the findings of this study, several practical implications emerge for both policymakers and practitioners in the SME sector.

Governments and regulatory bodies should create favorable conditions for SMEs by simplifying licensing processes and offering special grants or tax incentives to encourage the adoption of innovative technologies. This is particularly relevant for smaller firms, which often struggle with limited resources and technological access (Bagoli and Vedovato, 2014). Policymakers should also design subsidies and financial incentives tailored specifically to SMEs to support their innovation and growth, especially in sectors where resources are scarce (Durst *et al.*, 2023). Training programs subsidized by governments or developed through public-private partnerships can help SMEs enhance their knowledge management capabilities, thereby improving their operational performance and competitiveness (Wang and Yang, 2016).

In the area of sustainability, governments and local authorities should focus on creating and enforcing policies that encourage SMEs to adopt sustainable strategies and practices. By providing clear sustainability guidelines and best practices, policymakers can help SMEs align their operations with both regulatory requirements and societal expectations, which enhances their legitimacy and market position (Bag *et al.*, 2022). Large corporations can also support SMEs by integrating them into sustainable supply chains, sharing knowledge, and offering resources to help smaller firms meet the increasing demand for sustainable business practices (El Baz *et al.*, 2016). Additionally, local authorities can launch awareness campaigns to raise SMEs' understanding of sustainability expectations within their communities, helping them develop initiatives that resonate with local stakeholders and improve their reputations (Graafland and Smid, 2017).

For SMEs seeking to expand internationally, thoroughly assessing the institutional context of target countries is critical because institutional factors directly influence the feasibility and success of foreign operations. Entering markets with weak regulatory environments can expose SMEs to significant risks, such as legal uncertainties and corruption, which may hinder operations or increase costs (Narooz and Child, 2017). Conversely, favorable institutional conditions can facilitate smoother entry and lower risks. Therefore, understanding these institutional variables enables SMEs to select the most appropriate entry strategies, such as franchising or licensing in riskier markets, to minimize exposure while maximizing opportunities for growth (Torkkeli *et al.*, 2019).

Furthermore, access to capital remains a significant challenge for many SMEs, especially in emerging economies. Policymakers can address this issue by facilitating alternative financing mechanisms, such as crowdfunding platforms, angel investor networks, and venture capital funds dedicated to SMEs (Oriaifo *et al.*, 2020). Networking events, trade fairs, and international exhibitions should be promoted to provide SMEs with opportunities to connect with potential partners and investors, fostering both domestic and international growth opportunities (Durst *et al.*, 2023).

7. Conclusion

Over recent years, research on institutional theory and SMEs has expanded significantly. In this paper, we conducted a systematic review of the literature. This approach allowed us to identify key research clusters related to innovation, sustainability, internationalization, and strategies in emerging markets. Our findings confirm the value of institutional theory as a framework for analyzing how external formal and informal factors influence SMEs' strategic behaviors and decision-making processes.

This study offers a structured synthesis of how institutional theory applies to SMEs, highlighting their distinct challenges compared to larger firms. By focusing on the three strands of new institutionalism—RAN, SCN, and MCN—we clarify how SMEs respond to institutional pressures.

Despite its contributions, the present research, like other bibliometric studies (e.g. Ciampi *et al.*, 2021), also has limitations. Rather than providing a detailed and in-depth analysis of specific content, the study adopts a broader perspective on the field. This reflects a necessary

trade-off between comprehensiveness and depth. However, these findings offer a strong foundation for future studies that could focus on more targeted investigations.

References

- Acs, Z.J., Morck, R.K. and Yeung, B. (2001), "Entrepreneurship, globalization, and public policy", *Journal of International Management*, Vol. 7 No. 3, pp. 235-251, doi: [10.1016/s1075-4253\(01\)00046-1](https://doi.org/10.1016/s1075-4253(01)00046-1).
- Adomako, S., Frimpong, K., Danso, A., Amankwah-Amoah, J., Uddin, M. and Kesse, K. (2020), "Home country institutional impediments and international expansion of developing country SMEs", *International Business Review*, Vol. 29 No. 5, 101716, doi: [10.1016/j.ibusrev.2020.101716](https://doi.org/10.1016/j.ibusrev.2020.101716).
- Agyabeng-Mensah, Y., Afum, E. and Baah, C. (2024), "Stakeholder pressure and circular supply chain practices: moderating roles of environmental information exchange capability and circular innovation orientation", *Business Strategy and the Environment*, Vol. 33 No. 6, pp. 5703-5720, doi: [10.1002/bse.3779](https://doi.org/10.1002/bse.3779).
- Akbar, Y., Balzano, M. and Bortoluzzi, G. (2022), "The relationship between innovation and internationalization of SMEs: a review of theoretical perspectives", in *Research Handbook on Innovation in International Business*, pp. 6-33.
- Akter, M., Akter, S., Rahman, M. and Priporas, C.V. (2023), "Mapping the barriers to socio-economic freedom in internationalisation of women-owned SMEs: evidence from a developing country", *Journal of International Management*, Vol. 29 No. 6, 101067, doi: [10.1016/j.intman.2023.101067](https://doi.org/10.1016/j.intman.2023.101067).
- Amaeshi, K., Adegbite, E., Ogbechie, C., Idemudia, U., Kan, K.A.S., Issa, M. and Anakwue, O.I.J. (2016), "Corporate social responsibility in SMEs: a shift from philanthropy to institutional works?", *Journal of Business Ethics*, Vol. 138 No. 3, pp. 385-400, doi: [10.1007/s10551-015-2633-1](https://doi.org/10.1007/s10551-015-2633-1).
- Bag, S., Dhamija, P., Bryde, D.J. and Singh, R.K. (2022), "Effect of eco-innovation on green supply chain management, circular economy capability, and performance of small and medium enterprises", *Journal of Business Research*, Vol. 141, pp. 60-72, doi: [10.1016/j.jbusres.2021.12.011](https://doi.org/10.1016/j.jbusres.2021.12.011).
- Bai, W., Hilmersson, M., Johanson, M. and Oliveira, L. (2024), "SMEs' regional diversification: dynamic patterns and home market institutional determinants", *International Marketing Review*, Vol. 41 No. 2, pp. 358-385, doi: [10.1108/imr-12-2021-0364](https://doi.org/10.1108/imr-12-2021-0364).
- Bagnoli, C. and Vedovato, M. (2014), "The impact of knowledge management and strategy configuration coherence on SME performance", *Journal of Management and Governance*, Vol. 18 No. 2, pp. 615-647, doi: [10.1007/s10997-012-9211-z](https://doi.org/10.1007/s10997-012-9211-z).
- Barron, N., Palmer, M. and Quinn, R. (2024), "Institutional stance filtering in digitalization opportunity-making", *IEEE Transactions on Engineering Management*, Vol. 71, pp. 11615-11628, doi: [10.1109/tem.2024.3428833](https://doi.org/10.1109/tem.2024.3428833).
- Benassi, C., Durazzi, N. and Fortwengel, J. (2022), "Comparative institutional disadvantage: small firms and vocational training in the British manufacturing sector in comparative perspective", *British Journal of Industrial Relations*, Vol. 60 No. 2, pp. 371-390, doi: [10.1111/bjir.12643](https://doi.org/10.1111/bjir.12643).
- Berger, A.N. and Udell, G.F. (2006), "A more complete conceptual framework for SME finance", *Journal of Banking and Finance*, Vol. 30 No. 11, pp. 2945-2966, doi: [10.1016/j.jbankfin.2006.05.008](https://doi.org/10.1016/j.jbankfin.2006.05.008).
- Bocquet, R., Le Bas, C., Mothe, C. and Poussing, N. (2019), "Strategic CSR for innovation in SMEs: does diversity matter?", *Long Range Planning*, Vol. 52 No. 6, 101913, doi: [10.1016/j.lrp.2019.101913](https://doi.org/10.1016/j.lrp.2019.101913).
- Brinkerink, J. and Bammens, Y. (2024), "Greening in the spotlight: how public inquisitiveness shapes European SMEs' actions in response to climate concerns", *Business Strategy and the Environment*, Vol. 33 No. 6, pp. 6106-6123, doi: [10.1002/bse.3792](https://doi.org/10.1002/bse.3792).

- Carlisle, S., Kunc, M., Jones, E. and Tiffin, S. (2013), "Supporting innovation for tourism development through multi-stakeholder approaches: experiences from Africa", *Tourism Management*, Vol. 35, pp. 59-69, doi: [10.1016/j.tourman.2012.05.010](https://doi.org/10.1016/j.tourman.2012.05.010).
- Carrigan, M., McEachern, M., Moraes, C. and Bosangit, C. (2017), "The fine jewellery industry: corporate responsibility challenges and institutional forces facing SMEs", *Journal of Business Ethics*, Vol. 143 No. 4, pp. 681-699, doi: [10.1007/s10551-016-3071-4](https://doi.org/10.1007/s10551-016-3071-4).
- Chan, C.M., Teoh, S.Y., Yeow, A. and Pan, G. (2019), "Agility in responding to disruptive digital innovation: case study of an SME", *Information Systems Journal*, Vol. 29 No. 2, pp. 436-455, doi: [10.1111/isj.12215](https://doi.org/10.1111/isj.12215).
- Chen, H.L., Hsu, W.T. and Chang, C.Y. (2014), "Family ownership, institutional ownership, and internationalization of SMEs", *Journal of Small Business Management*, Vol. 52 No. 4, pp. 771-789, doi: [10.1111/jsbm.12031](https://doi.org/10.1111/jsbm.12031).
- Chen, L., Li, S., Wei, J. and Yang, Y. (2022), "Externalization in the platform economy: social platforms and institutions", *Journal of International Business Studies*, Vol. 53 No. 8, pp. 1805-1816, doi: [10.1057/s41267-022-00506-w](https://doi.org/10.1057/s41267-022-00506-w).
- Cheng, H.L. and Yu, C.M.J. (2008), "Institutional pressures and initiation of internationalization: evidence from Taiwanese small-and medium-sized enterprises", *International Business Review*, Vol. 17 No. 3, pp. 331-348, doi: [10.1016/j.ibusrev.2008.01.006](https://doi.org/10.1016/j.ibusrev.2008.01.006).
- Ciampi, F., Giannozzi, A., Marzi, G. and Altman, E.I. (2021), "Rethinking SME default prediction: a systematic literature review and future perspectives", *Scientometrics*, Vol. 126 No. 3, pp. 2141-2188, doi: [10.1007/s11192-020-03856-0](https://doi.org/10.1007/s11192-020-03856-0).
- Danis, W.M., Chiaburu, D.S. and Lyles, M.A. (2010), "The impact of managerial networking intensity and market-based strategies on firm growth during institutional upheaval: a study of small and medium-sized enterprises in a transition economy", *Journal of International Business Studies*, Vol. 41 No. 2, pp. 287-307, doi: [10.1057/jibs.2009.45](https://doi.org/10.1057/jibs.2009.45).
- Dattolo, A. and Corbato, M. (2019), "Visualbib: a novel web app for supporting researchers in the creation, visualization and sharing of bibliographies", *Knowledge-Based Systems*, Vol. 182, 104860, doi: [10.1016/j.knosys.2019.07.031](https://doi.org/10.1016/j.knosys.2019.07.031).
- de Sousa Jabbour, A.B.L., Ndubisi, N.O. and Seles, B.M.R.P. (2020), "Sustainable development in Asian manufacturing SMEs: progress and directions", *International Journal of Production Economics*, Vol. 225, 107567, doi: [10.1016/j.ijpe.2019.107567](https://doi.org/10.1016/j.ijpe.2019.107567).
- Deng, P. and Zhang, S. (2018), "Institutional quality and internationalization of emerging market firms: focusing on Chinese SMEs", *Journal of Business Research*, Vol. 92, pp. 279-289, doi: [10.1016/j.jbusres.2018.07.014](https://doi.org/10.1016/j.jbusres.2018.07.014).
- Dickson, P.H., Weaver, K.M. and Hoy, F. (2006), "Opportunism in the R&D alliances of SMES: the roles of the institutional environment and SME size", *Journal of Business Venturing*, Vol. 21 No. 4, pp. 487-513, doi: [10.1016/j.jbusvent.2005.02.003](https://doi.org/10.1016/j.jbusvent.2005.02.003).
- DiMaggio, P.J. (1998), "The new institutionalisms: avenues of collaboration", *Journal of Institutional and Theoretical Economics*, Vol. 154 No. 4, pp. 696-705.
- DiMaggio, P.J. and Powell, W.W. (1983), "The iron cage revisited: institutional isomorphism and collective rationality in organizational fields", *American Sociological Review*, Vol. 48 No. 2, pp. 147-160, doi: [10.2307/2095101](https://doi.org/10.2307/2095101).
- DiMaggio, P.J. and Powell, W.W. (Eds) (2012), *The New Institutionalism in Organizational Analysis*, University of Chicago press.
- Donbesuur, F., Ampong, G.O.A., Owusu-Yirenkyi, D. and Chu, I. (2020), "Technological innovation, organizational innovation and international performance of SMEs: the moderating role of domestic institutional environment", *Technological Forecasting and Social Change*, Vol. 161, 120252, doi: [10.1016/j.techfore.2020.120252](https://doi.org/10.1016/j.techfore.2020.120252).
- Dung Ngo, V.D., Leonidou, L.C., Janssen, F. and Christodoulides, P. (2024), "Export-specific investments, competitive advantage, and performance in Vietnamese SMEs: the moderating role of domestic market conditions", *Journal of Business Research*, Vol. 170, 114315, doi: [10.1016/j.jbusres.2023.114315](https://doi.org/10.1016/j.jbusres.2023.114315).

- Durst, S., Edvardsson, I.R. and Foli, S. (2023), "Knowledge management in SMEs: a follow-up literature review", *Journal of Knowledge Management*, Vol. 27 No. 11, pp. 25-58, doi: [10.1108/jkm-04-2022-0325](https://doi.org/10.1108/jkm-04-2022-0325).
- Dwivedi, A. and Pawsey, N. (2023), "Examining the drivers of marketing innovation in SMEs", *Journal of Business Research*, Vol. 155, 113409, doi: [10.1016/j.jbusres.2022.113409](https://doi.org/10.1016/j.jbusres.2022.113409).
- Eggers, F. (2020), "Masters of disasters? Challenges and opportunities for SMEs in times of crisis", *Journal of Business Research*, Vol. 116, pp. 199-208, doi: [10.1016/j.jbusres.2020.05.025](https://doi.org/10.1016/j.jbusres.2020.05.025).
- El Baz, J., Laguir, I., Marais, M. and Staglianò, R. (2016), "Influence of national institutions on the corporate social responsibility practices of small-and medium-sized enterprises in the food-processing industry: differences between France and Morocco", *Journal of Business Ethics*, Vol. 134 No. 1, pp. 117-133, doi: [10.1007/s10551-014-2417-z](https://doi.org/10.1007/s10551-014-2417-z).
- European Commission (2003), available at: https://single-market-economy.ec.europa.eu/smes/sme-definition_en
- Fabian, F., Molina, H. and Labianca, G. (2009), "Understanding decisions to internationalize by small and medium-sized firms located in an emerging market", *Management International Review*, Vol. 49 No. 5, pp. 537-563, doi: [10.1007/s11575-009-0007-6](https://doi.org/10.1007/s11575-009-0007-6).
- Gao, Y. and Hafsi, T. (2015), "Government intervention, peers' giving and corporate philanthropy: evidence from Chinese private SMEs", *Journal of Business Ethics*, Vol. 132 No. 2, pp. 433-447, doi: [10.1007/s10551-014-2329-y](https://doi.org/10.1007/s10551-014-2329-y).
- Graafland, J. and Smid, H. (2017), "Reconsidering the relevance of social license pressure and government regulation for environmental performance of European SMEs", *Journal of Cleaner Production*, Vol. 141, pp. 967-977, doi: [10.1016/j.jclepro.2016.09.171](https://doi.org/10.1016/j.jclepro.2016.09.171).
- Guerrero-Baena, M.D., Castilla-Polo, F. and Rodríguez-Gutiérrez, P. (2024), "Motivations for social and environmental reporting in Spanish SMEs: an inductive content analysis", *Business Strategy and the Environment*, Vol. 33 No. 5, pp. 4130-4144, doi: [10.1002/bse.3693](https://doi.org/10.1002/bse.3693).
- Hadjimanolis, A. (1999), "Barriers to innovation for SMEs in a small less developed country (Cyprus)", *Technovation*, Vol. 19 No. 9, pp. 561-570, doi: [10.1016/s0166-4972\(99\)00034-6](https://doi.org/10.1016/s0166-4972(99)00034-6).
- Hall, P.A. and Taylor, R.C. (1996), "Political science and the three new institutionalisms", *Political Studies*, Vol. 44 No. 5, pp. 936-957.
- Hamann, R., Smith, J., Tashman, P. and Marshall, R.S. (2017), "Why do SMEs go green? An analysis of wine firms in South Africa", *Business and Society*, Vol. 56 No. 1, pp. 23-56, doi: [10.1177/0007650315575106](https://doi.org/10.1177/0007650315575106).
- Hansen, H., Rand, J. and Tarp, F. (2009), "Enterprise growth and survival in Vietnam: does government support matter?", *Journal of Development Studies*, Vol. 45 No. 7, pp. 1048-1069, doi: [10.1080/00220380902811025](https://doi.org/10.1080/00220380902811025).
- Hansen-Addy, A.E., Parrilli, M.D. and Tingbani, I. (2024), "The impact of the regulatory business environment on SMEs' funding choices in developing countries: evidence from Africa", *International Journal of Finance and Economics*. doi: [10.1002/ijfe.2951](https://doi.org/10.1002/ijfe.2951).
- Harrison, R., Scheela, W., Lai, P.C. and Vivekarajah, S. (2018), "Beyond institutional voids and the middle-income trap: the emerging business angel market in Malaysia", *Asia Pacific Journal of Management*, Vol. 35 No. 4, pp. 965-991, doi: [10.1007/s10490-017-9535-y](https://doi.org/10.1007/s10490-017-9535-y).
- Hashi, I. and Krasniqi, B.A. (2011), "Entrepreneurship and SME growth: evidence from advanced and laggard transition economies", *International Journal of Entrepreneurial Behavior and Research*, Vol. 17 No. 5, pp. 456-487, doi: [10.1108/13552551111158817](https://doi.org/10.1108/13552551111158817).
- Heider, A., Gerken, M., van Dinther, N. and Hülsbeck, M. (2021), "Business model innovation through dynamic capabilities in small and medium enterprises—Evidence from the German Mittelstand", *Journal of Business Research*, Vol. 130, pp. 635-645, doi: [10.1016/j.jbusres.2020.04.051](https://doi.org/10.1016/j.jbusres.2020.04.051).
- Hessels, J. and Terjesen, S. (2010), "Resource dependency and institutional theory perspectives on direct and indirect export choices", *Small Business Economics*, Vol. 34 No. 2, pp. 203-220, doi: [10.1007/s11187-008-9156-4](https://doi.org/10.1007/s11187-008-9156-4).

- Hughes, M. and Mustafa, M. (2017), "Antecedents of corporate entrepreneurship in SMEs: evidence from an emerging economy", *Journal of Small Business Management*, Vol. 55, pp. 115-140, doi: [10.1111/jsbm.12269](https://doi.org/10.1111/jsbm.12269).
- Jafari-Sadeghi, V.J., Nkongolo-Bakenda, J.M., Anderson, R.B. and Dana, L.P. (2019), "An institution-based view of international entrepreneurship: a comparison of context-based and universal determinants in developing and economically advanced countries", *International Business Review*, Vol. 28 No. 6, 101588, doi: [10.1016/j.ibusrev.2019.101588](https://doi.org/10.1016/j.ibusrev.2019.101588).
- Jamali, D. and Neville, B. (2011), "Convergence versus divergence of CSR in developing countries: an embedded multi-layered institutional lens", *Journal of Business Ethics*, Vol. 102 No. 4, pp. 599-621, doi: [10.1007/s10551-011-0830-0](https://doi.org/10.1007/s10551-011-0830-0).
- Jonsson, S. and Lindbergh, J. (2010), "The impact of institutional impediments and information and knowledge exchange on SMEs' investments in international business relationships", *International Business Review*, Vol. 19 No. 6, pp. 548-561, doi: [10.1016/j.ibusrev.2010.04.002](https://doi.org/10.1016/j.ibusrev.2010.04.002).
- Kafouros, M., Chandrashekar, S.P., Aliyev, M. and Au, A.K.M. (2022), "How do formal and informal institutions influence firm profitability in emerging countries?", *Journal of International Management*, Vol. 28 No. 1, 100890, doi: [10.1016/j.intman.2021.100890](https://doi.org/10.1016/j.intman.2021.100890).
- Kalinic, I. and Brouthers, K.D. (2022), "Entrepreneurial orientation, export channel selection, and export performance of SMEs", *International Business Review*, Vol. 31 No. 1, 101901, doi: [10.1016/j.ibusrev.2021.101901](https://doi.org/10.1016/j.ibusrev.2021.101901).
- Keizer, J.A., Dijkstra, L. and Halman, J.I. (2001), "Explaining innovative efforts of SMEs: an exploratory survey among SMEs in the mechanical and electrical engineering sector in The Netherlands", *Technovation*, Vol. 22 No. 1, pp. 1-13, doi: [10.1016/s0166-4972\(00\)00091-2](https://doi.org/10.1016/s0166-4972(00)00091-2).
- Klaas, B.S., Klimchak, M., Semadeni, M. and Holmes, J.J. (2010), "The adoption of human capital services by small and medium enterprises: a diffusion of innovation perspective", *Journal of Business Venturing*, Vol. 25 No. 4, pp. 349-360, doi: [10.1016/j.jbusvent.2008.12.002](https://doi.org/10.1016/j.jbusvent.2008.12.002).
- Ko, W.W. and Liu, G. (2017), "Environmental strategy and competitive advantage: the role of small- and medium-sized enterprises' dynamic capabilities", *Business Strategy and the Environment*, Vol. 26 No. 5, pp. 584-596, doi: [10.1002/bse.1938](https://doi.org/10.1002/bse.1938).
- Kreiser, P.M., Marino, L.D., Dickson, P. and Weaver, K.M. (2010), "Cultural influences on entrepreneurial orientation: the impact of national culture on risk taking and proactiveness in SMEs", *Entrepreneurship Theory and Practice*, Vol. 34 No. 5, pp. 959-984, doi: [10.1111/j.1540-6520.2010.00396.x](https://doi.org/10.1111/j.1540-6520.2010.00396.x).
- Lo, F.Y., Chiao, Y.C. and Yu, C.M.J. (2016), "Network and institutional effects on SMEs' entry strategies", *Management International Review*, Vol. 56 No. 4, pp. 531-563, doi: [10.1007/s11575-016-0289-4](https://doi.org/10.1007/s11575-016-0289-4).
- Madrid-Guijarro, A., Garcia, D. and Van Auken, H. (2009), "Barriers to innovation among Spanish manufacturing SMEs", *Journal of Small Business Management*, Vol. 47 No. 4, pp. 465-488, doi: [10.1111/j.1540-627x.2009.00279.x](https://doi.org/10.1111/j.1540-627x.2009.00279.x).
- Madrid-Guijarro, A. and Duréndez, A. (2024), "Sustainable development barriers and pressures in SMEs: the mediating effect of management commitment to environmental practices", *Business Strategy and the Environment*, Vol. 33 No. 2, pp. 949-967, doi: [10.1002/bse.3537](https://doi.org/10.1002/bse.3537).
- Maekelburger, B., Schwens, C. and Kabst, R. (2012), "Asset specificity and foreign market entry mode choice of small and medium-sized enterprises: the moderating influence of knowledge safeguards and institutional safeguards", *Journal of International Business Studies*, Vol. 43 No. 5, pp. 458-476, doi: [10.1057/jibs.2012.12](https://doi.org/10.1057/jibs.2012.12).
- Maksimov, V., Wang, S.L. and Luo, Y. (2017), "Reducing poverty in the least developed countries: the role of small and medium enterprises", *Journal of World Business*, Vol. 52 No. 2, pp. 244-257, doi: [10.1016/j.jwb.2016.12.007](https://doi.org/10.1016/j.jwb.2016.12.007).
- Manolopoulos, D., Chatzopoulou, E. and Kottaridi, C. (2018), "Resources, home institutional context and SMEs' exporting: direct relationships and contingency effects", *International Business Review*, Vol. 27 No. 5, pp. 993-1006, doi: [10.1016/j.ibusrev.2018.02.011](https://doi.org/10.1016/j.ibusrev.2018.02.011).

- Marzi, G., Ciampi, F., Dalli, D. and Dabic, M. (2021), "New product development during the last ten years: the ongoing debate and future avenues", *IEEE Transactions on Engineering Management*, Vol. 68 No. 1, pp. 330-344, doi: [10.1109/tem.2020.2997386](https://doi.org/10.1109/tem.2020.2997386).
- Marzi, G., Balzano, M., Caputo, A. and Pellegrini, M.M. (2024a), "Guidelines for bibliometric-systematic literature reviews (B-SLRs): ten steps to combine analysis, synthesis and theory development", In-press, doi: [10.1111/ijmr.12381](https://doi.org/10.1111/ijmr.12381).
- Marzi, G., Balzano, M. and Marchiori, D. (2024b), "K-Alpha Calculator–Krippendorff’s Alpha Calculator: a user-friendly tool for computing Krippendorff’s Alpha inter-rater reliability coefficient", *MethodsX*, Vol. 12, 102545, doi: [10.1016/j.mex.2023.102545](https://doi.org/10.1016/j.mex.2023.102545).
- Mesquita, L.F. and Lazzarini, S.G. (2008), "Horizontal and vertical relationships in developing economies: implications for SMEs’ access to global markets", *Academy of Management Journal*, Vol. 51 No. 2, pp. 359-380, doi: [10.5465/amj.2008.31767280](https://doi.org/10.5465/amj.2008.31767280).
- Meyer, J.W. and Rowan, B. (1977), "Institutionalized organizations: formal structure as myth and ceremony", *American Journal of Sociology*, Vol. 83 No. 2, pp. 340-363, doi: [10.1086/226550](https://doi.org/10.1086/226550).
- Minh, T.T. and Hjortsø, C.N. (2015), "How institutions influence SME innovation and networking practices: the case of Vietnamese agribusiness", *Journal of Small Business Management*, Vol. 53, pp. 209-228, doi: [10.1111/jsbm.12189](https://doi.org/10.1111/jsbm.12189).
- Moher, D., Liberati, A., Tetzlaff, J., Altman, D.G. and Prisma Group, T. (2009), "Preferred reporting items for systematic reviews and meta-analyses: the PRISMA statement", *Annals of Internal Medicine*, Vol. 151 No. 4, pp. 264-269, doi: [10.7326/0003-4819-151-4-200908180-00135](https://doi.org/10.7326/0003-4819-151-4-200908180-00135).
- Mol-Gómez-Vázquez, A., Hernández-Cánovas, G. and Köeter-Kant, J. (2020), "Economic and institutional determinants of lease financing for European SMEs: an analysis across developing and developed countries", *Journal of Small Business Management*, Vol. 61 No. 2, pp. 1-22, doi: [10.1080/00472778.2020.1800352](https://doi.org/10.1080/00472778.2020.1800352).
- Narooz, R. and Child, J. (2017), "Networking responses to different levels of institutional void: a comparison of internationalizing SMEs in Egypt and the UK", *International Business Review*, Vol. 26 No. 4, pp. 683-696, doi: [10.1016/j.ibusrev.2016.12.008](https://doi.org/10.1016/j.ibusrev.2016.12.008).
- North, D.C. (1990), "A transaction cost theory of politics", *Journal of Theoretical Politics*, Vol. 2 No. 4, pp. 355-367, doi: [10.1177/0951692890002004001](https://doi.org/10.1177/0951692890002004001).
- Oehme, M. and Bort, S. (2015), "SME internationalization modes in the German biotechnology industry: the influence of imitation, network position, and international experience", *Journal of International Business Studies*, Vol. 46 No. 6, pp. 629-655, doi: [10.1057/jibs.2015.8](https://doi.org/10.1057/jibs.2015.8).
- Oliver, C. (1991), "Strategic responses to institutional processes", *Academy of Management Review*, Vol. 16 No. 1, pp. 145-179, doi: [10.5465/amr.1991.4279002](https://doi.org/10.5465/amr.1991.4279002).
- Oparaocha, G.O. (2015), "SMEs and international entrepreneurship: an institutional network perspective", *International Business Review*, Vol. 24 No. 5, pp. 861-873, doi: [10.1016/j.ibusrev.2015.03.007](https://doi.org/10.1016/j.ibusrev.2015.03.007).
- Oriaifo, J., Torres de Oliveira, R. and Ellis, K.M. (2020), "Going above and beyond: how intermediaries enhance change in emerging economy institutions to facilitate small to medium enterprise development", *Strategic Entrepreneurship Journal*, Vol. 14 No. 3, pp. 501-531, doi: [10.1002/sej.1349](https://doi.org/10.1002/sej.1349).
- O'Reilly, S., Gorman, L., Mac An Bhaird, C. and Brennan, N.M. (2023), "Implementing the European Union Green Taxonomy: implications for small-and medium-sized enterprises", in *Accounting Forum*, Routledge, pp. 1-26.
- Parsons, T. (1937), "Remarks on education and the professions", *The International Journal of Ethics*, Vol. 47 No. 3, pp. 365-369, doi: [10.1086/208390](https://doi.org/10.1086/208390).
- Qiao, P., Lv, M. and Zeng, Y. (2020), "R&D intensity, domestic institutional environment, and SMEs’ OFDI in emerging markets", *Management International Review*, Vol. 60 No. 6, pp. 939-973, doi: [10.1007/s11575-020-00432-9](https://doi.org/10.1007/s11575-020-00432-9).

- Ramdani, B., Belaid, F. and Goutte, S. (2023), "SME internationalisation: do the types of innovation matter?", *International Review of Financial Analysis*, Vol. 88, 102681, doi: [10.1016/j.irfa.2023.102681](https://doi.org/10.1016/j.irfa.2023.102681).
- Ranjan, P. (2024), "Different countries, different institutions: how do brand-oriented SMEs leverage branding capabilities to boost export performance?", *International Marketing Review*, Vol. 41 No. 2, pp. 562-589, doi: [10.1108/imr-08-2023-0207](https://doi.org/10.1108/imr-08-2023-0207).
- Rodgers, P., Vershinina, N., Khan, Z. and Stokes, P. (2022), "Small firms' non-market strategies in response to dysfunctional institutional settings of emerging markets", *International Business Review*, Vol. 31 No. 4, 101891, doi: [10.1016/j.ibusrev.2021.101891](https://doi.org/10.1016/j.ibusrev.2021.101891).
- Sadeghi, V.J., Nkongolo-Bakenda, J.M., Anderson, R.B. and Dana, L.P. (2019), "An institution-based view of international entrepreneurship: a comparison of context-based and universal determinants in developing and economically advanced countries", *International Business Review*, Vol. 28 No. 6, 101588, doi: [10.1016/j.ibusrev.2019.101588](https://doi.org/10.1016/j.ibusrev.2019.101588).
- Salmeron, J.L. and Bueno, S. (2006), "An information technologies and information systems industry-based classification in small and medium-sized enterprises: an institutional view", *European Journal of Operational Research*, Vol. 173 No. 3, pp. 1012-1025, doi: [10.1016/j.ejor.2005.07.002](https://doi.org/10.1016/j.ejor.2005.07.002).
- Sawang, S., Ng, P.Y., Kivits, R.A., Dsilva, J. and Locke, J. (2024), "Examining the influence of customers, suppliers, and regulators on environmental practices of SMEs: evidence from the United Arab Emirates", *Business Strategy and the Environment*, Vol. 33 No. 7, pp. 6533-6546, doi: [10.1002/bse.3831](https://doi.org/10.1002/bse.3831).
- Schwens, C., Eiche, J. and Kabst, R. (2011), "The moderating impact of informal institutional distance and formal institutional risk on SME entry mode choice", *Journal of Management Studies*, Vol. 48 No. 2, pp. 330-351, doi: [10.1111/j.1467-6486.2010.00970.x](https://doi.org/10.1111/j.1467-6486.2010.00970.x).
- Scott, W.R. (2008), "Approaching adulthood: the maturing of institutional theory", *Theory and Society*, Vol. 37 No. 5, pp. 427-442, doi: [10.1007/s11186-008-9067-z](https://doi.org/10.1007/s11186-008-9067-z).
- Selznick, P. (1949), *TVA and the Grass Roots: A Study of Politics and Organization*, University of California Press.
- Shea, B.J., Reeves, B.C., Wells, G., Thuku, M., Hamel, C., Moran, J., Moher, D., Tugwell, P., Welch, V., Kristjansson, E. and Henry, D.A. (2017), "Amstar 2: a critical appraisal tool for systematic reviews that include randomised or non-randomised studies of healthcare interventions, or both", *BMJ*, Vol. 18 No. 1, p. j4008, doi: [10.1136/bmj.j4008](https://doi.org/10.1136/bmj.j4008).
- Shi, L.H., Smith, J.B., Zou, S., Han, Y. and Tan, K.F. (2024), "The mediated and moderated effects of IEO on international performance: an investigation of emerging market SMEs", *Journal of World Business*, Vol. 59 No. 4, 101550, doi: [10.1016/j.jwb.2024.101550](https://doi.org/10.1016/j.jwb.2024.101550).
- Shibin, K.T., Dubey, R., Gunasekaran, A., Hazen, B., Roubaud, D., Gupta, S. and Foropon, C. (2020), "Examining sustainable supply chain management of SMEs using resource based view and institutional theory", *Annals of Operations Research*, Vol. 290 Nos 1-2, pp. 301-326, doi: [10.1007/s10479-017-2706-x](https://doi.org/10.1007/s10479-017-2706-x).
- Shin, J., Mendoza, X. and Choi, C. (2022), "Do internationalizing business group affiliates perform better after promarket reforms? Evidence from Korean SMEs", *Asia Pacific Journal of Management*, Vol. 39, pp. 805-841.
- Silva, G.M., Gomes, P.J., Carvalho, H. and Gerales, V. (2021), "Sustainable development in small and medium enterprises: the role of entrepreneurial orientation in supply chain management", *Business Strategy and the Environment*, Vol. 30 No. 8, pp. 3804-3820, doi: [10.1002/bse.2841](https://doi.org/10.1002/bse.2841).
- Smallbone, D., Saridakis, G. and Abubakar, Y.A. (2022), "Internationalisation as a stimulus for SME innovation in developing economies: comparing SMEs in factor-driven and efficiency-driven economies", *Journal of Business Research*, Vol. 144, pp. 1305-1319, doi: [10.1016/j.jbusres.2022.01.045](https://doi.org/10.1016/j.jbusres.2022.01.045).
- Spence, L.J., Schmidpeter, R. and Habisch, A. (2003), "Assessing social capital: small and medium sized enterprises in Germany and the UK", *Journal of Business Ethics*, Vol. 47 No. 1, pp. 17-29, doi: [10.1023/a:1026284727037](https://doi.org/10.1023/a:1026284727037).

- Stojčić, N., Dabić, M. and Musteen, M. (2024), "With a little help from my friends: institutional obstacles, networking, and SME exporting in emerging European and Asian economies", *International Business Review*, Vol. 33 No. 3, 102258, doi: [10.1016/j.ibusrev.2024.102258](https://doi.org/10.1016/j.ibusrev.2024.102258).
- Sun, J., Maksimov, V., Wang, S.L. and Luo, Y. (2021), "Developing compositional capability in emerging-market SMEs", *Journal of World Business*, Vol. 56 No. 3, 101148, doi: [10.1016/j.jwb.2020.101148](https://doi.org/10.1016/j.jwb.2020.101148).
- Tajeddin, M., Farashahi, M., Moghaddam, K., Simba, A. and Edwards, G. (2023), "Internationalization of emerging economy SMEs: a tripod approach", *Journal of International Management*, Vol. 29 No. 1, 100991, doi: [10.1016/j.intman.2022.100991](https://doi.org/10.1016/j.intman.2022.100991).
- Tang, Z. and Tang, J. (2012), "Entrepreneurial orientation and SME performance in China's changing environment: the moderating effects of strategies", *Asia Pacific Journal of Management*, Vol. 29 No. 2, pp. 409-431, doi: [10.1007/s10490-010-9200-1](https://doi.org/10.1007/s10490-010-9200-1).
- Torkkeli, L., Kuivalainen, O., Saarenketo, S. and Puumalainen, K. (2019), "Institutional environment and network competence in successful SME internationalisation", *International Marketing Review*, Vol. 36 No. 1, pp. 31-55, doi: [10.1108/imr-03-2017-0057](https://doi.org/10.1108/imr-03-2017-0057).
- Tranfield, D., Denyer, D. and Smart, P. (2003), "Towards a methodology for developing evidence-informed management knowledge by means of systematic review", *British Journal of Management*, Vol. 14 No. 3, pp. 207-222, doi: [10.1111/1467-8551.00375](https://doi.org/10.1111/1467-8551.00375).
- Turzo, T., Montrone, A. and Chirieleison, C. (2024), "Social accountability 8000: a quarter century review", *Journal of Cleaner Production*, Vol. 441, 140960, doi: [10.1016/j.jclepro.2024.140960](https://doi.org/10.1016/j.jclepro.2024.140960).
- van Eck, N.J. and Waltman, L. (2010), "Software survey: VOSviewer, a computer program for bibliometric mapping", *Scientometrics*, Vol. 84 No. 2, pp. 523-538, doi: [10.1007/s11192-009-0146-3](https://doi.org/10.1007/s11192-009-0146-3).
- Wang, M.H. and Yang, T.Y. (2016), "Investigating the success of knowledge management: an empirical study of small-and medium-sized enterprises", *Asia Pacific Management Review*, Vol. 21 No. 2, pp. 79-91, doi: [10.1016/j.apmr.2015.12.003](https://doi.org/10.1016/j.apmr.2015.12.003).
- World Bank (2023), *World Bank Annual Report 2023: A New Era in Development*, World Bank, available at: <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/819161468766822276/world-bank-annual-report-2023>
- Wu, B. and Deng, P. (2020), "Internationalization of SMEs from emerging markets: an institutional escape perspective", *Journal of Business Research*, Vol. 108, pp. 337-350, doi: [10.1016/j.jbusres.2019.10.037](https://doi.org/10.1016/j.jbusres.2019.10.037).
- Zhou, W. (2013), "Political connections and entrepreneurial investment: evidence from China's transition economy", *Journal of Business Venturing*, Vol. 28 No. 2, pp. 299-315, doi: [10.1016/j.jbusvent.2012.05.004](https://doi.org/10.1016/j.jbusvent.2012.05.004).
- Zhu, Y., Wittmann, X. and Peng, M.W. (2012), "Institution-based barriers to innovation in SMEs in China", *Asia Pacific Journal of Management*, Vol. 29 No. 4, pp. 1131-1142, doi: [10.1007/s10490-011-9263-7](https://doi.org/10.1007/s10490-011-9263-7).

Further reading

- Aidis, R. (2005), "Institutional barriers to small-and medium-sized enterprise operations in transition countries", *Small Business Economics*, Vol. 25 No. 4, pp. 305-317, doi: [10.1007/s11187-003-6463-7](https://doi.org/10.1007/s11187-003-6463-7).
- Altman, E.I., Balzano, M., Giannozzi, A. and Srhoj, S. (2022), "Revisiting SME default predictors: the Omega score", *Journal of Small Business Management*, Vol. 61 No. 6, pp. 2383-2417.
- Ciampi, F., Giannozzi, A., Marzi, G. and Altman, E.I. (2021), "Rethinking SME default prediction: a systematic literature review and future perspectives", *Scientometrics*, Vol. 126, pp. 2141-2188.
- March, J.G. and Olsen, J.P. (1996), "Institutional perspectives on political institutions", *Governance*, Vol. 9 No. 3, pp. 247-264.

March, J.G. and Olsen, J.P. (1998), "The institutional dynamics of international political orders", *International Organization*, Vol. 52 No. 4, pp. 943-969.

Marzi, G., Balzano, M., Caputo, A. and Pellegrini, M.M. (2024), "Guidelines for bibliometric-systematic literature reviews: 10 steps to combine analysis, synthesis and theory development", *International Journal of Management Reviews*, Vol. 68 No. 1, pp. 330-344, doi: [10.1109/tem.2020.2997386](https://doi.org/10.1109/tem.2020.2997386).

Corresponding author

Marco Balzano can be contacted at: marco.balzano@units.it