



Strengthening International Presence: Networking Strategies for Indonesian SMEs

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Abstract

The low export performance of SMEs in Indonesia is a significant problem in supporting national economic growth because SMEs are often less able to take advantage of international market opportunities compared to large companies. One of the critical determinants of SME exports is networking and partnership relationships. This study uses a quantitative descriptive approach to analyze the role of networking and partnerships in supporting SME exporters entering the international market. The study was conducted through a survey of 67 SME exporters in East Java who are members of the Indonesian Chamber of Commerce, using a questionnaire as a data collection instrument. The results of the study indicate that SME exporters face various obstacles in marketing, human resources, finance, access to information, and the business environment. However, networking and partnerships have been proven to support their export activities. Strategic partners who play a role include government agencies, business partners, business associations, chambers of commerce, state-owned and private companies, universities, and support from family. This support includes information on international market data, business opportunities, potential analysis, access to capital, promotion, and competitive strategies in the global market. These findings indicate that SMEs that build good networks and partnerships can overcome various obstacles and challenges and gain significant benefits from entering the international market.

Keywords: SMEs, networking, partnership, internationalization

1. Introduction

Small and medium-sized businesses (SMEs) are crucial to the Indonesian economy in terms of workforce absorption and GDP contribution. According to figures from the Ministry of Cooperatives and SMEs, SMEs account for almost 97% of Indonesian workers and contribute more than 60% of the country's GDP (Tambunan, 2017). This demonstrates that the foundation of the Indonesian economy is SMEs, especially in sectors related to people's daily needs, such as food, crafts, and retail trade. With the number of SMEs reaching millions throughout Indonesia, their contribution is very significant in maintaining economic stability and encouraging equal distribution of welfare.

Economic globalization and dynamic business competition force companies to innovate in order to have a competitive advantage. Both major corporations and SMEs aim to survive through internationalization, maintain their competitiveness, and attain long-term profitability and competitive success. (Kubičková et al., 2014). Internationalization refers to the process by which SMEs expand their market reach abroad to achieve growth opportunities and access to global markets (Daszkiewicz and Wach, 2012). This access allows SMEs to overcome domestic market limitations, increase competitiveness, and increase revenues through geographic expansion. The process of SME internationalization is more complex than that of large companies. Limited resources, capital, access to global markets, low technological capabilities, and low knowledge of exports and international regulations hinder SMEs from expanding globally. However, in facing global demand, SMEs can adapt faster than large companies. SMEs can also meet the global market's specific needs with unique and value-added products. These advantages make SMEs an important part of the global supply chain and support the creation of a more inclusive and sustainable economy. Increasing competitiveness and expanding market reach means that SMEs can make a greater contribution to the global economy and help achieve sustainable economic development goals (Tambunan, 2008).

Scholars have studied internationalization from various perspectives over the past few decades. SMEs must compete and participate in the global market. In high-income nations, SMEs make up over 55% of GDP and more than 65% of all jobs. In low-income nations, SMEs and informal businesses make for over 60% of the GDP and more than 70% of all jobs. SMEs account for more than 65% of all jobs and more than 55% of GDP in high-income countries. SMEs and informal businesses account for more than 70% of all jobs and more than 60% of GDP in low-income countries. SMEs contribute about 95% of all jobs and about 70% of GDP in middle-income countries (Zafar and Mustafa, 2017).

SMEs operating in foreign markets must be aware that globalization has resulted in international competition even in the domestic market (European Union Parliament, 2012). Through various appropriate internationalization models and strategies, SMEs have great potential to contribute to the national and global economy. The success of SMEs in internationalization by using a differentiation strategy or involvement in networks because networks can act as a "catalyst" in expanding international markets (Hutchinson et al., 2006; Yudiastuti et al., 2021), innovation and digital transformation strategies (Anggadwita et al., 2024), differentiation competitive strategies, low-cost strategies and focus strategies (Jastuti et al., 2020), mode of entry strategies (Rochyatun et al., 2022), SWOT analysis (Meldona et al., 2022).

One of the factors that can accelerate the process of SME internationalization is networking (Ojala, 2012 and Revindo, 2019). Networking includes relationships formed between business actors and various parties, be it business partners, government agencies, or international organizations, that can open up new market opportunities. Through this network, SMEs can obtain information about global market trends and business opportunities and bring them closer to potential business partners or investors. Therefore, developing a solid network is critical to SME internationalization in Indonesia.

Although the role of networking in supporting SMEs' international market expansion is widely recognized, research on how networking can be optimized in Indonesia is still limited. Several studies have shown that many SMEs in Indonesia have not utilized their network potential to its full potential, especially overseas. One of the main reasons is the limited human resources needed to build and maintain effective international networks. However, SMEs' capacity to export directly has been hampered by a number of internal and external factors, including a lack of funding sources, a lack of networks, incomplete knowledge, particularly regarding exporting, and procedural (bureaucratic) and governmental (institutional) barriers (Revindo, 2017)

This study responds to the issue of the role of networking and partnerships in supporting Indonesian SME exports to enter the global market, identifying factors that hinder internationalization, networks that help overcome barriers to internationalization, forms of support for SME internationalization, and the benefits of assistance from SME internationalization networks abroad. Finally, it provides strategic recommendations for Indonesian SMEs to utilize networking and partnerships to expand their international market share.

This study provides an in-depth understanding of how synergy between networks and partnerships can support the internationalization process of Indonesian SMEs. This study will guide the government and related institutions in formulating policies supporting SME networks and partnership development.

2. Material and Methods

2.1. Material

2.1.1. SMEs internationalization

SME internationalization refers to enlarging business operations to foreign markets to capture opportunities and potentially improve the company's growth. SME internationalization is mainly related to exports, joint ventures, and foreign direct investment, which depend on the firm's capital and capability (Lu and Beamis, 2001). Internationalization of SMEs is a technological development of their business towards global markets, which is obligated to bypass constraints of the local market, increase competitively, and enhance networking.

Some scholars argue that internationalization means a state of change. Therefore, firm growth provides the backdrop for internationalization, and the concepts of internationalization and growth are interrelated (Buckley, Ghauri 1993). However, Ruzzier et al. (2006) argue that "some

features unique to internationalization or, at least, domestic and international growth are different."

According to some academics, internationalization is a prerequisite for transformation. As a result, internationalization is framed by business expansion, growth and interconnected ideas (Buckley, Ghauri 1993). However, "some features are unique to internationalization or, at least, domestic and international growth are different," according to Ruzzier et al. (2006).

One academic school emphasizes internationalization as a way for firms to become more involved in international markets. (Johanson, Vahlne 1977). This emphasizes the development of "a network of business relationships in other countries through expansion, penetration, and integration" (Johanson, Vahlne 2020). Therefore, network analysis is another perspective on a company's international activities (Johanson, Mattson 1993).

Small businesses need to look internationally to get a sustainable competitive advantage. Market expansion and international competition are necessary to survive in the future. SMEs can thus utilize this technique to build

collaborative networks, accommodate international demands, and overcome the limitations of their activities, such as a lack of money, workforce, and market know-how (Mulyanie and Sundjajf, 2020). Internationalization is a vital part of the strategy of SMBs that aim to attain higher growth and performance (Kubičková et al., 2014). It is chiefly the procedure of penetrating the global marketplace that makes SMEs more competitive. This is possible through things like diversification, leveraging economies of scale, and acquiring learning advantages to at least survive the growing international competition (Coviello et al., 2011).

The internationalization process helps SMEs improve export performance by allowing companies to be more involved in international markets (Pastelakos et al., 2023). Involvement in international activities, SMEs can gain insight into global markets, build international business relationships, and develop strategies more adaptive to foreign markets' needs. This helps improve the ability of SMEs to access and compete in international markets, ultimately improving their export performance.

Ahn, (2017) argues that internationalization allows SMEs to develop the adaptive capabilities needed to quickly adjust export strategies to changes in demand, regulations, and market conditions in various countries. This positively impacts SME export performance because companies become more responsive and efficient in responding to global changes. In addition, SMEs can develop collaborative networks with foreign parties, such as distributors or business partners.

A study conducted by Behyan et al. (2015) emphasizes orientation in the form of inward internationalization that focuses on managerial orientation, and outward internationalization involves the organization's capability to enter foreign markets through the acquisition of technology and management skills from foreign companies. The study results indicate that outward internationalization has a positive relationship with export performance in both economic aspects (such as export sales growth and profitability) and non-economic aspects (such as export market expansion and increasing new products). On the other hand, inward internationalization shows a negative relationship with the economic aspects of export performance, indicating that internal management orientation activities may be less effective in improving export performance.

Another study by Steinhäuser et al. (2021) stated that the driving factor for the internationalization of SMEs is the motivation for expansion to find new markets to increase income and reduce dependence on the domestic market. Innovation and differentiation of SME products and services make them more daring to enter the international market and, finally, the factor of access to resources such as raw materials and technology that are not available in the domestic market.

2.1.2. SME internationalization model

Internationalization of SMEs (Small and Medium Enterprises) refers to expanding their market reach abroad to achieve growth opportunities and access to global markets. Internationalization allows SMEs to overcome domestic market limitations, improve competitiveness, and increase revenues through geographic expansion. However, due to limited resources, capital, and managerial capabilities, the internationalization process for SMEs is often more complex than for large companies. There are several internationalization models commonly used by SMEs; the following are some of the popular models in research results, including the Uppsala model, which views internationalization as a gradual process, where companies begin international expansion with minimal involvement, then gradually increase resource commitment and operational complexity as they gain experience. This gradual process helps companies cope with uncertainty in international markets. Companies will commit more to international business as they accumulate foreign market knowledge and take successive, incremental, and steady moves in their cross-border endeavors (Johanson and Vahlne, 1977; Johanson and Vahlne, 2020).

SMEs that use the "Born Global" model are oriented to compete in the international market from the start, unlike traditional companies that go through a gradual process of international expansion. SMEs usually have innovative and unique products or services that are easy to market globally. The driving factor for this model is digital technology and communication, which allow quick access to the global market (Knight and Cavusgil, 2004; Zander et al., 2015). Some of the determining factors for the success of this model in the international market include having a vision and strategy to compete in the global market from the start, using technology as the main driver of business, focusing on developing unique and high-value products that can meet the needs of the global market, which allows them to attract the attention of customers worldwide, utilization of international networks, management teams that have international knowledge and experience play an essential role in the success of born globals, adaptability and speed of response, efficient utilization of resources, sensitivity to local culture and preferences

Export Innovation Model (Innovation-Related Internationalization) which explains how small and medium enterprises (SMEs) can use innovation to support their efforts to enter international markets. In this model, innovation means new products and involves innovation in processes, technology, marketing, and business models. This model is often used to understand how SMEs with limited resources and access to foreign markets can increase their competitiveness through creative and innovative approaches. This model is often used by SMEs that have competitive advantages based on product or technology innovation (Etemad, 2004)

The Lean Global Startup Model adopts the principles of Lean Startup, especially in the context of business model innovation and digital startup development, which requires an adaptive and responsive business strategy. This model focuses on hypothesis experimentation, rapid iteration, and adaptation driven by customer feedback, aiming to achieve

"product-market fit" efficiently in a dynamic environment (Ghezzi and Cavallo, 2020). This new internationalization approach focuses on technology SMEs or startups that optimize resources and flexibility to enter the global market.

The small Multinational Enterprise (SMNE) model focuses on small companies that have rapidly expanded internationally since their inception, relying on innovation and agility in facing global market dynamics (Gabrielsson et al., 2008). This model assumes that SMEs can develop multinational operations through presence in several countries. Usually, it is essential to choose a location with strategic advantages to manage global production, marketing, or distribution on a small but focused scale. These fast-moving SMNEs experiment in the global market on a small scale to understand consumer needs before deciding to invest more.

Network Theory highlights the importance of networks and business relationships in supporting the internationalization of SMEs. SMEs often utilize existing relationships in foreign markets to reduce costs and risks. Relationships with other actors in the international market are the primary way to overcome resource limitations (Coviello and Munro, 1997). Johanson and Mattsson (1993) emphasize that the success of companies in entering new markets is highly dependent on the business networks they form and the relationships established in the target market. Internationalization in this approach occurs in three ways: creating relationships with new partners in other countries, increasing commitment to existing networks and integrating their positions in existing networks in various countries

The choice of model depends on market conditions, the type of product or service offered, and the resource capacity of the SME. Research has shown that flexibility, innovation, and adaptation strategies play an essential role in the success of SME internationalization.

Several internationalization patterns have been developed by researchers, including Korsakienė and Tvaronavičienė (2012), who identified the internationalization patterns of MSMEs in Lithuania and Norway, showing that MSMEs in Lithuania prioritize geographical proximity as an important criterion in choosing international markets, while MSMEs in Norway tend to be more advanced than MSMEs in Lithuania by choosing forms of cooperation such as subcontracting and licensing or even establishing representatives abroad. Coviello and Munro (1997) explored the influence of networks in the internationalization process of small software companies. A multi-site case study approach showed that networks play a crucial role in determining market choices and entry modes for small companies. Companies involved in international networks can grow faster, with critical partners often guiding foreign market choices and providing mechanisms for market entry. In addition, networks not only drive internationalization but also influence market investment patterns.

2.1.3. SME networking and partnership

Networking represents a strategic approach coupled with an organizational style to outpace a business competitor and manage and improve internal operations simultaneously. It also allows a firm to tap into resources outside the business and recruit expertise (Axelsson and Johanson, 2016). This networking-based approach insists on the significance of good connections with business partners and the availability and durability of a company's network structure. This network can take place within the company, between companies, and outside the company, all of which are linked to promote the growth and internationalization of small and medium enterprises. Networking lies at the core of internationalization readiness when entrepreneurship practices are well developed so that SMEs can attain the needed resources and knowledge to support internationalization. Networking is a tool with which SMEs can communicate through sharing information, knowledge, and experiences, directing them on how to approach the international market (Magni et al., 2020). Within the internationalization framework, networking as a social resource acts as a support structure that helps these organizations gain the necessary capabilities to cross borders, gain vital information, reduce risks, and become tough competitors in the market. Among the benefits of the Networking approach is the ease of obtaining customer knowledge; SMEs have the possibility to obtain information about the market and institutional environment, besides lowering risks by sharing economic knowledge (Anwar et al, 2018).

Entrepreneurship research focuses on the characteristics of solo entrepreneurs. In particular, Nicolou and Birley (2003) recognized that networking plays a catalytic role in organizations. Even A Zimmer and Aldrich (1987) proposed a perspective "that views entrepreneurship as something embedded in a network of ongoing social relationships." Perry (2012) distinguishes four types of networking based on the relationships they maintain. These types are (1). Personal ethnic networks in the context of personal and ethnic networks, small business networks formed from social associations developed through family, friend, and acquaintance relationships. The formation of this social network is influenced by personal networks and broader cultural dimensions that provide values, attitudes, and behaviors that shape the relationships within it. The strength of this social network comes primarily from trust and commitment between network members, including family, friends, and business associates. These long-term relationships can protect small businesses from market fluctuations and encourage their members to adhere to collective beliefs to avoid exclusion from the business community. 2) Community-based networks are networks formed within specific industrial districts that integrate local businesses through intermediary organizations. These networks are characterized by attachment to a particular location supported by family, legislative, political, and historical influences, creating a commitment to the place and increasing industry specialization. This area of specialization helps to cooperate and strengthen businesses, as well as aids the newbies of the market and technology to teach through casual communication and group projects. 3) Organizational networks in the sphere of industry are

rare compared to the ones based on ownership, investment, or membership in such institutions. Their instances are business societies, new enterprises, and chambers of commerce. Through these networks, small-sized enterprises can work collectively in a systematic framework, both horizontally and vertically. Hence, the industry's collaboration, in most cases, is stimulated. In these networks, membership in third-party associations helps in the acceptance of collective discipline or the sharing of resources, even though they are beyond the control of individual firms. 4).Buyer-supplier networks are formed through relational contracts or ongoing relationships between two or more firms with the goal of mutual development. These networks involve a commitment to mutual development and often include supplier participation in the design of new products or processes (co-engineering). An important example of this relationship can be seen in the post-war Japanese economy, where supplier relational networks became a significant economic force (Table.1).

Table 1: Small firm network

Network Type	Linkage Characteristics	Examples	Issues
Family and Ethnic	Ties based on family and personal contacts, embedded in close-knit communities	Overseas Chinese, ethnic minority enterprise, family business	Dependence on ethnic resources, enclave economies, impact on racism
Place	Geographical proximity and shared commitment derived from common values and goals	Third Italy, Silicon Valley, Japan's jiba sangyo	Sustainability, variations between industrial districts, origins as a barrier to replication
Organizational	Investment or ownership ties or membership of industry associations	Business groups, joint-ventures, chamber of commerce, industry bodies	Small firm status in horizontal and vertical groups, influences on industry cooperation
Buyer-supplier	Interaction to enhance role of supplier and subcontractors	Relational subcontracting	Extent of change in subcontracting, use of vendor rating, impact of global manufacturing

Sumber: Perry M., *Small Firms and Network Economies*, Routledge Studies In Small Business, London, 2007, p. 25.

Partnership Theory highlights the importance of strategic partnerships between SMEs and various stakeholders to overcome resource and capability limitations in exporting. The theory focuses on the role of strategic partnerships in helping small and medium enterprises (SMEs) enter international markets. These partnerships can involve relationships with other companies, government agencies, industry associations, or non-governmental organizations (Johanson and Vahlne, 2020).

The Indonesian government has implemented several policies and incentives to develop MSMEs (micro, small, and medium enterprises). These, among others, include collaboration between MSMEs and large companies and institutions promoting mutual efforts for business development. This cooperative movement's goal is to create win-win situations for every company involved to have the business partnership mutually beneficial. However, 2019 data shows that only 8.28% of the total 4.38 million MSMEs have partnerships, although the ratio varies in each industrial sector; according to BPS, partnerships are defined as beneficial, strengthening, and supportive cooperation between MSMEs and other companies or business entities, including BUMN (Tambunan, 2021). Product marketing is the most popular form of partnership (37.59%), followed by partnerships in the procurement of raw materials (37.56%) and partnerships related to capital goods (16.72%). Large private companies are the main partners of MSMEs, with a partnership portion reaching 36.8%. On the other hand, government involvement through BUMN, BUMD, or regional agencies such as cooperative and SME services still needs to be higher, only 3.3% and 5.65%, respectively.

2.1.4. Internationalization of SMEs in indonesia

The Indonesian economy depends heavily on SMEs, contributing more than 50% to GDP and 92% to job creation. These business units dominate, reaching 99% of the total companies. SMEs, especially in rural areas, offer low-skilled folks employment chances. and underprivileged homemakers they manage small enterprises like food stands, , grocery stores, and crafts to supplement family income (Tambunan, 2017).

SMEs in Indonesia play a role in job creation an00d GDP, but their contribution to exports still needs to be higher. Based on data from the Minister of Cooperatives and SMEs, the export share of Indonesian SMEs was only around 17.7% in 27 and fell to 15.7% in 2019. This figure is far below that of neighboring countries such as Malaysia (19%), Vietnam (20%), the Philippines (25%), and Thailand (30%). This data shows that in Southeast Asia, exports are driven more by large companies than SMEs (Tambunan, 2021). Indonesian SMEs actually have export potential. However, they need assistance to participate fully in export activities, which are currently experiencing many challenges. These obstacles include tariffs and non-tariff, human resources, information, procedures, distribution, and the business environment),high-risk, financial, and economic fluctuations in the SME target market (Revindo, 2017).

Meanwhile, Nurfaridah et al. (2022) distinguish barriers to SME internationalization as internal barriers and external barriers. Human resource barriers, Internal obstacles include financial resources, product quality and financial resources are internal barriers. External barriers include the business environment, government, and socio-cultural barriers

Meanwhile, Julien and Ramangalahy (2003) stated that poor export commitment and performance was caused by limited access to information, knowledge and management regarding foreign markets. Dabic et al. (2020) emphasized that the limitations of MSMEs to engage in international business activities are due to their small business size and limited resources. This causes MSMEs to be reluctant to face failure in international market operations (Chandra et al, 2020).

There are three primary motivations for MSMEs to export, namely: Firstly, business and social motivation (supporting local community companies); 'trial and error' (testing overseas but still selling in the domestic market); and 100% business motive include growing the market and increasing turnover (Korsakienė and Tvaronavičienė, 2012).

However, Revindo et al. (2019) emphasized that whatever the motivation to go international, networking relationships are one of the determining factors for the success of SME exports. Some of the reasons networking relationships play an essential role in the SME internationalization process include helping to overcome internal resource limitations that hinder expansion into international markets. Networking allows SMEs to enter markets that are near or far directly, and networking assistance can accelerate the internationalization process, in contrast to the gradual approach, which is slow and progressive (Ojala, 2009)

The contribution of networking to SMEs' internationalization has been studied by Revindo et al. (2019). Focusing on the differences between SMEs that export products (exporters) and those that do not (non-exporters). The results show that SMEs that export have twice the frequency of interaction with external actors compared to non-exporting SMEs. Exporters utilize various types of interactions, formal, informal, regular, and irregular, while non-exporters rely more on personal relationships with key individuals in government or private institutions. Exporters interact more with associations. Businesses and central government institutions. Non-exporters tend to interact with local governments.

The opportunity for SMEs to succeed in networking must also be supported by partnerships with various business associations and other institutions that support exports. Ubaidillah (2021) stated that the successful partnership practice was established between Export opportunities were created by SMEs who are Green Makmur Farmers Cooperative members in Tanggamus Regency, Lampung Province, South Sumatra, Indonesia. Through cooperation with PT Great Giant Pineapple (GGP), they exported 64 tons of bananas, or 14,266 monthly boxes, in 2020. The destination countries for the banana exports include China, Malaysia, Singapore, and the Middle East. This collaboration can produce products in large quantities, with international quality standards, and process sustainability to meet the foreign market's demand.

Tambunan (2021) emphasized the value of collaborations in enhancing SMEs' export potential. According to his analysis, product marketing collaborations were the most well-known, accounting for 37.59% of all relationships. The capital goods partnership came in third at 16.72%, followed by the raw material procurement partnership at 37.56%. At 36.8%, large private enterprises were the ones that worked with SMEs the most. The government's engagement was minor, at only 3.3% and 5.65%, respectively, and included state-owned businesses at the central (BUMN) and regional/regional (BUMD) levels as well as local government organizations and departments such the regional cooperative and SME offices.

2.2. Methods

The quantitative descriptive method analyzes small and medium enterprises (SMEs) that have successfully internationalized products through networks and partnerships. The SMEs used in this study are based on data from the East Java Chamber of Commerce and Industry (Kadin) and the formal definition from BPS, namely SMEs with 5-99 employees. Data were collected by distributing questionnaires to SME owners or managers and document analysis, including industry reports, government policies related to SMEs, and data from institutions such as Kadin, Surabaya Export Center, and BPS East Java.

The questionnaire used an instrument developed by Revindo et al. (2019a), including questions about export barriers, sources of information on export opportunities, sources of assistance in exports, types of relationships in networks, exporting SMEs using network sources to assist export activities, the usefulness of assistance from networks using a 3-point Likert scale (1 = not helpful, 2 = helpful, 3 = very helpful)

A total of 102 exporting SMEs, registered as members of the East Java Chamber of Commerce and Industry, were contacted and provided with a questionnaire to address the research questions. Of these, 67 exporting SMEs responded, resulting in a response rate of 66%. The survey results show that most SMEs export their products to Middle Eastern countries, including Saudi Arabia, the United Arab Emirates, Qatar, and Jordan, which account for 30%. Other major destination countries are ASEAN countries such as Vietnam, the Philippines, Malaysia, and Thailand (13%), European countries (12%), India and Bangladesh (9%), South Korea (7%), and Africa (7%). The exported commodities mainly consist of food and beverage products (23%), agricultural goods (12%), fashion and clothing (11%), machine components (3%), and various other products (17%).

3. Result and Discussions

3.1. Barriers to SME internationalization

SMEs obtain the information needed to identify barriers to exporting (internationalization). In the survey, respondents who were owners or managers of SMEs who identified themselves as exporters were asked to identify the barriers they experienced when exporting products abroad. The survey results showed that financial barriers (23%), information (19%), marketing (34%), distribution (12%), human resources (26%), products (17%), procedures (18), and the business environment (23%).

3.2. Sources or providers of assistance in exports

In the survey, respondents as exporters were asked questions about sources of information about export opportunities in foreign markets and sources of assistance in overcoming barriers to internationalization. Most export opportunity information sources were obtained from business associations and chambers of commerce at 27%, trading partners (11%), and local governments at 11% each. Meanwhile, from trade shows or expo at 10%. The lowest sources of information were obtained from newspapers, television, and the web at 2% each (Table 2).

Table 2: Sources of export opportunity information

No	Sources of Export Opportunity Information	Amount	%
1.	Newspapers and television	5	2%
2.	Web/internet resources	4	2%
3	Business association/chambers	56	27%
4	Business partners/associates	23	11%
5	Central government agencies	16	8%
6	Regional government agencies	24	11%
7	Universities/research institutes	7	3%
8.	Private Companies /soes	12	6%
9	Family/ relatives	8	4%
10.	Indonesian emigrant communities	9	4%
11.	Trade show/expo	13	6%
12	Contact by buyer	13	6%

After that, respondents were asked to mention the sources or providers of assistance in exports, which include:

1. Central government agencies.
2. Local government agencies.
3. Chambers of commerce or associations.
4. Private companies or state-owned enterprises (BUMN).
5. Universities.
6. Business partners or associations.
7. Indonesian emigrant communities abroad.
8. Family members or relatives.

The majority of respondents in implementing internationalization were supported by business partners (22%), business associations/chambers of commerce (20%), and local governments (16%) The survey was also carried out to investigate the different types of relationships that SMEs have established with the eight network sources previously mentioned.. The types of relationships include formal and informal relationships (Senik et al., 2011). Formal relationships established by exporting SMEs encompass involvement as both permanent and temporary participants in various support programs, consistent engagement through official discussions or seminars, occasional interactions via formal forums, membership in groups created by institutions or associations, and participation in strategic partnerships and joint projects. On the other hand, informal relationships involve personal connections with key individuals in specific agencies or institutions, as well as indirect communication with these entities through intermediaries.

3.3. Types of relationships established by SMEs with various network sources

The relationship between export SMEs and central government institutions mainly occurs through participation in programs designed to support SMEs. Around 27.8% of respondents who interacted with central government institutions stated that they had become regular participants in the program. Other prominent forms of interaction include having personal relationships with influential people in government institutions (17.4%) and being non-permanent participants in the same program (15%). The relationship with the local government established by East

Java export SMEs is mainly in the form of interaction between SMEs and government institutions, which also occurs through participation in various SME support programs. The percentage of routine participation in local government programs is around 31.2%, much higher (almost three percentage points) than the central government. SMEs generally participate in business associations or chambers of commerce by becoming members of forums organized by these institutions. In this type of interaction, business associations are more dominant than other network sources, with the highest percentage reaching 21.7%. Other significant forms of interaction include regularly participating in UKM support programs (17%) and establishing personal relationships with important figures in associations (14.7%). Interaction between UKM and universities is mainly in the form of irregular participation in UKM support programs (23.5%). This reflects the transfer of positive impacts (spillover) from technological developments in the academic environment. However, because this interaction has yet to be carried out regularly, there is an opportunity to increase the intensity and quality of the relationship to maximize the spillover effect. Other necessary relationships include indirect contact through intermediaries (21.5%) and building personal relationships with key individuals.

The relationship between SME private companies and state-owned enterprises is mainly in developing strategic partnerships (18%). In addition, personal relationships with key individuals (16%). Other vital interactions include routine and non-routine participation in various SME support programs (13% and 11%, respectively). The relationship between SMEs and business partners or associates is generally established through strategic partnerships (29.5%). Other significant forms of relationships include informal relationships, such as personal relationships with key individuals (25.2%), indirect contact through third parties (25.2%), and joint project implementation between two business entities (22%).

Interestingly, business partners, or associates, are the most important in expanding SME network users. The business This also applies to the role of family or kinship networks. SMEs utilize family or kinship relationships to build strategic partnerships (27.7%) compared to other network sources. In addition, this network also contributes to the development of joint projects (21.6%). On the other hand, although the emigrant community has essential potential to connect international and domestic markets, the survey results show that their role still needs to be improved. partners contribute to the strategic partnerships formed through activities such as the implementation of joint projects, with the percentages being 45.9 and 46.7, respectively, not accounted for in the remaining parts of the networks. This is likely related to their smaller business scale compared to private companies or state-owned enterprises, giving them an advantage in coordinating with companies at the local level.

One of the exciting things about exporting SMEs lies in the number of reported interactions, showing that there were 201 interactions where exporting SMEs showed more balanced interactions between central and local government institutions (15.30% and 15.12%, respectively). In line with Uchikawa and Keola (2008) and Revindo et.al (2019), local government institutions tend to have a stronger local market orientation in providing assistance, while central government institutions may have a more global vision in identifying market opportunities for SMEs. This study highlights both formal and informal interactions between SMEs and their network sources, ranging from frequent and consistent interactions (such as regular participation in all SME support programs) to occasional and informal interactions (like indirect contact through intermediaries).

3.4. Benefits of assistance received by SMEs from various export function networks

The results a survey of exporting SMEs using network sources to assist export activities. The table shows the ranking and average assistance score for each type of assistance received. The latter is measured on a three-point Likert Scale (1 = not helpful, 2 = helpful, 3 = very helpful). Most of the usefulness of assistance provided to exporting SMEs focuses on providing information on export opportunities in foreign markets, ranking 1st with an average of 2.87, meaning very useful. In addition, assistance to increase the capacity/ability of the managerial team and personnel for internationalization ranks second with an average of 2.86, meaning very useful. The third rank of assistance to SMEs is marketing assistance with activities to design promotional activities and competitive strategies in the target market (average 2.73). Financial assistance in the form of working capital funds, investment for internationalization, or credit facilities for foreign customers is ranked 4th with an average of 2.54. In contrast, assistance that is considered the least useful includes export guarantees or insurance for both products and assets abroad (2.04), understanding regulations in foreign countries related to tariff classification, quotas, and intellectual property rights (2.06), and ensuring fair and equal treatment with other companies in the target market in terms of taxation, eligibility for affiliation, asset ownership, and movement of people (2.10).

Exporting SMEs establish and strengthen relationships with various government and non-government actors through networking. They can tap into business associations, business partners, or chambers of commerce to get advice or information on opportunities to expand exports abroad. In addition, exporters are advised to build networks with the Indonesian diaspora community to gain more comprehensive access to international markets. However, However, compared to other communities such as Guanxi in China, Kankei in Japan, or Make in South Korea, the involvement of the Indonesian diaspora in helping the internationalization of SMEs is still relatively small and ineffective (Revindo et al. 2019).

Table 3: Benefits of assistance received by SMEs from various export function networks

No	Export Tasks/Functions	Average	Rank
1.	FINANCE: Funding for working capital or investments aimed at internationalization, as well as credit facilities for foreign clients	2.54	4
2.	INFORMATION: Accessing data and analysis on foreign markets, along with insights into business opportunities and potential clients	2.87	1
3.	MARKETING: Developing promotional campaigns and competitive strategies for target markets	2.73	3
4.	DISTRIBUTION: Building relationships with trustworthy foreign representatives or contacts who are responsive, reputable, and have well-established operational networks.	2.41	7
5	BUSINESS ENVIRONMENT: Ensuring contract enforcement, resolving disputes in international markets, and managing payment collection from foreign clients	2.38	9
6	BUSINESS ENVIRONMENT: Monitoring and adapting to changes in economic conditions, exchange rate risk fluctuations, and political instability in target markets	2.14	12
7	HUMAN RESOURCES: Enhancing the skills and capabilities of the managerial team and staff to support internationalization efforts.	2.84	2
8	PRODUCT: Creating new products and modifying designs or styles to suit foreign market preferences	2.42	6
9	PROCEDURE: Gaining knowledge of export processes and documentation, both within Indonesia and internationally	2.22	11
10	PRODUCT: Ensuring that products meet the quality, standards, specifications, as well as health, safety, and technical requirements in foreign markets.	2.48	5
11	PROCEDURE: Securing export guarantees or insurance for products and assets in foreign markets	2.04	16
12	DISTRIBUTION: Ensuring timely delivery of inventory and spare parts overseas, providing warehouse and inventory facilities, and offering technical and after-sales support in foreign markets	2.40	8
13	MARKETING: Overcoming the negative perception of Indonesian products.	2.37	10
14	BUSINESS ENVIRONMENT: Comprehending regulations in foreign countries related to tariff classification, quotas, and intellectual property rights	2.06	15
15	BUSINESS ENVIRONMENTS: Gaining an understanding of foreign business practices, socio-cultural differences, verbal and nonverbal communication styles, engaging with international customers, and recognizing their habits and attitudes	2.12	13
16	BUSINESS ENVIRONMENT: Guaranteeing fair and equal treatment for businesses in target markets regarding taxation, eligibility for affiliation, asset ownership, and the movement of people	2.10	14

Source: Results of calculations using survey data

4. Conclusion

The low export performance of SMEs in Indonesia can be improved through strategic networking and partnerships. This study concluded that SMEs are experiencing problems of staggering nature in internationalization, among others: financial, human resources, marketing, and access to information. Nonetheless, SMEs cannot only overcome these limitations but also get export advantages by mutually developing good relationships with various parties, including the government, business associations, business partners, and universities. Networking and partnerships provide access to market information, opportunity analysis, and financial and promotional support.

Active participation in government programs, membership in business associations, and strategic partnerships with trading partners are the most prominent successful forms of interaction. Their network facilitates the procurement of necessary information from the international market, assists the managerial staff in acquiring the required skills, and assists the companies in developing adequate marketing strategies in the target markets.

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