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Research Article

Analysis of Determinants of Export Performance of Indonesian Fashion SMEs from the Perspectives of the Resource-Based View and Internationalisation Theory

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Abstract. Indonesian fashion SMEs have significant export opportunities, but their export performance remains suboptimal as not all businesses are able to convert innovation, digitalisation, and market orientation into tangible international competitiveness. This study aims to analyse the determinants of Indonesian fashion SMEs' export performance from the perspectives of the Resource-Based View and Internationalisation Theory. The study employs an explanatory quantitative approach using a cross-sectional survey design involving 200 owners or key managers of fashion SMEs in East Java, selected through purposive sampling. Data were analysed using SEM-PLS. Simulation results indicate that internal capabilities, international market orientation, and access to international networks have a positive influence on competitive advantage, whilst competitive advantage has a positive influence on export performance. Internal capabilities and access to international networks also demonstrate a significant direct influence on export performance, whilst international market orientation is not directly significant but operates through competitive advantage. The implication is that strategies to boost fashion SME exports should focus on strengthening innovation, quality, brand differentiation, and international market networks, rather than merely on symbolic digital adoption.

Keywords: Export Performance; Fashion SMEs; Internationalisation Theory; Resource-Based View; SEM-PLS

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1. Introduction

SMEs remain the backbone of the Indonesian economy due to their significant role in labour absorption, the equitable distribution of economic activity, and the formation of national business units. Within the framework of a competitiveness-based economic transformation, the export orientation of SMEs is becoming increasingly important as

exports expand markets, strengthen business resilience, and enhance businesses' ability to face global competition. Tambunan (2024) emphasises that the export competence of micro and small enterprises in Indonesia remains a fundamental issue, particularly regarding internal capacity and business cooperation that underpin export activities.

The fashion sub-sector is worthy of being positioned as the research context because it possesses the characteristics of both light manufacturing and creativity-based production. Fashion products compete not only through function but also through design, quality, brand symbolism, and the speed of responding to changing trends. These characteristics make fashion a sub-sector with potential for exports, but they also demand more complex business capabilities than many other MSME sub-sectors. In this context, the research question is not merely whether or not an overseas market exists, but to what extent fashion MSMEs are able to convert this market potential into sustainable export performance.

Various studies indicate that the export performance of Indonesian SMEs is not solely determined by external barriers such as market access, logistics, or trade information. Ardiyanti and Kahfi (2023) demonstrate that internal factors, particularly export knowledge, skills, and motivation, play a very strong role in explaining variations in SME export performance. These findings shift the focus from an approach that over-emphasises external constraints towards the need to strengthen resources, capabilities, and organisational readiness at the enterprise level.

2. Literature Review

Recent literature also indicates that digitalisation and business model innovation are becoming increasingly important in the internationalisation process of SMEs. Jean et al. (2024) explain that business model innovation can enhance the international performance of small businesses, but its effects remain influenced by external institutional conditions and entrepreneurial orientation. This finding is significant as it demonstrates that digitalisation does not always yield uniform export impacts. Its benefits are highly dependent on a firm's ability to align digital capabilities with appropriate market strategies.

In line with this, several empirical results present differing findings. Djiu et al. (2024) found that technological capabilities have a direct effect on the export performance of SMEs, but the use of social media has no direct effect and only becomes significant when mediated by competitive advantage. Meanwhile, Nuryakin (2024) demonstrates that entrepreneurial orientation does not have a direct effect on the export performance of SMEs, but exerts an influence through innovation capability and international networking accessibility. These two findings confirm that export performance is rarely determined by a single factor.

This study aims to analyse the determinants of the export performance of Indonesian fashion MSMEs from the perspectives of the Resource-Based View and Internationalisation Theory. Theoretically, this study is expected to enrich the literature on MSME exports by demonstrating the importance of integrating internal and external perspectives. In practical terms, the research findings are expected to form the basis for formulating more targeted strategies to strengthen fashion MSME exports for business operators, support institutions and policymakers.

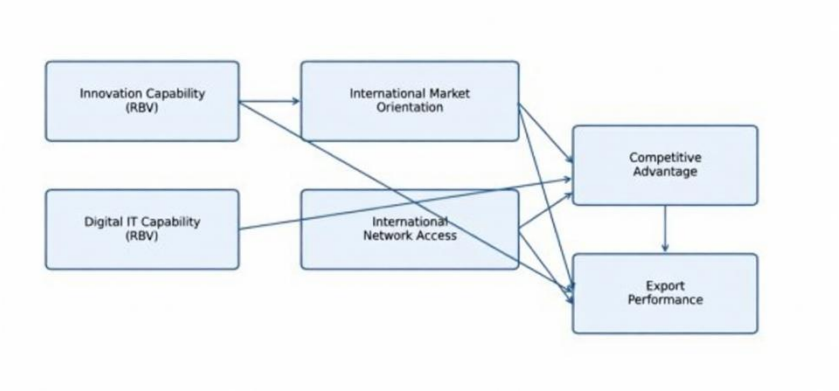


Figure 1. SEM-PLS research model.

3. Methods

This study employs an explanatory quantitative design using a cross-sectional survey approach. This design was chosen because the research objective is to test the relationships between latent constructs representing a company's internal resources and capabilities, internationalisation factors, competitive advantage, and export performance. This approach aligns with the use of SEM-PLS, which is oriented towards both explanation and prediction, particularly when the model involves direct and indirect relationships within the context of small and medium-sized enterprises (Hair & Alamer, 2022; Ringle et al., 2023).

The research population comprises all fashion SME operators in East Java who have utilised elements of innovation and/or digitalisation in their business activities, whether in product, process, marketing, or operational aspects. The unit of analysis is the fashion SME, whilst the unit of observation is the owner or primary manager of the business. The owner or primary manager was selected as they possess the deepest understanding of the company's resources, innovation processes, use of digital technology, business networks, and market direction.

The sampling technique used is purposive sampling. The research sample consists of 200 owners or primary managers of SMEs who meet the inclusion criteria, namely: the business is still actively operating; has been in operation for at least two years; the respondent is the owner or primary manager of the business; the business utilises digital technology in its operations; and the business has a market orientation beyond the local area or maintains external business relationships. This sample size is considered adequate for SEM-PLS analysis on a model with a number of latent constructs and reflective indicators (Hair et al., 2024).

The research instrument was designed as a closed-ended questionnaire using a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). The development of indicators drew upon prior studies and was adapted to the context of fashion SMEs. Innovation capability and digital IT capability represent the logic of the Resource-Based View, whilst international market orientation and access to international networks represent the logic of Internationalisation Theory. Competitive advantage is positioned as a mediator, whilst export performance is positioned as the primary endogenous variable.

The research procedure was conducted in five stages. First, the conceptual model and instruments were developed based on a review of theory and recent empirical studies. Second, content validation was carried out through expert assessment to ensure the clarity of the

indicators and the substantive appropriateness of the constructs. Third, a limited pilot test to assess item comprehensibility. Fourth, the distribution of questionnaires to 200 respondents meeting the criteria. Fifth, data cleaning and analysis using SmartPLS. This process is crucial to ensure that model testing results are not influenced by measurement errors and low data quality.

Data analysis was conducted using Structural Equation Modelling-Partial Least Squares. Model evaluation was carried out in two stages. The first stage involved evaluating the measurement model through outer loadings, Average Variance Extracted, Composite Reliability, Cronbach's alpha, and HTMT. The second stage involved evaluating the structural model through path coefficients, p-values from bootstrapping, the coefficient of determination, effect sizes, and predictive relevance. The choice of SEM-PLS was based on its ability to handle complex models, non-normal data distributions, and an analytical orientation that emphasises the model's predictive power (Hair & Alamer, 2022; Kante & Michel, 2023).

Table 2. Operationalisation of research variables.

Variable	Operational definition	Main indicators	Scale	Conceptual source
Innovation capability	The ability of a business to generate, adapt and implement product and process innovations that are of value to the market.	Development of new designs; adaptation to trends; process improvements; speed of innovation	Likert 1 – 5	Nuryakin (2024); Jean et al. (2024)
Digital IT Capabilities	The ability of a business to utilise digital technology for marketing, operational coordination, and business information management.	Use of social media; integration of digital platforms; use of customer data; digital coordination	Likert 1 – 5	Djiu et al. (2024); Probohudono et al. (2025)
International market orientation	The extent to which a business pays attention to the needs, standards, and opportunities of foreign markets.	Monitoring of global trends; product adaptation for foreign markets; attention to export standards	Likert 1 – 5	Calheiros-Lobo et al. (2023); Anggadwita et al. (2023)

Access to international networks	A business's ability to establish and utilise external relationships that support market expansion.	Relationships with overseas buyers; links with aggregators or distributors; access to the global business community	Likert 1 – 5	Nuryakin (2024); Calheiros-Lobo et al. (2023)
Competitive advantage	The business's superior position relative to competitors, reflected in the uniqueness, quality, and value of its products.	Design uniqueness; consistent quality; brand reputation; rapid response	Likert 1 – 5	Djiu et al. (2024); Cho et al. (2023)
Export performance	The level of business success in sales activities to markets outside the region or abroad.	External sales growth; expansion of target markets; satisfaction with export results	Likert 1 – 5	Cho et al. (2023); Nuryakin (2024)

4. Results

The results of the measurement model evaluation indicate that all constructs meet the basic criteria for validity and reliability. The indicators for each variable demonstrate adequate outer loadings, the Average Variance Extracted is above the recommended threshold, and the Composite Reliability also indicates good internal consistency. These results indicate that the constructs used have been able to adequately represent the theoretical concepts. Within the SEM-PLS framework, a high-quality measurement model is a prerequisite for interpreting structural relationships with greater reliability (Hair et al., 2024; Ringle et al., 2023).

In the structural model, the analysis results indicate that innovation capability has a positive effect on export performance. This finding is consistent with the Resource-Based View, which positions capabilities as a source of competitive advantage capable of generating superior performance. For fashion SMEs, innovation does not merely mean creating new products, but also the ability to adapt designs, improve quality, and transform creative ideas into tangible market value. These findings align with Nuryakin (2024), who demonstrated that innovation capability contributes to export performance, and reinforce the argument by Jean et al. (2024) that business model innovation and internal renewal are key elements in the international performance of small enterprises.

An international market orientation has also been shown to have a positive impact on export performance. These results confirm that an understanding of overseas market needs, quality standards, and global consumer preferences is a key factor in the export competitiveness of fashion SMEs. From the perspective of Internationalisation Theory, the

success of internationalisation depends on market learning and the ability to adapt business strategies to the characteristics of the target market. These findings are consistent with Calheiros-Lobo et al. (2023), who identify market knowledge and international commitment as the primary determinants of the international performance of SMEs.

Access to international networks has a positive impact on export performance, thereby reinforcing the argument that business networks are a strategic asset for small enterprises. For fashion SMEs, networks provide access to buyers, aggregators, trend information, and distribution opportunities that are not easily obtained through local operations alone. This finding supports the results of Nuryakin (2024), which demonstrate the importance of international networking accessibility in explaining export performance. Thus, the internationalisation process of fashion SMEs is significantly influenced by the ability to build and utilise external business relationships.

Unlike the three previous variables, IT digital capabilities do not show a strong direct influence on export performance. This result does not imply that digital capabilities are unimportant; rather, it indicates that digitalisation does not automatically translate into tangible results in foreign markets. In the context of fashion, the use of social media, marketplaces, or business coordination applications often remains limited to promotional and operational functions, without generating clear differentiation or export value. This finding is consistent with Djiu et al. (2024), who found that social media usage does not have a direct effect on SMEs' export performance.

Although it does not have a strong direct impact on export performance, IT digital capabilities have been shown to have a positive effect on competitive advantage, and competitive advantage, in turn, has a positive effect on export performance. This pattern indicates the presence of a mediating mechanism. In other words, digitalisation becomes relevant to exports when it is able to strengthen product uniqueness, accelerate market response, maintain quality consistency, and enhance the customer experience. This pattern aligns with Djiu et al. (2024), who highlight the mediating role of competitive advantage, whilst reinforcing that the benefits of digital capabilities are largely determined by their ability to create strategic value.

Theoretically, the findings of this study demonstrate that the Resource-Based View and Internationalisation Theory are more robust when applied integrally. The Resource-Based View explains the origins of a firm's competitive advantage from the perspective of internal resources and capabilities, whilst the Internationalisation Theory explains how such advantages are translated into success in foreign markets through learning, orientation, and networking. These findings expand upon the argument put forward by Cho et al. (2023) that organisational capabilities do not operate in a vacuum, but are influenced by market context and internationalisation strategies.

From a practical perspective, the research findings confirm that improving the export performance of fashion SMEs cannot be achieved through digital promotion alone. Priorities for strengthening must be directed towards product innovation, quality, brand differentiation, foreign market orientation, and the establishment of international networks. The government and supporting institutions need to design more integrated interventions, namely not only facilitating promotion or exhibitions, but also developing core business capabilities and readiness for internationalisation. At the same time, these research results should be

interpreted whilst taking into account the limitations of the cross-sectional design, the use of perceptual data, and the context of the East Java region. Therefore, further research is recommended using a longitudinal design, more objective performance indicators, and a broader geographical scope and fashion sub-sector coverage. The social and ethical implications are that export strategies must continue to be implemented inclusively, ensuring business sustainability, respecting local cultural identity, and avoiding exploitative production practices.

Table 3. Summary of hypothesis testing results and substantive analysis.

Hypothesis	Status	Direction of findings	Brief interpretation
H1	Supported	Positive	Innovation capability enhances a business's ability to generate value relevant to export markets.
H2	Not directly supported	Weak or insignificant	Digital capabilities do not automatically lead to export performance unless they are converted into strategic value.
H3	Supported	Positive	An international market orientation strengthens the alignment of products with the needs of overseas markets.
H4	Supported	Positive	Access to international networks expands opportunities for information, buyer relationships, and distribution.
H5	Supported	Positive	Digital capabilities play a role in shaping competitive advantage.

H6	Supported	Positive	Competitive advantage enhances product appeal and external market performance.
H7	Supported	Indirectly positive	Competitive advantage mediates the influence of IT digital capabilities on export performance.

5. Conclusion

This study concludes that the export performance of Indonesian fashion SMEs is determined by a combination of internal factors and internationalisation factors. Innovation capabilities, international market orientation, and access to international networks proved to be the strongest determinants in driving export performance. Conversely, IT digital capabilities did not show a strong direct influence, but remain important as they contribute through the formation of competitive advantage.

Theoretically, these findings confirm that the integration of the Resource-Based View and Internationalisation Theory provides a more comprehensive explanation of the export performance of fashion SMEs. Practically, increasing exports requires more than just digital promotion; it necessitates strengthening innovation, quality, brand differentiation, international market readiness, and cross-border business networks.

Further research is recommended to utilise longitudinal data, more objective export performance indicators, and additional moderator or mediator variables such as institutional support, export readiness, or dynamic capabilities. For policymakers and supporting institutions, these results highlight the importance of designing export development programmes that prioritise core business capabilities and internationalisation readiness as key focal points.

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