

INTI INTERNATIONAL UNIVERSITY

MASTER OF BUSINESS ADMINISTRATION

Relationship of Resources, Digitalisation, Capabilities, and Competitive Advantage of Small and Medium Enterprises in Indonesia

AUTHOR : Rico Timotius Gotama

STUDENT NUMBER : 117013692

SUPERVISOR : Dr. Wong Chee Hoo

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INTI INTERNATIONAL UNIVERSITY

Declaration

I hereby declare that this thesis is my own work and effort and that it has not been submitted anywhere for any award. Where other sources of information have been used, they have been duly acknowledged.

Name : Rico Timotius Gotama

Student ID : I17013692

Signature : *Rico*

Date : 20 August 2021

ABSTRACT

The objective of this study is to comprehend the main internal decisive factors that could influence Indonesian SMEs in term of their competitive advantages in the international market. Some research on international entrepreneurship shows resources, capabilities as the drivers of SME internationalisation that relate to competitive advantage. However, the evidence where resources, capabilities, and digitalisation will lead SMEs competitive advantages in international market requires more discussion, particularly in developing countries such as Indonesia.

This project uses research model to test resources, capabilities, and digitalisation direct and indirect relationships with competitive advantages in international markets. The directory of DGNEED is being utilised in this study on zooming at Indonesian exporting SME. The study applies convenient sampling method in conveying the questionnaire. There are 50 responses accumulated, the study utilised SmartPLS software to analyse the data. The findings disclosed that digitalisation and capabilities may influence competitive advantages in international markets. Management international resources contribute to price advantage, international capabilities contribute to product and service advantages, while digitalisation has no direct effect to any of these competitive advantages. Nevertheless, these two constructs are important for SME internationalisation owing to their indirect effects on product and service advantages.

This research contributes to Indonesian SMEs that possess the desire to internationalise and enhance their presences in the international market. With understanding on the basis of evidence on capabilities, resources, and digitalisation, SMEs may make haste on its internationalisation in an less difficult method on risks, capital and time.

Therefore, SMEs should get and improve the suitable resources, capabilities to gain competitive advantages by creating their international capabilities in the international markets.

Key words: Internationalisation, Indonesia.

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CHAPTER 1 INTRODUCTION

1.1 Background of Study

1.1.1 SME Internationalisation and Digitalisation

The process of internationalisation on small and medium enterprises (SMEs) has been eased by technology progression and globalisation, which makes international entrepreneurship to deliver suffice attention on SME internationalisation (Alon and Øyna, 2018; Rialp, Merigó, Cancino, et. al., 2019; Tsukanova and Zhang, 2019). The objective of this exploration is to ascertain the role of resources, capabilities and digitalisation that may influence the internationalisation of SMEs in Indonesia, which is being motivated by the policies that the government introduced to boost SMEs export for Indonesia's economic growth (Tambunan, 2019). Indonesian SMEs contributed lower than 15 percent of exportation in 2017, and this encourages government to increase the export of SMEs (Hambali, Indrawati and Revindo, 2019).

Indonesia Law No. 9/1995 defines SME based on annual sales turnover. SME is a company with annual sales turnover below IDR1 billion and assets worth less than IDR200 million. This was further refined under Law No. 20 of 2008, maximum number of employees are 5 - 19 people under the category of small business, and 20 - 99 people under the category of medium enterprise (Manurung and Manurung, 2019). SME export contribution can generally influence Indonesia's economic growth, since more than 99.99% of businesses in Indonesia are SMEs. SME contributed to the establishment of 97% of the country's employment in 2018 (Kosasih, Manurung, Setiadi, et. al., 2020).

Despite having over 816,000 SMEs in Indonesia (Kaihatu and Riznika, 2020), the export contribution from SME was only 14.17% in year 2019 (Ssenyonga, 2021).

Figure 1.1 displays the economic growth and income inequality in Indonesia is strongly affected by SMEs.

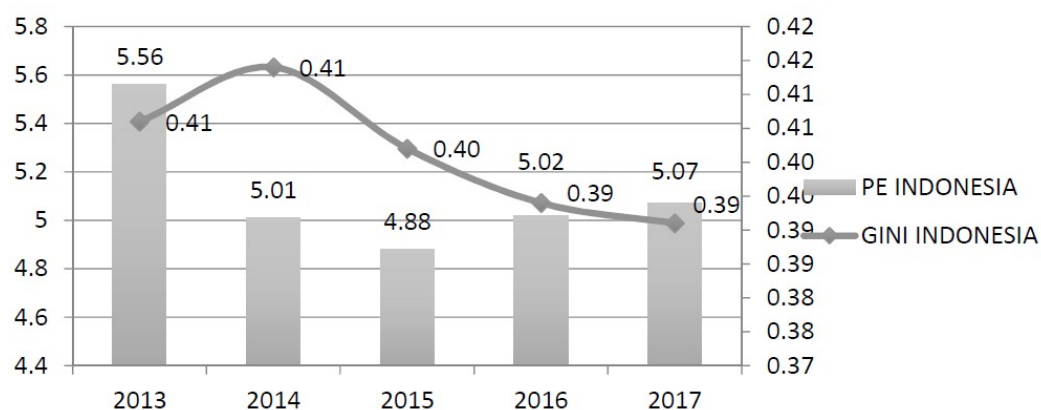


Figure 1.1: Indonesia's Economic Growth and Income Inequality

Source: Sayifullah (2021)

Domestic market within one country is narrow in size, and sustainable solution for development and survival is by embracing the world's business potential market (Khanagha, Mihalache, Volberda, et. al., 2018). Internationalisation has been confirmed to influence companies' wellbeing in some international business research (Abdullah et. al., 2019; Knight and Liesch, 2016). Internationalisation is enterprise engagement in the market, further than the home country (Rialp et al., 2019).

In Indonesian context, most SMEs internationalise themselves by exporting, in accordance with the government policies (Ssenyonga, 2021). One research on Indonesian SMEs found that 271 SMEs adopted export as internationalisation mode (Gan, Massie and Revindo, 2019). This is echoed one internationalising firm's definition by Aziz, Hamid, Imran, et. al. (2018) that pointed on, first, notably young firms. Second, enterprise as the unit of analysis. Third the companies utilise exportation as their major internationalising method. These conditions lead to the "Born Global" (BG) phenomenon due to the internationalisation was done within three years period of establishment (Maciejewski and Wach, 2019). Newly created enterprises have less resources and export in lower volume would the mode of entry that is normally used (Hultman, Iveson and Oghazi, 2021).

In spite of the lesser commitment in exporting, exportation for majority of Indonesian SMEs is mainly from non-oil and gas (14.17 percent) (Ssenyonga, 2021). SMEs are encouraged by government through Directorate General for National Export Development (DGNED) that provides information on the market, product development in international quality, exportation information and training (DGNED, 2021).

Almost always, the characteristics of the entrepreneur, environment and the organisation itself are the three primary elements for SME export performance (Aziz et. al., 2018; Knight and Liesch, 2016; Aziz, Hamid and Imran, 2018). Entrepreneurs' characteristics, including their entrepreneurial orientation, attitude toward international market, experience outside of their home countries, strategic focus, their proactiveness, willingness to take risk, ambition, and motivation were recognised to be the stimulator of international expansion (Karami and Tang, 2019). Strategies on SMEs internationalisation is also depending on the entrepreneurs' knowledge and experience (Aziz, Hamid and Imran, 2018).

Other factors, such as the business competency, corporate governance structure, routines on the process, and environmental factors, for example, the market condition, technology industry level, and company specialisation are crucial in internationalisation process as well (Belhoste, Bocquet, Bally, et. al., 2019). In the attempt to describe company's performance, organisational capabilities have been explored (Knight and Liesch, 2016).

For instance, large companies have less tendency to internationalise, when those in small local markets consider it more. This is while the high-tech industry firms are under the exemption (Khanagha et. al., 2018). The study aims its attention in context of Indonesia, to explore the internal determinants, factors on organisational and the entrepreneur (founder). Most Indonesian enterprises are operating in small-scale local markets, that makes internationalisation become the strategy for the venture's growth (Fitriyah, Handoyo and Yudianto, 2021).

Every company has the access for government support, depending on their eligibility. Some literatures on internationalisation have done some research on the factor of digitalisation and how it influences SME internationalisation performance (Fielke, Jakku and Taylor, 2020; Giakoumelou, Raimo, Rubino, et. al., 2020; Slavinski and Todorović, 2019). More knowledge is required to properly guide SMEs through the process of digitalisation for internationalisation (Eitrem and Öberg, 2018).

In one literature written by Abib and Stocker (2019), failure rate for SMEs was high back in the past. Good plan and market assessment is needed to minimise the risks, and more studies on the role of resources, capabilities and digitalisation for SMEs may serve as a guide in assessing and do the international planning in the global market.

This research contributes to assisting enterprises, especially SMEs, to gain more insight on what they should improve to internationalise, create competitive advantages, penetrate more markets, and gain more profits (Alon and Øyna, 2018). This was further proven by Anwar (2018) who found that resources and capabilities are prominent in driving SME internationalisation. Resource-based theory is normally utilised in internationalisation researches to disclose the system on how performance is being influenced by resources and capabilities (Alexy et. al., 2018; Chavez, Feng, Jacobs, et. al., 2018); McDougall, Wagner and MacBryde, 2019).

However, there is not enough evidence and discussion on the competitive advantages that SMEs may gain in international markets by using resources and capabilities (Lee and Falahat, 2019). Study on SMEs internationalisation from the perspective of resources, capabilities and digitalisation from emerging countries, such as Indonesia is still restricted in quantity (Haidar, Prihatin, Rezky, et. al., 2019; Falahat, Knight and Alon, 2018; Suwardana, 2018).

1.1.2 International Entrepreneurship

According to Ciravegna and Alain (2018), they defined international entrepreneurship as the creation of international new company that involves in international business, which makes their operational to be within international field since the beginning stage of the enterprise's operation. Globalisation supports the small and newly established ventures to search for opportunities in international markets 30 years ago. Their numbers increased and created international entrepreneurship (IE) as one study scope (Dana, 2017). Entrepreneurial companies with the competitive advantages may have the international opportunities to expand their businesses overseas, even though this knowledge is known by many enterprise owners (Knight and Morgan, 2017; Lee and Falahat, 2019; Liu, 2017). To illustrate, born global is a term for ventures that are capable to grasp opportunities outside of local markets not long since their initiation (Claver-Cortes, Garcia-Lillo, Marco-Lajara, et. al., 2016).

Their abilities in overcoming the barriers and challenges of international competition presenting the possibility evidence for young companies that possess limited resources, which draws scholars mind on how resources and capabilities may lead to international competitive advantages in global markets (Lee and Falahat, 2019).

Most international entrepreneurship exploration support those competitive advantages are mandatory to compete internationally, previous studies on competitive advantages were infrequently investigated (Falahat and Lee, 2019; Falahat, Ramayah, Soto-Acosta et. al., 2020; Rialp et al., 2019).

International performance investigations are generally excluding the discussion on resources and capabilities selection for variety of competitive advantages of the internationalising SMEs (Ding, Fu, Zheng and Yan, 2019; Falahat et al., 2020; Knight and Liesch, 2016). Regardless of the fact that some studies zoomed into competitive advantages as a construct in their research model, different types of competitive advantages were not identified (Alon and Øyna, 2018; Falahat et al., 2020; Falahat and Lee, 2019).

In one study conducted by Kaleka and Morgan. (2017), provides exploration along with the understanding of resources and capabilities influence on product, service, and price advantages for the types of competitive advantages. This is a meaningful foundation for firms who wish to set and plan on their competitive advantages.

Another international entrepreneurship study discloses that digitalisation and SMEs internationalisation are indistinguishable (Hultman et. al., 2021). There are a number of SMEs that adopt digitalisation to gain early internationalisation and advance promptly by way of exporting (Dana, 2017).

Scholars did the endeavour to present disparate perspective on the drivers of SMEs internationalisation (Chiarvesio and Romanello, 2019). The drivers may be organised into entrepreneurs' characteristics, internal and external environment situation of the venture (Bresciani, Jafari-Sadeghi, Mahdiraji, et. al., 2021; Nummela, Saarenketo and Torkkeli, 2018; Ranasinghe, 2020). Enterprises located in different nations may act differently from one another due to the distinctness of their surrounding elements, and the tasks in developing countries are not as much as in developed countries (Meyer and Peng, 2016).

Therefore, research on Indonesia context is necessary to improve comprehension of SME internationalisation and ascertain that finding from developed markets are relevant to developing markets (Chiarvesio and Romanello, 2019; Dana, 2017).

1.1.3 Resource-Based View Studies in the Context of Indonesian SMEs

In resources-based view (RBV), resources are defined as the inputs that may be in the form of labour, natural resources, financial, and technology into the process of production (Dmytriiev, Freeman and Phillips, 2021). Capabilities are the ability of the organisation to execute some tasks through the use of available resources (McGahan, 2021). As stated by Al-Rejal, Makhoulfi and Mohtar (2018), competitive advantages may be perceived as the output from resources and capabilities that are fulfilling Valuable, Rare, Inimitable, Non-substitutable (VRIN) criteria, and resources and capabilities are considered to be intangible in this case. Resources, for example, knowledge, experience, network, and capabilities, such as marketing ability and innovation that add to the competitive advantage of a company in the international market has higher probability to have VRIN features (Cadden, Cao and Duan, 2019).

Majority of research on resources and capabilities are done within the context of developed countries economies (Chiarvesio and Romanello, 2019), there are limited evidence beyond that context (Alon and Øyna, 2018). Due to the dissimilarity in economic and environmental conditions, more information on the connection between capabilities, resources and competitive advantages of an organisation are required for Indonesian SMEs in international markets in emerging markets context (Evalina, 2018). More evidence would support SMEs in obtaining higher return on investment from resources and capabilities development (Chiarvesio and Romanello, 2019).

1.1.4 Digitalisation in the Context of Indonesian SMEs

Digitalisation is one topic to be recognised in the research on international entrepreneurship, aside from resources and capabilities (Dana, 2017). According to Lee, Falahat and Sia (2019), digitalisation is digital technologies adoption by one enterprise into any business sector that may be digitised to acquire certain objectives, one possible goal is to hasten internationalisation process. The concept of digitalisation as a dimension for resources is still in early stage, it may be applied in digital service to enhance customer loyalty (Furberg and Naumburg, 2019). While for the aspect, the application of digitalisation concept toward venture's competitive advantages is still in development (Pettersson, 2021).

There is one programme from the government to assist Indonesian SMEs in advancing its progress and contribute more to the country's economy including export, such as People's Business Credit in helping to provide loan with the subsidy interest from seven up to 12 percent every year (Setiawan and Yulianto, 2021). The aid is being delivered by government through Indonesian Export Financing Agency (LPEI) in Indonesia. Digitalisation would encourage SME to perform better and embrace the international markets (Vahlne and Johanson, 2017).

International markets may be accessed through the digital environment; however, it is more competitive and transparent (Lee et. al., 2019). As stated by Pettersson (2021) Inability to adapt would lead SMEs to stay in a position without attempting to expand into the overseas market, which is very dangerous and risky since the ventures from other countries will eventually enter the domestic market and shrinking the local businesses. Digitalisation may increase the chance of survival or growth in the international market (Vahlne and Johanson, 2017).

Planning on resources and capabilities due to the influence of digitalisation would need to be given a thought by SMEs. Based on one literature, Indonesian SMEs has the need to increase their capital in order to start digitalising properly (Muchsinati and Yulianingsih, 2021).

1.2 Problem Statement

Decisions on business strategy need the knowledge on the link between resources, capabilities, and competitive advantages (Hultman et. al., 2021). Literatures on SME internationalisation are largely for developed nations, and various challenges and conditions in each country's market places barriers that put the country into a certain position in the international markets (Chiarvesio and Romanello, 2019; Idris et. al., 2019; Paul, Parthasarathy and Gupta, 2017).

Skills are required to overcome the miscellaneous international barriers in any countries that derived from any kind of possible factors, this is by reason of internationalisation relies on the enterprise's motions in both home and host countries (Ding, Fu, Zheng and Yan, 2019). Drivers for firms to internationalise may differ in each country (Dana, 2017). Numerous of elements need to be reviewed for Indonesian SME internationalisation, specifically in the capabilities and competitive advantages sources in international markets (Cavallaro, Mardani, Sharifara, et. al., 2018; Hendar and Nurhayati, 2017; Indrawati, Khourouh, Rahayu, et. al., 2020).

Global economic is altering toward digitalisation revolution that encourage SMEs to adapt by applying digital technologies to improve its internationalisation performance. The insufficiency of evidence from literatures that associate digitalisation on its influence toward SME internationalisation is one topic that need more exploration (Lee et. al., 2019; Vahlne and Johanson, 2017).

SMEs are normally having finite number of resources for trial and error. Hence, greater awareness on the relation between resources, competitive advantages, and capabilities are valuable to quicken internationalisation process (Knight and Liesch, 2016). Evidence for variables such as international experience, marketing and networking competencies, characters of the management, etc are validated (Alon and Øyna, 2018).

Components to consider on the influence for SMEs and policy creator need to be investigated (Hultman et. al., 2021). Nevertheless, there are only so many academic publications in the context of emerging countries that discuss resources and capabilities that influence venture's competitiveness for internationalisation (Dana, 2017). Guiding to the needs to study resources and capabilities that applies to the competitive advantages of Indonesian SMEs in internationalisation process (Hultman et. al., 2021).

The link of digitalisation influence on capabilities, resources and company's competitive advantages of Indonesia SMEs are still unclear, while academic world is still investigating how exporters manage to accomplish exportation activity through e-commerce platform (Gregory, Karavdic and Ngo, 2019). There are not much academic articles that includes new technologies on export research (de Rijke, Kallumadi, King, et. al., 2020). Generally, SME internationalisation studies do not explicitly include digitalisation in research model, although the influence has been discussed (Gregory et. al., 2019).

The inconsistency is due to the findings on the relationships between capabilities, resources, digitalisation, and competitive advantages are differing from each other for the context of Indonesia. Which makes further study is required to help SMEs in gaining competitive advantages. Lacking alignment may result in the SMEs and governments do not know which areas exactly to improve, and they may invest resources in the less significant factors that would lead to the inefficiency and ineffective usage of the available resources (Castagna, Centobelli, Cerchione, et. al., 2020; Ferdi, 2018; Fitriyah et. al., 2021)

Digitalisation in Indonesia is still in development, the government has been trying to boost the SMEs performance by endorsing credit capital for them (Muchsinati and Yulianingsih, 2021). Digitalisation would support enterprises in developing their flexibility, communication, productivity, and product innovation by way of Research and Development. Therefore, companies with better technology would perform better in their export (Pagani and Pardo, 2017).

There are large number of born global firms that internationalise by adopting digitalisation (Lee et. al., 2019). Digital technology development may support enterprises to stay competitive. Nonetheless, digitalisation influences on internationalisation have yet to be extensively investigated to support the idea, which makes the study is still limited in its availability (Coviello, Kano and Liesch, 2017).

Majority of Indonesian SMEs are still struggling in competing locally and not ready to explore the international market in exporting, although government has been encouraging them through capital assistance that reaches Rp500,000 up to 30 million per year, guarantees and funds in banks (Setiawan and Yulianto, 2021).

As stated by Muchsinati and Yulianingsih (2021), that the need for SMEs to receive funds is evidencing that SMEs in Indonesia are not ready for international markets. Lacks education is one of the major issues that influence this outcome. Further understanding on the influence of capabilities as a mediator for digitalisation and resources with international performance strength in developing country would be beneficial. Thus, study on digitalisation, resources and capabilities may bring forth the way on leading SMEs to obtain competitive advantages by speeding up internationalisation (Hultman et. al., 2021).

1.3 Research Objectives

Internationalisation is a complex context, which makes this research decides to concentrate on the internal elements for companies. Specifically on resources, capabilities and digitalisation (Idris et. al., 2019). The primary goal of this study is to interpret the main internal determinants that may influence Indonesian SMEs' competitive advantages in international markets, since competitive advantages lead to internationalisation (Alon and Øyna, 2018).

The objectives are listed as below:

- To examine international knowledge, network, and management characteristics as resources that are connected with competitive advantages for Indonesian SMEs internationalisation
- To examine innovation, learning, and marketing capabilities that are connected with competitive advantages for Indonesian SMEs internationalisation
- To examine the role of digitalisation in obtaining competitive advantages for Indonesian SMEs internationalisation
- To test international capabilities variable as one mediator between competitive advantages and resources
- To test international capabilities variable as one mediator between competitive advantages and digitalisation

1.4 Research Questions

This exploration answers some questions that may support SMEs to attain desired results in international market:

- What resources and capabilities are linked to enterprise's competitive advantages for Indonesian SMEs internationalisation?
- Are resources, digitalisation and capabilities linked with enterprise' competitive advantages to promote Indonesian SMEs internationalisation?
- Are international capabilities serve as a mediator (a) between resources and competitive advantages? (b) between digitalisation and competitive advantages?

1.5 Literature Gap

There are still limited empirical study on the drivers for SME internationalisation in Indonesia, which makes understanding the key elements for Indonesian SME internationalisation in the perspective that the findings from other countries may be dependent on the context (Castagna et. al., 2020; Fitriyah et. al., 2021; Sijabat, 2018).

Research on resources, capabilities, competitive advantages, and digitalisation relationship will provide more comprehension on the essential preparation that SMEs require to enter international markets, to reduce the rime, cost and risk of internationalisation process (Coviello, Kano and Liesch, 2017).

SME internationalisation study that focusses on multiple capabilities and / or resources, the comparison, importance, and interactions between them are still limited (Fitriyah et. al., 2021). Such information would be of use for policy producer or SMEs in making decision to prioritise their focus when there are many concerns that need to be implemented all at once. A set of constructs that contains a number of broader resources and capabilities, for better understanding in general resource category (Kamasak, 2017).

The research model provides more comprehensive materials on resources, competitive advantages, and capabilities links by investigating digitalisation, capabilities and resources interaction. One research to integrate digitalisation to the existing export theory (Gregory et al., 2019).

Digital technology allows users to become more available, treatment using case by case method, and offers standardised goods or services to bigger market swiftly at the lowest cost and controllable risk. SMEs may appear to be big if developed by digital technologies in their business. Exploration on the role of digitalisation with company's resources and capabilities on SME internationalisation is rare (Knight and Liesch, 2016).

1.6 Significance of Research

The results from all phases of exploration will be summed up and an end on the practicality and deficiencies will be made toward the completion of examination. The first concern principle is that by acquiring a comprehension of the operating resources and capabilities, SMEs may be more aggressive and do business international in easier with decrease of time, cash and risks. Moreover, the exploration may be valuable to Indonesian SMEs that have the intention to internationalise or increase their competitive advantages. It promotes comprehension on resources and capabilities that aid SMEs in the competition for internationalization. SMEs with restricted number of resources should know the influence of the particular resources, capabilities, and digitalisation on each sort of competitive advantage, prior to considering any spending portion for advancement on resources and capabilities to bolster the SMEs' competitive strategies.

1.6.1 Theoretical Implications

This investigation shows a model for SME internationalisation with experimental proof, expanding the information into international entrepreneurship. Providing proof and information related on the connections of digitalisation, venture's competitive advantages, resources and capabilities in the global markets (Ibrahim, Abdullah and Ismail, 2016).

This exploration discloses capabilities, resources and competitive advantages associations even deeper. The research model reveals the determinants for internationalisation competitive advantages by way of research on the concurrent interaction and influence of various international resources and capabilities. Revealing the role of capabilities, digitalisation and resources on diverse kinds of competitive advantages (Kamasak, 2017).

The influence of digitalisation on creating capability or SME internationalisation is a contribution as well. There is a need to gain more information on the influence of digitalisation on SME internationalisation by virtue of technology evolution and the flourishing quantity of internationalising companies (Gregory et al., 2019; Knight and Liesch, 2016).

1.6.2 Managerial Implications

This research would allow to improve insight on the elements within exportation that are parts of success requirements for SMEs in general, and this will assist SMEs in their readiness for internationalisation. By having more knowledge on the most productive resources or capabilities, entrepreneurs may invest depending on their capabilities to suit their competitive strategies. This exploration offers managerial implications for managers and entrepreneurs to invest carefully and acquire highest results. Then, it serves as a guidance on the method to take advantages on the company's current resources to internationalise without concerning on their size and resources constraint.

1.6.3 Implications to Indonesian Government

Organisation that creates rules such as Ministry of Trade may gain benefit by understanding more on the suitable export stimulus for SMEs to help them in effectively utilising their resources and capabilities for internationalisation. Indonesian SMEs have been provided with financial assistance; however, some still cannot manage to internationalise early since establishment. Understanding capabilities, resources and digitalisation interactions on SME internationalisation may help regulation manufacturers to create better supporting programmes, such as information support, capacity enhancement, and financial support. The amplexness and appeal of the currently present programmes may be evaluated in order to help qualifying more SMEs towards internationalisation or promote their performance at international level.

1.7 Chapter Organisation

In summary, the chapters may be organised as below:

Chapter 1 is the background of the study, statements on the problem, research questions and objectives, synopsis on the research gap, summary of the hypotheses, significance of this research and how the chapters are being organised.

Chapter 2 is on the literature review of underlying theories, drivers for the digitalisation, international resources, and internationalisation for SME to gain competitive advantages, international capabilities for competitive advantages, creation of hypotheses and research model.

Chapter 3 present the research philosophy and design, sampling selection, data collection, measurements, and the method on data analysis.

Chapter 4 display the results of analysis, the descriptive statistics, measurement and structural models' assessment, and summary of the outputs.

Chapter 5 interpret the finding and key implication from hypotheses, limitation of this research, recommendation for future study and conclusion.

CHAPTER 2 LITERATURE REVIEW

2.1 Overview

In this literature review chapter. First, the theories on the drivers that causes SMEs to internationalise will be discussed. Second, discussion continue with the components that contributes to the success related to SMEs internationalisation. Then, theories regarding digitalisation will be reviewed. Finally, this chapter will be concluded by conversing about the hypotheses for the research model.

2.2 Underlying Theories

2.2.1 Internationalisation Theories

One research conducted by Fitriyah et. al. (2021), focused on Indonesia SMEs found that involvement in international business leads SMEs into higher performance. It presented notable considerations for SMEs to internationalise, and reasons on why government support should this. In most cases, academicians would use five theories in research of SME internationalisation. There are Resource Based View (RBV), Dynamic Capability View (DCV), Network and Entrepreneurship theories (Alon and Øyna, 2018).

A study on Indonesian SMEs on e-commerce adoption, Lubis, Nasution, Rafiki, et. al. (2021), it was discovered that the common internationalisation theories are relevant. While a number of enterprises may follow the International New Venture (INV) or Born Global (BG) theories, other models such as the network approach and Uppsala model are also relevant. Another finding indicated that exporting is commonly utilised internationalisation entry strategy by SMEs (Abdullah et. al., 2019).

2.2.1.1 Uppsala Model

According to Yamin and Kurt (2018), Uppsala internationalisation model is a theory that explains the accumulative progress of internationalisation by way of experiential learning. Companies would be willing to take more risks and become active in international business activities when they are familiar with the international markets (Dow, Liesch and Welch, 2017). As stated by Yamin and Kurt (2018), export would normally be the initial entry strategy, which is suitable for entrepreneur who prefer lower risk, it takes longer to internationalise due to the time allocated for learning through experience (Lee, 2020).

2.2.1.2 Network Approach

Based on literature written by Paul (2020) Network approach is regarding the relationships with related parties, such as the government agency, customers, external providers, and other partners to successfully conduct business internationally. This approach guides the businesses to use network as one learning source to acquire information and resources in the process of internationalisation. It is also an economical method for ventures with less resources to gain entry into the foreign market (Brockerhoff and Capik, 2017; Martín-Armario and Rodríguez-Serrano, 2019; Earl and Morrish, 2020).

2.2.1.3 Born Global and International New Venture

In the pre-globalisation era, international business was often referring to large enterprises since they had the resources to invest heavily to expand into the foreign market. Majority of SMEs would prioritise to operate locally and does not really explore the international markets. However, this was altered on the emergence of information communication technology that makes BG and INV rise as SMEs are involved in international business, even when have not operate so long (Claver-Cortes, Garcia-Lillo, Marco-Lajara, et. al., 2016; Liu, 2017; Paul and Rosado-Serrano, 2018).

BG and INV terms have been utilised correspondently in some research without clear divergence. Both are referring to companies that internationalise swiftly. To make distinction, BGs access international market by exporting, while INV uses multiple entry strategies. INV does always referring to small firm, it may be a new venture of a long-lived multinationals (Falahat and Migin, 2017).

Albeit the fact that SMES would normally have limited resources, BG phenomenon demonstrated that small enterprise may internationalise within 2-3 years from their official establishment. SMEs may internationalise by following BG/INV way to hasten their internationalisation process (Idris et. al., 2019).

As stated by Goh, Mostafiz and Sambasivan (2019) that Rennie introduced 'Born Global' (BG) in 1993 within an article in Mckinsey Quarterly. Afterwards, BG then being defined by scholars on the intensity, swiftness and the internationalisation scope (Lee et. al., 2019). Other possible variables that may affect internationalisation and speed are within the context of economic situation, market, socio-cultural and institutional environment (Alyafei, Ghani and Siam, 2021; Knight and Liesch, 2016; Paul and Rosado-Serrano, 2018). The variation of internationalisation among companies varies from 2 – 10 years starting from the official establishment of the business within disparate context (Falahat and Lee, 2019; Paul and Rosado-Serrano, 2018; Paul and Rosado-Serrano, 2018).

Comprehending the characteristics of BG could help to identify ventures that are more likely or less likely to take initiative toward internationalisation. First, BG sees the world as the marketplace (Paul, 2020). Second, BG is more prone to internationalise at the beginning stage with accelerated speed (Hultman et. al., 2021). Third, internationalisation is an opportunity for BG (Paul, 2020). Fourth, BG was introduced by globalisation since transportation, communication, technologies make firms have better access to internationalise themselves. These characteristics enables BG to offer unique products and services in the international market (Martín-Armario and Rodríguez-Serrano, 2019).

The management style that influences the SME's approach in the market is based on the entrepreneur (Haque, 2017). The founder's management characteristics is one of the determining factors of SME internationalisation (Bischoff and Machado, 2018; Idris et. al., 2019; Hultman et. al., 2021). The study focuses more on the BG and INV theories (Evers, Ojala and Rialp, 2018)

International New Venture theory recognise the influence of technology development that enabling SMEs to embrace internationalisation at shorter amount of time (Lee, and Falahat, 2019). International business gives SMEs more resources to utilise their abilities for internationalisation. Digitalisation as a technology advancement is an opportunity to internationalise. The important things are the resources and capabilities for SMEs to internationalise (Lee, Falahat and Sia, 2019).

2.2.2 Resource Based View (RBV)

This study uses the definition from Bals and Tate (2018), who explained resource as the input in production. While capability is the labours' capacity and ability to execute certain task by utilising the available resources (Chavez et. al., 2018). Based on RBV, the processes of using resources and capability are intangible, means that there is a need on the required capability to utilise the resource effectively to achieve the desired results (Claver-Cortes et. al., 2016). RBV theory explains that the resources available for the company would determine the options of market entry as this also influence the decision on the method, this is the intangible factor (McDougall et. al., 2019).

According to Al-Rejal et. al. (2018), intangible factors are the VRIN attributes, for competitive advantage which is sustainable. This stands for Valuable resources. Rare within the market and competitors. Imperfectly imitable. Non-substitutable. This is intangible since tangible resources can be copied and purchased by anyone. Thus, companies should create its competitiveness based on the VRIN criteria in the foreign market (Sedera and Lokuge, 2019)

2.2.3 Dynamic Capability View

Dynamic Capability View (DCV) is the learning, building, resources allocation, capabilities, and integration to create competitive advantage of the enterprise (Falahat et. al., 2019). Dynamic capability is not really crucial when the competition is at minimum level (Feng, Jiang, Zhou et. al., 2017). Dynamic capability may be the solution for SMEs that wish to hasten their internationalisation while maintaining its growth in a sustainable way (Falahat et. al., 2019).

The required learning capabilities for companies who adopt BG internationalisation are market and internal focuses learning, and networking capabilities. Market-focus learning refers to the enterprise's capacity to integrate, acquire, disseminate information to create value in their actions (Joensuu-Salo, Sorama, Varamäki and Viljamaa, 2018). Internal focus is similar with market focus; however, it is on the technological and non-technology information to attain international goals. For instance, by creating innovative products. Networking capabilities is the skill to obtain knowledge and manufacture resources by constructing, maintaining the superior and effective networks (Joensuu-Salo et. al., 2018).

Dynamic capabilities have positive influence on organizational performance when mediated by marketing capability by overcoming the competition barriers through their performance in the market (Bulgacov, Giacominu, Semprebon, et. al., 2016). Dynamic capabilities may not be an affordable solution, or even make firms lose profits. Withal, it is necessary for ventures that constantly operate under the pressure of competition which requires their adaptability and survival. In which, SMEs should possess the dynamic capabilities to enter international market (Feng et. al., 2017).

The management of SMEs need to discretely allocate their resources and capabilities to create their own competitive advantages for internationalisation process to reach success (Feng et. al., 2017). Each method of utilising capabilities and resources would give its own end result (Kamasak, 2017). Strategies to achieve growth would need more resources to invest compare than survival strategies by investing in minimum while staying profitable have different approaches (Ahooyi, Ghanbary, Monfared, Noori, Rahmani, 2018).

2.3 Drivers for SME Internationalisation

Drivers for internationalisation diverse, it is being influenced by external factors. For example, competition in the local market, government policy, economic condition etc. Although there are studies on drivers for SME internationalisation (Falahat et. al., 2020; Idris et. al., 2019; Lee and Falahat, 2019), evaluating the drivers that are relevant to Indonesians SMEs is important (Maciejewski and Wach, 2019).

On average, there are three main factors that influence a company internationalisation behaviour. First is the management characteristics with the mindset, entrepreneurial orientation, experience, network and knowledge for internationalisation (Alyafei, Ghani and Siam, 2021). Second, internal environment, for instance, capabilities, business strategy and resources (Knight and Liesch, 2016). Third, external environment, such as economic condition, globalisation, political situation (Paul and Rosado-Serrano, 2018).

External environment derives from the country and industry situations, which cannot be controlled by any company. Enterprise may only grasp the opportunity from the environment and adapt their strategies to mitigate the risk. In Indonesia, digitalisation is being encouraged and the government has been trying to help the SMEs by using the economic recovery program due to the pandemic situation, extending subsidies for business finance and energy expenses (Ssenyonga, 2021). It is now at 9-15% of Indonesian SMEs are using e-commerce (Kosasih et. al., 2020).

Internal factors are the one that differentiate international and local SMEs (Goh et. al., 2019). Management characteristics on the new venture internationalisation that may influence the enterprise overall performance (Alyafei et. al., 2021). BG firms can achieve early internationalisation through the resources, capabilities, competitive advantages, and adaptability to the external environment, allowing BG to strive in parsimony in international market (Goh et. al., 2019).

Innovation is one of the reasons that drives BG companies to internationalise, SMEs would need to develop its capabilities step by step due to its finite resources. Nonetheless, more detailed studies on the types of capabilities that may help in the success of the firms are limited (Martín-Armario and Rodríguez-Serrano, 2019).

There are three success factors for SMEs internationalisation that apply to Indonesian SMEs, namely international market knowledge, product innovation knowledge, and institutional networking. Moreover, RBV and network theory are valid in explaining the important success factors for SMEs' internationalisation. Nevertheless, the theories' validity is depending on the country's specific visible features such as political, economic, and social-cultural. In addition, SMEs internationalisation factors may only apply on some countries (Fitriyah et. al., 2021).

Innovation and learning capabilities are necessary for a company to internationalise by strategically source the resources and allocate them according to the market opportunity to achieve the desired aftereffect (Deng, Gallagher, Liu, et. al., 2018).

Appendix 2.1 summarises literature about drivers for SME internationalisation. The common resource constructs that have been discussed in these SME internationalisation literatures are management characteristics (Belhoste et. al., 2019), network (Brockhoff and Capik (2017); international knowledge (Oura, Ziber and Lopes, 2016). The common capabilities for SMEs constructs in internationalisation literature are marketing capability (Gregory et al., 2019; Martin, Javalgi and Cavusgil, 2017); innovation capability (Efrat et al., 2017), learning capability (Evangelista and Mac, 2016), and digitalisation (Gregory et al., 2019).

2.4 Digitalisation

In digitalisation, SMEs and BG are rising on e-commerce which to enhance their technologies and expand networks in many countries (Kosasih et. al., 2020). E-commerce has been the channel for international marketing, facilitating innovation and change by way of information sharing, and advancement of communication (Hånell, Nordman, Ozbek, et. al., 2021). E-commerce is a virtual marketplace to source, interact and do transaction, it can be used to minimise the selling process and create high sales efficiency for the businesses (de Rijke et. al., 2020).

In maximising the opportunity, company may assess the factors around it, such as the demand of their products and services in the e-commerce, if whether the firm has the marketing and sales transaction effectiveness. Then, the enterprise's management should allocate the resources for its e-commerce activities in the building up its presence in the virtual market and create the demand on the target market (de Rijke et. al., 2020).

Based on the literature of Krammer, Strange, and Lashitew (2018), digitalisation escalate SMEs' export tendency. The digital world assists businesses to lower down their cost in the market, enabling them to have better chance of survival by exporting and compete in the international market than only the local market. In digitalisation, the marketing capabilities have direct influence on the efficiencies on the dissemination, communication, and export performance (Gregory et al., 2019)

In spite of the potential outcomes that may be derived from digitalisation, there are certain steps of preparation before adopting the new technologies in their routines. The enterprise needs to think of the internal, management, resources and external factors. The availability of time, financial and human resources may make SMEs need to consider more before embracing the changes (Briel, Davidsson and Recker, 2018). Digitalisation is also about facilitating the creations of technical knowledge, marketing, process automation, product development, etc (Edvardsson and Grimsdottir, 2018).

As stated by Pagani and Pardo (2017), the influences of digitalisation may be categorised into. First, activity-links-centred when digitalisation enhance the current activities. Second, resource-ties-centred when it eases the inputs to develop new activities. Third, actor-bonds-centred when it is employed to develop or maintain network among the business partners (Pagani and Pardo, 2017).

In adopting digitalisation, the cost, opportunities and risks are there. SMEs need to choose the best strategy to gain the benefits. Adapting to the changes of global digital trend e-commerce is the best thing to do to create competitive advantages in international markets (Choshin and Ghaffari, 2017).

2.5 International Resources for Competitive Advantages in International Markets

Resources input for production process that are needed for international performance and put them as concepts to manage the international resources. An enterprise with adequate resources needs to possess certain characteristics, some are strong management, strong and robust network with business partners and the related institutions, carry necessary international knowledge in any possible way to explore internationalisation process (Baumgartner, Globocnik, Perl-Vorbach, et. al., 2018; Kazancoglu, Kazancoglu, Sagnak, 2018; Sariatli, 2017). The three concepts of international knowledge, network and management characteristics may be found in studies of forces influencing SME speedy internationalisation (Falahat et al., 2018; Langseth, O'Dwyer and Arpa, 2016; Falahat et. al., 2019).

Based on the literature written by Hong, Hou and Zhu (2019), the management needs to explore and exploit the available international resources to assure the survivability and sustainable return of the internationalisation activities. Still, firms need to have the management, networking skills, and the knowledge of international market to be able to apply its resources and capabilities for the internationalisation process effectively and efficiently.

Moreover, according to Dimitratos, Elbanna and Nakos (2019), SMEs networking may result in strategic alliances from the influence of international market orientation activities on international performance. The international market orientation is required to guide SMEs in altering the internal management of the company and recognise their own limitation. In return, SMEs may adapt according to the environment of the international market. Literatures that support the resources are presented in following section.

As stated by Bamiatzi, Bagheri, Mitchelmore, et. al. (2018), ventures may allocate the resources may be utilised in technological innovation to have intangible resources to attain superior performance. Moreover, using the available technology, firm may achieve more export performance by creating higher quality products, due to quality and export performance are directly related (Aziz, Hamid, Imran et. al., 2018). In addition, the business model is also one thing to be considered as it contributes to the enterprise sustainable competitive advantage and increase the company's performance (Anwar, 2018).

2.5.1 Management Characteristics

Entrepreneurial orientation is management characteristics that influence international performance and already validated by several studies. It is perceived as antecedent to international performance (Briel, et. al., 2018; Alon and Øyna, 2018; Joensuu-Salo et. al., 2018).

In the study of international new venture, BG entrepreneurial orientation is necessary to be successful (Goh et. al., 2019). Paul (2020) Internationalising a firm early is important. One study found that manager's past experience on internationalisation will motivate the firm to become born global (Falahat et. al., 2019). Andersson, Evers and Gliga (2017) explains that in the internationalisation process, effective management would establish network to cover more scope of the market during the penetration. Moreover, another study found that different networks are significantly linked with BG ventures (Abib and Stocker, 2019).

Entrepreneurial orientation is strongly linked with firm performance, especially on how they management perceives the issues in international market (Goh et. al., 2019; Claver-Cortes et. al., 2016; Liu, 2017; Monteiro, Soares and Rua, 2017; Falahat and Migin, 2017). Management characteristics play an important role as antecedent to capability building and firm performance in international markets (Awan, Huiskonen and Kraslawski, 2017). Castro-Aristizabal, Escandon-Barbosa, Fuerst, et. al. (2019) found positive relationship between Born Global international orientation and export performance.

Based on literature from Pilarska and Watega (2020), for the management, CEO duality was found to have positive impact on firm performance, while the board compensation does not have any influence. Thus, companies may consider having more CEO duality to gain the benefit. The management should also have sufficient experience on international orientation to create international culture for the enterprise and lead to higher international performance (Fernandes, Ferreira, Lobo, et. al., 2019). This was echoed by Alvarado, Lafuente, Mora-Esquivel, et. al. (2020) accumulated experiential-based knowledge is a conduit of increased international market expansion.

2.5.2 International Knowledge

According to Yamin and Kurt (2018), Uppsala model explains that the decision for internationalisation is based on the enterprise's market knowledge. Companies may learn from being active in international business, they get experiential knowledge, the firm will gain better understanding of the opportunities or risks of the international business and enabling them to have more commitment gradually. This also applies to BG enterprises.

BG companies would usually start to engage in exportation within three years its initial state. Most of the BG enterprises founders had exposure on international market to hasten their decisions in entering the beginning the internationalisation process. Knowledge is a valuable asset for a company to obtain competitive advantage in the process of internationalisation (Ismail, Khurram, Abadi and Jafri, 2017; Abdullah et. al., 2019). However, this requires strategic goals, and strategically achieving goals in dynamic export markets is not easy (Katsikeas and Spyropoulou, 2018).

Idris et. al. (2019) describes that the ability to obtain information when expanding into the international market is necessary to perform well in the international market. The information can be related to product, consumers in the market, the market itself, and competitors. Most of the times, the source of international knowledge for SMEs would be the business and social networks (Almeida and Santos, 2020).

In term of knowledge, government may support the businesses with the institution that provide information and knowledge, nevertheless, Falahat et. al. (2020) discovered that government support initiatives do not directly influence enterprise performance unless it is examined based on processes of international knowledge, commitment, competitive capabilities and performance.

2.5.3 Network

Relational resources are important for BG to stay in the international market (Goh et. al., 2019; Falahat and Migin, 2017; Martín-Armario and Rodríguez-Serrano, 2019). BG may use its networks to elicit more resources. Firms need to build strong relation with the authorities, investors, business partners, customers, and other stake holders to create sustainable competitive advantages (Maciejewski and Wach, 2019). Which can be done by sharing more knowledge and ideas to become more valuable from the partners' point of view, to encourage them to share more as well (Cesinger, Cheng, Hughes, et. al., 2019). Considering the importance of network, business network model stresses that trust and commitment are necessary in the internationalisation business relationship (Falahat et al., 2018).

Brockerhoff and Capik (2017) networking and forming business partnership allow the young and small enterprises to move beyond the internationalisation barriers, such by using more sophisticated technology, create the business network and partnership. Maciejewski and Wach (2019) stated that the scope of internationalisation is determined by the networks. The strategy in establishing partnership, networking and capabilities are the source of knowledge and any other sources (Martín-Armario and Rodríguez-Serrano, 2019). Building network is crucial as Haddoud (2017) found that establishing relationships with foreign buyers positively influence export performance.

According to Hånell and Nordman (2018) Born Global may extend its business to another area faster, provided that it possesses vast channels suppliers from its partners. SMEs would be able to obtain governments support if they have strong relationship with the government institutions (Adegbuyi, Amaihian, Ibidunni, et. al., 2018). Government may help by transferring more capital in any form of resources such as information. Ventures may secure dependable suppliers that may support with good quality resources and materials (Cerchione, Centobelli, Shabani, et. al., 2018). In Indonesia context, network is essential for born global and SME internationalisation (Arafah, Basri and Wibowo, 2018).

Network capability is found to moderate relationship between international entrepreneurial orientation and international performance. It may act as a determinant of international performance (Dedahanov, Kim and Yoon, 2018). Based on one literature written by Nderitu and Njuguna (2017), company should also keep on expanding its network since it influences competitive advantage. This is supported by Adim and Uti (2019), where it was discovered that network governance and competitive advantage have strong positive relation.

2.6 Digitalisation for Competitive Advantages in International Markets

Based on literature written by Paul and Rosado-Serrano (2018), BG firms adopt digital technologies such as the internet, digital marketing tools, and cloud computing. Implementing digital technology can aid firms in developing competitive advantages in digital economy, which would worth the trouble to learn the influence of digitalisation in more detail (Gregory et al., 2019; Knight and Liesch, 2016; Fitriyah et. al., 2021).

Based on one literature published by Foroudi, Gupta, Nazarian and Duda, (2017), digitalisation technology influences the capability in marketing, that helps in growing the firm. Activities from innovation, strategy and technology in the business models have influence on digitalisation (Bouwman, Nikou, Molina-Castillo et. al., 2018). This was echoed by Pagani and Pardo (2017), that digital technology bolster companies' processes in creating new products and services and enable to strengthen their connections with their business partners.

Digital technologies may assist in developing a venture competitive advantage in the business context depending on how it is being utilised. It increases connectivity and interaction transparency between human and technology to promote productivity and avoid wasting time on site. Moreover, enterprise that digitalise itself may make use of tools to adapt with the increasingly turbulent and potentially volatile competitive environment (Aigbavboa, Akinradewo, Onyia, et. al., 2021; Fielke et. al., 2020; Giakoumelou et. al., 2020).

Firms need to be strategic with the necessary market orientation to ensure that digitalisation within the company would result into positive effects (Eitrem and Öberg, 2018). With the right tools and effectively way of usage, digitalisation would enable enterprises in gathering customer insights and help the businesses to generate competitive advantages (Slavinski and Todorović, 2019). Although Falahat and Lee (2019) found that digitalisation is not directly influencing competitive advantage, it is indirect on resources on product and service advantages.

2.7 International Capabilities for Competitive Advantages in International Markets

International capabilities are underlined theory on the basis of resource-based view, it contributes to international performance. The capabilities may be complex enough to prevent other ventures from imitating and transfer them, which helps them in outperforming the other competitors (Karami and Tang, 2019).

Al-Rejal et. al. (2018) advised that adaptability and the ability to acquire information are prominent. It is the venture's capability to answer the need of customer in the foreign market by creating product according to the request with control over the price. These approaches are more on customer-oriented industry where the business needs to keep on innovating and learning. Product innovation and development grant enterprise to have more control on the products and become more flexible in the changes of price and demand (Kartika and Mutamimah, 2019). Al-Rejal et. al. (2018) discovered that even though some capabilities can be within the VRIN criteria, one of them is the adaptive capability that may become one sustainable competitive advantage.

There are some capabilities for SME which is on the process of internationalisation to be international performance. In here, it becomes international capability where venture need to have strong innovation capability in innovating its product and process to control the product specification, quality, productivity, and cost to flexibly adjust the price (Karami and Tang, 2019). Another capability is the marketing to effectively bring exposure of the products in the market. In dynamic capability, company need strong learning ability to react with the changes in international requirement within the market. Companies should use new technology to innovate products and processes. In one study, marketing capability is considered as dynamic capability (Alon and Øyna, 2018). The literature supports for the rationale of inclusion of these capabilities are presented in following section.

2.7.1 Marketing Capability

Marketing orientation and capabilities are among the most crucial cultures in developing market-focus strategies for greater international performance (Efrat, Gilboa and Yonatany, 2017). Jin, Jin and Zhou (2018), international ventures may adjust their existing strategies to adapt with underdeveloped and fast-transitioning environments by relying on marketing capability to have strategic choice to create uniqueness amid the competition in international markets. Market orientation and technology-driven type of enterprise have positive relationship (Hao and Song, 2016).

Joensuu-Salo, Sorama, Varamäki, et. al. (2018), company's ability to develop the necessary marketing activities to have competitive advantage is important in the international market. Competitive advantages of SMEs are derived from the companies' abilities act in response to the market intelligence, innovate products to exploit market opportunities and offer reasonable prices (Falahat, Lee, Ramayah et. al., 2020). As stated by Lambkin, Rahman and Shams (2020), even for enterprises from emerging market with less marketing capability in comparison to the developed countries, they may still can heighten market management skill by investing more on marketing assets and skills.

2.7.2 Innovation Capability

Innovation is a wide concept for a topic (Blok, 2018). According to Maier (2018), there are process, product, organisation, and marketing innovations for different types. Most of the time, innovations in conversation is on the process and product (Aksoy, 2017; Dana, Hansen, Idris, et. al., 2019; Falahat, Lee, Ramayah, et. al., 2020).

In the light of a publication by Liu (2017), innovation is related to Born Global in both non-technological and technological matters. Innovation capability is fundamental to offer new product and development in the international market for BG survival. Innovation capabilities assist in quickening BG internationalisation process by developing innovative product and enable the firm to introduce the product to the market faster (Hånell and Nordman, 2018). Some scholarly findings also approve the significance of innovation toward company performance (Aksoy, 2017; Dana et. al., 2019; Falahat et. al., 2020).

Improvement on the process in innovating the process will enhance the enterprise's pricing capability, competitive pricing is more likely leading toward higher export, financial, and market performances (Hui and Rajapathirana, 2018). This creates the necessary competitive advantages for the firm (Saunila, 2020). The innovation will influence the company's internal capability for a sustainable growth (Arshad and Arshad, 2019). Aidoom, Donkor, Donkor, et. al. (2018), enterprise needs to keep on innovating toward strategic goals and aim for greater performance. Firms need to innovate more by investing more on research and development, then create a good process of knowledge sharing flow to garner innovative ideas (Ng and Yuen, 2021)

2.7.3 Learning Capability

Learning capability is essential for the continuity of the ongoing competitive advantages in international markets (Goh et. al., 2019). According to Falahat and Lee (2019) one view of dynamic capability, the competency to learn is important to remain competitive in the middle of ever-changing condition. Inability to learn would causes failure in establishing capabilities for sustainable competitive advantage.

Creating and maintaining learning capabilities in swift internationalisation process would permit company to create knowledge intensive products (Joensuu-Salo et. al., 2018). Learning capability on technology would give advantages to quickly response to market needs and increase the return on investment (Paul et al., 2017). New firm need to escalate their learning capabilities in encountering the challenges in the internationalisation process (Falahat and Migin, 2017).

Ampong, Chu, Donbesuur et. al. (2020) stated that innovation, environment and technology provisions contribute to firms' international performance. Certainly, companies need to invest more to facilitate itself for the learning process and capabilities that will positively influence the overall organisation's performance (Gomes and Wojahn, 2017). This was supported by Hoang and Pham (2019) who also found that organizational learning and business performance are positively related.

2.8 Competitive Advantages in International Markets

The internationalisation of a company, the BG performance. For new venture, the return on investment may requires longer time as it focuses more on speed and scope of international activity than the financial return (Joensuu-Salo et. al., 2018). Kamasak (2017) stated that most SME internationalisation connected resources and capabilities with international performance to achieve competitive advantage. International performance is influenced by financial or strategic international performance to measure the results of input on resources and capabilities with competitive advantages to enable comparison through performance evaluation (Chavez et. al., 2018). Moreover, this was emphasised by Alexy et. al. (2018), Chiarvesio and Romanello, 2019) and Liu (2017) who uncovered that international performance and competitive advantage are positively linked.

SME performance in the international market may be measured. However, the method of measurement may influence the research outcomes. Normally, perceptual measures are preferable due to the factor of variety industry or market factors, and also influenced by the diversity in financial and accounting practices (Bennouri, Chtioui, Nagati, et. al., 2018).

Kaleka and Morgan (2017) demonstrated that there are dimensions for export competitive advantage, they are product, service and cost advantages. This research measures the aftermath of capabilities, resources and digitalisation link with competitive advantages in international markets.

Chavez et. al. (2018) defines competitive advantage as the capability of a company to do better in resources, capabilities, and digitalisation advantages, compared to competitors in international markets. This can be in the form of price, product, adaptability, quality, customisation, service, product and service accessibility and customer satisfaction (Chiarvesio and Romanello, 2019).

One research conducted by Kaleka and Morgan (2017), explained that resources, capabilities and international performance are not always to be directly connected. The ability to develop product and customer relationship with export performance are significantly related to competitive advantage. Success in financial and strategic are the objectives of internationalisation strategy. Deeper understanding on resources, capabilities and competitive advantages would provide more insight for planning on resource allocation that has become the main concern for the study on product, service advantage, and price. If resource or capability are not positively related to competitive advantage, then it is also not related to performance (Falahat and Migin, 2017).

2.9 Hypotheses Development

2.9.1 Hypotheses Development for Management International Resources and Competitive Advantages in International Markets

Castro-Aristizabal et. al. (2019) did research in Colombia and received feedback from 112 exporters in major cities. Found that Born Global international orientation supports the company's export performance. Companies may gain access market through already-established networks, such as the social networks to have better market penetration that will lead to higher company performance (Andersson et. al., 2017). This was supported by similar finding in the research conducted by (Abib and Stocker, 2019).

Pilarska and Watega (2020) discovered that the enterprise's performance would be influenced by the type of management approach being implemented in the organisation, this was the result of collected data from observing 10,314 financial entities and companies. Fernandes et. al. (2019) conducted study with 320 valid questionnaires from exporting SMEs, stated that the resources available for the management in the internationalisation process significantly influenced the firm's performance in the international market.

Digitalisation does not directly influence competitive advantages. digitalization and resources indirectly influence product and service advantages, a conclusion from one study with 143 responses from exporting SMEs which was (Falihat and Lee, 2019).

Falahat et. al. (2020) who used Coudounaris model to do meta-analysis of 16 pertinent studies. Created focus group that comprised of two academicians and six industry experts, then with additional 250 valid responses from survey-based questionnaire. The research found that government support initiatives does not directly influence firm performance, and it may influence if the investigated construct is built on the processes of international knowledge, commitment, competitive capabilities, and performance.

According to Kartika and Mutamimah (2019), they did a study and gathered 299 valid questionnaires, then found that product innovativeness and positional advantages are positively connected. Position advantages are linked with customer orientation and product innovativeness.

One research revealed that achieving strategic goals in dynamic export markets is more challenging, this was a result from 253 responses containing longitudinal data which was done by (Katsikeas and Spyropoulou, 2018). This is echoed in the finding of garnered experiential-based knowledge would increase the probability of international market expansion due to management needs knowledge to expand (Alvarado et. al., 2020)

The study of Cesinger et. al. (2019) was using data from 176 Born Globals and 315 late internationalises in Europe. They identified that sharing information and thoughts in international networks would make teammates to appreciate the relationship more and leverage their odds of getting information on expected accomplices.

Haddoud (2017) who conducted research on and collected 160 responses from firm with less than 500 employees, found that relationships with foreign buyers positively influence export performance.

One finding from the result of 334 questionnaire from exporting SMEs, revealed that network capability moderates the relationship between international entrepreneurial orientation and international performance, and able to be a determinant of international performance (Dedahanov et. al., 2018). Based on the literature written by Nderitu and Njuguna (2017), improvement in retail network expansion would develop competitive advantage, and expanding network and market penetration influences competitive advantage. Findings concluded from financial statement secondary data and the strategic plan, with additional 59 responses from primary data using semi-structured questionnaires and key informant interview guides.

Based on the publication of Adim and Uti (2019), network governance is positively related with competitive advantage. Moreover, it increases cost leadership, market focus and differentiation of insurance companies. This was uncovered from 86 responses on Pearson Product Moment Correlation.

The discussion in section 2.9.1 leads to the following hypotheses development:

H1: Resources are positively related to competitive advantage.

2.9.2 Hypotheses Development for Digitalisation and Competitive Advantages in International Markets

Aigbavboa et. al. (2021) studied 289 samples from Gauteng province in South Africa and revealed that information communication technology tools facilitate group work which promotes greater productivity. Another study that reviewed 28 literature papers on digital agriculture and institutional components uncovered that those digital technologies are and will continue to be with human to increase connectivity and transparency of interactions (Fielke et. al., 2020).

Giakoumelou et. al. (2020) managed to gather 114 samples from companies, they uncovered that information about the company digitalisation level has a positive effect on firm value, with another finding where digitalisation is useful to adapt to the turbulent and potentially volatile competitive environment.

Eitrem and Öberg (2018) stated that company's strategic orientation influences digital differentiation and market orientation have positive effect on digital differentiation. A result from 107 questionnaire responses from Norwegian companies. Similar finding may be found from Slavinski and Todorović (2019) who accumulated 50 questionnaire respondents from Serbian and foreign firms.

Gregory et al. (2019) studied the impacts of “e-commerce marketing capabilities” to export venture sales with 340 samples in Australia and the results showed positive relationship between “e-commerce marketing capabilities” and sales performance, mediated by distribution efficiency and promotion efficiency.

International ventures to adjust their strategies and adapt with the environments, they can rely on marketing capability to create uniqueness from the competition in international markets. A research from 110 questionnaire responses from international ventures in China (Jin et. al., 2018). Based on 411 samples from European countries, Eggers, Hatak, Kraus, and Niemand (2017) found that capability of the firm to use social network is mediating the relationship between entrepreneurial orientation and firm growth.

Some other research have also uncovered that adopting digital technologies would strengthen an enterprise's capability and enhance the performance (Bouwman et al., 2018; Foroudi et al., 2017; Gregory et al., 2019).

All the findings allow this research to create the following hypotheses:

H2: Digitalisation is positively related to competitive advantage.

2.9.3 Hypotheses Development for International Capabilities and Competitive Advantages in International Markets

Pham, Monkhouse, and Barnes (2017) in one study that includes 333 Vietnamese exporting firms disclosed that marketing capability may positively influence export performance in emerging economies. Takahashi, Bulgacov, Semprebon, and Giacomini (2016) revealed that marketing capability may become a mediator in between organisation performance and dynamic capabilities, a result from Brazil that researched on 316 higher education institution.

Joensuu-Salo et. al. (2018) stated that marketing capability and Market orientation are prominent factors to survive in international market, a finding derived from 101 questionnaire in Finnish Forest Centre. Another research with 119 data from exporting SMEs in Malaysia discovered that competitive advantages are supported by the companies' abilities to respond to market intelligence, innovate on their products to exploit market opportunities and offer reasonable prices.

According to Oura et al. (2016), international experience and innovation capacity are as for importance toward export performance, although the influence from international experience is better within the study on 112 SMEs in Brazil. Wu, Chen, and Jiao (2016) found that dynamic capability mediates the relationship between international diversification and innovation performance from their study of 179 manufacturing firms in China.

Technological learning capability is providing positive influence on the new company's performance in the discovery of one research (Paul and Rosado-Serrano, 2018). Evangelista and Mac (2016) that did research in Australia, concluded that foreign market learning positively contributed to export performance, in the research of 139 SMEs.

Dynamic capabilities significantly influence organizational performance when mediated by marketing capability, one study that obtained 316 questionnaires in Brazil (Bulgacov et. al., 2016).

Based on some literatures, capability is directly related to competitive advantage or international performance (Evangelista and Mac, 2016; Pham, Monkhouse and Barnes, 2017; Takahashi et al., 2016; Paul and Rosado-Serrano, 2018). While most studies tested international performance using strategic and financial performance, this research intends delve into deeper insights on competitive advantages, namely price advantage, product advantage and service advantage. The chances to gain market and financial performance is greater for an enterprise that can create competitive advantages (Dedahanov et. al., 2018; Haddoud, 2017; Nderitu and Njuguna, 2017).

The discussion on this section enables the research to develop these hypotheses:

H7: Capabilities are positively related to competitive advantage.

2.10 Mediating Effect of International Capabilities

In one research from Lambkin et. al. (2020), stated that companies from emerging market with less marketing capability may increase their market management skill by allocating more resources on marketing assets and skills of the target firm. Data were collected from Thomson One Banker database and COMPUSTAT on data relating to all input and output variables.

One study conducted by Dimitratos et. al. (2019) found that strategic alliances mediate the impact of international market orientation activities on SME international performance, and international market orientation is important for SMEs to guide in altering internal organizations and recognize limitations. Bamiatzi et. al. (2018) uncovered that those intangible resources are prominent for SMEs to achieve superior firm performance, the study was the result from 364 responses from SMEs in Pakistan.

Good business model in innovation would assist ventures to gain sustainable competitive advantage, a single research in 303 questionnaires from SMEs in Pakistan which was done by (Anwar, 2018).

Literatures had used variety of models that relate competitive advantages and resource, whereby the resources are financial, information, relational, management characteristics. Digitalisation also linked with competitive advantages and capabilities (Monteiro, Soares and Rua, 2019; Karami and Tang, 2019; Lee and Falahat, 2019).

As this study uses mediation, to mediate the relationship between resources and international performance, more hypotheses are created. Digitalisation is considered to be a resource in form of digital tools as the input to increase the international capability and direct the influence on international performance (Neubert, 2018). Hence, the following hypotheses are developed:

H4: Resources are positively related to capabilities.

H5: Digitalisation is positively related to capabilities.

H6: Capabilities mediate the proposed relationship between resources and competitive advantage.

H7: Capabilities mediate the proposed relationship between digitalisation and competitive advantage.

2.11 Conceptual Model

In the light of SME new venture internationalisation theory, this study wishes to learn how capabilities, digitalisation, and resources would influence the competitive advantages of Indonesian SMEs in the international markets (Dana, 2017).

Based on RBV, DCV and INV as the underlined theories. The research framework analyses resources and capabilities that lead to upper hands in international markets. Digitalisation is likewise an asset that could influence international capabilities. It is to be tried independently as a its own construct to uncover its particular influence on both capabilities and competitive advantages in international markets.

The concept of resource and capability is based on RBV and DCV, which extended from RBV (McDougall et. al., 2019). INV theory and the findings from literature on SME internationalisation and BG studies become the instructions on the selection and conceptualisation for the resources and capabilities. This research model places international knowledge, network, and management characteristics as the resources for the management to contribute on international capabilities on marketing, innovation, and learning, then on competitive advantages.

Additionally, digitalisation shows comparable influence on international capabilities and competitive advantages. International capabilities are directly contributing to competitive advantages and mediate the resources and digitalisation relationships with competitive advantages.

The conceptual model is presented in Figure 2.11.

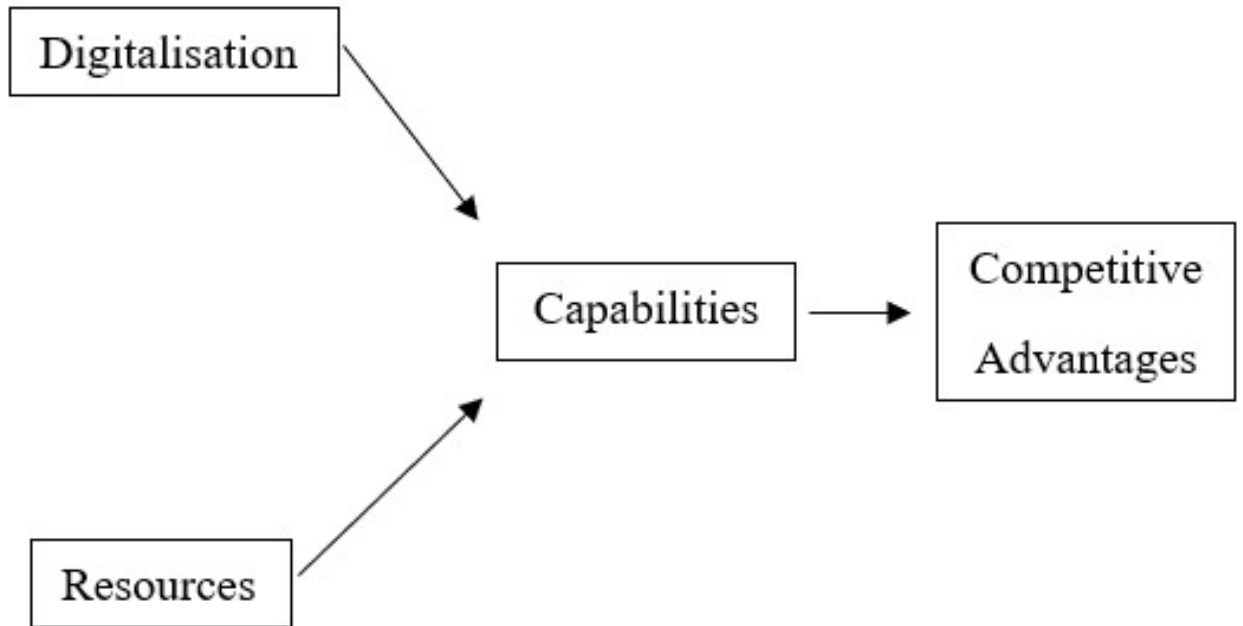


Figure 2.11 Conceptual Model

2.12 Summary of Hypotheses

On the foundation of investigations in regard to the SME internationalisation drivers, one research model that contains of international capabilities, management international resources digitalisation and competitive advantages in international market is manufactured and tested. The table below summarises all the hypotheses.

Table 2.12: Summary of hypotheses

#	Hypotheses
H1	Resources are positively related to competitive advantages
H2	Digitalisation is positively related to competitive advantages
H3	Capabilities are positively related to competitive advantages
H4	Resources are positively related to capabilities
H5	Digitalisation is positively related to capabilities
H6	Capabilities mediate the proposed relationship between resources and competitive advantages
H7	Capabilities mediate the proposed relationship between digitalisation and competitive advantages

CHAPTER 3 RESEARCH METHODOLOGY

3.1 Overview

Research methodology chapter provides the review on the methods on the research and analytics, then continue with the research design. The chapter will explain on the data collection, sampling method for the study, the measures, and approach that is utilised for the data analysis of this study.

3.2 Review on Research Methodology and Analytical Methods

Studies on SME internationalisation and born global were undergone by way of qualitative, to reveal the reasons and methods of early internationalisation on born global phenomenon (Abib and Stocker, 2019; Chiarvesio and Romanello, 2019; Knight and Liesch, 2016). Most of them are research conducted in developed countries (Bliemel, Prabakaran and Tanev, 2021; Brockerhoff and Capik, 2017; Falahat et. al., 2020). In the context of Indonesia, Evalina (2018) did qualitative research on the drivers of born global companies, and found that trained and educated human resource, sustainable development in intellectual property protection, exporting, and logistic are the drivers for born global companies in Indonesia.

ther than qualitative research, there are quantitative exploration as well that underwent the endeavour on discovering the relationships of many constructs that may apply to the drivers of SME internationalisation. However, those only zoom on few capabilities, there is not much investigation on multiple resources and capabilities, even more infrequent in emerging countries (Kamasak, 2017).

One quantitative study in the context of Indonesia, done by Arafah, Basri and Wibowo (2018). They discuss the relationships of orientation on market, handling processing orientation and the capacity to absorb to become born global SMEs in Indonesia.

Multiple or logistic regression and cluster analysis have been normally utilised in multivariate methods for the past 20 years. These approaches need normal distribution assumption and big sample size to be significant. Today, other techniques such as structural equation modelling is being employed (Hair, Hult, Ringle, and Sarstedt, 2017).

Structural Equation Modelling (SEM) is to measure the relationships between apparent variables. One more significant multivariate technique that may omits the restrictions in old techniques on accounting measurement error is PLS-SEM (Hair et al., 2017).

PLS-SEM has some key advantages that permit collected data become more practical and flexible. First, it does not emphasise on the assumption of normal distribution by using non-parametric approach. Normal distribution is challenging when the study is incapable of conducting random sampling method by cause of the research boundaries in data collection. Second, PLS-SEM provides sufficient statistical power with small sample size as in comparison with other analysis technique, for instance, multiple regression. Even though greater sample size quantity would result in higher estimation precision. PLS-SEM needs either 10 times the largest number from formative indicators for single construct measurement, or 10 times structural paths' latest figure that aimed at one specific construct in structural model. While another method is to calculate the least possible sample size by utilising G-Power software (Hair et al., 2017).

Third, PLS-SEM is able to concurrently evaluates measurement and structural models. It may disclose the relative significance of one indicator in one construct, then reveal the relative prominence of a single construct toward the endogenous dormant variables. Fourth, both reflective and formative models for measurement may be assimilated in structural model. PLS-SEM may analyse complex relationship model. Fifth, missing values at the lower adequate level may be comfortably handled. Generally, research questions and the empirical data nature are the determinant on what method to be chosen. Moreover, PLS-SEM bootstrapping technique outputs give fewer error for measuring.

Some main aspects of PLS-SEM, such as the data normal distribution that does not require anything specific, the capacity to simultaneously analyse all construct and indicator and handle small sample size for exploratory objective (Hair et al., 2017).

Nonetheless, PLS-SEM also owns its limits. First, it is unable to handle circular relationships or causal loops structural models. Second, it is not supported for the purpose of confirmatory due to the lack of adequate global goodness-of-model fit measure. PLS-SEM still does not possess the function to recognise the satisfactory goodness-of-model. Lastly, checking the reliability and validity tests are advised to ensure the quality of the model and predictive power (Hair et.al.,2017).

3.3 Overview of Research Design

The research model being applied is derived from the existing literature. There is a positivist' philosophy which iterate that the reality is unchanged, measure, and known through the proper measurement design tools. Considering that the research objectives is to assess the relationships between variables, this study adopts quantitative research method to investigate the model by following the positivist technique in research paradigm through hypothetic-deductive method. An approach that sets the problem identification, hypotheses development, data collection and analysis, and creating conclusion as the centre of attraction. Quantitative measurement tools may assist in precluding the outcomes to become bias, by reason of qualitative is subjective on the judgement of the researchers (Anderson, Babin, Black, et. al., 2019).

In exploring and evaluating resources and capabilities for SME internationalisation, experts was exercised in advancing the research model and manufacturing the questionnaire associated with the research objectives to give in depth information on the main elements connected with SMEs internationalisation (Bougie and Sekaran, 2019). Pre-testing to identify error in the survey questionnaire and the check to know if respondents can understand the questions easily had been done by the previous researcher, who requested managers to answer the questions given (Lee, 2020).

People involved with SMEs that are exporting, mostly manufacturer are selected as the sample in this study due to majority of items being exported are manufacturing goods. The selection of exporting SME manufacturer is in alignment with most research on internationalisation (Falihat and Migin, 2017). Hence, exporting SMEs that are manufacturer received the questionnaire.

3.4 Sample Selection, Sampling Technique and Data Collection

Quantitative method is to be utilised to analyse the relationship between the variables through the use of survey questionnaire for managerial staff that do export activities in the active exporting companies. The number of exporting SME is unidentified due to the absence of data on this group. Within the official directory, there are Directorate General for National Export Development (DGNEDE) and Ministry of Industry of Republic of Indonesia. The second official platform consist of all the exporting enterprise regardless of the size. It is the one that provides the most complete information. Therefore, Ministry of Industry of Republic of Indonesia directory is the suitable directory (Alisjahbana, Badriah, Hadiyanto, et. al., 2019).

This study will apply unrestricted or simple random sampling method, where the respondents are those that are randomly sent the link to answer the questionnaire for the exporting Indonesian SMEs. This is a probability sampling since all the enterprises within the population have equal chance of being sampled. This method is applicable due to the actual information on the exporting SMEs is available. Based on the data in Ministry of Industry of Republic of Indonesia directory, there are 1159 exporting ventures. Although not all of them are listed as SMEs (Schindler, 2018).

Unrestricted or simple random sampling require the study to have a defined population, sampling frame, sampling design, suitable sample size, and clear sampling process. Each of the unit from 1159 population are known and has equal chance to be selected as a subject of sampling. The chance will be taken by using random number generator, which ensures that every unit does have equal chance to be selected (Anderson et. al., 2019).

This sampling design is the provides the most minimum amount of biasness with the greatest generalisability. Nevertheless, most of the times, this design is very troublesome and requires considerable amount of capital. Furthermore, up to date list on the population may not be available (Bougie and Sekaran, 2019).

It is considered that the members in Ministry of Industry of Republic of Indonesia may or may not exist today, since the information is not really updated. Questionnaire will be sent to companies with the contact details, follow up are done through email, message or call to ensure that they have received the questionnaire. Questionnaire survey dispensing process was done as soon as the research gained the ethics approval to collect data until 31 August 2021 (Alisjahbana et. al., 2019).

The sample size is based on the Krejcie and Morgan (1970) table. Since there are 1159 that do export in Indonesia, a total of 285 samples is required. The expected response rate is below 20 percent due to the nature of online survey. In addition to some other factors such as the limited number of exporters in Indonesia and the complexity of the questions may further decrease the response rate (Bougie and Sekaran, 2019).

3.5 Measurements

The measurements came from literatures that are either adapted or adapted, all these items were validated before. As for the adapted variables, Lee (2020) had already done the necessary steps on reaching out to academic experts and did the pre-testing. Table 3.5 would show all the details in regard to the measurements.

Table 3.5: Measurement of all variables

Construct	Measurement
<p>Management characteristics</p> <p>9 items, 5-point Likert scales: Strong disagree---strongly agree.</p> <p>(Question i)</p> <p>Source: Adapted from Knight and Cavusgil (2004); Zhang, Sarker and Sarker (2019); Pre-test</p>	<ol style="list-style-type: none"> 1. “Active exploration of new business opportunities abroad” 2. “Continuously communicates mission of success in International markets with employees”.

<p>International knowledge</p> <p>3 items, 5-point Likert scales: Strong disagree---strongly agree.</p> <p>(Question ii)</p> <p>Source: Adapted from Eriksson, Johanson, Majkgard, and Sharma (1997); Monteiro, Soares, and Rua (2017)</p>	<ol style="list-style-type: none"> 1. “Knowledge about our customers and/or competitors” 2. “Knowledge on international trade”
<p>Network</p> <p>6 items, 5-point Likert scales: Strong disagree---strongly agree</p> <p>(Question iii)</p> <p>Source: Adapted from Falahat et. al. (2018); Yiu, Lau, and Bruton (2007); Pre-test</p>	<ol style="list-style-type: none"> 1. “Government agencies” 2. “Business association of export market” 3. “Key customer(s) in export / local market” <p>“Key supplier(s) in export / local market”</p>
<p>Price advantage</p> <p>2 items, 5-point Likert scales: Much worse---Much better</p> <p>(Question iv: D1-D2)</p> <p>Source: Adapted from Kalekaand Morgan (2017)</p>	<ol style="list-style-type: none"> 1. “Our cost” 2. “Our selling price”

<p>Product advantage</p> <p>3 items, 5-point Likert scales: Much worse---Much better</p> <p>(Question iv: D3-D5)</p> <p>Source: Adapted from Kaleka and Morgan (2017)</p>	<p>“Product quality”</p>
<p>Service advantage</p> <p>5 items, 5-point Likert scales: Much worse---Much better</p> <p>(Question iv: D6-D10)</p> <p>Source: Adapted from Kaleka and Morgan (2017)</p>	<p>“End-customer rating of service quality”</p>
<p>Digitalisation</p> <p>6 items, 5-point Likert scales: Strong disagree---strongly agree</p> <p>(Question v)</p> <p>Source: Adapted from Hao and Song (2016); Song, Nason, and Di Benedetto (2008); Yu, Jacobs, Chavez, and Feng (2017)</p>	<ol style="list-style-type: none"> 1. “We use IT/ digital technology for communication (e.g. inter-departments, suppliers, customers, channel members, etc.)” 2. “We use IT/ digital technology for marketing and promotion purposes”.

<p>Learning capability</p> <p>5 items, 5-point Likert scales: Very poor to Very good</p> <p>(Question vi: F1-F5)</p> <p>Source: Adapted from Pham et al. (2017)</p>	<p>“The ability to learn quickly about changes in demand and tastes in export markets”</p>
<p>Innovation capability</p> <p>7 items, 5-point Likert scales: Very poor to Very good</p> <p>(Question vi: F6-F12)</p> <p>Source: Adapted from Pham et al. (2017)</p>	<p>“The ability to adjust the prices in export markets”.</p>
<p>Marketing capability</p> <p>4 items, 5-point Likert scales: Very poor to Very good</p> <p>(Question vi: F13-F16)</p> <p>Source: Adapted from Pham et al. (2017)</p>	<p>“The ability to launch export marketing communication programs”</p>

3.6 Data Analysis Approach

SPSS statistical software can be utilised to execute data screening and generate descriptive statistics. Hayes Protean, one function in SPSS for hypotheses testing analysis, in the case where mediation variable exists. Hayes introduced the SPSS Process Macro to do the testing hypotheses on mediation model, on the moderator and the indirect relation between the variables. Tests for management international resources and digitalisation, on how do the two variables are related to the mediator (international capabilities). From the test, SPSS software will show whether the relation is categorised as low, moderate, or high. The result of the analysis will look at the r , p , β , and R^2 . The results will then be compared with the hypotheses and theoretical background if they match, to draw the final conclusion on the study (Lee and Yoo, 2019).

The research model constraints two constructs, in which SPSS Hayes Protean Process Macro is deemed to be enough to handle the complexity of the mediation variable (Amudha et. al., 2020; Doğanülkü and Kırdök, 2021; Hayes and Rockwood, 2016).

Assessment on non-response bias was investigated based on t-test before testing the reliability and validity (Armstrong and Overton, 1977) and Harmon's single factor test was conducted for common method bias (Harman, 1976). SPSS software will be used for t-test, the test should give p-value higher than 0.05 to indicate that the data from two groups does not have any discrepancy. The percentage of variance for single factor is to be within 50 percent for Harman's single test (Bougie and Sekaran, 2019).

3.7 Reliability and Validity Test

Reliability and validity tests were already done by the previous researcher, Lee (2020) who used SMART-PLS-SEM to assess the two tests. It was utilising formative measurement model, combination of indicators where each of it is not exchangeable with one another.

Reliability and validity tests on reflective measurement models are contrasting with the formative measurement models. Reflective measurement models use indicator reliability, convergent validity (average variance extracted), internal consistency (composite reliability, discriminant validity to assess. The details on the rule of thumb for the tests are as shown below (Hair et. al., 2017):

- a) Internal consistency (composite reliability more than 0.70)
- b) Indicator outer loading (In between 0.40 - 0.70)
- c) Convergent reliability (Average variance extracted is 0.50 or more)
- d) Discriminant validity (Heterotrait-Monotrait ratio is to be lower than 0.85 for common variables, and less than 0.90 for variables with similar concept)

Tests such as collinearity, statistical significance, and indicator weights relevance may be used to evaluate formative measurement model. The rules that must be met for these tests are as given below (Hair et al., 2017):

- a) Convergent validity (Path coefficient higher than 0.70)
- b) Collinearity (Each indicator's tolerance (VIF) value need to be higher than 0.20 and beneath the number of 5)
- c) Indicator weights statistical significance and indicator weights relevance (The loading for Bootstrapping routine to examine t-values and p-values, need to be beyond 0.50)

Structural model was evaluated as details provided (Hair et.al,2017):

- a) Coefficient of determination (R^2): R^2 rely on the research discipline.
- b) Cross-validated redundancy (Q^2) – Q^2 have to be higher than zero to display predictive relevance.
- c) Path coefficients' significance and size (-1 to +1)
- d) f^2 effect sizes (0.02 means small contribution, 0.15 represents medium and 0.35 symbolise the contribution of large construct of exogenous construct on endogenous construct)
- e) Collinearity between predictor constructs (Each indicator's tolerance (VIF) value ought to be greater than 0.20 and smaller than 5)

Goodness-of-fit index (GoF) could not be used since there is a lack of its data to make a distinction between valid and invalid models (Hair et.al, 2017).

Composite reliability (CR) is recommended for internal consistency and reliability in comparison to Cronbach's alpha (Hair et al., 2017). The argument was made based on the fact that Cronbach's alpha is more sensitive to the number of items and the value tends to be better when number of items increase. Similar to interpretation of Cronbach's alpha, a CR figure above 0.70 indicates internal consistency and reliability.

Table 3.7 above reveals the Cronbach's Alpha and composite reliability. The reliability is the value that resides in middle range of the Cronbach's Alpha and composite reliability (Hair et. al., 2017).

3.8 Mediating Effect

This research Bootstrap the indirect influence of the mediation influence from international capability (Doğanülkü and Kırdök, 2021; Falahat et al., 2018; Nitzl, Roldan, and Cepeda, 2016). A proposed method to test mediating influence by Hayes (Lee and Yoo, 2019).

Carrión, Nitzl, and Roldán (2017) and Hair et. al. (2017) suggested the step-by-step approach on interpreting the influence of mediation outcomes. There are a small number on the influence of mediation according to Figure 3.7.

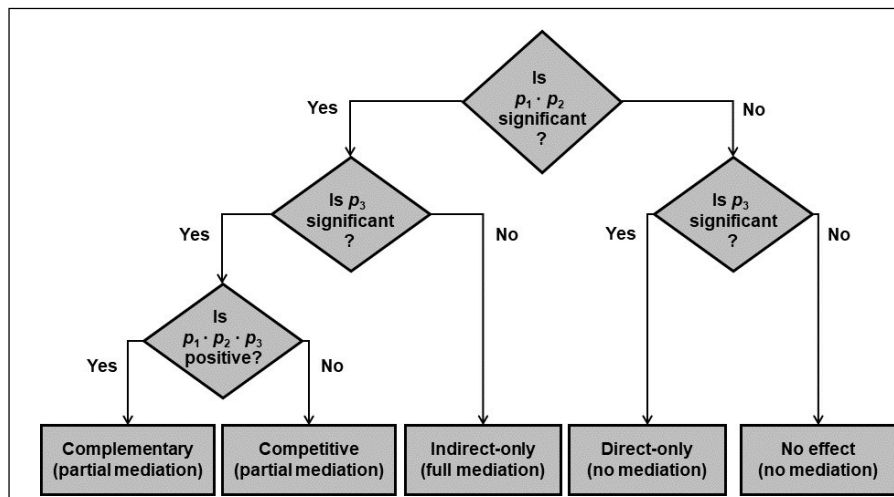


Figure 3.7: Mediation Analysis Procedure

Source: Hair et al. (2017)

3.9 Hierarchical Component Model

The constructs for management international resources and international capabilities for the research model are hierarchical, another name is second order component as it includes elements with more abstract higher order. Management international resources and international capabilities are categorised as second order constructs for this study. Higher and lower order abstract components are connected, which may be named as first order component. Hierarchically, second order construct is the general construct that represent the lower component within the order. This model normally applied to create a model that is more niggard or lessen the collinearity problems between same or similar conceptual constructs (Hair et al., 2017).

In accordance with Amaro and Duarte (2018), there are three lower order elements from management international resources. International knowledge, network and management characteristics. Another one is international capabilities that encompass learning, marketing and innovation capabilities.

Hair et al. (2017) stated that duplicated indicators technique has been frequently utilised for establishing second order measurement construct such as the international capabilities. Repeated indicator method uses lower order components as the indicators for the higher order components to develop hierarchical component model.

Hierarchical component models (HCMs) have its rules of thumb, which are:

- a) Internal consistency (composite reliability need to be higher than 0.70)
- b) Indicator outer loading (In the range of 0.40- 0.70 is acceptable)
- c) Convergent reliability (Average variance to be extracted is 0.50 or greater)
- d) Discriminant validity (HTMT ratio ought to be lower than 0.85 for generic variables, and less than 0.90 for similar variables in term of concept)

(Amaro and Duarte, 2018)

HCMs relates to higher and lower order component, without the link for higher order elements and indicator variables in technical term. Consequently, higher order component and other constructs for the model are included in discriminant validity, although it may not be mandatory to build the discriminant validity in middle of components with higher and lower orders (Hair et al., 2017).

3.10 Control Variable

In line with McDougall et. al. (2019) on RBV theory, company size and age may influence the resources and capabilities to obtain competitive advantages. Therefore, Yamin and Kurt (2018) explains that some enterprise would progressively internationalise once they have operated for years and reached a specific size based on Uppsala model.

The study applies the measurement of enterprise's size through the number of staffs and its age based on number of years from the day that the company was established. These measurements were normally adopted in SME internationalisation studies (Kamasak, 2017; Lubis et. al. 2021).

CHAPTER 4 RESULTS OF ANALYSIS

4.1 Overview

This research managed to obtain 50 samples from exporting SMEs. The descriptive statistics, measurement model, and model that assess the structure will be discussed in this chapter. The analysis was done through SmartPLS v.3.2.8 software. Results on hypotheses tests is the conclusion for this chapter.

4.2 Survey Response

The sampling frame utilised Directorate General for National Export Development (DGNEP) directory. A legit directory to reach out the whole Indonesian exporters. Any firm with export tendency is more probably to be DGNEP's member to apply for subsidies and incentives from the governments. Members of DGNEP received online survey questionnaire through emails. There were 50 responses obtained.

4.2.1 Common Method Bias

Analysis output may be influenced by the data collected from the same respondent who responded to dependent and independent variables in one-time data collection method. For example, survey data from the questionnaire (Podsakoff and Organ, 1986).

The study conducted Harman's single-factor test for common method bias checking (Harman, 1976). The outcome is shown in Table 4.3.2, where the variance was 26.38887335 percent, lower than the 50 percent cut-off value. It specifies that the threat of common method bias is low (Yayla, Yenyurt, Uslay et al., 2018).

Table 4.3.2: Harman's Single Factor Test

Harman's Single Factor Test (No rotation)	% of Variance of single factor
Extraction Method: Principal Axis Factoring.	26.38887335

4.4 Descriptive Statistics

Specific aspects on the sampled enterprises' pattern toward internationalisation are given in Table 4.4.1. Displaying if those companies internationalise early by starting to export within three years from their establishment or traditional exporting ventures that investigate international markets after three years.

Table 4.4.1: Internationalisation Pattern

	Frequency	Percentage (%)
Traditional exporting firms	21	42
Early internationalising firms	29	58
Total	50	100

Based on Indonesia Law No. 9/1995, SME' annual sales is below IDR1 billion and assets worth less than IDR200 million. In Law No. 20 of 2008, small business may have employees from 5 – 19, and medium enterprises may have staffs ranging from 20 - 99 (Manurung and Manurung, 2019). Table 4.4.2 exhibit the respondents' company size.

Table 4.4.2: Respondents' Company Size

Number of employees	Frequency	Percentage (%)
1 – 20	16	32
21 – 40	11	22
41 – 60	8	16
61 - 80	5	10
81 – 100	8	16
Above 100	2	4
	50	100

4.5 Measurement Model Assessment

4.5.1 Mean, Median and Standard Deviation

The descriptive statistic from the data is presented in Table 4.5.1 by utilising reflective measurement for all the models with 5-point Likert Scales as the prerequisite to the measurement models evaluation.

Table 4.5.1: Descriptive Statistics

Item	Missing	Mean	Median	Standard Deviation
Management 1	0	3.8	4	0.881
Management 2	0	3.7	4	0.974
International Knowledge 1	0	3.74	4	0.853
International Knowledge 2	0	3.58	4	0.883
Networking 1	0	3.66	4	0.917
Networking 2	0	4.08	4	0.804
Networking 3	0	4.18	4	0.8
Networking 4	0	4.14	4	0.881
Price Advantage 1	0	3.88	4	0.689
Price Advantage 2	0	3.94	4	0.62
Product Advantage	0	4.06	4	0.793
Service Advantage	0	3.96	4	0.755
Digital 1	0	4.18	4	0.72
Digital 2	0	4.1	4	0.735
Learning Capapability	0	3.78	4	0.679
Innovation Capapabilty	0	3.6	4	0.782
Marketing Capability	0	3.72	4	0.701

4.5.2 Internal Consistency and Reliability

Constrasting Cronbach's Alpha with internal consistency and reliability on composite reliability (CR). This is due to Cronbach's Alpha has higher sensitivity to item quantity and the value is prone for better result with increased number. Likewise, CR shows internal consistency and reliability when it is higher than 0.7 (Hair et al., 2017).

Table 4.5.2: Internal Consistency and Reliability

	Cronbach's Alpha	Composite Reliability
Resources	0.749	0.826
Management Characteristics	0.904	0.922
International Knowledge	0.87	0.92
Network	0.837	0.881
International Capabilities	0.925	0.942
Learning Capability	0.947	0.959
Innovative Capability	0.935	0.947
Marketing Capability	0.969	0.977
Digitalisation	0.92	0.938
Competitive Advantages		
Price Advantage	0.869	0.938
Product Advantage	0.703	0.834
Service Advantage	0.888	0.918

Source: Lee (2020)

Table 4.5.2 exhibits Cronbach's Alpha and composite reliability.

Reliability values are the middle value of Cronbach's Alpha and composite reliability (Hair et al., 2017).

4.5.3 Convergent Validity

Convergent validity is to measure the correlation between measurements in one construct. To test convergent validity, it is suggested to use the indicators of outer loadings and average variance extracted (AVE). AVE is the sum of squared loadings divided by number of indicators. The value for outer loading is expected to be higher than 0.708, nevertheless, the value of 0.40 – 0.70 are tolerable if the AVE value is bigger than 0.5 and composite reliability is greater than 0.70 (Hair et al., 2017). Table 4.5.3 shows the outer loadings and Average Variance Extracted (AVE) values.

Table 4.5.3: Outer Loadings and Average Variance Extracted (AVE)

Construct	Items	Outer loadings	AVE
Resources			0.448
Management Characteristics	Management 1	0.37	0.624
	Management 2	0.61	
International Knowledge	International Knowledge 1	0.492	0.672
	International Knowledge 2	0.539	
Network	Network 1	0.495	0.558
	Network 2	0.738	
	Network 3	0.67	
	Network 4	1.143	
Capabilities			0.579
Learning Capability	Learning Capabilities	0.633	
Innovative Capability	Innovative Capability	0.816	
Marketing Capability	Marketing Capability	0.819	
Digitalisation	Digital 3	0.78	0.848
	Digital 4	1.043	
Competitive Advantages			0.548
Price Advantage 1	Price Advantage 1	0.544	
Price Advantage 2	Price Advantage 2	0.643	
Product Advantage	Product Advantage	0.932	
Service Advantage	Service Advantage	0.784	

From the table, items with outer loadings greater than 0.70 are Network 2, Network 4, Innovative Capability, Marketing Capability, Digital 3, Digital 4, Product Advantage, Service Advantage. Management 1 is removed since it is less than the tolerable range, while the rest are being kept due the CR and AVE are within the required limit.

4.5.4 Discriminant Validity

The differentiation between constructs is signified by the discriminant validity, which will be tested through the use of HTMT approach.

Even with cross loadings and Fornell-Larcker ways have been commonly utilised, they carry their own disadvantages where these methods are not reliable to detect the issues in discriminant validity. Hence, it is recommended to perform discriminant validity test by employing heterotrait-monotrait ratio (HTMT) approach (Hamid, Sami and Sidek, 2017).

HTMT is the proportion of the between-quality connections to the inside characteristic relationships. Ordinarily, the threshold figure for HTMT is 0.85 when the constructs in dissimilar path model and would use 0.9 threshold value for similar construct. Discriminant validity was executed through HTMT method as in Table 4.5.4.1. Discriminant validities are sharing the same indicators and identical concept (Hair et. al., 2017).

Table 4.5.4.1: Discriminant validity based on HTMT

	Innovation capability	International Knowledge	Learning capability	Management	Marketing capability	Network
Innovation capability						
International Knowledge	0.32					
Learning capability	0.599	0.413				
Management	0.321	0.546	0.207			
Marketing capability	0.61	0.195	0.511	0.263		
Network	0.275	0.726	0.222	0.54	0.273	

The HTMT value are below 0.85, showing discriminant validities. Afterward, Table 4.5.4.2 reveals the discriminant validities for the rest of the constructs.

Table 4.5.4.2: Discriminant Validity Based on HTMT for The Rest of the Constructs

HTMT	Capabilities	Competitive Advantages	Digitalisation	Resources
Capabilities				
Competitive Advantages	0.682			
Digitalisation	0.315	0.522		
Resources	0.414	0.477	0.547	

HTMT value for are the variables are within 0.85 threshold for similar construct. The outputs were then further validated by 5000 subsamples bootstrap confidence interval among the two constructs. Table 4.5.4.3 Bootstrap confidence interval results of HTMT criterion does not inhibit the value 1, displaying two disparate constructs (Hair et al., 2017).

Table 4.5.4.3: Bootstrap Confidence Interval

Bootstrap Confidence Interval	HTMT	2.50%	97.50%
Competitive Advantages -> Capabilities	0.43	0.486	0.892

4.5.5 Hierarchical Component Model

Hierarchical component models (HCMs) are usually beneficial to build frugal structural complex model for high correlation. Repeated indicators are an applied method to build HCM for resources and capabilities. Both are reflective HCMs (Hair et al., 2017).

One formula used to manually evaluate the measurement model for HCM is:

$$AVE = \sum_i^M \frac{l_i^2}{M}$$

i = Specific Lower Order Components (LOCs)

M = Number of Lower Order Components (LOCs)

l = Loadings of Lower Order Components (LOCs)

Table 4.5.5.1: Loadings of LOCs and Manual Calculation of AVE

Lower order components	Loadings	AVE	Note
Management Characteristics	0.839	0.627	Convergent validity established
International Knowledge	0.753		
Network	0.781		
Marketing Capability	0.915	0.853	
Innovative Capability	0.938		
Learning Capability	0.917		

Manually, AVE may calculate by utilising one formula (Hair, Sarstedt, Ringle et. al., 2018).

$$\text{AVE for Resources} = (0.839^2 + 0.753^2 + 0.781^2) / 3 = 0.627$$

$$\text{AVE for Capabilities} = (0.915^2 + 0.938^2 + 0.917^2) / 3 = 0.853$$

Then, composite reliability (CR) can be calculated by using the formula below:

$$\text{CR} = \frac{(\sum_{i=1}^M li)^2}{(\sum_{i=1}^M li)^2 + (\sum_{i=1}^M \text{var}(e_i))}$$

i = Specific Lower Order Components (LOCs)

M = Number of Lower Order Components (LOCs)

l = Loadings of Lower Order Components (LOCs)

e = measurement for Lower Order Components' error

$\text{var}(e_i)$ = The variance for the measurement error that may be obtained through $1 - l^2$

Derived from the formula above, CR may then be manually calculated as:

$$\begin{aligned} \text{CR for resources} &= \frac{(0.839+0.753+0.781)^2}{(0.839+0.753+0.781)^2+(1-0.839^2)+(1-0.753^2)+(1-0.781^2)} \\ &= 5.631129 / 6.750238 \\ &= 0.834 \end{aligned}$$

$$\begin{aligned} \text{CR for Capabilities} &= \frac{(0.915+0.938+0.917)^2}{(0.915+0.938+0.917)^2+(1-0.915^2)+(1-0.938^2)+(1-0.917^2)} \\ &= 7.6729 / 8.114942 \\ &= 0.946 \end{aligned}$$

Table 4.5.5.2: Composite Reliability of HCM

Lower order components	Loadings	CR	Note
Management Characteristics	0.839	0.853	Internal consistency reliability established
International Knowledge	0.753		
Network	0.781		
Marketing Capability	0.915	0.803	
Innovative Capability	0.938		
Learning Capability	0.917		

Cronbach's alpha is calculated as well for more reference. The formula is:

$$\text{Cronbach's alpha} = \frac{M \times \bar{r}}{(1 + (M - 1) \times \bar{r})}$$

M = Number of Lower Order Components (LOCs)

\bar{r} = Average correlation of Lower Order Components (LOCs)

Derived from the above formula, Cronbach's alpha may be manually calculated as:

$$\text{Cronbach's alpha for Resources} = \frac{3 \times 0.446}{(1 + 2 \times 0.446)}$$

$$= 1.338 / 1.892$$

$$= 0.707$$

$$\text{Cronbach's alpha for Capabilities} = \frac{3 \times 0.574}{(1 + 2 \times 0.574)}$$

$$= 1.722 / 2.148$$

$$= 0.802$$

Table 4.5.5.3: Cronbach's Alpha

HOC	LOC	Correlation	Cronbach's Alpha	Note
Resources	International knowledge – Management	0.484	0.866	Internal consistency reliability established
	International knowledge – Network	0.591		
	Network – Management	0.487		
	\bar{r}	0.446		
Capabilities	Innovation capability – marketing capability	0.610	0.801	
	Innovation capability – Learning capability	0.599		
	Marketing capability – Learning capability	0.511		
	\bar{r}	0.574		

Normally, the HCMs outputs in internal consistency reliability are higher than 0.7 threshold. The values are updated in Table 4.5.5.2 and Table 4.5.5.3.

4.6 Structural Model Assessment

Checking the structural model was performed methodically by conforming to the plan in Hair et. al. (2017). First, to display the model's inclusive accomplishment by adopting the coefficient of determinant. Second, assess the issues in collinearity. Third, utilising the p-Value to evaluate the importance and pertinence of the connections. Fourth, record the f square (f^2) effect size. Lastly, disclose the predictive consistency of the Q square (Q^2).

4.6.1 Coefficient of Determination (R^2 Value)

The application of Coefficient of determination (R^2) is to demonstrate the model's power in predicting. The quantity of variance in internal construct may be interpreted by all the model's predictors, which is from the outcome of calculated squared correlation between one particular internal actual construct and predicted values. In statistic, greater R^2 may be gained through exogenic constructs, even if the constructs are insignificant. Hence, researchers prefer parsimonious model while excluding the exogenic constructs to acquire large R^2 . For R^2 , the value that is generally agreed does not exist. R^2 takes into account the complexity and content of the research model. To be successful in driver studies, R^2 value of 0.20 is perceived to be high (Hair et. al., 2017).

Table 4.6.1: The Value of R^2 , Exogenous Constructs

	R Square
Capabilities	0.180
Competitive Advantage	0.582

The Table 4.6.1 shows 56.8 percent of variance in capabilities, 59.6 percent variance in competitive advantages.

4.6.2 Collinearity

Predictor constructs' interaction may influence the coefficients and importance of the constructs' relationships. Thus, Variance Inflation Factor (VIF) values are used as the basis to discover the issues in collinearity. Critical collinearity level is achieved when the VIF value is greater than five (Hair et. al., 2017).

Table 4.6.2: Collinearity Test

VIF Value	Capabilities	Competitive Advantages
Digitalisation	1.441	1.827
Resources	1.441	2.830
Capabilities		1.529

The table does not display any critical collinearity between resources, digitalisation and capabilities as the competitive advantage (internal constructs' predictors).

4.6.3 Hypotheses Testing

Both t-values and p-values are the foundation to evaluate the significance for path coefficients' hypothesised relationship. This research is using p-Value to display the significance. Utilising two-tailed test with five percent confidence level to target significant relationship where the p-Value is lower than 0.05. Furthermore, value added outputs interpretation may be obtained from bootstrapping confidence due to the stability. Significant relationship needs both upper and lower boundaries not to have zero in the confidence interval. Afterward the significance assessment, the relationship significance is then examined (Hair et al., 2017).

The study uses SmartPLS software to complete the accelerated bootstrap and bias-corrected for bootstrapping procedure, path weighing scheme, and p-Values was calculated for relationships within the model by executing the two-tailed test.

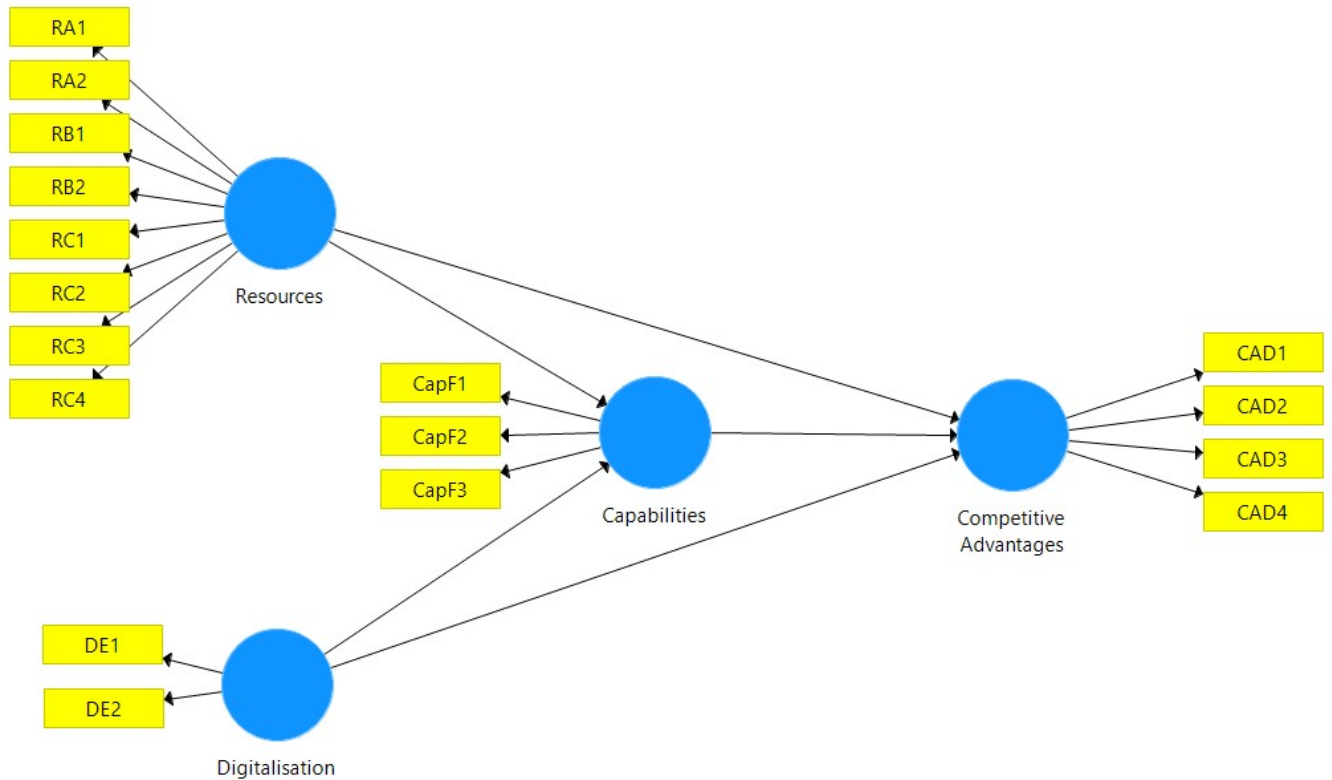


Figure 4.6.3: SmartPLS Analysis Model

Source: Author

Table 4.6.3: Hypotheses Testing

#	Hypotheses	Beta value	p-Value	Results
H1	Resources are positively related to competitive advantage	0.174	0.239*	Not supported
H2	Digitalisation is positively related to competitive advantage	0.268	0.031*	Supported
H3	Capabilities are positively related to competitive advantage	0.423	0.001*	Supported
H4	Resources are positively related to capabilities	0.285	0.118*	Not supported
H5	Digitalisation is positively related to capabilities	0.135	0.453*	Not supported

Note: * p<0.1, ** p<0.05, *** p<0.01

The significance for path coefficients is in Table 4.6.3. The Beta value for H2 is 0.268, reflecting weak influence of resources in predicting competitive advantage. H3 Beta values is 0.423, representing moderate influence of capabilities on competitive advantages. Beta values for H1, H4 and H5 are 0.174, 0.285 and 0.135, displaying weak influences on resources and digitalisation toward capabilities.

Any p-Values higher than 0.05 displaying that resource does not influence competitive advantages, making H1, H4 and H5 become not supported. Although some studies discovered positive influence from resources toward international performance, the current output give the hint that one mediator need to be thought-out in order to assure there is consistency for the outcomes between competitive advantages and resources.

Such findings present an insight where one mediator can be prominent to ensure the consistency of competitive advantages and digitalisation relationships. Such outcome is not in alignment with general competitive advantage construct or contrary to international performance.

4.6.4 Mediating Effects

In testing the influence of mediation, capabilities are the mediator variable (Hayes and Rockwood, 2016). Bootstrapping method is highly suggested to test it in PLS-SEM context (Hair et. al., 2017).

Assessing measurement and structural models are necessary preceding to testing mediation. Measurement model was evaluated on the validity and reliability, while structural model was evaluated on the non-existence of multicollinearity issues. Mediator test outputs is shown in Table 4.6.4.

Table 4.6.4: Mediator Test (Special indirect effects)

#	Hypotheses	Beta value	p-Value	95% Confidence Intervals	Result
H6	Resources -> Capabilities -> Competitive Advantages	0.12	0.186*	[0.021, 0.309]	Not supported
H7	Digitalisation -> Capabilities -> Competitive Advantages	0.057	0.452*	[-0.080, 0.164]	Not supported

Note: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

In accordance with the procedure in analysing mediation, resources strongly influencing competitive advantages is not significant. Hence, H6 is not supported. Then resources do not significantly influence competitive advantages. In addition, the indirect influence for both resources and digitalisation are insignificant as well (Carrión et al., 2017).

In disparity with resources, digitalisation directly influence competitive advantages. Thus, the analysis recommends digitalisation influence on competitive advantages is significant, H2 is supported. Nevertheless, capabilities as the mediator between competitive advantages and digitalisation with complete mediation influence is not supported, H7 is not supported.

4.6.5 Effect Size (f^2 Value)

Table 4.6.5: The Value of Effect Size (f^2)

f Square	Capabilities	Competitive advantages
Digitalisation	0.016	0.126
Resources	0.093	0.038
Capabilities		0.518

The influence of one particular exogenic construct on internal construct may be expressed by the f^2 effect. Table 4.6.5 exhibit that capabilities strongly influence competitive advantages. While digitalisation and resources do not have strong influence on capabilities and competitive advantages (Aberson, 2019).

4.6.6 Predictive Relevance Q^2

Stone-Geisser's Q^2 value was acquired through the use of blindfolding procedure, the study utilised cross-validated redundancy method in SmartPLS software. The value discloses the degree of predictive relevance by the model. Q^2 value greater than zero displays the predictive relevance of the model in Table 4.6.6 (Hair et. al., 2017).

Table 4.6.6: Predictive Relevance (Q^2)

	Q^2
Capabilities	0.080
Competitive advantages	0.249

4.6.7 Higher Order Constructs

The total effects of the relationships for correlations of first and second order constructs are summarised in Table 4.6.7 for an overview of the model.

Table 4.6.7: Relationships Constructs

Description	Beta value	Standard error	p-Value	f ²
Resources -> Management	0.685	0.616	0.000*	1.133
Resources -> International Knowledge	0.829	0.544	0.000*	55.553
Resources -> Network	0.919	0.398	0.000*	-6.67
Capabilities -> Marketing Capability	0.829	0.185	0.000*	6.379
Capabilities -> Innovation Capability	0.873	0.17	0.000*	21.482
Capabilities -> Learning Capability	0.829	0.188	0.000*	5.926

Note: * p<0.1, ** p<0.05, *** p<0.01

4.6.8 Control Variable

The control variable and its relation to competitive advantages are displayed in Table 4.6.8.

Table 4.6.8: Relationships Between Control Variable and Competitive Advantages

Description	Beta value	Std error	p-Value
Firm size (Number of employees) --> Competitive advantages	-0.296	0.4	0.049*
Firm size (Total annual sales turnover) --> Competitive advantages	0.667	0.279	0.000*

Note: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

The relationships are significant. However, only total annual sales have moderate influence on competitive advantages. While number of employees does not influence competitive advantages, although it is significant.

4.7 Chapter Summary

Table 4.7: Summarises of Analyses results for 7 hypotheses.

#	Hypotheses	Beta value	p-Value	Results
H1	Resources are positively related to competitive advantage	0.174	0.239	Not supported
H2	Digitalisation is positively related to competitive advantage	0.268	0.031*	Supported
H3	Capabilities are positively related to competitive advantage	0.423	0.001*	Supported
H4	Resources are positively related to capabilities	0.285	0.118	Not supported
H5	Digitalisation is positively related to capabilities	0.135	0.453	Not supported
H6	Capabilities mediate the proposed relationship between resources and competitive advantage	0.12	0.186*	Not supported
H7	Capabilities mediate the proposed relationship between digitalisation and competitive advantage	0.057	0.452*	Not supported

Note: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

CHAPTER 5 DISCUSSION OF RESULTS, IMPLICATIONS, LIMITATIONS AND CONCLUSION

5.1 Overview

This chapter will start by interpreting the findings from hypotheses and the main implications. Research questions will first be examined, then continue the discussion on the role of digitalisation, resources and capabilities. Next, will be on research implications, limitations and future recommendation for the research. Finally, there will be conclusion.

5.2 Review of Research Questions

For research question, the first question inquire on what resources and capabilities are linked to enterprise's competitive advantages for Indonesian SMEs internationalisation. From the study on the literatures in regard to born global and SME internationalisation, it was summarised the connection on resources and capabilities with the company's international performance or competitive advantages. There are three fundamental resources, namely management characteristics, network, and international knowledge. Three capabilities, those are learning, innovation, and marketing capabilities. In the aftermath, the research investigated the association between competitive advantages and these variables.

Second research question ask if resources, digitalisation and capabilities linked with enterprise' competitive advantages to promote Indonesian SMEs internationalisation. On the basis of data analysis from the gathered exporting SMEs, the connection and interaction between capabilities, digitalisation, resources, and enterprise's competitive advantages in international market have been explored. The outcomes revealed that digitalisation and capabilities are positively related to competitive advantage, while the rest of the association results are not supported. Even when mediated by capabilities, resources and digitalisation are still not connected with competitive advantage.

Third research question inquire if capabilities serve as a mediator (a) between resources and competitive advantage, and (b) between digitalisation and competitive advantage. This exploration utilised bootstrapping method with PLS-SEM, the outputs do not support the hypotheses where capabilities mediate the association between resources and digitalisation with competitive advantage.

5.3 Roles of Resources

The research objectives are first, to examine international knowledge, network, and management characteristics as resources that are connected with competitive advantages for Indonesian SMEs internationalisation. The literature review in relation to SME internationalisation disclose that some crucial resources may directly influencing international performance. Studies on the connection between network, management characteristics, and international performance were previously conducted (Falihat et al., 2018; Monteiro et al., 2017; Oura et al., 2016; Dedahanov et. al., 2018). Nevertheless, in spite of all the literatures, discussion on the influence of resources toward various kinds of competitive advantages are still restricted in quantity. Hence, this research broadens the knowledge on the association of resources with the particular character of competitive advantages.

Preceding explorations on resources are disintegrated. Dissimilar to Castro-Aristizabal et. al. (2019) where international orientation in internationalisation is normally acknowledged, the concept on the mandatory resources for internationalisation has not discussed extensively. One instance is where a study concentrates at the founder, organisation, and the motivation to describe the phenomenon of born global. Although the model does not stress on the contribution of knowledge and network (Madsen and Servais, 1997). Dimitratos et. al. (2019) and Abdullah et. al. (2019) explorations highlight the discussion on strategic alliances and network, albeit their examination on the influence from management characteristics.

This research opined that international knowledge, management characteristics, and network are the three main components for resources. Nonetheless, there are not many studies that support the three components influence on SME internationalisation. One research conducted by Stoian, Rialp, and Dimitratos (2017) recognise international knowledge and network in their model toward international performance. Another study experimented on entrepreneurial orientation and network capability on international performance (Falahat et al., 2018).

One research done by Øyna and Alon (2018) proposed the entrepreneurial network, knowledge, and resource influence born globals' performance in the conceptual model for strategy and finance. Within the case study on China, networks and management characteristics are crucial elements for SME internationalisation (Lin et. al., 2016). Martín-Armario and Rodríguez-Serrano (2019) accentuates on the value of network, characteristics of the managers or founder, and knowledge on international scope for born global enterprises. Withal, their hypotheses were not supported echoed by other case studies in Vietnamese SMEs. On the other hand, the three elements do not appear to be paramount in Indonesia context. This exploration displays the influence of the particular resources toward competitive advantages within the international market for Indonesian SMEs.

Hypothesis 1 presents the insight where resources is not adequate to gain competitive advantage. Hypotheses 4 and 5 do not support the claim that resources and digitalisation are linked to capabilities. Hypotheses 6 and 7 reveals that capabilities do not serve as a mediator for resources and capabilities to competitive advantage. There are only hypotheses 2 and 3 where digitalisation and capabilities are related to competitive advantage.

This means that SMEs need strong capabilities to explore the international markets by way of adopting digitalisation on their businesses. The SMEs would take the endeavour to compete by utilising its digitalised operation style in their operations to internationalise. Digitalisation would make the SME able to become more effective and efficient in its performance, leading to the development of competitive advantage. Then, the capabilities of how the company uses the available resources to gain the competitive advantages in the international market. Mainly, capabilities and digitalisation are weak and moderate predictors of competitive advantage, the path coefficients are 0.258 and 0.415 respectively.

Besides the ability to obtain greater position in the market through capabilities and digitalisation, previous research found that differentiation is a good strategy to achieve higher satisfaction in performance (Islami, Latkovikj, Drakulevski et. al., 2020). Hypothesis 1 shows that resources alone is inadequate to attain competitive advantage. Strong resources is not an assurance for enterprises to be able to develop their uniqueness. Hypotheses 6 and 7 disclose that capabilities do not connect competitive advantage and resources by mediating the influence. Hypothesis 4 results display those resources are not linked with capabilities.

In short, the findings from hypotheses represents the prominence roles of digitalisation and capabilities in building competitive advantage. Internationalisation process may be sped up by encouraging the digitalisation process such as by garnering team of management with internationalisation attributes, source for international information and internationally establish network. Enterprises need to compete by using its capabilities as well as adopting the digitalisation.

5.4 Roles of Capabilities

The second objective of this study is to examine innovation, learning, and marketing capabilities that are connected with competitive advantages for Indonesian SMEs internationalisation. Furthermore, research objective number four is to test international capabilities variable as one mediator between competitive advantages and resources. Then, objective number five of the investigation is to test international capabilities variable as one mediator between competitive advantages and digitalisation.

The literature review for the exploration on SME internationalisation unfold some critical capabilities may directly influence international performance or competitive advantages. The role of capabilities on variety types of competitive advantages are infrequently studied (Falahat et al., 2020). Thence, this exploration presents crucial insights on the role of capabilities on direct and as a mediation toward competitive advantages.

There is limitation on the number of international literatures that discuss international capability, if in comparison to international orientation. The investigation that suggests diverse types of capabilities for internationalisation are within the studies of capability. However, it is uncommon for these capabilities to be accumulated for international. For instance, Pham et al. (2017) explained the marketing capability's role toward internationalisation. This is while Oura et al. (2016), in some literature on internationalisation research affirmed the emphasis on innovation capability's role. Apart from that, another exploration opined that learning capability is the principal to adapt in the dynamic environment (Evangelista and Mac, 2016).

Empirical exploration that tested the three capabilities for internationalisation is scarce. Hence, this research contributes some insights on the three capabilities. One examination that assembles some capabilities together was done by Zhang (2018), who suggests five dimensions for international entrepreneurial capabilities. Those are international experience, innovative capability, international learning capability, international networking capability, and international marketing capability.

In alignment with previous studies (Knight and Liesch, 2016; Øyna and Alon, 2018), this investigation presents the empirical prove that capabilities on innovation, learning, and marketing are essential factors for internationalisation. Companies ought to create these capabilities for their competitive advantages within the international markets. Moreover, the analysis provides more insights for capabilities on both direct and mediating role for variation of competitive advantages.

Since hypotheses 4 and 5 analysis outputs describes those capabilities are not connected with resources and digitalisation, enterprises with strong capabilities may not developed competitive advantages.

In summary, findings from hypotheses have revealed the roles of capabilities in attaining competitive advantages. Companies is more likely able to rush their internationalisation process by developing capabilities.

5.5 Roles of Digitalisation

Research objective number three is to examine the role of digitalisation in obtaining competitive advantages for Indonesian SMEs internationalisation. It is uncommon for SME internationalisation literature to study the roles of digitalisation (Knight and Liesch, 2016; Lee et al., 2019). Investigation on digitalisation propose that one company's digitalisation may improve the capabilities in the aim for greater performance in business. This exploration studies the influence of digitalisation toward competitive advantages for the international markets. Digitalisation is regarded as one a forerunner to capabilities (Neubert, 2018).

In Table 4.6.5, the influence from digitalisation (0.126) on capabilities are stronger than the influence from resources (0.038). This shows that companies' digitalisation would lead to greater capabilities. An enterprise may adopt digital technology to upgrade their capabilities. Although, hypothesis 7 does not support if capabilities mediate digitalisation for competitive advantages.

This exploration presents one meaningful observation where digitalisation has direct influence on competitive advantage. Positive results are to be foreseen for competitive advantage through the adoption of digitalisation. The finding is consistent with one study that found e-commerce marketing capabilities influence export performance of a venture (Gregory, Ngo and Karavdic, 2017). Digitalisation should also be intended to create capabilities, that will lead the companies to have better competitive advantages (Neubert, 2018). Thus, digitalisation does influence and improve competitive advantages.

5.6 Theoretical Implications / Implications on Knowledge Gaps

This research applies a model that is already tested through experiment that was derived from acknowledged SME internationalisation theories. The comprehension of the theories encompasses the theories of network, resource-based, new venture internationalisation, and organisational learning. Prior to this, quantitative investigation on the drivers for SME internationalisation is still limited (Kamasak, 2017). Specifically on Indonesian SMEs (Setiawan and Yulianto, 2021; Hultman et. al., 2021).

Therefore, this study contributes to fathom the international entrepreneurship further. It establishes the understanding of capabilities as a mediator for resources and competitive advantages in the international markets. Furthermore, the competitive advantages are usually the company's competitive strategies as well. The inspiration of this study is from Kaleka (2002) who tried to discover sources of advantages from various positions, and close the gap of capabilities, international performance, and resources variables by comprehending more of the aftermath of resources and capabilities to give addition on international performance studies.

Aside from that, the research discussed the influence of digitalisation on SME internationalisation. The significance of digitalisation in digital economy is uncommonly tested in the model for research on SME internationalisation. Hence, this study offers crucial insight in regard to the influence of digitalisation, and it extends on the comprehension of resource-based view for digital economy.

The focal point of international entrepreneurship research is to develop the economy, and this study contributes to the practical evidence on the drivers for SME internationalisation in the context of emerging economy (Pham et. al., 2017).

5.7 Managerial Implications

This exploration displays the influence of digitalisation, resources, and capability on SME internationalisation. Besides the advantage from differentiation strategy for desirable market positioning, an enterprise would need competitive advantage within the real business operational situation. On the foundation of previous research findings, the relationships between capabilities and resources with many types of competitive advantages may be more comprehend by managers. Network, international knowledge, and management characteristic are the mandatory resources to create capabilities (Øyna and Alon, 2018).

Managers may evaluate the available resources to increase their capabilities by focusing on learning, innovative, and marketing capabilities. Companies may choose the appropriate management characteristics, obtain knowledge on internationalisation, establishing network orientation, and adopting digital technology to attain higher capabilities and accelerate internationalisation process.

Higher management is also supported by the model through the diagnostic of their competencies and human resource. If a company only strong in marketing capability, they may need to have plan to enhance other areas where they are weak by hiring those experts in the area or purposely build the capability.

In overall, this research discusses the elements that would contribute to the success of exporting SMEs that wish to explore the international market through the assessment of their readiness in terms of resources and capabilities. Afterward, they may target on investing on resources and capabilities that is in accordance with their operational strategies. In addition, ventures may think about digitalisation as their intension to develop their capability. The findings from the study contribute to justify the needs to create capabilities and competitive advantage for internationalisation, particularly for the managers or proprietor of the business who do not have exporting experience.

5.8 Policy Implications

Exporting SMEs are in intense competition from other developing countries, for example, Vietnam and China (Wang, Zhu, Ge, et. al., 2017). SMEs are not taking opportunities from innovation enough in their competitive advantages (Astrini, Rakhmawati, Sumaedi, et. al., 2020). The outcome was the export contribution of Indonesian SMEs below 15 percent in 2017 (Hambali et. al., 2019). This is in defiance of the attempt from Indonesian government that provides credit funds in the form of loan to encourage export (Vahlne and Johanson, 2017). The inclination for SMEs to adopt digitalisation would also be depending on the success stories, as these SMEs are striving to survive in the international market.

The findings of the study emphasize the concern to classify both resources and capabilities for internationalisation. It is recommended for government to distribute the awareness on digitalisation, resources, and capabilities to categorise the internationalisation competencies. Inability to perceive the instant outputs of digitalisation would dissatisfy companies. Then, capabilities and resources of the organisation should be appraised as well.

Educational seminar, training on the market and business are suggested to be regularly presented by the government. As an illustration, exporters in Algeria may access market intelligence, trade leads, trade data and analysis, and the information for the industry by using the government website (Haddoud, Nowinski, Jones and Newbery, 2019). Likewise, activities such as networking may also be arranged for SMEs to build relationships with many stakeholders. Owners of one business may thoroughly explain the characteristics of successful entrepreneurs by sharing programme on entrepreneur development, and routine meeting. Such as, if the government organisation in Singapore that is develop firms by using platform to do networking and ease sourcing in order to support and facilitate collaborative partnerships (Hu, Lovelock, Ying, et. al., 2019).

Government may consider supporting the awareness on the value for building capabilities by way of growing skills and competencies alongside the attempt to boosting export. More capability reinforcement by providing aid for SMEs to promote their learning, innovation, and marketing capabilities by utilising agencies as the platforms. Supplying provision from programmes to assist SMEs may work as well to expand digitalisation development of capabilities. Both programmes on capital assistance and awareness may raise SMEs' digitalisation.

5.9 Research Limitations

Some limitations exist within this research. First, the analysis for the findings was applying cross-sectional data. This is while dynamic capability view explains that the competitive advantage of a company is only sustainable when it is capable to advance within the ever-changing environment. The concept of an enterprise's capabilities is dynamic, and that is what permit it to sustain its performance in business for years. Data obtained from cross-sectional data does not present convincing prove on the sustainability of international performance, although learning capability is within the evaluation criteria for a company's ability in its reaction toward changes. Due to that, method to expose the relationship between capability, performance and resource in dynamic environment may be feasible if using longitudinal experiment research and system.

Second, the centre of this exploration is on the internal elements that determine international performance. However, external environment may interject the internal aspects and other performance that have not been researched. For instance, the research from Joensuu-Salo, Sorama, Viljamaa et. al. (2018) that proposes market orientation influence market capability on the research model. Some investigations on SME internationalisation have validated the weight from external factors (Knight and Liesch, 2016).

Third, the findings of this study are constrained on SMEs exporting companies from Indonesia, an emerging economy. This puts boundary on the generalisability of the exploration findings from countries, specifically the developed nations. The distinctiveness in salary, economic condition, and environment would make it harder to understand the resource to produce comparable influence on the competitive advantage in developed society. Be that as it may, this research model is still applicable for other emerging economies that matches with the condition of Indonesia.

Fourth, this study only managed to obtain 50 samples. This is very low if in comparison to the previous study conducted by Lee (2020) that is being replicated. Hence, due to the minimum number of samples, the accuracy on the outcomes from this study may not be reliable. Which may justify the reason behind the outputs where majority of the hypotheses testing are not significant, and only two out of seven hypotheses were supported by the analysis results.

Fifth, this exploration does not delve into more specific on the specific types of competitive advantages. Lee (2020) did the research with three specific competitive advantages, those are in price, product, and service. The lack on the depth of the research makes the findings of this study do not specifically explain which types of competitive advantages should be developed by SMEs.

5.10 Recommendations for Future Research

This research describes the system on the influence of resources, digitalisation and capabilities toward competitive advantages in the international markets. Digitalisation and capabilities are positively related to competitive advantages. Future research may expand the research model by doing more exploration on the type of competitive advantages that would enable firm to gain greater international performance. Investigations that provide greater understanding on competitive advantage for higher international performance in the emerging market is still restrained. The evidence exhibits those enterprises in developing nations is more likely to compete with low pricing strategy (Hossain, 2017).

Another one is strategy implementation that may be done concurrently. Kaleka and Morgan (2017) suggested that developing price, product and service would lead to higher customer satisfaction. Although there is a proposal where managers should focus on resources, digitalisation, and capability to attain balanced international performance in price, product, and service.

Future research may create more balance on the three areas within the questionnaire. This is referring to the SmartPLS Analysis Model, where there are more items for resources than the rest of the variables. The reduction was done to increase the response rate for this study due to the usage of online questionnaire. Nevertheless, it would be better for future research not to reduce the items since that will enable the study to discover more contributing elements toward competitive advantages and internationalisation. The findings will then become more beneficial and knowledgeable compared to if it is reduced.

Finally, the sample size may be increased for future research since this study only accumulated 50 samples. Such low response number would have influenced the outputs of this study.

5.11 Conclusion

The aim of this research is to present an awareness on SME internationalisation's drivers. It investigates capabilities, digitalisation, and resources to inform their influence for a company's competitive advantages in the international markets. Specifically, the findings of this study reveal that utilising digitalisation for communication, marketing and promotion purposes and the capability to learn changes, adjust prices, and launch marketing communication programs are contributing to achieving competitive advantages for firms that are engaged in international markets. The study also included the influence of capabilities as a mediator for resources, digitalisation, and competitive advantages. It was found that capability does not mediate resources and digitalisation to competitive advantages.

On the basis of this study's outputs, exporting SMEs may wish to suit their digitalisation and capabilities with their strategies in obtaining competitive advantage. An enterprise that possesses adequate technology has higher chance of success and perform better than competitors in the international market. Whereas, if the firm is restricted on resources, it may still consider its competitive advantage while closely overseeing and enhancing its capabilities by investing in digitalisation. The outcomes of this study describe the causes of failure in the development of international performance, even though they have invested on digitalisation. As they invest in digitalising the business, it should be on capabilities than immediately toward competitive advantage and international performance for the key performance indicator.

This research adopted digitalisation within the model and attempted to present the initial guidance that the characteristic of digitalisation is akin to the resources which influence capabilities for firms that are successful in the international markets. Although, in developing the business, managers should perceive the most supporting means according to its business context. The findings show the unique structure and the choices available for managers to focus on the particular parts.

If we compare this research that took the context of Indonesia and the previous study done by Lee (2020) on the context of Malaysia that is being replicated, there are some differences in the findings. Lee (2020) had 17 hypotheses, while this study only has seven hypotheses due to the competitive advantages are not detailed. The competitive advantages in Lee (2020) branches until product, price and service advantages, and unlike this investigation. This previous research found that resources positively related to price advantage, resources and digitalisation are related to capabilities, and capabilities mediate resources and digitalisation with product and service advantages. Lastly, there were 143 samples from Malaysian SMEs.

Findings by Falahat et. al. (2020) garnered 119 samples from Malaysian SMEs and discovered that market intelligence, product innovation, pricing, capabilities positively related to competitive advantages. Another study that analysed 333 samples from Vietnamese exporting firms disclosed that marketing intelligence, export pricing, marketing communication capabilities are positively related to international performance (Competitive advantage) (Pham, 2017).

Two research by Evangelista and Mac (2016); Oura et. al. (2016) had the same discovery where capability positively related to international performance (competitive advantage), their studies accumulated 164 samples from exporting companies in Australia and 112 samples from Brazilian SMEs. Another two explorations from Falahat et. al. (2017) that obtained 196 samples from Malaysian SMEs, and Stoian et. al. (2017) that used 101 samples exporting SMEs in United Kingdom identified that resources and capability are positively related to international performance.

To conclude, Indonesian SMEs should improve their digitalisation and capabilities to develop competitive advantage. It will then provide them the opportunity to internationalise. The economic growth of one nation may become more sustainable if there are more SMEs willing to explore the global markets. This can be accomplished if the digitalisation and capabilities are available and utilised effectively to encourage export for SMEs and hasten their internationalisation (Vahlne and Johanson, 2017).

5.12 Chapter Summary

Summary of key findings and implications are tabulated as below.

Table 5.12: Key Findings and Implications

No	Construct	Key findings	Key implications
1	Resources	H1: Resources - Competitive Advantage (Not Supported)	This study provides insight on relationships between resources and competitive advantages.
		H4: Resources - Capabilities (Not Supported)	This study argues that there are three main parts of resources, those are management characteristics, international knowledge and network.
		H6: Resources - Capabilities - Competitive Advantage	Companies with resources may not have the tendency to develop capabilities. Resources are inadequate to obtain competitive advantage, not even through their capabilities.
3	Digitalisation	H2: Digitalisation - Competitive Advantage (Supported)	This exploration examines the influence of digitalisation on competitive advantages in international markets.
		H5: Digitalisation - Capabilities (Not Supported)	Digital technologies may not enhance their capabilities.
		H7: Digitalisation - Capabilities - Competitive advantage (Not Supported)	Capabilities do not mediate digitalisation and competitive advantages.
3	Capabilities	H3: Capabilities - Competitive Advantage (Supported)	One prominent insight was found that there is direct influence of capabilities on competitive advantages.

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7.0 Appendices

Appendix 1.0: Initial Research Paper Proposal

INTI International University
Master of Business Administration MGT7998
Initial Research Paper Proposal

STUDENT NAME & ID NO	Rico Timotius Gotama & I17013692
BROAD AREA	Management
Concise Title	Internationalisation Through Resources, Capabilities, and Digitalisation of Small and Medium Enterprises in Indonesia
Problem Definition	<p>There is still need for more research due to the findings in literatures on digitalisation, capabilities, resources, competitive advantages are differing from one another in the context of Indonesia. These inconsistency makes this research need further study to help SMEs to obtain competitive advantages.</p> <p>Lacking alignment may result in the SMEs and governments do not know which areas exactly to improve, and they may invest resources in the less significant factors that would lead to the inefficiency and ineffective usage of the available resources.</p>

Research Questions OR Objectives	<p>What resources and capabilities are linked to enterprise's competitive advantages for Indonesian SMEs internationalisation?</p> <p>What resources and capabilities are linked to enterprise's competitive advantages for Indonesian SMEs internationalisation?</p> <p>Are capabilities serve as a mediator (a) between resources and competitive advantages? (b) between digitalisation and competitive advantages?</p>
Scope of study	<p>SMEs are the key drivers for the economy in Indonesia. Exports from SME contributes to Indonesia's economic growth, since more than 99.99% of businesses in Indonesia are SMEs. Indonesia needs to support its SMEs and encourage more export by speeding up their internationalisation process. Hence, "Internationalisation Through Resources, Capabilities, and Digitalisation of Small and Medium Enterprises in Indonesia" became the title of this research.</p>
Significance of the Research	<p>SMEs may internationalise easier, by decreasing the time, cash and risks. Moreover, it is useful for Indonesian SMEs that intend to internationalise or increase their competitive advantages. It promotes comprehension on resources and capabilities that aid SMEs in the competition for internationalization. SMEs may bolster competitive advantages even with restricted number of resources.</p>
Literature Review	<p>Management characteristics, international knowledge, network, digitalization, marketing capability, innovation capability, learning capability, resources, competitive advantages, and international performance.</p>
Research Methodology	<p>Measurement tool: SmartPLS</p> <p>Unit of Analysis – Small and Medium Enterprises in Indonesia will be the unit of analysis in this research</p> <p>Sample size - Based on the Krejcie and Morgan table, a total of 285 sample size should be acceptable from the total population of exporting SMEs in Indonesia.</p> <p>Target Population and sampling frame -The target population in this study was exporting SMEs in Indonesia.</p> <p>Sampling Techniques -The sampling technique that used is random sampling method, which is a probability sampling technique.</p>

Appendix 2.0: Drivers for SME internationalisation

a. Study on Management Characteristics and Competitive Advantages / International Performance

Author	IV	DV	Respondent	Findings
Castro-Aristizabal, Escandon-Barbosa, Fuerst, Rialp-Criado and Rodriguez-Orejuela (2019)	Export Performance	Born global: the influence of international orientation	112 exporters in major cities in Colombia (South America)	Positive relationship. Born Global international orientation and export performance
Andersson, Evers and Gliga (2017)	Entrepreneurial marketing	Born Global internationalisation	Secondary data sources from websites, annual reports and journal articles. Primary company data from Swedish interviewee (BETA), Chinese interviewee (ALFA)	Companies can access market through already-established networks. Social networks have a greater impact on the penetration process. In China, building trust to develop networks is important.

Abib and Stocker (2019)	Risk Management	Born Globals: the Case of Brazilian Craft Breweries	7 craft breweries case studies and nine semi-structured interviews	Positive relationship: Born global and different social networks. Born globals risk factors is influenced by internal and external environment risks
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Pilarska and Watega (2020)	Board Characteristics	Firm performance	10,314 firm-year observations from financial entities and companies	High presence of independent and female directors tend to increase firm value, supporting agency and resource dependence approaches, and in line with the monitoring or supervising hypothesis CEO duality has a positive impact on firm performance, and board compensation does not affect firm performance
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<p>Fernandes, Ferreira, Lobo and Raposo (2019)</p>	<p>Market Orientation</p>	<p>Internationalisation processes and international performance</p>	<p>320 valid questionnaire from exporting SMEs</p>	<p>Market Orientation characteristics of external market returns a positive impact on all the different dimensions to SME internationalisation processes The longer a company has been in business, it lowers the likelihood of reporting higher rates of international turnover Staff members and company provide positive influences on internationalisation processes and the consequent level of international performance It is important to foster the culture within the firm oriented towards internationalisation</p>
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b. Study on International Knowledge and Competitive Advantages/International Performance

Author	IV	DV	Respondent	Findings
Falahat and Lee (2019)	Digitalization and Resources	Competitive advantage	143 responses from exporting SMEs	Digitalisation does not directly effect competitive advantages Indirect effects of digitalization and resources on product and service advantages
Falahat, Lee, Soto-Acosta and Ramayah (2020)	Institutional support and international knowledge	Competitive capabilities and international performance	Using coudounaris model to do meta-analysis of 16 pertinent studies. Focus group included two academicians and six industry experts. 250 valid responses were obtained from	Government support initiatives have no direct impacts on firm performance unless the construct is examined based on processes of international knowledge, commitment, competitive

			survey-based questionnaire.	capabilities and performance.
Kartika and Mutamimah (2019)	Positional Advantage	Fashion Business Performance	299 valid questionnaire was obtained	<p>Product Innovativeness does not directly related with Product Positional Advantage.</p> <p>Product Innovativeness does not directly related with the Small Business Performance.</p> <p>Customers Orientation and Product Innovativeness contribute positively to the positional advantages</p> <p>Product Positional Advantage is really an important mediator in the relations between Product Innovativeness and Small Business Performance</p>
Katsikeas and Spyropoulou (2018)	Strategic Goal	Export Ventures	253 usable responses containing longitudinal data	Strategic goals are harder to achieve in dynamic export markets
Alvarado, Lafuente, Mora-Esquivel, Vaillant and	International experience	Export destinations	82 questionnaires from Costa Rican SMEs in various industries	Accumulated experiential-based knowledge is a relevant conduit of increased

Vendrell-Herrero (2020)				international market expansion (export destinations)
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c. Study on Network and Competitive Advantages/International Performance

Author	IV	DV	Respondent	Findings
Cesinger, Cheng, Hughes, Kraus and Schuessler (2019)	Network and Knowledge Variables	International Performance	176 Born Globals and 315 late internationalisers in Europe	Firms should share knowledge and ideas in international networks to make them more valuable as collaborators and increase their chances of accessing the knowledge of potential partners

Haddoud (2017)	Export Promotion Programmes	Company performance	160 responses from firm with less than 500 employees.	<p>Using GEPPs has an indirect impact on export performance through the enhancement of SMEs' relationships quality informational and experiential GEPPs affect the SMEs' relationships quality with both local businesses and foreign buyers Relationships with foreign buyers has positive impact on export performance</p>
Dedahanov, Kim and Yoon (2018)	International Entrepreneurial Orientation	Network Capability	334 questionnaire from exporting SMEs	<p>Network capability moderates the relationship between international entrepreneurial orientation and international performance. Network capability can act as a determinant of international performance</p>

Nderitu and Njuguna (2017)	Retail Network Expansion	Competitive Advantage	Secondary data from financial statements and the strategic plan. 59 responses from primary data using semi-structured questionnaires and key informant interview guides	Improvement in retail network expansion would lead to an improvement in the competitive advantage Expansion of branch network and market penetration influences competitive advantage
Adim and Uti (2019)	Network Governance	Competitive Advantage	86 responses was used on Pearson Product Moment Correlation	Strong positive relationship: network governance and competitive advantage Network governance increases cost leadership, market focus and differentiation of insurance companies

d. Study on Digitalisation and Competitive Advantages/International Performance

Author	IV	DV	Respondent	Findings
Aigbavboa, Akinradewo, Onyia, Tanga and Thwala (2021)	Digitalisation Tools	Advantage	Sample size of 289 from Gauteng province in South Africa	Information Communication Technology tools facilitate group work which promotes productivity and helps to avoid wasting time on site

Fielke, Jakku and Taylor (2020)	Digitalisation	Agricultural knowledge and advice networks	28 literature review papers on digital agriculture and institutional components	Digital technologies are and will continue to be engaged with, to varying degrees, by human agricultural advisory service actors. Increasing connectivity , the transparency of interactions between technologies and humans is also likely to increase.
Giakoumelou, Raimo, Rubino, Salvi, and Vitolla (2020)	Online information	Digitalisation processes	114 samples were collected from companies	Information about the company digitalisation level has a positive effect on firm value The digitalisation of companies is a useful tool for adapting to an increasingly turbulent and potentially volatile competitive environment
Eitrem and Öberg (2018)	Strategic orientation	Digitalisation	107 questionnaire responses from Norwegian companies	Company's strategic orientation will influence digital differentiation Market

				orientation will have a positive effect on digital differentiation
Slavinski and Todorović (2019)	Organisational capability changes	Digitalisation	50 questionnaire respondents from Serbian and foreign firms	Digitalisation process has its usage in gathering customer insights

e. Study on Marketing Capability and Competitive Advantages/International Performance

Author	IV	DV	Respondent	Findings
Jin, Jin and Zhou (2018)	New Product Development	Marketing capability	110 questionnaire responses from international ventures in China	International ventures must adjust their existing strategies to adapt with underdeveloped and fast-transitioning

				environments. International ventures can rely on marketing capability is a valid strategic choice to create points of difference from competition in international markets
Joensuu-Salo, Sorama, Varamäki and Viljamaa (2018)	Market Orientation, Marketing Capability and Digitalization	Firm performance	101 questionnaire answers from Finnish Forest Centre	Marketing capability and Market orientation are crucial factors for a firm wanting to succeed in international market
Falahat, Lee, Ramayah and Soto-Acosta (2020)	Company internationalization	Company international performance	119 data from exporting SMEs in Malaysia	Competitive advantages of Malaysian exporting SMEs are supported by the companies' abilities to respond to market intelligence, innovate on their products to exploit market opportunities and offer reasonable prices
Bulgacov, Giacomini, Semprebon and Takahashi (2016)	Dynamic and Marketing Capabilities	Organizational Performance	316 questionnaires from private HEIs in Brazil	Dynamic capabilities have positive influence on

				organizational performance when mediated by marketing capability
Lambkin, Rahman and Shams (2020)	Marketing Capability	Firm performance	<p>Phase one, all M&A deal-related data were collected from Thomson One Banker database</p> <p>Phase two, data relating to all input and output variables were collected from COMPUSTAT which is a widely used database for company financials</p>	<p>Overall firm performance improved in the post-merger years not because of the M&A, but a continuation from the pre-merger years</p> <p>Emerging market firms with inferior marketing capability can heighten their market management skill by leveraging the marketing assets and skills of the target firm</p>

f. Study on Innovation Capability and Competitive Advantages/International Performance

Author	IV	DV	Respondent	Findings
Hui and Rajapathirana (2018)	Innovation capability and type	Firm performance	379 questionnaire responses from insurance employees	<p>Innovation capability helps firm to develop</p> <p>Positive relationship: innovation, financial and</p>

				market performances
Saunila (2020)	Innovation capability	Firm performance	39 literature articles from multiple sources	<p>Resource restrictions of small firms as export firms with more than 70 employees are more probable in adopting organizational and strategic innovation.</p> <p>Positive relation: innovation capability and firm performance for small businesses</p> <p>Product innovation capability is connected to export performance, growth, and overall competitive advantage</p>
Arshad and Arshad (2019)	Innovation capability	Firm performance	350 survey questionnaires from SMEs of Pakistan	<p>Innovation capability plays vital role in the enhancement of SMEs performance</p> <p>Internal capabilities of firm (absorptive capacity) building are crucial for the sustainable growth of textile sector SMEs.</p>

Aidoom, Donkor, Donkor and Kankam-Kwarteng (2018)	Innovative capability and strategic goals	Financial performance	340 respondents from SMEs businesses	Significant relationship: strategic goals and financial performance
Ng and Yuen (2021)	Innovation Performance	Firm performance	300 questionnaire from Malaysian SMEs	SMEs should focus more on research and development activities so that able to improve higher innovativeness level. Knowledge sharing flow within firm enables create a more innovative idea to achieve higher innovation performance

g. Study on Learning Capability and Competitive Advantages/International Performance

Author	IV	DV	Respondent	Findings
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Karami and Tang (2019)	Entrepreneurial orientation	International performance	164 responses from SMEs in New Zealand	<p>Networking capability and experiential learning to capture the indirect association between Entrepreneurial orientation and international performance SMEs with a higher Entrepreneurial orientation are more prone to discover international opportunities Networking capability and experiential learning can promote exploitation of international opportunities</p>
Ampong, Chu, Donbesuur and Owusu-Yirenkyi (2020)	Technological and organisational innovation	International performance	204 questionnaires from international SMEs in Ghana	<p>Innovation and domestic environmental provisions play in firms' international performance Technological and organizational innovation has a significant synergetic effect on the international performance of SMEs</p>
Gomes and Wojahn (2017)	Organisational learning capability and innovation	Organisational performance	92 SMEs in Vale do Itajaí in the State of Santa Catarina, Brazil	<p>The facilitating factors of organizational learning had a</p>

				positive effect on the performance
Hoang and Pham (2019)	Organizational learning capability	Business performance	160 questionnaire survey responses from Master of Business Administration (MBA) classes in some universities in Hanoi	Positive relationship: organizational learning and business performance
Khan, Knight, Miller and Puthusserry (2020)	Network Relationships and Learning Approaches	Growth	12 face-to-face semi-structured interviews with SMEs engaged in international activities	Geographic expansion and market penetration requires different types of learning approaches and knowledge Internal learning is critical to successful SME internationalization Successful learning from external sources will depend on the firm's absorptive capacity

**h. Study on Resources, Capabilities, and Competitive Advantages /
International Performance**

Author	IV	IV/DV/MeV	DV	Respondent	Findings
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Hong, Hou and Zhu (2019)	Exploration Innovation and Exploitation Innovation	Entrepreneurial Orientation and Competitive intensity	Firm performance	143 questionnaires from technology-based SMEs	<p>Young entrepreneurial companies dedicated to the exploration or exploitation can ensure sustainable return from innovation activities</p> <p>Young entrepreneurial firms that want firm performance may explore and exploit to get more meaningful outcome</p>
Dimitratos, Elbanna and Nakos (2019)	International Market Orientation	Alliance Formation	Company performance	94 questionnaire private firms in UAE	<p>Strategic alliances mediate the impact of International Market Orientation activities on SME international performance</p> <p>International Market Orientation is important for SMEs to guide in altering internal organizations and recognize limitations</p>
Bamiatzi, Bagheri, Mitchelmore and	International Orientation	Technological Innovation	International firm performance	116 responses from SMEs in UK	<p>SMEs should invest in developing their technological innovation</p>

Nikolopoulos (2018)					capabilities. Intangible resources are crucial for SMEs to achieve superior firm performance
Aziz, Hamid, Imran, Jian, Salman and Shabbir (2018)	Entrepreneurial Orientation	Total quality management (TQM)	Export performance	364 responses from SMEs in Pakistan	Entrepreneurial Orientation (EO) and total quality management (TQM) explained 53% variance of the SME export performance in the manufacturing sector Positive and direct relationship: TQM and SME export performance in furniture industry of Pakistan
Anwar (2018)	Business Model Innovation (BMI)	Competitive advantage	SME performance	303 questionnaires from SMEs in Pakistan	BMI helps firms to gain sustainable competitive advantage BMI is the best choice for firms who are looking for competitive advantage in emerging markets Mediating role of competitive advantage between BMI

					and SME performance examined and found partial mediating role
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Appendix 3.0: MBA Questionnaire



Internationalisation Through Resources, Capabilities, and Digitalisation of Small and Medium Enterprises in Indonesia

Survey questionnaire

This survey is for anyone in the position of CEO / Managing Director / General Manager / Owner / Export manager / sales manager, thank you.

Please answer the following questionnaire based on the **product in main export market**.

This is an official notification by a student of the University of Hertfordshire in respect of a study involving human participants.

Title of study : Internationalisation Through Resources, Capabilities, and Digitalisation of Small and Medium Enterprises in Indonesia

Protocol Number : cBUS/PGT/CP/05088

Approving Committee : The University of Hertfordshire Social Sciences, Arts and Humanities Ethics Committee with Delegated Authority

Dear sir/madam,

My name is Rico Timotius Gotama, I am currently an MBA candidate at INTI International University, Malaysia. As part of the MBA Project, I am conducting a survey among the Small and Medium Enterprises in Indonesia. The main purpose of this study is to determine the relationship between resources, digitalisation, capability and competitive advantages among these SMEs. The knowledge gained through this study may assist the SMEs in Indonesia to achieve competitive advantages and internationalise faster.

Kindly complete this questionnaire by selecting the most suitable option as your responses would be highly appreciated. There is no right or wrong answer in this questionnaire. All information provided will be treated as private and confidential, thus your identity is not required. Thank you for your time and participation.

Regards,

INTI International University

I agree to participate in this online questionnaire

Yes

Part 1: Internal determinants

i	To what extent do you agree with the following statements, in term of your company's top management / owner's characteristics?	Please circle the most appropriate answer				
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
A1	Active exploration of new business opportunities abroad	1	2	3	4	5
A2	Continuously communicates mission of success in international markets with employees	1	2	3	4	5

ii	To what extent do you agree with the following statements?	Please circle the most appropriate answer				
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
B1	Our company has sufficient knowledge about our customers and/or competitors	1	2	3	4	5
B2	Our company has sufficient knowledge on international trade	1	2	3	4	5

iii	To what extent do you agree with the following statements, regarding your company's relationships with these parties?	Please circle the most appropriate answer				
	We maintain close relationship with:	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
	Institutional Network					
C1	Government agencies (e.g, DGNEED)	1	2	3	4	5
C2	Business association of export market (e.g, industry related association, SME association, Chambers of Commerce....)	1	2	3	4	5
	Business Network					
C3	Our key customer(s) in export / local market	1	2	3	4	5
C4	Our key supplier(s) in export / local market	1	2	3	4	5

iv	Please rate your company's competitive advantages in comparison with your main competitors	Please circle the most appropriate answer				
		Much worse	Worse	Neither worse nor better	Better	Much better
	Price advantage					
D1	Our cost	1	2	3	4	5
D2	Our selling price	1	2	3	4	5
	Product advantage					
D3	Product quality	1	2	3	4	5
	Service advantage					
D4	End-customer rating of service quality	1	2	3	4	5

v	To what extent do you agree with the following statements? (Company's digitalisation)	Please circle the most appropriate answer				
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
E1	We use IT/ digital technology for communication (e.g. inter-departments, suppliers, customers, channel members, etc.) <i>Example (but not limited to):</i> CRM system / e-Commerce for online transaction / video conference / Live Chat for customer service etc to facilitate communication	1	2	3	4	5
E2	We use IT/ digital technology for marketing and promotion purposes <i>Example (but not limited to):</i> Social media marketing (Facebook, Whatsapp, Wechat, Instagram etc.) / online advertisement / Search Engine Optimization (SEO) etc to improve marketing performance	1	2	3	4	5

vi	Please rate your company's competitive capabilities in the following areas.	Please circle the most appropriate answer				
		Very poor	Poor	Average	Good	Very good
	Learning capability					
F1	The ability to learn quickly about changes in demand and tastes in export markets	1	2	3	4	5
	Innovation capability					
F2	The ability to adjust the prices in export market	1	2	3	4	5
	Marketing capability					
F3	The ability to launch export marketing communication programs	1	2	3	4	5

Internationalisation process

G1. How fast did your company start exporting after establishment?

- | | |
|--|---|
| <input type="checkbox"/> Immediately after establishment | <input type="checkbox"/> Between 3 to 4 years |
| <input type="checkbox"/> Less than 1 year | <input type="checkbox"/> Between 4 to 5 years |
| <input type="checkbox"/> Between 1 to 2 years | <input type="checkbox"/> 5 years or above |
| <input type="checkbox"/> Between 2 to 3 years | |

G2. How many countries are you currently exporting to?

- | | |
|--|--|
| <input type="checkbox"/> 1 – 3 countries | <input type="checkbox"/> 31 – 40 countries |
| <input type="checkbox"/> 4 – 10 countries | <input type="checkbox"/> 41 – 50 countries |
| <input type="checkbox"/> 11 – 20 countries | <input type="checkbox"/> Over 50 countries |
| <input type="checkbox"/> 21 – 30 countries | |

G3. Overall export % to total sales revenue.

- | | |
|-----------------------------------|-----------------------------------|
| <input type="checkbox"/> 0 – 5% | <input type="checkbox"/> 36 – 55% |
| <input type="checkbox"/> 6 – 15% | <input type="checkbox"/> 56 – 75% |
| <input type="checkbox"/> 16 – 25% | <input type="checkbox"/> Over 75% |
| <input type="checkbox"/> 26 – 35% | |

Part 2: General questions

1. Please specify your job position

- () CEO / MD / GM / Owner
- () Export manager / sales manager
- () Others:
-

2. Please specify your industry sector

- | | |
|-------------------------------|--------------------------|
| () Manufacturing | () Trading / Retail |
| () Service / Warehousing | () Construction |
| () Agriculture | () Others: |

3. Approximately, what is the number of employees?

- | | |
|-----------------|-------------------|
| () 1 - 20 | () 61 - 80 |
| () 21 - 40 | () 81 - 100 |
| () 41 - 60 | () Above 100 |

4. Please estimate the total annual sales turnover

- () Below IDR400 million
- () IDR400 million– IDR600 million
- () IDR601 million– IDR800 million
- () IDR801 million– IDR1 billion
- () Over IDR1 billion

End of questions. Thank you very much for your participation.

Appendix 4.0: SmartPLS Analysis Output

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Capabilities -> Competitive Advantages	0.423	0.419	0.126	3.358	0.001
Digitalisation -> Capabilities	0.135	0.105	0.18	0.751	0.453
Digitalisation -> Competitive Advantages	0.268	0.251	0.124	2.156	0.031
Resources -> Capabilities	0.285	0.357	0.182	1.565	0.118
Resources -> Competitive Advantages	0.174	0.228	0.148	1.178	0.239
Digitalisation -> Capabilities -> Competitive Advantages	0.057	0.042	0.076	0.752	0.452
Resources -> Capabilities -> Competitive Advantages	0.12	0.148	0.091	1.322	0.186

Appendix 5.0: Records of Meetings

PROJECT PAPER LOG

This is an important document, which is to be handed in with your dissertation. This log will be taken into consideration when awarding the final mark for the dissertation.

Student Name:	Rico Timotius Gotama
Supervisor's Name:	Dr. Wong Chee Hoo
Dissertation Topic:	
Relationship of Resources, Digitalisation, Capabilities, and Competitive Advantage of Small and Medium Enterprises in Indonesia	

SECTION A. MONITORING STUDENT DISSERTATION PROCESS

The plan below is to be agreed between the student & supervisor and will be monitored against progress made at each session.

Activity	Milestone/Deliverable Date									
	14/5	21/5	27/5	4/6	11/6	18/6	25/6	30/6	12/7	29/7
Determine the topic and approach										
Report to supervisor on progress										
More understanding and continue the task										
Report on progress on updating the references										
Completed chapter 2										
Completed chapter 3										
Completed all chapter 1, 2, 3										
First PD presentation draft finished										
Finalising questionnaire										
Writing chapter 4 and 5										

SECTION B. ETHICS

Ethics form protocol number: - cBUS/PGT/CP/05088

Meeting 1

Date of Meeting	14 May 2021
Progress Made	Agreed on one previously conducted research by another person, to replicate one previous study.
Agreed Action	Supervisee is to learn more on the research previously conducted research. To determine if the supervisee may do the same research complexity or need to be simplified. The supervisee needs to update the journals used in the study.
Student Signature	<i>Rico</i>
Supervisor's Signature	<i>Wong</i>

Meeting 2

Date of Meeting	21 May 2021
Progress Made	Supervisee had read the MBA handbook, UH ethics standard, and tried to understand the research. Supervisee gave more understanding on the research that will be replicated.
Agreed Action	Finalise the proposed study title, complete the UH ethics form. Do more research on the Mediator variable (MV) Supervisor will guide supervisee on which journal to read.
Student Signature	<i>Rico</i>
Supervisor's Signature	<i>Wong</i>

Meeting 3

Date of Meeting	27 May 2021
Progress Made	Supervisee had read through the Baron and Kenny's mediator journal as requested by supervisor. Supervisee gave his understanding on the study being replicated. Discussed further on how the project going to be done.
Agreed Action	Paraphrase the study from chapter 1 – 3 to gain the favourable plagiarism rate. Continue replacing the outdated references.
Student Signature	<i>Rico</i>
Supervisor's Signature	<i>Wong</i>

Meeting 4

Date of Meeting	4 June 2021
Progress Made	Continue replacing the outdated references. Paraphrase the study. Have been changing the study context, from Malaysia into Indonesia
Agreed Action	Supervisee to continue the report using the suggested way of replicating the study by the supervisor. Supervisee sent what he had done so far to supervisor.
Student Signature	<i>Rico</i>
Supervisor's Signature	<i>Wong</i>

Meeting 5

Date of Meeting	11 June 2021
Progress Made	Finished writing chapter 2
Agreed Action	Continue with chapter 3
Student Signature	<i>Rico</i>
Supervisor's Signature	<i>Wong</i>

Meeting 6

Date of Meeting	18 June 2021
Progress Made	Finished writing chapter 3
Agreed Action	Supervisee needs to create his own research model. For research in Indonesia, supervisee should search using Indonesian language. Change Convenience sampling into probability sampling, then find sampling frame. Correct the referencing if supervisee find any mistake.
Student Signature	<i>Rico</i>
Supervisor's Signature	<i>Wong</i>

Meeting 7

Date of Meeting	18 June 2021
Progress Made	Finished writing all the chapters. Supervisee has sent the new version to supervisor
Agreed Action	Fix the research model and the placement of something within the report. Supervisor will give the Proposal Défense slide for supervisee to prepare
Student Signature	<i>Rico</i>
Supervisor's Signature	<i>Wong</i>

Meeting 8

Date of Meeting	25 June 2021
Progress Made	Made amendment on the conceptual model.
Agreed Action	Supervisor will give the Proposal Défense slide for supervisee to prepare
Student Signature	<i>Rico</i>
Supervisor's Signature	<i>Wong</i>

Meeting 9

Date of Meeting	30 June 2021
Progress Made	Did mock presentation for proposal defence. Supervisor gave comment and feedback to supervisee on areas for improvement
Agreed Action	Supervisee will do the necessary changes and learn more to prepare for the PD
Student Signature	<i>Rico</i>
Supervisor's Signature	<i>Wong</i>

Meeting 10

Date of Meeting	12 July 2021
Progress Made	Questionnaire already prepared
Agreed Action	Add a little more questions and start to collect data
Student Signature	<i>Rico</i>
Supervisor's Signature	<i>Wong</i>

Meeting 11

Date of Meeting	29 July 2021
Progress Made	Have done data analysis Writing chapter 4 and 5
Agreed Action	Make comparison with the original work and then supervisee will send to supervisor
Student Signature	<i>Rico</i>
Supervisor's Signature	<i>Wong</i>

Appendix 6.0: University of Hertfordshire Ethics Approval Form

SOCIAL SCIENCES, ARTS AND HUMANITIES ECDA

ETHICS APPROVAL NOTIFICATION

TO : Rico Timotius Gotama

CC : Dr Wong Chee Hoo

FROM: Dr Ian Willcock, Social Sciences, Arts and Humanities ECDA Chairman

DATE : 15/06/2021

Protocol number: cBUS/PGT/CP/05088

Title of study: Internationalisation Through Resources, Capabilities, and
Digitalisation of Small and Medium Enterprises in Indonesia

Your application for ethics approval has been accepted and approved with the following conditions by the ECDA for your School and includes work undertaken for this study by the named additional workers below:

no additional workers named

Conditions of approval specific to your study:

Ethics approval has been granted subject to the following conditions being seen and approved as addressed by the supervisor prior to recruitment and data collection:

- If possible, the survey needs to be delivered using a UH-approved online survey system. The student is recommended to use Online Survey because of security issues with other sources. For those in the Hertfordshire Business School, supervisors should request an OS account on behalf of their students through CASE (CASE-Technology@herts.ac.uk). Contact Que Mirza for an account for either Online Survey or Qualtrics q.mirza@herts.ac.uk

Please use a UH approved online survey system – See FAQ:

<https://www.studynet1.herts.ac.uk/ptl/common/ethics.nsf/Frequently+Asked+Questions/B8C3196F1E5BF9BB8025837F003E58C3>

- The survey needs to have an information for participants section at the start and then a button or checkbox to record explicit consent to participate (implicit consent is no longer considered best practice). The attached template can be edited and used.
- If possible, data, once downloaded from the online survey system, should only be stored on an organisational cloud storage system such as UH-supplied One Drive system.

General conditions of approval:

Ethics approval has been granted subject to the standard conditions below:

Permissions: Any necessary permissions for the use of premises/location and accessing participants for your study must be obtained in writing prior to any data collection commencing. Failure to obtain adequate permissions may be considered a breach of this protocol.

External communications: Ensure you quote the UH protocol number and the name of the approving Committee on all paperwork, including recruitment advertisements/online requests, for this study.

Invasive procedures: If your research involves invasive procedures you are required to complete and submit an EC7 Protocol Monitoring Form, and copies of your completed consent paperwork to this ECDA once your study is complete.

Submission: Students must include this Approval Notification with their submission.

Validity:

This approval is valid:

From: 15/06/2021

To: 31/08/2021

Please note:

Failure to comply with the conditions of approval will be considered a breach of protocol and may result in disciplinary action which could include academic penalties.

Additional documentation requested as a condition of this approval protocol may be submitted via your supervisor to the Ethics Clerks as it becomes available. All documentation relating to this study, including the information/documents noted in the conditions above, must be available for your supervisor at the time of submitting your work so that they are able to confirm that you have complied with this protocol.

Should you amend any aspect of your research or wish to apply for an extension to your study you will need your supervisor's approval (if you are a student) and must complete and submit form EC2.

Approval applies specifically to the research study/methodology and timings as detailed in your Form EC1A. In cases where the amendments to the original study are deemed to be substantial, a new Form EC1A may need to be completed prior to the study being undertaken.

Failure to report adverse circumstance/s may be considered misconduct.

Should adverse circumstances arise during this study such as physical reaction/harm, mental/emotional harm, intrusion of privacy or breach of confidentiality this must be reported to the approving Committee immediately.

Appendix 7.0: Similarity Report

SafeAssign Originality Report

MBA PROJECT • Plagiarism Check

[View Originality Report - Old Design](#)

RICO TIMOTIUS GOTAMA -

Total Score:  Low risk 1 %

Submission UUID: 8ce396eb-4fe0-9855-f9ae-126cd884a88b

Total Number of ...	Highest Match	Average Match	Submitted on	Average Word Co...
1	1 % MGT7998 MBA Project...	1 %	07/30/21 11:27 PM GMT+8	16,820 Highest: MGT7998 MB...