

Export Product fit development

by Wiwiek Rabiatal

Submission date: 02-Apr-2023 03:34PM (UTC+0700)

Submission ID: 2053312863

File name: Export-Product-Fit-Development-In-Msmes-Context.pdf (409.99K)

Word count: 11487

Character count: 69392

Export Product Fit Development In Msmes Context

M. Elfan Kaukab, Wiwiek Rabiatal Adawiyah, Refius Pradipta Setyanto

Abstract: This Research aims to develop a new theoretical approach in export product fit development in connection to network capability and MSMEs (Micro, Small and Medium Enterprises) internationalization performance. This research also aims to fill the gap in the result of the research on foreign market knowledge as information providers in developing MSMEs product in Central Java. This research employs three stages. The first one is the item generation. Second, the researcher conducts a content validity test by evaluating experts' questions using content validity ratio (CVR). Third, construct validity is carried out by collecting data from 30 exporting MSMEs owners in Central Java of export product fit development by using confirmatory factor analysis (CFA). This research enlarges literature in marketing, especially MSMEs international performance by empirically testing the development of export product fit. The result identifies 11 factors that determine export product fit in MSMEs in Central Java. This research is limited in Central Java only. To make the 11 indicators application wider, other similar researches with a wider range of respondents are necessary. This concept specifically elaborates how MSMEs build products that fit foreign customers related to the product quality, design, feature, and package which enable them to capture the present as well as future customers' needs, preferences, and trends.

Index Term: Export product, product development, product fit, MSMEs.

1. INTRODUCTION

For the last few decades, issues related to globalization, internationalization and liberalization have caught researchers' attention (Chelliah, Sulaiman and Mohd Yusoff, 2010). Globalization takes place due to several factors such as the advance of the production system, transportation system, and communication technology. As a consequence, all companies are faced with escalating international market competition in the interlinked market (Havens, 2002). The term internationalization had been formulated by some researchers in various research contexts, but the term internationalization primarily can be defined as a process carried out by a company in developing its overseas operation (Johanson & Vahlne, 1977), or as an action abroad in international operation whether by an individual firm or group of firms (Welch & Luostarinen, 1988). Internationalization is now conducted not only by giant enterprises but also by Micro, Small and Medium Enterprises (MSMEs) (Zain & Ng, 2006). The change in the business environment creates new opportunities for MSMEs to join in the international market. The growing market has forced MSMEs to improve their performance in various aspects to enable them to compete and survive amidst unpredicted competitions (Onkelinx & Sleuwaegen, 2008).

Market digitalization and liberalization have also pushed MSMEs to operate cross states' boundaries and to compete in foreign countries (Barkema, Baum and Mannix, 2002). In Industry 4.0 era, competition is dominated by big companies (Arnold et al., 2016; Radziwon et al., 2014) and by a small number of MSMEs (Schmidt et al., 2015). However, there are many big companies supply MSMEs and vice versa, MSMEs provide the supply for big companies. This affects MSMEs positioning in technological advancement derives from Industry 4.0 (Müller, Buliga, dan Voigt, 2018). The result of a research conducted by the Organization for Economic Corporation and Development (OECD) in MSMEs globalization shows evidence that currently, MSMEs can carry out internationalization faster compared to their performance in the previous decade (Chelliah, Sulaiman and Mohd Yusoff, 2010). MSMEs success in the internationalization process is closely related to internal and external preparations that need to be done to overcome uncertain market conditions (Wright, Westhead and Ucbasaran, 2007; Prefontaine & Bourgault, 2002). The internal factors in the MSMEs internationalization are preferred because they are the dominant factors in succeeding internationalization, as they are directly linked to the firms' internal factors such as management, experience, target market characteristics, company's characteristics, and product characteristics (Peskova, 2006). The result reveals that market knowledge is the internal factor affecting MSMEs success in internationalization (Chelliah, Sulaiman and Mohd Yusoff, 2010; Vásquez and Doloriert, 2011; Hashim, 2012; Cui, Walsh and Gallion, 2011). Knowledge is an important resource in internationalization which is gained from the company's network relationship and social capital (Prashantham, 2005). Companies can learn and develop foreign market knowledge by interacting with members in new countries' networks (international extension), developing a relationship in the networks (penetration), and having relationships in the overseas networks (international integration) (Johanson dan Mattsson, 1988). Therefore, the network theory holds that a company's internationalization does not happen by itself, that it takes partners, distributors, or foreign marketing agents to make internationalization happen (Kumakura, 2012). Foreign market knowledge in

- ⁸ Elvan Kaukab, Sains and Al Qur'an University, Departement of Economic and Business, Wonosobo, Indonesia. e-mail :fansmart27@yahoo.com
- Wiwiek rabiatal Adawiyah, Professor, Universitas Jenderal Soedirman, Departement of Ecomic and Business, Purwokerto], Indonesia. e-mail : Wiwiekra@gmail.com
- Refius Pradipta setyanto; Associate Professor, Universitas Jenderal Soedirman, Departement of Economic and Business, Purwokerto, Indonesia. E-mail:refisetyanto@gmail.com

crucial in the MSMEs internationalization process (Oviatt and McDougall, 1994). MSMEs readiness in entering the market is determined by involving business in foreign markets in accordance with the wants, but it is often hindered by entrepreneurs' experience and knowledge (Pollard and Jemicz, 2006). This is why foreign market knowledge – which can be obtained from having international networks to encounter possible problems such as competition in a new market and consumers' perception that the product is underqualified – is a requirement. MSMEs can utilize this knowledge as well in searching for available markets to enable them entering the international market faster (Oviatt and McDougall, 1994). Adequate information serving as knowledge will ease a company in creating a product in accordance with its customers' demand (Musteen, Datta and Butts, 2014). One of the determining factors in ensuring MSMEs' international performance is the company's network capability. Some researches results show that network capability influence international performance in a good way, both directly and indirectly. However, some research show different results. Research conducted by Acosta, Crespo & Agudo (2018), Bai, Lind & Johanson (2016), Torkkeli, et al. (2016), Musteen, Datta and Butts (2014), Mort dan Weerawardena (2006), and Babakus, Yavas & Haahti (2006) show that network capability positively affect the MSMEs international performance. Other researchers found that network capability does not influence MSMEs international performance (Stoian, Rialp, dan Dimitratos, 2017, Papastamatelou et al. 2016, Kenny & Fahy, 2015, Bengesi & Roux, 2014). Some researcher have attempted to use mediation variables to bridge the causal relationship between network capability and international performance, like Stoian, Rialp, dan Dimitratos (2017) who used knowledge variable. Their research employed a construct commonly used in internationalization, namely innovative behavior and foreign market knowledge. Bai, Lind & Johanson (2016) use international business knowledge to test causal relationships between network capability and international performance. A research conducted by Zacca, Dayan and Ahrens (2015) employ knowledge creation to examine the causal relationship between network capability and international performance. Meanwhile, Musteen, Datta and Butts (2014) use foreign market knowledge to test the causal relationship between network capability and international performance. Mort and Weerawardena (2013) employ knowledge intensive product to investigate the causal relationship between network capability and international performance. Their research's results on the role of foreign market knowledge in mediating the relationship between network capability and international performance are still contradictive. Therefore, the development of new constructs based on innovative behavior in one context is required (Bai, Lind & Johanson, 2016; Stoian, Rialp, dan Dimitratos, 2017; Zacca, Dayan and Ahrens, 2015). The development of export product fit is a potential variable suspected of capable to mediate network capability and international performance, because:

1. Network capability will play role in international performance if it is carried out in a proactive and productive way by increasing foreign market knowledge and innovative behavior (Colombo et al., 2012; Gronum,

Verreyne and Kastle, 2012; Loane and Bell, 2006; Zhou, Barnes and Lu, 2010).

2. International performance does not necessarily grow due to new knowledge creation, but it has to be realized in aggressive, competitive, proactive, and innovative (Chaston dan Scott, 2012).

3. Knowledge is a useful resource when it is carried out in an action to develop a new product or procedural breakthrough related to the business operation (Tolstoy, 2009; Li et al., 2009).

Having a good foreign market knowledge will strengthen the exporters' position in their relationship with the importers, and that eventually will affect the MSMEs internationalization performance (Dimitratos et al., 2014). Apart from expanding the business network, knowledge can also provide business experience for MSMEs, because international knowledge is a vital source of international activity basis (Chetty dan Wilson, 2003). Among the foreign market knowledge that should be possessed by MSMEs is foreign customers' knowledge (Musteen, Datta and Butts, 2014). This knowledge includes consumers' segmentation and demography, consumers' preference and needs, consumers' tendency for preference and needs, and unfulfilled consumers' needs (Zhou, 2007). Those are basic aspects for MSMEs entering the international market. Therefore, they can quickly respond to the existing opportunity. The faster a company responds to the opportunity, the more adaptive it will be in the foreign market environment (Oktemgil and Greenley, 1997). Besides foreign customer knowledge, product development also requires an adaptive capability to meet the foreign customers' needs and trends, which is one of the keys in achieving a company's performance (Musteen, Datta and Butts, 2014). Adaptive capability is a company's ability to adapt by coordinating and reconfiguring resources, as the company's response to changes in the environment to survive in the industry. It is expected to be better than that of the competitors (Preble & Hoffman, 1994; Wang & Ahmed, 2007; Adeniran & Jonhston, 2012). According to Cavusgil, Zou, and Naidu (1993), product adaptation is the degree of product adjustment to countries that are completely different. It requires adapting strategies by combining the external business environment with the company's characteristics (Hultman, Robson, and Katsikeas, 2009). Based on the above elaboration, the researchers introduce a new concept namely export product fit development. This concept is based upon Contingency Theory, in which a company's performance will be more efficient if the degree of difference between the company's internal characteristics and the external environment is not too wide. Thus, activity standardization and routineness are mandatory (Ruekert, Walker & Roering, 1984). A company must also capable of adjusting its internal characteristics to the external environment in building strategies for a more effortless international marketing (Katsikeas, Samiee, and Marios, 2006). A strategy built upon standardizing marketing program to the environment will bring a positive effect to the business performance (Venkatraman and Prescott, 1990). A study by Hultman, Robson, and Katsikeas (2009) reveals that the adapting capability and product standardization are high-strength strategies in this globalization era. They are also important in building a product strategy adjusted to the

macro, micro, and internal environment. A new construct of export product fit development is founded upon a synthesis of Export Product Strategy Fit (Hultman, Robson, and Katsikeas, 2009) and Foreign Customer Knowledge in a concept of foreign market knowledge (Musteen, Datta and Butts, 2014). The concept of Export Product Strategy Fit using International Marketing Strategy Fit (Katsikeas, Samiee, and Theodosiou, 2006) measures fit by looking at the two continuum namely highly-standardized products to highly-adapted products in the quality, design, features, brand, and package dimensions. The fit measure applied in industry product standardization is not the direct product fit for customers. Hultman, Robson, and Katsikeas (2009) stated that there is no exact solution to build a product strategy for the sake of the export, and therefore suggested that the future researches extend the product concept following the foreign market. This can be achieved by increasing the understanding of international business strategies related to product adaptation and standardization. Foreign Customer Knowledge is one of the six knowledge dimensions used in Foreign Market Knowledge (Musteen, Datta and Butts, 2014). This is the most relevant dimension for directly measuring the company's knowledge corresponded to the products wanted by the customers (Zhou, 2004). Other dimensions, like foreign competitor knowledge, emphasizes the company's strategy in the foreign market competition (Blomstermo, Eriksson, and Sharma, 2004), while cultural knowledge dimension highlights the values and norms of the export destination countries (Chetty and Blankenburg Holm, 2000). The political knowledge dimension is a knowledge of the regulations and rules (Hadjikhani dan Ghauri, 2001). Business opportunity knowledge dimension accentuates partnering knowledge and potential new customers (Burgel dan Murray, 2000), while the distribution knowledge dimension is the knowledge of the right distribution lane in sending goods (Burgel dan Murray, 2000). The measurements used in Foreign Customer Knowledge are the knowledge of needs, preferences, trends, and unfulfilled products for foreign customers (Musteen, Datta and Butts, 2014). This measurement does not firmly describe the products wanted by the customers. Thus, it requires synthesizing Export Product Strategic Fit which measures the product's quality, design, feature, and package that are in accordance with the foreign customers' needs, preferences, and trends. MSMEs entrepreneurs should be able to face international business challenges by increasing their foreign market knowledge capacity. This can be obtained through network development, enabling them to faster seize opportunities (Knight and Liesch, 2002). The researchers argued that international knowledge is a basic element to grow business performance swiftly (Autic et al., 2000). Therefore, MSMEs practitioners must have the ability to access international knowledge, including knowledge from their own network to yield cost-effective (Zhao and Aram, 1995). The international knowledge possessed by MSMEs practitioners in Indonesia is still very low. Thus, it is not easy for them to catch the foreign market opportunity, especially in creating products fulfilling the foreign customers' expectations. This affects the capability to respond to less aggressive market demands. Adequate foreign market knowledge enables MSMEs to pass the transition period in their fight for accessing the international

market, including the limited financial and human resources (Bohatá and Mládek, 1999). Most MSMEs have been suppliers for the export industry – an industry with adequate resources to manage aspects related to the international market. Only a few of MSMEs located in Central Java have exported their products directly. Those are the medium scale enterprises. BPS (Central Bureau of Statistics) has released the number of MSMEs in Central Java in the third quarter of 2018 as 4,8 million. Among them, 657 medium scale enterprises and 368 small scale enterprises have exported their product. This means that less than 1 percent of Central Java MSMEs carry out export activities, and that is a very low number. Based on the background mentioned above, research gap, and business phenomena, some issues arise. They are the different results of researches in network capability effect towards international performance and MSMEs' low capability in creating products that fulfill the foreign market demands. This leads to their low export values. Therefore, the following problem statements are proposed:

1. The absence of an export product fit development construct that mediates a causal relationship between MSMEs network capability and international performance in Central Java.
2. The need for empirical analysis on the effect of export product fit development as a mediating variable in the causal relationship between MSMEs network capability and international performance in Central Java.

2. LITERATURE REVIEW

2.1 International Performance

Resources-based view of the firm theory (RBV theory) is a theory emerged in the 1990s in the strategic management field of study. This theory elaborates the reason why in the same industry some companies succeed while others do not. Barney (1991) suggested that a company's success depends on the internal strength and weakness, instead of its external environment. There are two assumptions related to this. First, there are resource heterogeneity inside the company, and second, there are some resources inside the company that are not imitable or inelastic (Ferreira et al., 2011). The main point of RBV theory is competitive advantage, which is when a company possesses unique and inimitable resources (according to Powers & Hahn (2004) they are called superior resources) and these resources are processed in a good company capability that eventually leads to the company's competitive advantage and excellent performance (Ferreira et al., 2011; Fahy, 2000; Foss, 2011; Olala, 1999; Carmeli & Tishler, 2004). A company's performance is often related to the conformity between a company and its environment (for example Johnson & Scholes, 1993; Powell, 1992a; also see Hrebiniak & Joyce, 1985; Thompson, 1999). The environment prompts needs and hopes, the market opportunity, worth trying by the company with adequate resources. The better the fight, the better it is the chance to succeed (Kay, 1995). According to the contingency theory (Donaldson, 1995; Burns & Stalker, 1961), company's performance is the result of a proper arrangement of the company's design and its business. MSMEs as companies lacking resources should be able to arrange and adapt to the market to achieve their goals. In entering the

international market, MSMEs must be adaptive in customizing products for the customers (Hakansson, 1982; Hallen et al., 1991). Some studies have been conducted related to MSMEs adaptive capability that plays a role in escalating MSMEs' performance. One of the research was conducted by Vasquez & Doloriert (2011) who claimed that adaptive capability is advantageous in fulfilling the untouched market demands. Kiran, Majumdar & Kishore (2013) include product diversity as an adaptive capability as a determinant factor in MSMEs' achievement.

2.2 International Marketing Strategy

The developing market globalization and the increasing competition worldwide have made international marketing decisions more important in the company's survival, growth, and profitability. Standardized marketing programs and specifically-adjusted to foreign market demand programs have been the attention to researchers for more than four decades (Katsikeas, Samiee, and Theodosiou, 2006). Most researches focus on the factors influencing certain strategies such as identifying various strengths that boost standardization and marketing adaptation programs (Harvey, 1993; Jain, 1989; Picard, Boddewyn, dan Grosse, 1998). The importance of international marketing lies in its potential to promote business performance (Samiee & Roth, 1992). Economic advantage and ease in managing standardized market programs have made this strategy an interesting option for multinational companies (Douglas & Wind, 1987), especially those pursuing global strategies (Johansson & Yip, 1994). Several studies on product standardization yield different results, and thus, it is difficult to develop the theories and management practice in the field. Some researches show that performance can be improved by standardizing marketing strategies around the market (for example, O'Donnell & Jeong, 2000; Szymanski, Bharadwaj, dan Varadarajan, 1993). Meanwhile, other researches reveal that there is no correlation between standardization and performance (like Albaum & Tse, 2001). Researchers have often investigated the direct relationship between strategy standardization (or adaptation) and performance, assuming that standardization (adaptation) is a prime strategy (Johansson & Yip, 1994; Zsomer & Simonin, 2004). Venkatraman (1989) affirmed that in a strategic fit paradigm, a close and consistent relationship between company strategy and the environment in which the strategy will be applied. The fit concept has played a major role in developing strategic management and organization theory (Zajac, Kraatz, dan Bresser, 2000). It also has functioned as a theoretical framework in some marketing researches (like Hambrick, MacMillan, dan Day, 1982; Olson, Walker, dan Ruekert, 1995; Vorhies & Morgan, 2003). Some concepts related to strategic fit in marketing. Day (1999) stated that building a market-oriented organization will measure the performance by examining the company's environment and the internal environment in which a proper marketing strategy is designed and implemented. This means that marketing strategy is the main mechanism in achieving conformity between an organization and the external market condition. A Strategic fit offers a relevant foundation for performance appraisal from the given marketing strategy. Experts have admitted the importance of conforming to the the international marketing strategy and the internal condition of

the operating company. As an example, Jain's (1989) conceptual work reveals the influence of environmental factors towards international market program conformity. The fit concept is closely related to performance (Ginsberg dan Venkatraman, 1985; Lukas et al., 2001). Lemak dan Arunthanes (1997) noted that better performance in the global market depends on the company's choice on the global strategy. Most studies on marketing strategy standardization are conceptual (Katsikeas et al., 2006), in which the empirical studies focus on the relationship between international marketing strategy and performance. Only a few emphasize their studies on the products or brands as the analysis unit. The environmental adjustment strategy uses the contingency theory in international marketing (Hultman, Robson, dan Katsikeas, 2009). However, previous studies have focused on the determination of the relationship among the internationally-active company's market environment, international marketing strategy, and performance, based on the framework of economic structure-behavior-performance of industrial organization (Cavusgil & Zou, 1994; Özsoyner & Simonin, 2004; Sousa & Bradley, 2008). The results identified the existing mediation patterns among the crucial constructions (such as environmental and organizational factors that are more adaptive) that aid organization performance (Calantone et al. 2006). Seeing the strategic management field and organization behavior (like Drazin and Van de Ven 1985; Zajac, Kraatz, and Bresser 2000), it is assumed that exporting companies are capable of increasing their profitability by changing product strategies through increasing the external and internal adjustment (Vorhies & Morgan, 2003). Venkatraman (1989) divided some impact models of environmental and strategy adjustment towards performance. The dominant approach in international marketing research is "fit as moderation," in which environmental variable accustoms the correlation of adaptation and performance. Nevertheless, the moderation perspective has not been supported by data (Shoham, 1999; Xu, Cavusgil, dan White 2006). The adopted congruity logic is "fit-as-matching" approach Venkatraman (1989). This approach, similar to moderation, requires identification of the proper functional form among the variables (such as the product adaptation level and individual environmental variables) in the existing research. However, unlike moderation that focuses on the effect of variables and performance, fit, theoretically is defined as the conformity or similarity among variables (Powell, 1992). Hultman, Robson, and Katsikeas (2009) developed fit measurement apart from performance and conducted regression on performance. Katsikeas, Samiee, and Theodosiou (2006) showed that environmental adjustment and standardization strategy are positively connected to performance. The role of knowledge as an early information source for companies is crucial in the external environment adjustment process. Knowledge plays a more complex role than what once had been assumed in the internationalization model in the previous century, illustrated in the "Born Global" phenomenon (Petersen, Pedersen, and Sharma, 2003). The 1970s and 1980s internationalization theory (Uppsala Model and Innovation Model) argued that the knowledge type important in internationalization is experience (Johanson & Vahlne, 1977). According to the model, the lack of knowledge on foreign markets is an

inhibitor for international operation development. The knowledge itself can be obtained especially from operation abroad (Babinska, 2013). Afterward, the decision and implementation of the foreign operation are carried out gradually due to the market uncertainty. They are also conducted as a management learning process in "learning by doing" way (Forsgren, 2002). The more knowledge a company has, the lower the risk it faces, and the higher the involvement level it has in the market (Babinska, 2013).

2.3 Foreign Market Knowledge

Internationalization knowledge concept (Internationalization Knowledge) (Eriksson et al., 1997; Yu, 1990) is a knowledge categorized into three types based on the difficulty level obtaining it. They are internationalization knowledge, business knowledge, and institutional knowledge. The first type is described as a general knowledge, related to the internationalization process or the company's capability to engage in an international operation. This knowledge integrates and coordinates all activities related to the company's internationalization involving company's network management knowledge, including issues like communication forms or collaborations on research and development. A Certain resource of this knowledge can usually be found in a company from the very beginning, which is the previous knowledge of the owner(s) of the company (Babinska, 2013). The next type of knowledge is business knowledge concerning clients and customers, a certain competitive market situation, and other factors of a certain foreign market environment. The last type is institutional knowledge, which is the knowledge linked to institutional management and structure, rules, regulations, norms, and values. So far, business knowledge is knowledge on a close environment and institutional knowledge related to the environment far from the market (Babinska, 2013). Knowledge is a strategic resource crucial in determining a company's competitive advantage. An organization absorbs internal and external knowledge, combines pre-existing knowledge and creates new knowledge (Cohen & Levinthal, 1990). Previously owned and developed tacit, specific, and complex knowledge will bring long term advantages for the organization because it is inimitable (McEvily & Chakravathy, 2002). An imitable knowledge characteristic will be a basic difference in building a continuous competitive advantage (Wiklund & Shepherd, 2003). Small scale companies often face obstacles related to the lack of resources (Jarillo, 1989). Thus, their existing resources must be carefully treated. The wrong decision will lead to more complex problems (Amelingmeyer & Amelingmeyer, 2005). Small scale companies tend to have a flat and informal structure, non-bureaucratically and little regulations. Controls are often based on the owners' supervision, while formal policies tend to absent in MSMEs (Daft, 2007). Thus, in this environment, the business plan process and decisions are oftentimes made by one person (Culkin & Smith, 2000). Centrality indicates that these people admit the benefits of knowledge management in supporting companies' actions. Nevertheless, MSMEs' daily transactions also require careful attentions (Hofer & Charan, 1984). This relates to the lack of financial and competence resources (Bridge et al., 2003), because most of the knowledge is kept in the owners' or key employees' minds instead of being

distributed (Wong & Aspinwall, 2004). Knowledge identification focuses on the activities recognizing the necessary knowledge for a company. It also addresses the resources used to obtain knowledge. The activities also include identifying the currently available knowledge (Egbu et al., 2005). Knowledge creations refer to ways that are devoted to developing new knowledge. A company's knowledge creation is supported by allowing an organization's members to have a trial (Gupta & Govindarajan, 2000). Knowledge is not only internally built. External knowledge sources should also be accounted for considering MSMEs' lacks (Egbu et al., 2005). The difference between tacit and explicit knowledge is useful in a knowledge management process since their features will likely influence the knowledge transfer process (Nonaka & Takeuchi, 1995). Less absorptive capability and low-quality relationship among the individuals are other obstacles of knowledge transfer need consideration (Szulanski, 1996). Oviatt & McDougall (1994) and Zahra (2005) in their studies elaborated that foreign market knowledge is essential for MSMEs to succeed in the internationalization process. Liesch & Knight (1999) also suggested that MSMEs' readiness to engage in the international markets is the targeted foreign market information function. This particularly applies to MSMEs from economic-transitioning countries where the leaders commonly have limited international experience (Pollard & Jemicz, 2006), and from places with minimum financial and human resources (Bohata & Mladek, 1999). Apart from overcoming challenges in international business, foreign market knowledge obtained from the network can also improve MSMEs' managerial skills in seeing foreign market business opportunity in shorter period of time (Knight & Liesch, 2002). Foreign market knowledge intensifies a company's absorptive capacity to ease the MSMEs managers in getting extra knowledge. Foreign market knowledge will also bring confidence to the managers in taking risks coming from internationalization (Liesch, Welch, dan Buckley, 2011). Besides, foreign market knowledge can also help MSMEs identifying and developing a mutually-beneficial business to avoid mistakes commonly found at the beginning of internationalization. Musteen (2013) described six dimensions of foreign market knowledge. First, Foreign Market Competitor is knowledge of foreign competitors measured by looking at competitors' quality, competition level, and strategies applied in foreign market (Blomstermo, Eriksson, and Sharma, 2004; Eriksson et al., 1997; Lindstrand et al., 2011; Morgan, Zou, Vorhies, and Katsikeas, 2003; Zhou, 2007). Second, Foreign Culture Knowledge is the knowledge of a foreign culture that is important for MSMEs in entering the international market. This knowledge is assessed by observing the values and norms, the different business manners, and the impacts of different foreign culture (Chetty & Blankenburg Holm, 2000; Lindstrand et al., 2011; Morgan et al., 2003; Petersen, Pedersen, and Lyles, 2008; Zhou, 2007). Third, Foreign Political Knowledge is the knowledge of politics that becomes the attention and competency of internationalizing MSMEs. This knowledge involves the different legal systems, the risks coming from the business, and the rules in those foreign countries (Hadjikhani & Ghauri, 2001; Lindstrand et al., 2011; Lord & Ranft, 2000; Zhou, 2007). Fourth, Foreign Customer

Knowledge is the knowledge of customers that is crucial in both domestic and foreign marketing. Internationalizing MSMEs must have adequate awareness of the destined market such as its demography, customers' needs and preferences, customers' needs and preferences trends, and unfulfilled customers' needs (Chetty & Campbell-Hunt, 2004; Eriksson & Chetty, 2003; Eriksson et al., 1997; Lamb & Liesch, 2002; Lindstrand et al., 2011; O'Gorman & Evers, 2011; Zhou, 2007). Fifth, Business Opportunities in Foreign Market Knowledge is recognizing market opportunities as a marketing strategy prior to the actual product marketing. Business opportunities in foreign markets can be identified by recognizing the potential new customers and chances to have new partners from the destined countries (Burgel & Murray, 2000; Chetty & Blankenburg Holm, 2000; Chetty & Campbell-Hunt, 2004; Hadjikhani & Ghauri, 2001; Harris & Wheeler, 2005; Lamb & Liesch, 2002; O'Gorman & Evers, 2011). Sixth, Foreign Channel of Distribution Knowledge is the proper distribution channel that generates an effective goods distribution. MSMEs with limited resources should build their knowledge on the distribution channel. They can explore the knowledge of the proper, right, and qualified distribution in the destined countries (Burgel & Murray, 2000; Chetty & Campbell-Hunt, 2004; Harris & Wheeler, 2005; Morgan et al., 2003). It has been elaborated that customers have different characteristics, thus, producers should have sufficient knowledge of foreign customers (Musteen, Datta and Butts, 2014). The knowledge of foreign customers is more important than any other knowledge since this knowledge is directly linked to the customers. Therefore, it is necessary that one understands the different cultures, the foreign customers' preferences, and needs, which will determine success in the market (Zhou, 2004). Musteen, Datta and Butts (2014) assessed foreign customer knowledge in four indicators developed from several sources namely Chetty & Campbell-Hunt (2004); Eriksson & Chetty (2003), Eriksson et al. (1997); Lamb & Liesch (2002); Lindstrand et al. (2011); O'Gorman & Evers (2011); Zhou (2007). Those indicators, which are customers' segmentation and demographics, customers' preferences and needs, customers' preferences and needs trends, and foreign customers' trends, are highly useful for companies entering the international markets. This type of knowledge overcomes some marketing obstacles such as product-related issues, price, distribution, logistic, and promotions abroad. Export-focusing MSMEs that do not pay attention to customers' positions will face problems. Companies should develop adaptive products that match to customers' preferences in foreign markets. The key to overcoming this particular issue is innovation in accordance with the market demand. Comprehensive knowledge will also enable companies to be meticulous in determining prices related to the competition in an international market. MSMEs with adequate knowledge can also build the right distribution channel as a representative partner in the export-destination countries (Leonidou, 2004).

3. RESEARCH METHOD

In developing a construct, item validation has to be carried out to ensure the conceptual domain of a construct is well-represented and avoid overlap with other constructs (MacKenzie et al., 2011). Specific items representing a construct should be well-collected. They may come from

various sources such as previous studies, experts' or practitioners' advice, and interviews with the taken population (Nunnally & Bernstein, 1994; MacKenzie et al., 2011; Churchill, 1997).

a) Stage 1 Item Generation

The early items used in this research are taken from Export Product Strategic Fit (Hultman, Robson, and Katsikeas, 2009) and Foreign Customer Knowledge in the concept of Foreign Market Knowledge (Musteen, Datta, dan Butts, 2014). They are also taken from the advice of several academicians and practitioners.

b) Stage 2 Content Validation Test

After the items are generated, the next step is testing their content validity. Straub et al. (2004) suggested that content validity measures how far items of an instrument represent the generalized instruments. A structured review process will be conducted to ensure that the questionnaires contain relevant questions. The questions should serve the aim of the research. The review involves the assessment of the relationship between the items and the construct theoretical definitions. It is then continued by analysis to assess whether the generated instrument represents the construct. (Yao, Wu, dan Yang., 2008; MacKenzie et al., 2011; Hinkin & Tracey, 1999). The device to evaluate export product fit development is discussed with some lecturers, professors, and practitioners of marketing management to get the experts judgment. Then, the researchers will have a legibility test on the questionnaire items to the future participants to get input related to items writing procedure, grammar, respondents' response, and questionnaire sheets' appearance. The legibility test is one of the qualitative analyses that will base writing improvement for the researcher. When the items have been revised, a further validity test and quantitative items analysis will be conducted. The results provide important information on how valid and reliable the items generated to assess the construct are.

c) Stage 3 Construct Validity Test

Validity means the accuracy and precision of a measuring device in performing its function. In other words, a measuring device is regarded highly-valid if the instrument can perform its function accurately and provide appropriate assessment following its purpose (Gerbing & Anderson, 1988). Construct Validity is a validity test based on a linkage pattern among the items measuring it. The items assessing a similar factor should have a strong inter-correlation. On the other hand, the items measuring different factors will have a weak inter-correlation. A strong correlation (Pearson Correlation) will form a group (cluster) representing the measured factor (Suliyanto, 2011).

4. FINDINGS

a) Stage 1 Item Generation of Export Product Fit Development

In developing foreign-market-oriented products, a network connection is crucial and becomes a driving force of a company in creating values (Mu, Peng, dan Love, 2008). A network structure influences the company's performance as it creates resources, knowledge, and opportunities (Stuart & Sorenson, 1997; Burt, 2004; Uzzi, 1998; McEvily & Zaheer, 1999). This research analyzes the network's role in

obtaining information to assist companies in developing the products fitting the foreign customers. The concept being built is export product fit development, which is a synthesis of export product strategy fit (Hultman, Robson, and Katsikeas, 2009) and foreign customer knowledge in the concept of foreign market knowledge (Musteen, Datta and Butts, 2014). Thus, the concept of export product fit development can be defined as:

"The development of products with quality, design, feature, and package in accordance with the foreign customers' needs, preferences, and trends".

The concept of export product fit development has the following characteristics:

1. The development of product quality following foreign customers' needs
2. The development of product quality per foreign customers' preferences
3. The development of product design in accordance with foreign customers' needs
4. The development of product design following foreign customers' preferences
5. The development of product feature in accordance with the foreign customers' needs
6. The development of product feature following the foreign customers' preferences
7. The development of product package fitting the foreign customers' needs
8. The development of product package according to the foreign customers' preferences
9. The development of products in accordance with the foreign customers' trends
10. The development of products following foreign customers' preferences
11. The development of products fulfilling foreign customers' needs that have not been achieved currently.

Those eleven characteristics reflect the concept of export product fit development and will be used as the indicators of the developing concept. This is an effort made by MSMEs to develop their products by expanding their networks that enables them to identify the ways to create products with quality, design, feature, and package following the foreign

customers' needs, preferences, and trends.

Figure 1. Model of Concept Synthesis
Export Product Fit Development

The indicators used to build export product fit development construct is a synthesis of the following construct:

Table 1. Construct Indicator Synthesis of Export Product Fit Development

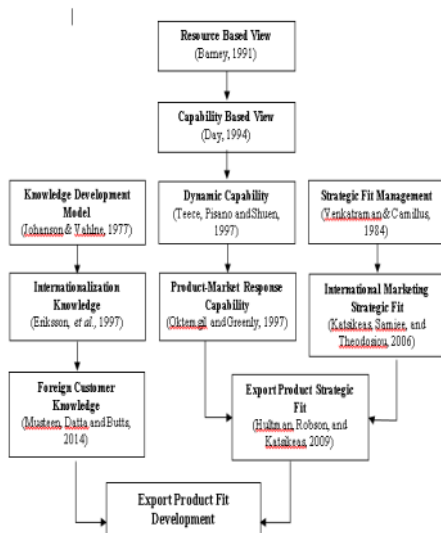
Foreign Customer Knowledge (Musteen, Datta, & Butts, 2014)	Export Product Strategic Fit (Hultman, Robson, & Katsikeas, 2009)
1. Knowledge of foreign customers' needs	1. Product quality adaptation
2. Knowledge of foreign customers' preferences	2. Product design adaptation
3. Knowledge of foreign customers' needs trends	3. Product feature adaptation
4. Knowledge of foreign customers' preferences trends	4. Product package adaptation
5. Knowledge of foreign customers' needs currently unfulfilled	

Based on the justified construct integration of foreign customer knowledge and export product strategy fit, the following proposition is formulated:

Good capability in setting up a business network will provide knowledge to develop products with quality, design, feature, and package following the foreign customers' needs, preferences, and trends, and this will escalate MSMEs' internationalization performance.

b) Stage 2 Content Validity Test of Export Product Fit Development

The content validity of this research employs content validity ratio or CVR developed by Lawshe (1975). This approach demands the experts to show whether an evaluation item of a scale is important as a form of operational theory. The experts' assessment is used to calculate CVR for each item in the research instrument. To do this, several experts are asked to check every item in the assessment instrument. The scores consist of three alternatives – relevant, less relevant, and irrelevant in the assessed domain. CVR score on each item ranges between 1 to -1. A high score indicates a higher content validity on the item. An item with 0 score means that half of the experts have assessed the item as a relevant item. Every positive value shows that more than half of the experts consider the item as relevant, which means that the item should be involved in the research instrument. Items with low CVR will not be included in the pilot test. They do not represent the evaluated domain. Content validity accuracy is reached when the measuring domain is well-defined and the instrument's items are correctly valued. Experts use the measuring domain as the foundation to assess how far an item represents the intended measuring



domain. CVR is calculated by using the formula $CVR = (N_e - N/2)/(N/2)$, in which CVR = Content Validity Ratio; N_e = the number of the experts assessing in 3 (relevant/important); N = the number of all the experts. The following table displays standards to measure CVR minimum score based on the number of the panelist or experts involved in the assessment. The number determines the construct validity.

Table 3. Minimum CVR score conforming the number of the experts

The number of the experts	Minimum CVR score
5	0,99
6	0,99
7	0,99
8	0,75
9	0,78
10	0,62
11	0,59
12	0,56
13	0,54
14	0,51
15	0,49
20	0,42
25	0,37
30	0,33
35	0,31
40	0,29

Source: Lawshe (1975)

The indicators of export product fit development variables based on the theory are the development of product quality following foreign customers' needs (PKPE1), the development of product quality following foreign customers' preferences (PKPE2), the development of product design fitting foreign customers' needs (PKPE3), the development of product design fitting foreign customers' preferences (PKPE4), the development of product feature following foreign customers' needs (PKPE5), the development of product feature following foreign customers' preferences (PKPE6), the development of product package fitting foreign customers' needs (PKPE7), the development of product package fitting foreign customers' preferences (PKPE8), the development of product following foreign customers' needs trends (PKPE9), the development of product following foreign customers' preferences trends (PKPE10), and the development of product fulfilling the foreign customers' needs that currently have not been achieved (PKPE11). Based on the questionnaires from 15 respondents comprise of marketing experts, the following CVR scores for export product fit development variables are obtained:

Table 4. Content Validity of Product Development Suitable with the Foreign Customers

No.	Indicator	CVR	Information
1	PKPE1	0,866667	Valid
2	PKPE2	0,866667	Valid
3	PKPE3	0,866667	Valid
4	PKPE4	0,866667	Valid
5	PKPE5	0,866667	Valid

No.	Indicator	CVR	Information
6	PKPE6	0,866667	Valid
7	PKPE7	0,866667	Valid
8	PKPE8	0,866667	Valid
9	PKPE9	0,600000	Valid
10	PKPE10	0,733333	Valid
11	PKPE11	0,866667	Valid

It can be concluded from the content validity test that all indicators employed to assess the export product fit development variables are valid and usable.

c) Stage 3. Construct Validity Test of Export Product Fit Development Construct

The construct validity of this research is assessed by using Confirmatory Factor Analysis (CFA). It assesses the clustered indicators based on their latent variables (construct) to see if they are consistent in measuring the construct. There are 30 future respondents' answers that are processed by the SPSS program.

Table 5. The Output of Total Variance Explained of Export Product Fit Development

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cum %	Total	% of Variance	Cum %
1	9.210	83.724	83.724	9.210	83.724	83.724
2	.863	7.846	91.570			
3	.443	4.023	95.593			
4	.283	2.574	98.168			
5	.183	1.663	99.830			
6	.019	.170	100.000			
7	1.387E-16	1.261E-15	100.000			
8	9.849E-17	8.954E-16	100.000			
9	8.865E-17	8.059E-16	100.000			
10	-6.699E-18	-6.090E-17	100.000			
11	-8.077E-17	-7.343E-16	100.000			

The output of Total Variance Explained shows that there is only 1 factor (latent variable) in the export product fit development variables with eigen value more than 1. Thus, it can be said that there is only one variable which is constructed. Consequently, the indicators used to assess the export product fit development are valid (unidimensional) (Hair et al., 1995).

Table 6. The Output of Component Matrix of Export Product Fit Development

No.	Indicator	Loading Factor	Explanation
1	PKPE1	0,930	Valid
2	PKPE2	0,971	Valid
3	PKPE3	0,842	Valid
4	PKPE4	0,806	Valid
5	PKPE5	0,930	Valid
6	PKPE6	0,971	Valid
7	PKPE7	0,842	Valid
8	PKPE8	0,930	Valid
9	PKPE9	0,972	Valid
10	PKPE10	0,971	Valid

No.	Indicator	Loading Factor	Explanation
11	PKPE11	0,879	Valid

Indicator validity can be traced back to the output of the above Component Matrix, which shows that the Loading Factor value is more than 0.5. This means the indicators used to assess export product fit development are valid

5. DISCUSSION

The importance of the export product fit development concept describes comprehensively how MSMEs gather as much as possible the information on foreign customers' needs, preferences, and trends. These are obtained by establishing a vast network so that the foreign markets' demand can be fulfilled. When supply and demand conform, international performance will improve. This concept specifically elaborates on how MSMEs generate the products fulfilling foreign customers' needs, preferences, and trends today and in the future. It is expected that this concept bridges different results of various studies on network capability network and MSMEs international performance. This research employs multidiscipline knowledge (marketing management and strategic management) in comprehending a phenomenon. Research engaging various perspectives will yield a more holistic view that results in more understanding of social researches (Murray & Evers, 1989; Klein, 1990). This research integrates marketing theory like Foreign Market Knowledge (Musteen, Datta and Butts, 2014) and strategic management theory like Export Product Strategic Fit (Hultman, Robson, and Katsikeas, 2009) to create a new construct. Construct integrations made by the researchers are based on criticisms given by some other researchers (Colombo et al., 2012; Gronum, Verreyne and Kastelle, 2012; Loane and Bell, 2006; Zhou, Barnes and Lu, 2010; Chaston and Scott, 2012). They stated that international performance does not grow merely due to new knowledge, instead, it has to be realized in aggressive, competitive, proactive, and innovative actions. This research examines the new construct of Export Product Fit Development validity. Construct validity is a central aspect of a new construct test, and it is also the main requirement of a scientific process (Carmines & Zeller, 1979; Churchill, 1979). This research is a generator of new hypotheses answering issues in social phenomena. It also expands researches on the relationship between network capability and international performance that yield inconsistent results by incorporating Export Product Fit Development as a mediating variable.

6. CONCLUSION AND IMPLICATION

This research contributes to the basic model development that can be used to comprehend the MSMEs internationalization process. It conducts tests in the construct that has been identified to serve as boosters in accelerating the international performance, the export product fit development construct. The result can be used by MSMEs practitioners, especially the exporting MSMEs, to recognize factors influencing international performance. Besides, it can also be employed to identify innovative behavior in developing export product fit, which enables

them to enter the market and enhance international performance.

REFERENCES

- [1] Acosta, Alexandra Solano, Ángel Herrero Crespo & Jesús Collado Agudo. (2018). Effect of market orientation, network capability and entrepreneurial orientation on international performance of small and medium enterprises (SMEs). *International Business Review*
- [2] Adeniran, T.V., & K.A. Johnston. 2012. Investigating the Dynamic Capabilities and Competitive Advantage of South African SMEs. *African Journal of Business Management*, Vol. 6, No. 11, pp. 4088-4099.
- [3] Albaumb, Gerald and David K. Tse (2001), "Adaptation of International Marketing Strategy Components, Competitive Advantage, and Firm Performance: A Study of Hong Kong Exporters," *Journal of International Marketing*, 9 (4), 59–81.
- [4] Amelingmeyer, J. and Amelingmeyer, G. (2005), "Wissensmanagement beim Fuhrungswechsel in KMU", in Meyer, J.-A. (Ed.), *Wissensund Information management in kleinen und mittleren Unternehmen*, Josef Eul Verlag, Lohmar, Cologne, pp. 479-88.
- [5] Arnold, C., Kiel, D., Voigt, K.-I., 2016. How the industrial internet of things changes business models in different manufacturing industries. *Int. J. Innov. Manag.* 20 (8), 1640015-1–1640015-25.
- [6] Autio, E. et al. (2000) 'Effects of Age At Entry , Knowledge Intensity , and Imitability on International Growth', 43(5), pp. 909–924.
- [7] Babakus, E., Yavas, U. and Haati, A. (2006) 'Perceived uncertainty, networking and export performance: A study of Nordic SMEs', *European Business Review*, 18(1), pp. 4–13. doi: <http://dx.doi.org/10.1108/MRR-09-2015-0216>.
- [8] Babinska, Danuta. (2013). The Role of Knowledge in The Internationalization Process of Firms – A Review of Selected Research Literature. *Journal of Economics and Management*. Vol. 14 University of Economics in Katowice.
- [9] Bai, W., Holmström Lind, C. and Johanson, M. (2016) 'The performance of international retumee ventures: the role of networking capability and the usefulness of international business knowledge', *Entrepreneurship and Regional Development*, 28(9–10), pp. 657–680. doi: 10.1080/08985626.2016.1234003.
- [10] Barkema, H. G., Baum, J. A. and Mannix, E. (2002) 'Management Challenges in a New Time', *Academy of Management Journal*, 45(5), pp. 916–930. doi: 10.2307/3069322.
- [11] Barney, J. (1991) 'Firm Resources and Sustained Competitive Advantage', pp. 99–120. doi: 10.1177/014920639101700108.
- [12] Bengesi, Kenneth M.K. & Ingrid Le Roux. (2014). The Influence of Dimensions of Networking Capability in Small and Medium Enterprise Performance. *International Journal of Business and Social Science* Vol. 5 No. 2

- [13] Blomstermo, A., Eriksson, K., & Sharma, D.D. (2004). Domestic activity and knowledge development in the internationalization process of firms. *Journal of International Entrepreneurship*, 2, 239–258.
- [14] Bohata, M. & Mladek, J. (1999). The development of the Czech SME sector. *Journal of Business Venturing*, 14(5/6), 461–474.
- [15] Bridge, S., O'Neill, K. and Cromie, S. (2003), *Understanding Enterprise, Entrepreneurship and Small Business*, 2nd ed., Palgrave Macmillan, Basingstoke and New York, NY.
- [16] Burgel, O. & Murray, G.C. (2000). The international market entry choices of start-up companies in hightechnology industries. *Journal of International Marketing*, 8(2), 33–62.
- [17] Burns, T. & G. Stalker (1961). *The management of innovation*. London: Tavistock.
- [18] Burt, R. S. (2004). Structural holes and good ideas. *Amer. J. Soc.*, vol. 110, pp. 349–399.
- [19] Calantone, Roger J., Daekwan Kim, Jeffrey B. Schmidt, and S. Tamer Cavusgil (2006), "The Influence of Internal and External Firm Factors on International Product Adaptation Strategy and Export Performance: A Three-Country Comparison," *Journal of Business Research*, 59 (2), 176–85.
- [20] Carmeli, Abraham & Tishler, Ashler (2004), Resources, Capabilities, and the Performance of Industrial Firms: A Multivariate Analysis". *Managerial and Decision Economics*, 25 (6-7), 299-315.
- [21] Carmines, E. G., & Zeller, R. A. (1979). *Reliability and validity assessment* (Vol. 17). Sage publications.
- [22] Cavusgil, S. Tamer and Shaoming Zou, and G.M. Naidu (1993), "Product and Promotion Adaptation in Export Ventures: An Empirical Investigation," *Journal of International Business Studies*, 34 (3), 479–506.
- [23] Cavusgil, S. Tamer and Zou, Shaoming (1994). Marketing StrategyPerformance Relationship: An Investigation of the Empirical Link in Export Market Ventures. *Journal of Marketing* 58(January): 1–21.
- [24] Chaston, I. and Scott, G. (2012), "Entrepreneurship and open innovation in an emerging economy", *Management Decision*, Vol. 50 No. 7, pp. 1161–1177.
- [25] Chelliah, S., Sulaiman, M. and Mohd Yusoff, Y. (2010) 'Internationalization and Performance: Small and Medium Enterprises (SMEs) in Malaysia', *International Journal of Business and Management*, 5(6), pp. 27–37. doi: 10.5539/ijbm.v5n6p27.
- [26] Chetty, S. & Blankenburg Holm, D. (2000). Internationalization of small to medium-sized manufacturing firms: A network approach. *International Business Review*, 9, 77–93.
- [27] Chetty, S. & Campbell-Hunt, C. (2004). A strategic approach to internationalization: A traditional versus a "born-global" approach. *Journal of International Marketing*, 12, 57–81.
- [28] Chetty, S.K. and Wilson, H. (2003), "Collaborating with competitors to acquire resources", *International Business Review*, Vol. 12 No. 1, pp. 61–81.
- [29] Churchill Jr, G. A. (1979). A paradigm for developing better measures of marketing constructs. *Journal of marketing research*, 64-73.
- [30] Cohen, W. and Levinthal, D. (1990), "Absorptive capacity: a new perspective on learning and innovation", *Administrative Science Quarterly*, Vol. 35 No. 1, pp. 128-52.
- [31] Colombo, M. G. et al. (2012) 'Introduction: Small Business and Networked Innovation: Organizational and Managerial Challenges', *Journal of Small Business Management*, 50(2), pp. 181–190. doi: 10.1111/j.1540-627X.2012.00349.x.
- [32] Cui, A. P., Walsh, M. F. and Gallion, D. (2011) 'Internationalization Challenges For SMEs and Global Marketing Manager: A Case Study', *International Journal of Business and Social Research*, 1(1), pp. 57–69.
- [33] Culkin, N. and Smith, D. (2000), "An emotional business: a guide to understanding the motivations of small business decision takers", *Qualitative Market Research: An International Journal*, Vol. 3 No. 3, pp. 145-57.
- [34] Daft, R.F. (2007), *Understanding the Theory and Design of Organizations*, Thomson South-Western, Mason, OH.
- [35] Day, G.S. 1994. The Capabilities of Market-Driven Organization. *Journal of Marketing*, Vol. 58, No. 4, pp. 37-52.
- [36] Dimitratos, P. et al. (2014) 'Micro-multinational or not? International entrepreneurship, networking and learning effects', *Journal of Business Research*. Elsevier Inc., 67(5), pp. 908–915. doi: 10.1016/j.jbusres.2013.07.010.
- [37] Dinas Perindustrian dan Perdagangan Provinsi Jawa Tengah. (2018). Data Ekspor
- [38] Donaldson, L. (1995). *Contingency theory*. Aldershot: Dartmouth.
- [39] Douglas, Susan P. and Yoram Wind (1987), "The Myth of Globalization," *Colombia Journal of World Business*, 22 (4), 19–29.
- [40] Drazin, Robert and Andrew H. Van de Ven (1985), "Alternative Forms of Fit in Contingency Theory," *Administrative Science Quarterly*, 30 (4), 514–39.
- [41] Egbu, C.O., Hari, S. and Renukappa, S.H. (2005), "Knowledge management for sustainable competitiveness in small and medium surveying practices", *Structural Survey*, Vol. 23 No. 1, pp. 7–21.
- [42] Eriksson, K. & Chetty, S. (2003). The effect of experience and absorptive capacity on foreign market knowledge. *International Business Review*, 12(6), 673–696.
- [43] Eriksson, K., Johanson, J., Majkgard, A., & Sharma, D.D. (1997). Experiential knowledge and cost in the internationalization process. *Journal of International Business Studies*, 28, 337–360.
- [44] Fahy, John (2000), *The Resource-based view of the Firm: some stumbling-blocks on the road to understanding sustainable competitive advantage*.

- Journal of European Industrial Training, 24/2/3/4, pp. 94-104.
- [45] Ferreira, J.J. & Azevedo, G.S. & Fernandez, R. (2011), Contribution of Resource-Based View and Entrepreneurial Orientation on Small Firm Growth. *Cuadernos de Gestin*, Vol 11, no 1, pp.95-116.
- [46] Forsgren, M. (2002) 'The concept of learning in the Uppsala internationalisation process model: a critical review' *International Business Review*, 11, 257 – 277.
- [47] Foss, Nicolai J. (January 2011). Entrepreneurship in the Context of the Resource-based View of the Firm. Paper No. 8/2011, pp. 1-26.
- [48] Gerbing, D. W., & Anderson, J. C. (1988). An updated paradigm for scale development incorporating unidimensionality and its assessment. *Journal of marketing research*, 186-192
- [49] Ginsberg AN, Venkatraman N. 1985. Contingency perspectives of organizational strategy: a critical review of the empirical research. *Academy of Management Review* 10: 421–434.
- [50] Gronum, S., Verreyne, M. L. and Kstelle, T. (2012) 'The Role of Networks in Small and Medium-Sized Enterprise Innovation and Firm Performance', *Journal of Small Business Management*, 50(2), pp. 257–282. doi: 10.1111/j.1540-627X.2012.00353.x.
- [51] Gupta, A.K. and Govindarajan, V. (2000), "Knowledge management's social dimension: lessons from Nucor Steel", *Sloan Management Review*, Vol. 42 Nos 1, Fall, pp. 71-80.
- [52] Hadjikhani, A. & Ghauri, P.N. (2001). The behaviour of international firms in socio-political environments in the European Union. *Journal of Business Research*, 52(3), 263–275.
- [53] Hair Jr, J. F., Black, W. C., Babin, B. J., Anderson, R. E., & Tatham, R. L. (2006). *Multivariate data analysis* (Vol. 6): Pearson Prentice Hall Upper Saddle River, NJ.
- [54] Hakansson, H. (1982), *International Marketing and Purchasing of Industrial Goods: An Interaction Approach*, Wiley, New York, NY.
- [55] Hallen, L., Johanson, J., & Seyed-Mohamed, N. (1991). Interfirm Adaptation in Business Relationships. *Journal of Marketing*, 55(2), 29. doi:10.2307/1252235
- [56] Hambrick, D.C. (1982), "Environmental scanning and organizational strategy", *Strategic Management Journal*, Vol. 3, pp. 159-75.
- [57] Harris, S. & Wheeler, C. (2005). Entrepreneurs' relationships for internationalization: Functions, origins and strategies. *International Business Review*, 14(2), 187–207.
- [58] Harvey M. 1993. A model to determine standardization of the advertising process in international markets. *Journal of Advertising Research* 13(4): 57–64.
- [59] Hashim, F. (2012) 'Challenges for the Internationalization of Smes and the Role of Government: the Case of Malaysia', *Journal of International Business and Economy*, 13(1), pp. 97–122.
- [60] Havens, P. (2002) 'The Dynamic of the Internationalization Process Interpretation of Empiric', pp. 295–309.
- [61] Hinkin, T. R. & Tracey, J. B. (1999). An analysis of variance approach to content validation. *Organizational Research Methods*, 2(2), 175-186.
- [62] Hofer, C. and Charan, R. (1984), "The transition to professional management: mission impossible?", *American Journal of Small Business*, Vol. 9 No. 1, pp. 1-11.
- [63] Hrebiniak, L. & W. Joyce (1985). Organizational adaptation: strategic choice and environmental determinism. *Administrative Science Quarterly* 30 (3), 336-349.
- [64] Hultman, Magnus, Matthew J. Robson, and Constantine S. Katsikeas Export Product Strategy Fit and Performance: An Empirical Investigation. *Journal of International Marketing*, American Marketing Association Vol. 17, No. 4, pp. 1–23
- [65] Jain, Subhash C. (1989), "Standardization of International Marketing Strategy: Some Research Hypotheses," *Journal of Marketing*, 53 (January), 70–79.
- [66] Jarillo, J.C. (1989), "Entrepreneurship and growth: the strategic use of external resources", *Journal of Business Venturing*, Vol. 4 No. 2, pp. 133-47.
- [67] Johanson, J. & Vahlne, J.-E. 1977. The internationalization process of the firm. A model of knowledge development and increasing foreign market commitments. *Journal of International Business Studies*, 8(1): 23.
- [68] Johanson, J. and Mattsson, L. G. (1987) 'Internationalisation in industrial systems – a network approach, strategies in global competition' Prince Bertil Symposium. Selected Papers: Croom Helm, 287 – 314.
- [69] Johansson JK, Yip GS. 1994. Exploiting globalization potential: U.S. and Japanese strategies. *Strategic Management Journal* 15(8): 579–601.
- [70] Johnson, G. & K. Scholes (1993). *Exploring corporate strategy*. 3rd ed. New York: Prentice Hall.
- [71] Katsikeas, Constantine S., Saeed Samiee and Marios Theodosiou. (2006). Strategy Fit and Performance Consequences of International Marketing Standardization. *Strategic Management Journal Strat. Mgmt. J.*, 27: 867–890
- [72] Kay, J. (1995). *Why firms succeed: choosing markets and challenging competitors to add value*. Oxford University Press.
- [73] Kenny, Breda & John Fahy. (2011). SMEs' Networking Capability and International Performance: In *Interfirm Networks: Theory, Strategy, and Behavior*. Published online: 09 Mar 2015; 199-376.
- [74] Kiran, Vasanth, Mousumi Majumdar, and Krishna Kishore. (2013). internationalization of SMEs: Finding A Way Ahead. *American International Journal of Research in Humanities, Arts and Social Sciences*.

- [75] Knight, G.A. & Liesch, P.W. (2002). Information internalisation in internationalising the firm. *Journal of Business Research*, 55, 981–995.
- [76] Kumakura, Taeko. (2012). Roles of Knowledge and Networks in SME Internationalisation. Thesis. Department of Marketing Birmingham Business School. The University of Birmingham.
- [77] Lamb, P.W. & Liesch, P.W. (2002). The internationalization process of the smaller firm: Re-framing the relationships between market commitment, knowledge and involvement. *Management International Review*, 42, 7–26. *Business Research*, 55, 981–995.
- [78] Lawshe, C.H. (1975). A Quantitative Approach to Content Validity. *Personnel Psychology*, 28, 563–575
- [79] Lemak DJ, Arunthanes W. 1997. Global business strategy: a contingency approach. *Multinational Business Review* 1: 26–38. Lukas BA, Tan JJ, Hult JTM. 2001. Strategic fit in transitional economies: the case of China's electronics industry. *Journal of Management* 27: 409–429.
- [80] Leonidou, L.C. (2004). An Analysis of the Barriers Hindering Small Business Export Development, *Journal of Small Business Management*, 42 (3), 279–302.
- [81] Li, Y., Huang, J. and Tsai, M. (2009), "Entrepreneurial orientation and firm performance: the role of knowledge creation process", *Industrial Marketing Management*, Vol. 38 No. 4, pp. 440–449.
- [82] Liesch, P., Welch, L., & Buckley, P. (2011). Risk and uncertainty in internationalisation and international entrepreneurship studies. *Management International Review*, 51(6), 851–873.
- [83] Liesch, P.W. & Knight, G.A. (1999). Information internalization and hurdle rates in small and medium enterprise internationalization. *Journal of International Business Studies*, 31, 383–394.
- [84] Lindstrand, A., Melén, S., & Nordman, E. (2011). Turning social capital into business: A study of the internationalization of biotech SMEs. *International Business Review*, 20(2), 194–212.
- [85] Loane, S. and Bell, J. (2006) 'Rapid internationalisation among entrepreneurial firms in Australia, Canada, Ireland and New Zealand: An extension to the network approach', *International Marketing Review*, 23(5), pp. 467–485. doi: 10.1108/02651330610703409.
- [86] Lord, M.D. & Ranft, A.L. (2000). Organizational learning about new international markets: Exploring the internal transfer of local market knowledge. *Journal of International Business Studies*, 31, 573–589
- [87] MacKenzie, S. B., Podsakoff, P. M., & Podsakoff, N. P. (2011). Construct measurement and validation procedures in MIS and behavioral research: Integrating new and existing techniques. *MIS quarterly*, 35(2), 293–334.
- [88] Mc Evily, B. and Zaheer, A. (1999) 'Bridging ties: a source of heterogeneity in competitive capabilities', *Strategic Management Journal*, 20, 1133–1156.
- [89] Morgan, N.A., S. Zou, D.W. Vorhies, & C.S. Katsikeas. (2003). Experimental and Informational Knowledge, Architectural Marketing Capabilities, and Adaptive Performance of Export Ventures. *Decision Sciences*, Vol. 34, No. 2, pp. 287–321.
- [90] Mort, G. S. and Weerawardena, J. (2006) 'Networking capability and international entrepreneurship: How networks function in Australian born global firms', *International Marketing Review*, 23(5), pp. 549–572. doi: <http://dx.doi.org/10.1108/MRR-09-2015-0216>.
- [91] Mu, J., G. Peng, and E. Love. (2008). Interfirm networks, social capital, and knowledge flow. *J. Knowledge Mgmt.*, vol. 12, no. 4, pp. 86–100
- [92] Müller, Marius, Oana Buliga, Kai-Ingo Voigt. (2018). Fortune favors the prepared: How SMEs approach business model innovations in Industry 4.0 Julian. *Technological Forecasting & Social Change*, 132, 2–17
- [93] Murray, J.B. and Evers, D.J., 1989, "Theory Borrowing and Reflectivity Interdisciplinary Fields," *Advances in Consumer Research*, 16, 647–652.
- [94] Musteen, M., Datta, D. K. and Butts, M. M. (2014) 'Do International Networks and Foreign Market Knowledge Facilitate SME Internationalization? Evidence From the Czech Republic', *Entrepreneurship: Theory and Practice*, 38(4), pp. 749–774. doi: 10.1111/etap.12025.
- [95] Nonaka, I. and Takeuchi, H. (1995), *The Knowledge-Creating Company*, Oxford University Press, Oxford.
- [96] Nunnally, J. C. & Bernstein, I. H. (1994). *Psychometric Theory* (McGraw-Hill Series in Psychology) (Vol. 3). New York: McGraw-Hill.
- [97] O'Donnell S, Jeong I. 2000. Marketing standardization within global industries: an empirical study of performance implications. *International Marketing Review* 17(1): 19–33.
- [98] O'Gorman, C. & Evers, N. (2011). Network intermediaries in the internationalisation of new firms in peripheral regions. *International Marketing Review*, 28(4), 340–364
- [99] Oktemgil, M. and Greenley, G. (1997) 'Consequences of high and low adaptive capability in UK companies', *European Journal of Marketing*, 31(7), pp. 445–466. doi: 10.1108/03090569710176619.
- [100] Olalla, Marta Fossas (February 1999), *The Resource-Based Theory and Human Resources*. IAER, VOL. 5, NO. 1, pp. 84–92.
- [101] Olson EM, Walker OC, Ruekert R. 1995. Organizing for effective new product development: the moderating role of product innovativeness. *Journal of Marketing*, 59: 48–62.
- [102] Onkelinx, J. and Sleuwaegen, L. (2008) Internationalization of SMEs, *Journal of International Business Studies*. doi: 10.1111/j.1460-9568.2010.07143.x.
- [103] Oviatt, B. M. and Mc Dougall, P.P. (1994) 'Toward a theory of international new ventures', *Journal of International Business Studies* 25, 145 – 64

- [104] Özsoy, Aysegul and Bernard L. Simonin (2004), "Marketing Program Standardization: A Cross-Country Exploration," *International Journal of Research in Marketing*, 21 (4), 397–419.
- [105] Papastamatelou, Julie, Rainer Busch, Begüm Ötken, Elif Y. Okan, Karim Gassemi. (2016). Effects of Network Capabilities on Firm Performance across Cultures. *International Journal of Management and Economics* No. 49 pp. 79–105
- [106] Petersen, B., Pedersen, T. & Sharma, D. D. (2003) The role of knowledge in firms' internationalization process: wherefrom and where to? In Blomstermo, A. & Sharma, D. (eds) *Learning in the internationalization process of firms*. Cheltenham: Edward Elgar Publishing Limited.
- [107] Petersen, B., Pedersen, T., & Lyles, M.A. (2008). Closing knowledge gaps in foreign markets. *Journal of International Business Studies*, 39(7), 1097–1113.
- [108] Picard J, Boddewyn J, Grosse R. 1998. Centralization and autonomy in international marketing decision making: a longitudinal study (1973–1993) of US MNEs in the European Union. *Journal of Global Marketing* 12(2): 5–24.
- [109] Pollard, D. & Jemicz, M. (2006). The internationalization of Czech SMEs: Some issues relating to marketing knowledge deficiencies. *International Journal of Entrepreneurship and Small Business*, 3, 400–416.
- [110] Powell, Thomas C. (1992), "Organizational Alignment as Competitive Advantage," *Strategic Management Journal*, 13 (2), 119–34.
- [111] Powell, W. W. (1990) 'Neither market nor hierarchy: network forms of organisation', *Research in Organisational Behaviour*, 12, 295 – 336.
- [112] Powers, Thomas L. & Hahn, William (2004), "Critical competitive methods, generic strategies, and firm performance", *The International Journal of Bank Marketing* Vol. 22 No. 1, pp. 43-64.
- [113] Prashantham, Shameen. (2005). Toward a Knowledge-Based Conceptualization of Internationalization. *Journal of International Entrepreneurship* 3, 37–52.
- [114] Preble, John F. & Richard C. Hoffman. (1994). Competitive Advantage through Specialty Franchising. *Journal of Services Marketing*. Vol. 8 Iss 2 pp. 5 – 18
- [115] Radziwon, A., Bilberg, A., Bogers, M., Madsen, E.S., 2014. The smart factory: exploring adaptive and flexible manufacturing solutions. *Procedia Engineering* 69, 1184–1190.
- [116] Ruekert, Robert W, Orville C. Walker, Jr. and Kenneth J. Roering. (1985). The Organization of Marketing Activities: A Contingency Theory of Structure and Performance. *Journal of Marketing*, Vol. 49, No. 1, pp. 13-25
- [117] Saimee, Saeed and Kendall Roth (1992), "The Influence of Global Marketing Standardization on Performance," *Journal of Marketing*, 56 (April), 1–17.
- [118] Schmidt, R., Möhring, M., Härting, R.-C., Reichstein, C., Neumaier, P., Jozinović, P., 2015. Industry4.0 - potentials for creating smart products: empirical research results. *Lecture Notes in Business Information Processing* 208, 16–27.
- [119] Shoham, Aviv (1999), "Bounded Rationality, Planning, Standardization of International Strategy, and Export Performance: A Structural Model Examination," *Journal of International Marketing*, 7 (2), 24–50.
- [120] Sousa, Carlos M.P. and Frank Bradley (2008), "Antecedents of International Pricing Adaptation and Export Performance," *Journal of World Business*, 43 (3), 307–320
- [121] Stoian, M. C., Rialp, J. and Dimitratos, P. (2017) 'SME Networks and International Performance: Unveiling the Significance of Foreign Market Entry Mode', *Journal of Small Business Management*, 55(1), pp. 128–148. doi: 10.1111/jsbm.12241.
- [122] Straub, D., Boudreau, M. C., & Gefen, D. (2004). Validation guidelines for IS positivist research. *Communications of the Association for Information Systems*, 13(1), 24.
- [123] Stuart, T. and O. Sorenson. (2007). Strategic networks and entrepreneurial ventures. *Strat. Entrepreneurship J.*, vol. 1, pp. 211–227.
- [124] Suliyanto. (2011). *Ekonometrika Terapan: Teori dan Aplikasi dengan SPSS*. Andi. Yogyakarta
- [125] Szulanski, G. (1996), "Exploring internal stickiness: impediments to the transfer of best practice within the firm", *Strategic Management Journal*, Vol. 17, pp. 27-44.
- [126] Szymanski DM, Bharadwaj SG, Varadarajan PR. 1993. Standardization versus adaptation of international marketing strategy: an empirical investigation. *Journal of Marketing* 57(October): 1–17.
- [127] Teece, D. J., Pisano, G. and Shuen, A. (1997) 'Dynamic capabilities and strategic management', *Strategic Management Journal*, 18(7), pp. 509–533. doi: 10.1002/(Sici)1097-0266(199708)18:7<509::Aid-Smj882>3.0.Co;2-Z.
- [128] Thompson, J. (1999). A strategic perspective of entrepreneurship. *International Journal of Entrepreneurial Behaviour & Research* 5 (6), 279-296.
- [129] Tolstoy, D. (2009) 'Knowledge Combination and Knowledge Creation in A Foreign-Market Network', *Journal of Small Business Management*, 47(2), pp. 202–220.
- [130] Torkkeli, L. et al. (2016) 'Network competence in Finnish SMEs: implications for growth', *Baltic Journal of Management*, 11(2), pp. 207–230. doi: <http://dx.doi.org/10.1108/MRR-09-2015-0216>.
- [131] Uzzi, B. (1997) 'Social structure and competition in inter-firm networks: the paradox of embeddedness', *Administrative Science Quarterly*, 42 (1), 35–67.
- [132] Vásquez, Fernando & Clair Doloriert, C. (2011) 'Case-Study of Internationalization in Peruvian SMEs', *Journal of CENTRUM Cathedra*:

- The Business and Economics Research Journal, 4(1), pp. 77–99. doi: 10.7835/jcc-berj-2011-0052.
- [133] Venkatraman, N. (1989), "The Concept of Fit in Strategy Research: Toward Verbal and Statistical Correspondence," *Academy of Management Review*, 14 (3), 423–44.
- [134] Venkatraman, N., and John E. Prescott (1990), "Environment–Strategy Coalignment: An Empirical Test of its Performance Implications," *Strategic Management Journal*, 11 (1), 1–23.
- [135] Vorhies, Douglas W. and Neil A. Morgan (2003), "A Configuration Theory Assessment of Marketing Organization Fit with Business Strategy and Its Relationship with Marketing Performance," *Journal of Marketing*, 67 (January), 100–115.
- [136] Wang, C.L., & P.K. Ahmed. 2007. Dynamic Capabilities: A Review and Research Agenda. *The International Journal of Management Reviews*, Vol. 9, No. 1, pp.31-51.
- [137] Welch, L. S. and Loustarinen, R. (1988) 'Internationalisation: evolution of a concept', *Journal of General Management*, 14(2), 34-35.
- [138] Wiklund, J., & Shepherd, D. (2003). Knowledge-based resources, entrepreneurial orientation, and the performance of small and medium-sized businesses. *Strategic Management Journal*, 24(13), 1307–1314. doi:10.1002/smj.360
- [139] Wong, K.Y. and Aspinwall, E. (2004), "Characterizing knowledge management in the small business environment", *Journal of Knowledge Management*, Vol. 8 No. 3, pp. 44-61.
- [140] Wright, M., Westhead, P. and Ucbasaran, D. (2007) 'Internationalization of small and medium-sized enterprises (SMEs) and international entrepreneurship: A critique and policy implications', *Regional Studies*, 41(7), pp. 1013–1030. doi: 10.1080/00343400601120288.
- [141] Xu, Shichun, S. Tamer Cavusgil, and J. Chris White (2006), "The Impact of Strategic Fit Among Strategy, Structure, and Processes on Multinational Corporation Performance: A Multimethod Assessment," *Journal of International Marketing*, 14 (2), 1–31.
- [142] Yao, G., Wu, C. H., & Yang, C. T. (2008). Examining the content validity of the WHOQOL-BREF from respondents' perspective by quantitative methods. *Social Indicators Research*, 85(3), 483-498.
- [143] Yu, C.-M. J. (1990). The Experience Effect and Foreign Direct Investment. *Weltwirtschaftliches Archiv*, vol. 126, pp. 561-79.
- [144] Zacca, R., Dayan, M. and Ahrens, T. (2015) 'Impact of network capability on small business performance', *Management Decision*, Vol. 53(1), pp. 2–23. doi: <http://dx.doi.org/10.1108/02683940010305270>.
- [145] Zahra, S.A. (2005). Toward a theory of international new ventures: Reflections on a decade of research. *Journal of International Business Studies*, 36, 29–41.
- [146] Zain, M. and Ng, S. I. (2006) 'The Impacts of Network Relationships on SMEs' Internationalization Process', *Thunderbird International Business Review*, 48(2), pp. 183–205. doi: 10.1002/tie.
- [147] Zajac, Edward J., Matthew S. Kraatz, and Rudi K.F. Bresser (2000), "Modeling the Dynamics of Strategic Fit: A Normative Approach to Strategic Change," *Strategic Management Journal*, 21 (4), 429–53.
- [148] Zhao, L. and Aram, J. D. (1995) 'Networking and Growth of Young Technology-Intensive Ventures in China', *Journal of Business Venturing*, 9(26(95)), pp. 349–370.
- [149] Zhou, L., B. R. Barnes, and Y. Lu (2010). "Entrepreneurial Proclivity, Capability Upgrading and Performance Advantage of Newness Among International New Ventures," *Journal of International Business Studies* 41(5), 882–905.
- [150] Zhou, Lianxi (2007) The effects of entrepreneurial proclivity and foreign market knowledge on early internationalization. *Journal of World Business* 42 (2007) 281–293
- [151] Zsomera, A., & Simonin, B L. (2004). Marketing program standardization: A cross-country exploration. *International Journal of Research in Marketing*, 21, 397-419.
- [152] www.bekraf.go.id
- [153] www.bps.go.id
- [154] www.jatengprov.go.id
- [155] www.kadin.or.id

Export Product fit development

ORIGINALITY REPORT

12%

SIMILARITY INDEX

10%

INTERNET SOURCES

10%

PUBLICATIONS

6%

STUDENT PAPERS

PRIMARY SOURCES

1

serisc.org

Internet Source

2%

2

mentis.uta.edu

Internet Source

2%

3

journals.sagepub.com

Internet Source

2%

4

Submitted to Al Al Bayt University

Student Paper

2%

5

Constantine S. Katsikeas. "Strategy fit and performance consequences of international marketing standardization", Strategic Management Journal, 09/2006

Publication

1%

6

onlinelibrary.wiley.com

Internet Source

1%

7

vdocuments.mx

Internet Source

1%

8

Submitted to Universitas Jenderal Soedirman

Student Paper

1%



Exclude quotes On
Exclude bibliography On

Exclude matches < 1%