

Export Stimuli, Export Stages and Internationalization Pathways: The Case of Indonesian SMEs

Mohamad D. Revindo^{a,*}, Christopher Gan^b

^aFaculty of Agribusiness and Commerce, Lincoln University, New Zealand &

Institute for Economic and Social Research, Faculty of Economics and Business, University of Indonesia (LPEM- FEBUI)

^bProfessor in Accounting and Finance, Faculty of Agribusiness and Commerce, Department of Financial and Business System, Lincoln University, New Zealand

Abstract

Small and Medium-sized Enterprises (SMEs) in developing countries are still constrained to seize the opportunity of trade liberalization as compared to their large counterparts. It has been argued that effective efforts to foster SME export require clear understanding of the factors that stimulate them to export. This study investigates the export stimuli of 385 Indonesian SMEs at different export stages (pre-exporting and exporting) and different internationalization pathways (domestically established exporter and born-global SMEs). Three types of export stimuli are consistently identified as the most important in all sub-samples: the presence of foreign buyers, the confidence in the products and the aspiration to find alternative markets. By contrast, two types of export stimuli are consistently found as the least important in all sub-samples: government support and Indonesian diaspora communities. The academic and policy implications of the findings are discussed.

Keywords: Export Stimuli; Small And Medium-Sized Enterprises (SMEs); Stages Of Exporting; Internationalization Pathways; Born-Global Enterprise; Indonesia

Abstrak

Kontribusi Usaha Kecil dan Menengah (UKM) terhadap ekspor di negara berkembang masih sangat terbatas. Hasil studi sebelumnya menunjukkan bahwa upaya meningkatkan ekspor UKM memerlukan pemahaman akan faktor-faktor yang mendorong ekspor (pemicu ekspor). Studi ini meneliti pemicu ekspor pada 385 UKM di Indonesia, meliputi UKM pada tahapan pra-ekspor dan eksportir serta meliputi UKM dengan jalur internasionalisasi yang berbeda. Hasil studi ini menunjukkan bahwa terdapat tiga jenis pemicu utama ekspor: kontak dari calon pembeli luar negeri, rasa percaya diri atas produk dan keinginan untuk memperluas pasar. Sebaliknya, dukungan pemerintah dan komunitas diaspora Indonesia belum menjadi pemicu utama ekspor. Temuan ini memiliki implikasi bagi diskursus akademis dan pengambil kebijakan di bidang pengembangan UKM.

Kata kunci: Pemicu Ekspor; Usaha Kecil dan Menengah (UKM); Tahapan Ekspor; Jalur Internasionalisasi; Perusahaan Born-Global; Indonesia

JEL classifications: F23; L25; M13; M16; O17

1. Introduction

The fall in trade barriers, spurred by declining transportation and communication costs, forces local firms to compete with cheap imported products but

at the same time provides them with greater opportunity to access foreign markets. Both domestic market pressure and foreign market openness push firms to look beyond their countries' border, as evidenced by world's merchandise export value that had more than tripled from 6.1 trillion USD in 2001 to 18.9 trillion USD in 2014 (ITC 2016, Kirby & Kaiser 2003, Knight 2000). Trade openness allows global economy to maintain positive growth,

*Corresponding Address: Universitas Indonesia, Jl. Salemba Raya No. 4, Jakarta 10430, Indonesia. E-mail: revindo_md@yahoo.com; revindo@lpem-feui.org.

albeit interrupted by the global financial crisis, and enables firms worldwide to sustain their businesses (Ariu 2016, IMF 2014, OECD 2012).

The benefits of trade, however, are not earned equally among countries and enterprises. Despite the growing importance of developing countries in the world trade, 34 OECD member states still accounted for 56%–60% of world merchandise export during 2010–2015 (ITC 2016). At the business entities level, large enterprises appear to be more prepared to seize the trade opportunity than Small and Medium-sized Enterprises (SMEs). For example, in the mid-2000s SMEs in the US, Switzerland, the Netherlands, United Kingdom, China, and Japan contributed only between 30%–38% of their respective national exports (Hammer & Stamps 2010).

SMEs' modest contribution to export is even more prevalent in developing countries. For example, SMEs in ASEAN on average accounted for only 23% of total export (Wignaraja 2012). In Indonesia, despite being a major source of GDP growth and job creation, SMEs' share in total non-oil and gas export is meagre at 9.3%. Indonesian SMEs' poor export performance persists despite various assistances launched by the government, including general assistances (such as access to credit and technical and managerial trainings) as well as specific export-related assistances (such as trade promotion, business matching and training in export procedures) (ter Wengel & Rodriguez 2006).

It has been argued that effective export assistances require, amongst other things, clear understanding of the factors that stimulate SMEs to export (export stimuli) (Acedo & Galán 2011, Katsikeas 1996, Lautanen 2000, Leonidou 1995). A good understanding of export stimuli may help the government defining appropriate intervention strategies and types of assistances for SMEs in different stages of export activity (i.e. potential exporter, new exporter, sporadic or regular exporter) (European Commission 2007). For example, the government's understanding of export stimulating factors will be helpful in the screening and selection of SMEs with export potential (Sari, Alam & Beaumont 2008) or in improving the export performance of the current exporters (i.e. increasing export sales, export continuity or market expansion) (Liargovas & Skandalis 2008, Nguyen, Le & Bryant 2013).

Hence, export stimuli topic has drawn serious attention of researchers in international business since

the 1970s (e.g. Bilkey 1978, Simpson & Kujawa 1974, Wiedersheim-Paul, Olson & Welch 1978) and it is still an active area of research in recent years. While early studies of export stimuli are more applicable for large firms, the later stream of research sheds more lights on the export stimuli of smaller firms (i.e. SMEs) (e.g. Acedo & Galán 2011, Bianchi & Wickramasekera 2016).

Despite extensive studies on SMEs export stimuli, there are at least three areas of research that may further enrich the extant literature. First, previous empirical studies on SMEs' export stimuli have been conducted mostly to SMEs with export activity experience (i.e. active exporter or exported in the past) (see for example Acedo & Galán 2011, Bianchi & Wickramasekera 2016) but neglected the pre-export stage, with the exception of Lautanen (2000) and Leonidou (1995). According to Leonidou (1995), the conceptualization of stimulating factors at pre-export stage is crucial because firms tend to be fragile in their decision to initiate or attempt to export.

Second, most of the extant literature on export stimuli did not make distinction between exporters with traditional pathway of internationalization and the born-global enterprises/international new ventures, with the exception of Chetty & Campbell-Hunt (2004), Zucchella, Palamara & Denicolai (2007) and Oviatt & McDougall (2005). The traditional pathway of internationalization suggests that firms would take small incremental, gradual and sequential steps in increasing their engagement in international activities (Johanson & Vahlne 1977, 1990). Therefore, many firms consider venturing abroad only after establishing their business in domestic market. However, in recent years more and more firms, including small firms, already have international orientation since their establishment and therefore take a very short time to become internationalized (Chetty & Campbell-Hunt 2004). This may indicate the presence of international new ventures (INV) or born global firms. INV is defined as a business organization that can build competitive advantage from the optimal use of its resources and sale of products in multiple countries since its inception (Cavusgil & Knight 2009, Oviatt & McDougall 1994).

Third, to the extent of our knowledge there has been neither study of export stimuli with reference to Indonesian SMEs in particular nor Indonesian firms

in general. Hence, evidences from Indonesia may help enhance our knowledge on the internationalization process of SMEs in an emerging country that face rapid changes in the international trade environment and policy due to country's involvement in various free trade agreements (FTAs)¹.

In response to those shortfalls in the extant literature, this study aims to investigate the export stimuli of Indonesian SMEs. In particular, this study aims to identify the main factors stimulating Indonesian SMEs to initiate export (pre-export stage), to sustain and develop export (exporting stage), and to become exporter early after establishments (born-global SMEs). The remainder of the paper is organized as follows. The next section reviews the literature on export stimuli with specific emphasize on SMEs. This is followed by a section that outlines the research method and the data sources. The following two sections present and discuss the empirical results. The final section concludes with summary of the findings, implications and direction for further research.

2. Literature Review

Export stimuli can be broadly defined as factors that influence a firm's decision to initiate, sustain or develop export operations (Leonidou 1995, Morgan 1997). However, various terms have been used in the literature to collectively describe the forces that push or enhance firms' engagement in export activities including; export stimuli, export motivating factors, export drivers, export incentives, facilitating factors, initiating and auxiliary factors, and export attention evokers (Morgan 1997, OECD 2009, Wiedersheim-Paul, Olson & Welch 1978, Yorgason 2004). In the remainder of this paper those terms will be used interchangeably.

The extant literature agrees that export stimuli is critical in determining the success of SMEs' exports (Acedo & Galán 2011, Morgan & Katsikeas 1997). Export stimuli is crucial in various stages of exporting activities including how a non-exporting firm

intends to initiate or attempt to export and how an exporting firm is motivated to sustain exports, increase product lines or widen destination markets. Hence, a good understanding of export stimuli may help the policy makers to correctly identify SMEs with export potential. A clear understanding of export stimuli may also help the government to formulate appropriate interventions for SMEs in different stages of export activities, such as determining the types of export assistance for aspiring-exporters, current/ active exporters, inactive exporters or sporadic exporters.

However, extant literature diverges in the conceptualization and typology of export stimuli (see Table 1). For example, one common typology is the division of export stimuli originating from internal to the firm and those coming from the firm's external environment (Simpson & Kujawa 1974, Wiedersheim-Paul, Olson & Welch 1978). The internal export stimuli factors include unique competence and excess capacity in management, marketing, production, or finance resources while the external export stimuli factors include arbitrary orders from foreign customers, foreign market opportunities, domestic competition and export stimulation supports from the government.

Another proposed framework is the differentiation of export stimuli according to their proactive or reactive nature (Leonidou 1988, Pieray 1981). A typical proactive exporter is an aggressive firm that deliberately seeks, identifies and exploits export opportunities, for whom exporting is an important source of growth. In contrast, reactive exporters are associated with firms that initiate exporting by accident in response to unsolicited orders or that sell abroad to vent for surplus capacity.

Export stimuli can also be differentiated according to the factors that drive a firm's decision to initiate exporting (pre-export stage) and those related to ongoing export decisions (exporting stage) (Morgan & Katsikeas 1997) or between export stimuli that motivate firms to begin and continue export activities and those that influence export behavior and performance (Acedo & Galán 2011). Alternatively, the distinction can be made between export stimuli of the traditional (domestically-established) exporters and those driving the born-global firms.

Other authors suggested a more detailed classification of export stimuli. For example, the internal/external and proactive/reactive dichotomies

¹By August 2016, Indonesia has eight FTAs in effect including ASEAN (1993), ASEAN-China (2010), ASEAN-Australia and New Zealand (2010), ASEAN-India (2010), ASEAN-Japan (2008), ASEAN-Korea (2007), Indonesia-Japan (2008), Indonesia-Pakistan (2013). The country also has ongoing negotiations on several other regional and bilateral FTAs.

Table 1: Various Typologies of Export Stimuli

Typology	Authors and Contexts
Export stimuli internal and external to the firm	US exporting and non-exporting manufacturing firms (Simpson & Kujawa 1974); Australian small manufacturing firms at the pre-export stage (Wiedersheim-Paul, Olson & Welch 1978); British exporting and non-exporting small businesses (Matlay & Fletcher 2000)
Proactive or reactive nature of the export stimuli	Medium-sized exporting firms in England (Pieray 1981); Cypriot exporting manufacturing firms (Leonidou 1988)
Export stimuli at the pre-exporting stage and the exporting stage	UK manufacturing SMEs at pre-export and export stages (Morgan & Katsikeas 1997); Theoretical work (Leonidou & Katsikeas 1996)
Stimuli to begin and continue exporting and stimuli that influence exporting behavior and performance	Spanish exporting SMEs (Acedo & Galán 2011)
Stimuli for early internationalization and stimuli for traditional pathway of internationalization	Zucchella, Palamara & Denicolai (2007), Oviatt & McDougall (2005), Gabrielsson & Kirpalani (2004), Chetty & Campbell-Hunt (2004)

can be integrated into a four cells classificatory matrix: proactive-internal, proactive-external, reactive-internal and reactive-external (Leonidou 1995, Morgan 1997). The OECD (2009) proposed the following four export stimuli categories: growth motives, knowledge-related motives, network/social ties and domestic/regional market factors. Leonidou et al. (2007) suggested further breakdown of internal and external stimuli, with internal stimuli to include human-resources-related, financial, production-related, research and development-related and marketing-related stimuli, and external stimuli to include domestic market-related, foreign market-related, home government-related, foreign government-related, intermediary-related, competition-related, customer-related and miscellaneous stimuli.

Table 1 also shows that the empirical studies on export stimuli have yielded mixed results. Export stimuli were reported to differ across countries, industries and firm size. Hence, instead of strict adoption of particular export stimuli preconceptions, some authors opted to use an exploratory approach to analyze export stimuli. In an exploratory study, the researcher prepares a set of specific items/statements with each representing a specific export stimulus concept identified from literature or from pre-study or focus group discussion. Factor analysis technique reduces the items into several factors that each represents a latent export stimulus dimension. For export stimuli analysis with this method, see for example Liargovas & Skandalis (2008) and Leonidou (1998).

Despite the extant literature's rich conceptual dis-

cussions and empirical evidence on export stimuli, previous studies have explored more cases of firms in developed countries, but are still short of evidence of firms in developing/emerging countries. In particular, none of them refers to Indonesian firms or SMEs. The extant literature also puts more emphasis on the export stimuli of large firms but puts little effort in SMEs' export stimuli. Finally, most of the previous studies on export stimuli focused on either the pre-exporting stage or the exporting stage but there is limited study that made direct comparisons of export stimuli between the two stages in similar settings (comparison of export stimuli of non-exporting and exporting firms in the same country, firm size and period of analysis).

3. Method

This study focuses on small-sized and medium sized enterprises and excludes micro-sized and large-sized enterprises². BPS-Statistics Indonesia (2014a) defines small-sized enterprises as those having 5–19 employees and medium-sized enterprises are those with 20–99 employees. The sample of SMEs was collected through a survey questionnaire conducted in seven provinces in Jawa, Bali and Madura Islands during April–August 2014³.

²Micro-sized enterprises are excluded for two reasons: the unavailability of database in Indonesia as they mostly take the form of individual business or home industries; and they are also less likely to engage in export activities (Pendergast, Pasic & Sunje 2008).

³Despite having 34 provinces, Indonesia's economy is largely concentrated in seven provinces located in Jawa, Bali and

The sample frame was constructed by merging the databases of SMEs from: (1) Ministry of Cooperatives and SMEs' online trading board⁴; (2) SME and Cooperative Indonesia Catalogue (2011–2012)⁵; (3) Exporting SMEs Directory (2005–2009)⁶; and (4) BPS-Statistics Indonesia's 2006 Economic Census⁷.

The total number of SMEs in Indonesia was estimated at 678,415 units in 2012 (Ministry of Cooperatives and SMEs Republic of Indonesia, 2014), approximately 60% of which are concentrated in only 3 islands; Jawa, Madura, and Bali (Kuncoro 2009, Wiratno & Dhewanto n.d.). This imbalanced SMEs' distribution largely reflects the economic agglomeration pattern in Indonesia that causes economic activity to be largely concentrated in those three closely related islands. The three islands consist of only seven provinces and constitute only 7.07% of the country's total land area but are inhabited by 57.5% of the country's total population and generate over 58% of the country's total GDP/value added (BPS-Statistics Indonesia 2014b). Hence, the target population of this study is the SMEs that operate in seven provinces in Java, Madura, and Bali islands. The three islands also have better transportation and communication infrastructure than the rest of the country, allowing better access to survey a large number of SMEs that are spread throughout the islands within the time and budget constraints.

To capture SMEs' internationalization processes and determinants, it is important that our study sample consist of SMEs in different export stages including exporting SMEs and non-exporting SMEs.

Madura Islands. As of 2013, the seven provinces generated over 58% of total GDP, inhabited by 57.5% of total population and populated by approximately 60% of total SMEs in Indonesia (BPS-Statistics Indonesia 2014b).

⁴Online promotion at the website of Ministry of Cooperatives and SMEs, <http://www.indonesian-products.biz>.

⁵The catalogue provides SMEs products description and contacts in four languages (English, Arabic, Japanese, and Indonesian) and published annually as part of the ministry's promotion program (Ministry of Cooperatives and SMEs Republic of Indonesia 2011, 2012).

⁶A directory book that lists of all SMEs participated in international trade shows organized by Ministry of Cooperatives and SMEs' during 2005–2009 (Ministry of Cooperatives and SMEs Republic of Indonesia 2009)

⁷The BPS-Statistics Indonesia (National Agency for Statistics) carries out economic census every ten year. When the survey for this study was conducted in 2014, the most recent BPS-Statistics Indonesia census was 2006 national census while the next census will be conducted in 2016 and published in 2018.

The survey targeted at least 192 samples (half of the total calculated sample size of 384) for each exporting and non-exporting SME category (see Figure 2)⁸. In addition, the total sample size is expanded by approximately 25% to increase the sample sufficiency. However, stratified sampling was not applicable because the export status (exporter or non-exporter) of most SMEs in the sample frame was mostly unknown prior to the survey. Therefore, a quota random sampling method was used in which the sampled SMEs were drawn randomly from the sample frame and then classified according to their export status (exporter or non-exporter) after the questionnaires were administered. The procedure was repeated until each SMEs' export status category (exporter and non-exporter) was filled.

A total of 522 SMEs agreed to participate in the survey in which the interview was conducted to SMEs' owners or managers. A total of 385 responses were useable, consisted of 271 exporting SMEs and 114 aspiring-exporters. The non-useable questionnaires were due to incomplete responses or from non-exporting SMEs that declared themselves as having no intention to export.

The survey was administered in April–August 2014. During the survey period, we contacted and approached 971 SMEs, 522 of which were willing to participate in the survey (a response rate of 53.76%). 449 SMEs refused to participate in the survey, had shut down the business or changed the number of employees beyond the 5–99 range. Of the 522 returned questionnaires, 497 were usable while 25 were unusable due to incomplete responses. The usable responses consisted of 271

⁸The population of SMEs in the study area (N) is approximated to be around 407,049 (approximately 60% of the total Indonesian SME population of 678,415). Owing to this large size of the target population, the sample size (n) is not expected to exceed 5% of the population (less than 20,352 SMEs) due to time and budget constraints. Hence, the following sample size formula for an infinite population is appropriate (Anderson, Sweeney & Williams 2010, Crossley 2008, Lee, Lee & Lee 1999):

$$n = \left(\frac{(Z_{\alpha/2})\sigma}{MOE} \right)^2$$

where n is the sample size; $Z_{\alpha/2}$ is the value of the two-sided confidence interval in normal distribution, δ represents the variation of the variable of interest and MOE is the desired margin of error. Assuming that $Z_{\alpha/2} = 1.96$ (corresponds to a 95% confidence interval), response distribution $\sigma = 0.5$, MOE = 0.05, and N = 407,049, the calculated sample size is 384. However, the sample size was increased by at least 20% (to at least a total sample of 461) to anticipate insufficiency and incomplete responses.

exporting SMEs and 226 non-exporting SMEs and therefore the targeted total sample size and the specified quota were fulfilled. Further, within the 226 non-exporting SMEs category, there were 114 SMEs with the intention and plan to export (aspiring-exporters) and the other 112 had no intention to export in the future, which added more variation to the sample collected.

The large number of responses were obtained from two most industrialized provinces (122 from Jawa Timur and 84 from Jakarta) and two provinces of important tourist destinations (58 from Yogyakarta and 52 from Bali), while the remaining 69 responses were obtained from Banten, West Java, and Central Java Provinces. In terms of products, 66 SMEs in the sample produce more than one type of merchandises, while the remaining 319 SMEs produce one of the following merchandises: furniture, handicraft, garments, household utensils, leather products, fashion accessories, food and beverages, agricultural products and machinery components.

Table 2 shows the surveyed SMEs' age ranges from 1 year (newly established firm) to 82 years and the number of employees ranges from 5 to 99. The SME owners' age ranges from 19 to 81-year-old and the owners' business experience ranges from 2 to 50 years. The last two columns in Table 2 show that the firm and owner characteristics of the exporters differ considerably to those of aspiring-exporters. In terms of firm characteristics, exporters on average are more experienced and have more employees (larger in size) than aspiring-exporters. Likewise, in terms of owner characteristics the owners of exporting SMEs on average are older and have longer business experiences than aspiring-exporter owners.

Interestingly, we found that the timing to begin exporting vary greatly across exporters, ranging from zero (internationalizing within less than one year after inception) to 44 years after establishments. Rennie (1993) defines born global firms as those which begin to export within two years of establishment, while Cavusgil & Knight (2009) argued that born-global firms are those who have already made at least twenty five percent of sales from foreign markets within three years of establishment. In our sampled SMEs, 81 exporting SMEs internationalized within three years or less after inception while other 191 exporting SMEs took more than three years after establishments to internationalize.

Data for analysis was obtained by a structured questionnaire comprising 22 specific export stimulus types/statements developed from the literature. Table 3 shows that the 22 export stimuli items incorporate three export stimuli typologies including those based on external-internal, proactive-reactive and OECD's typology (Leonidou 1995, Morgan 1997, OECD 2009). Hence, S1–S5 represent the growth stimuli while S6-S11 include the knowledge-related stimuli and S12–S15 are related to the network/social-ties stimuli. Further, S16–S22 represent export stimuli related to domestic condition including two stimuli that are directly related to the role of government: S18 and S22. In S18, the respondents were asked whether they have ever received any type of assistance provided by central, provincial and municipal governments agencies including promotional, business management, financial and production assistance. In S22, the respondents were asked whether they were motivated to export by government's effort to simplify domestic regulations and procedures regarding export activities.

In the survey, the respondents were asked to identify the extent to which each export stimulus item motivates them to export in a three-point Likert-scale. The Likert-scale ranges from "not motivating" (response alternative 1), "motivating" (response alternative 2) to "very motivating" (response alternative 3)⁹. The Likert-scale responses of the export stimuli items are analyzed as follows. First, we rank the 22 export stimulus items by their average Likert response scores to identify the main factors that stimulate SMEs to export. A high average Likert score of an export stimulus item represents the high importance of that type of stimulus in motivating SMEs to export (Hashim & Ahmad 2008, Liargovas & Skandalis 2008).

We also investigate the main export stimuli for different SME groups/sub-samples. First, we compare aspiring-exporters and exporters' average Likert response scores for each export stimulus item. Second, we further divide the exporting SME group into born-global SMEs (internationalize within three years after inception) and traditional exporter (internationalize after more than three years establishing

⁹The three-point scale without a neutral scale follows the OECD (2012). This type of scale was more suitable for our study because in the pilot survey the respondents had difficulty with five-point and seven-point scales and showed a tendency to choose a neutral scale.

Table 2: Summary Statistics of the Surveyed SMEs

Firm Characteristics	Total Sample				Mean by SME Groups	
	Mean	Std. Dev.	Min.	Max.	Exporters	Aspiring-Exporters
Firm Age (year)	18.56	11.185	1	82	19.67	15.91
Total Employees	32.96	28.477	5	99	37.05	23.24
Owner Age (year)	48.47	10.633	19	81	49.37	46.32
Owner Experience (year)	17.99	8.989	2	50	18.71	16.27

Source: Author's calculation based on survey data

the business in domestic market). We then compare the factors stimulating the export of the born-global SMEs and the domestically established exporters.

4. Results

4.1. Main Export Stimuli Identification for Entire Sample

Table 4 shows the ranks of the 22 export stimuli items based on Likert-scale average response scores of the entire sample (N = 385). Overall, the main factor that stimulates SMEs to export is the presence of foreign buyers (S15). Many SMEs initially have no intention to export until they receive enquiries, demand or offer from (potential) foreign customers. The second and the fourth most important export stimuli are related to the attractiveness of foreign markets (S1 and S2). SMEs' aspire to find new markets beyond their domestic market, especially foreign markets with large consumer bases and a high-income population. The third and the fifth most important export stimuli are related to SMEs' product quality, uniqueness, and their ability to innovate the product (S10 and S9). SMEs are motivated to export if they are confident that their products are competitive in the foreign markets.

Table 4 also shows that the least important export stimulus is the overseas Indonesian emigrant communities (S14). This may indicate that, on the one hand, Indonesian business people have not utilized the Indonesian diaspora network to access foreign markets, while on the other hand Indonesian emigrant communities worldwide may not be strongly tied to their home country's business communities. The 2nd least motivating factor to export is the government support. This suggests that the current export assistance is either of limited accessibility, inadequate or ineffective to enhance SMEs' export

activities. Hence, various types of assistance provided by central, provincial and municipal governments agencies including promotional, business management, financial, production and grant assistance are not perceived as important export stimuli by SMEs. The 3rd least important export stimulus is the limited domestic market. Put another way, SMEs' export activities are not driven by limited market for their products in the domestic market.

4.2. Export Stimuli and Export Stages

Further analysis is carried out to investigate whether export stimuli differs or shifts across SMEs' export stages. Accordingly, the surveyed SMEs are divided into two sub-samples by their export stages: aspiring-exporters (pre-export stage) and exporters (exporting stage). As such, export stimuli analysis is conducted for each sub-sample. Table 5 provides average Likert response scores and the ranks (inside the parentheses) of each export stimuli item perceived by aspiring-exporter group and exporter group. The results presented in Table 5 can be interpreted in at least in two different ways. One way of interpreting looks at the difference of the average Likert score given by the two SME groups for each item. The last column in Table 5 shows that exporters gave higher average Likert scores than aspiring-exporters on 19 export stimuli items, 12 of which are statistically significant at least at the 10% level. These results suggest that exporting SMEs are driven by stronger motivation to export than aspiring-exporters for the majority of export stimuli types.

Another way to interpret the results in Table 5 is by focusing on the ranks of importance of export stimuli item for each SME group. They can show whether the export activities of aspiring-exporters (pre-export stage) and exporters (exporting stage) are motivated by different main export stimuli. Hence, we are interested in the numbers

Table 3: Export Stimuli Statements Used in the Survey

Export Stimuli Types/Statements	Export Stimuli Items	Locus and Typologies		
		Internal-External	Proactive-Reactive	OECD Typology
Exploit or exercise new markets	(S1) Find new markets	Internal	Proactive	Growth
Sell to markets with large size & high purchasing power	(S2) Find large & high-income markets	Internal	Proactive	Growth
Sell to markets with economic & political stability	(S3) Find stable markets	Internal	Proactive	Growth
Gain 'first mover advantage' over other firms in entering new markets	(S4) First mover advantage	Internal	Proactive	Growth
Follow peer firms/competitors that already entered foreign markets	(S5) Follow peer firms' action	Internal	Reactive	Growth
Utilize owner/manager's international experience & exposure	(S6) Manager's international exposure	Internal	Proactive	Knowledge-related
Owner/manager's awareness of global opportunity	(S7) Manager's global awareness	Internal	Proactive	Knowledge-related
Use firm's experience, performance & growth to attempt export	(S8) Firm's maturity	Internal	Reactive	Knowledge-related
Introduce or test new/developed products to foreign markets	(S9) Product innovation	Internal	Proactive	Knowledge-related
Confidence in the uniqueness &/or quality of the products	(S10) Product's quality & uniqueness	Internal	Proactive	Knowledge-related
Earn revenue in foreign currencies (expect the depreciation of Rupiah)	(S11) Revenue in foreign currencies	Internal	Proactive	Knowledge-related
Business networks availability & accessibility (e.g. distribution channels)	(S12) International business networks	External	Reactive	Network/Social-Ties
Advice, referral & trust from social networks (relatives & associates)	(S13) Social networks	External	Reactive	Network/Social-Ties
Utilize Indonesian emigrant communities in destination markets	(S14) Emigrant communities	External	Reactive	Network/Social-Ties
Enquiries, demand or offer from foreign (potential) customers	(S15) Foreign buyers	External	Reactive	Network/Social-Ties
Limited domestic market/consumers for firm's products	(S16) Limited domestic market	External	Reactive	Domestic Condition
Stiff business competition in domestic market	(S17) Stiff domestic competition	External	Reactive	Domestic Condition
Home government's assistances, incentives & encouragement to export	(S18) Government support	External	Reactive	Domestic Condition
Take advantage of home country's good image in destination markets	(S19) Home country's good image	External	Reactive	Domestic Condition
Close distance of destination markets to firm's location	(S20) Close distance to target market	External	Reactive	Domestic Condition
Decreasing international transportation, shipping & communication costs	(S21) Low transportation cost	External	Reactive	Domestic Condition
Simplification of domestic regulations & procedures regarding export	(S22) Simplified export procedures	External	Reactive	Domestic Condition

Source: Leonidou (1995), Morgan (1997), and OECD (2009)

Table 4: Export Stimuli Ranks for Entire Sample based on Likert Scores

No	Export Stimuli Items	N	Likert Score	
			Mean	Std. Dev.
1	(S15) Foreign buyers	385	249.351	.582366
2	(S1) Find new markets	385	244.416	.561456
3	(S10) Product's quality & uniqueness	385	243.636	.587834
4	(S2) Find large & high-income markets	385	238.182	.643219
5	(S9) Product innovation	385	229.091	.632081
6	(S13) Social networks	385	215.844	.667971
7	(S3) Find stable markets	384	215.625	.610237
8	(S21) Low transportation cost	384	213.281	.578615
9	(S19) Home country's good image	384	210.156	.656438
10	(S11) Revenue in foreign currencies	385	210.130	.734296
11	(S7) Manager's global awareness	384	204.167	.624423
12	(S22) Simplified export procedures	385	201.818	.655253
13	(S12) International business networks	385	200.519	.616588
14	(S8) Firm's maturity	385	199.221	.579549
15	(S17) Stiff domestic competition	385	195.325	.727364
16	(S4) First mover advantage	385	193.247	.700157
17	(S5) Follow peer firms' action	385	192.727	.714368
18	(S20) Close distance to target market	385	185.455	.661151
19	(S6) Manager's international exposure	385	183.896	.696000
20	(S16) Limited domestic market	385	181.558	.633086
21	(S18) Government support	383	179.634	.745167
22	(S14) Emigrant communities	385	174.545	.690438

Note: Total respondents = 385, including 271 exporting SMEs and 114 aspiring-exporters

The Likert-scale ranges from 1 = not motivating, 2 = motivating to 3 = very motivating

Source: Author's calculation based on the survey data

in the parentheses (next to the average Likert response score) in the second and third columns, which indicate the ranks of importance of each export stimuli item for aspiring-exporters and exporters, respectively.

For example, the most important export stimulus for the aspiring-exporters is their aspiration to find new markets (S1), followed by the unsolicited order or enquiries from foreign buyers (S15) and their confidence on their product's quality and uniqueness (S10), respectively. Differently, the main export stimulus for the exporters is the enquiries or unsolicited order from foreign buyers (S15), followed by their confidence of the quality and uniqueness of their products (S10) and their aspiration to find large and high-income markets (S2). Hence, SMEs at the pre-export stage (aspiring-exporters) are mainly stimulated to export because they intend to exploit new markets overseas whereas SMEs at the exporting stage (exporters) are motivated to sustain and expand their exports because of the presence of and the established relationships with foreign buyers.

Analogously, the results in Table 5 also show the least important export stimuli for both sub-samples. The least important export stimulus for the aspiring-exporters is their managers' international exposure

(S6), followed by the government support (S18) and the limited domestic market (S16), respectively. For the exporters, the least important stimulating factor is the overseas Indonesian emigrant communities (S14), followed by the Indonesian government support (S18) and the limited domestic market (S16), respectively. These results suggest that the owners or managers of aspiring-exporters have limited international exposure while the exporters, despite their success in penetrating foreign markets, still have limited business networking and connections with Indonesia diaspora communities in target markets.

4.3. Export Stimuli and Pathways of Internationalisation

Within exporting SME group (N=271), 190 SMEs reported that they took more than three years since inceptions to become exporter. These SMEs probably followed the traditional pathway of internationalization, in which they first establish their business in domestic market before venturing abroad. By contrast, there are 81 SMEs that begin exporting within less than three years from the onset. These SMEs may represent the international new venture

Table 5: Export Stimuli at Different Exporting Stages

Export Stimuli Items	Mean Likert Score (Rank)		Statistical Tests	
	Aspiring-exporter N = 114	Exporter N = 271	Equality of Variances	Mean Difference
(S1) Find new markets	2.412 (1)	2.458 (4)	1.214	0.722
(S2) Find large & high-income markets	2.184 (4)	2.465 (3)	3.021*	3.931***
(S3) Find stable markets	2.035 (8)	2.207 (6)	4.992**	2.540**
(S4) First mover advantage	1.781 (18)	1.996 (15)	1.763	2.783***
(S5) Follow peer firms' action	1.912 (12)	1.934 (17)	5.009**	0.282
(S6) Manager's international exposure	1.658 (22)	1.915 (18)	.889	3.355***
(S7) Manager's global awareness	1.825 (16)	2.133 (11)	.392	4.539***
(S8) Firm's maturity	1.825 (16)	2.062 (12)	2.097	3.743***
(S9) Product innovation	2.158 (6)	2.347 (5)	4.069**	2.687***
(S10) Product's quality & uniqueness	2.272 (3)	2.506 (2)	.909	3.615***
(S11) Revenue in foreign currencies	1.982 (9)	2.151 (8)	5.383**	2.114**
(S12) International business networks	1.912 (12)	2.044 (13)	.019	1.924*
(S13) Social networks	2.175 (5)	2.151 (8)	6.561**	-0.348
(S14) Emigrant communities	1.781 (18)	1.731 (22)	.346	-0.649
(S15) Foreign buyers	2.333 (2)	2.561 (1)	10.481***	3.258***
(S16) Limited domestic market	1.763 (20)	1.838 (20)	1.425	1.054
(S17) Stiff domestic competition	1.912 (12)	1.970 (16)	.089	0.716
(S18) Government support	1.702 (21)	1.836 (21)	.333	1.621
(S19) Home country's good image	1.956 (11)	2.163 (7)	2.757*	2.865***
(S20) Close distance to target market	1.860 (15)	1.852 (19)	3.697*	-0.103
(S21) Low transportation cost	2.096 (7)	2.148 (10)	3.026*	0.824
(S22) Simplified export procedures	1.974 (10)	2.037 (14)	.005	0.864

Note: Equality of variances assumptions were checked with Levene's test

(*), (**), and (***) represent 10%, 5%, and 1% significant levels, respectively

Source: Author's calculation based on the survey data

or born-global enterprises. We investigate whether these two groups of exporting SMEs with different pathways of internationalization are driven by different main export motivating factors. Table 6 draws a comparison of average Likert response score between the born-global SMEs and SMEs with traditional pathway of internationalization for each export stimulus item.

In Table 6, the numbers in the parentheses (next to the average Likert response score) in the second and third columns indicate the ranks of importance of each export stimulus item for born global SMEs and the domestically established exporters, respectively. The results in the table show that both exporting SME groups are stimulated mainly by almost similar set of export stimuli items. The three main export stimuli for born-global SMEs are the presence of foreign buyers (S15), their aspiration to find new markets (S1) and their aspiration to find large and high-income markets (S2). For the traditional exporters, the three main export stimuli are the presence of foreign buyers (S15), confidence in their product's quality and uniqueness (S10) and their aspiration to find large and high-income markets (S2). Hence, both groups exhibit almost similar

set of main export stimuli, with the only difference is that for born-global SMEs the aspiration to find new markets beyond domestic market is one among main drivers of internationalization while for the traditional exporters the confidence of the product's quality or uniqueness that they have developed is one of the most important export stimulating factors.

The two groups of exporting SMEs do not exhibit significant difference in the average Likert response score for the most of export stimuli item, except for '(S15) Foreign buyers' item which born global SMEs give significantly higher average Likert score than domestically established exporters. This implies that SMEs can internationalize early, within three years after the onset, simply because of the presence of unsolicited order or enquiries from foreign buyers. In other words, the interaction with foreign buyers is the main factor that distinguish born global SMEs and SMEs with traditional pathways of internationalization.

Table 6: Export Stimuli and Pathways of Internationalization

Export Stimuli Items	Mean Likert Score (Rank)		Statistical Tests	
	Born Global N = 81	Traditional Pathway N = 190	Equality of Variances	Mean Difference
(S1) Find new markets	2.531 (2)	2.426 (4)	0.008	1.439
(S2) Find large & high-income markets	2.531 (2)	2.437 (3)	0.224	1.135
(S3) Find stable markets	2.123 (11)	2.243 (6)	2.268	-1.497
(S4) First mover advantage	1.901 (16)	2.037 (15)	0.902	-1.459
(S5) Follow peer firms' action	1.889 (17)	1.953 (16)	5.901**	-0.616
(S6) Manager's international exposure	1.889 (17)	1.926 (18)	0.793	-0.401
(S7) Manager's global awareness	2.160 (8)	2.122 (11)	0.138	0.480
(S8) Firm's maturity	2.099 (12)	2.047 (14)	0.667	0.678
(S9) Product innovation	2.309 (5)	2.363 (5)	0.035	-0.657
(S10) Product's quality & uniqueness	2.519 (4)	2.500 (2)	3.178*	0.266
(S11) Revenue in foreign currencies	2.160 (8)	2.147 (7)	0.044	0.133
(S12) International business networks	2.012 (13)	2.058 (13)	2.385	-0.554
(S13) Social networks	2.198 (7)	2.132 (10)	0.689	0.708
(S14) Emigrant communities	1.704 (22)	1.742 (22)	1.989	-0.417
(S15) Foreign buyers	2.654 (1)	2.521 (1)	11.416***	2.003**
(S16) Limited domestic market	1.864 (19)	1.826 (21)	0.033	0.433
(S17) Stiff domestic competition	2.012 (13)	1.953 (16)	0.092	0.616
(S18) Government support	1.835 (21)	1.837 (20)	1.581	-0.014
(S19) Home country's good image	2.210 (6)	2.143 (8)	2.025	0.772
(S20) Close distance to target market	1.852 (20)	1.853 (19)	0.023	-0.009
(S21) Low transportation cost	2.160 (8)	2.143 (8)	0.559	0.224
(S22) Simplified export procedures	1.975 (15)	2.063 (12)	0.371	-1.012

Note: (*), (**), and (***) represent 10%, 5%, and 1% significant levels, respectively

Source: Author's calculation based on the survey data

4.4. Discussions

We now inspect whether the export stimuli of the entire sample exhibit similar pattern of most important and least important export stimuli with various sub-samples. To do so, Table 7 shows the three main export stimuli items (based on Likert-scale average response scores) of the entire sample (N=385), the sub-samples of aspiring-exporters (N=114), exporters (N=271), domestically established exporters (N=190) and born-global SMEs (N=81). One export stimulus item consistently appears as the main export stimulating factor in all sub-samples: the presence of foreign buyers (S15). This reflects SMEs' risk aversion in exporting, thus many SMEs commence exporting activities after the presence of fortuitous foreign orders (Samiee, Walters & DuBois 1993, Wiedersheim-Paul, Olson & Welch 1978). It is also common that foreign buyers are actively seeking to purchase products and initiating transaction with SMEs.

Product's quality and uniqueness (S10) also consistently appears as one of the most important export stimuli, except for the born-global SMEs. SMEs' product quality, uniqueness, and their ability to innovate the product is crucial in SME internationaliza-

tion. SMEs are strongly motivated to export if they are confident that their products are competitive in the foreign markets. In addition, owing to their small scale and non-automated production techniques, SMEs can manufacture a variety of small scale non-customized products or built-to-order products (Svensson & Barfod 2002).

Another common theme among the main export stimuli is SMEs' aspiration to expand their market base. SMEs aspire to find new markets or exercise the opportunity in foreign markets beyond their domestic market (S1). SMEs also aspire to find foreign markets with large consumer bases and high-income population (S2), probably to find the high-end customers for their products. Despite a large domestic population, Indonesia still falls within the lower middle income category (World Bank 2016) which may limit the domestic demand for SMEs' unique or artistic products.

Table 8 shows the three least important export stimuli items (based on Likert-scale average response scores) of the entire sample and all sub-samples. One export stimulus item consistently appears as among the least important in all sub-samples: the government support (S18). This probably indicates that the current export assistance is either of lim-

Table 7: Main Export Stimuli across Sub-Samples

Rank	Overall Sample (N = 385)	Sub-sample by Export Stages		Sub-sample by Internationalization Pathways	
		Aspiring-exporters (N = 114)	Exporters (N = 271)	Traditional Pathway (N = 190)	Born-global (N = 81)
1	(S15) Foreign buyers	(S1) Find new markets	(S15) Foreign buyers	(S15) Foreign buyers	(S15) Foreign buyers
2	(S1) Find new markets	(S15) Foreign buyers	(S10) Product's quality & uniqueness	(S10) Product's quality & uniqueness	(S1) Find new markets
3	(S10) Product's quality & uniqueness	(S10) Product's quality & uniqueness	(S2) Find large & high-income markets	(S2) Find large & high-income markets	(S2) Find large & high-income markets

Source: Author's calculation based on the survey data

ited accessibility, inadequate or ineffective. Various types of assistance provided by central, provincial and municipal governments agencies including promotional, business management, financial and production assistance are not perceived as important export stimuli by SMEs.

Emigrant communities (S14) also appears as one of the least export motivating factors in entire sample and all sub-samples, except for the aspiring-exporters. The low importance of emigrant communities indicates that Indonesian business people have not utilized the Indonesian diaspora network to access foreign markets or that Indonesian emigrant communities worldwide are not strongly tied to their home country's business communities. This contrasts with the strong international social networking of other communities such as guanxi (China), kankei (Japan) and immak (Korea) that have played crucial roles in the internationalization of the firms in their respective countries (Zhou, Wu & Luo 2007).

5. Conclusions

Despite extensive extant literature on firm internationalization, only a handful pay attention on the export stimuli of small enterprises and no study addresses specifically the export stimuli of Indonesian SMEs. This present study has three objectives: (1) to identify the most and the least important factors stimulating SMEs to export; (2) to investigate the export stimuli of SMEs in different export stages (pre-export and exporting stages); and (3) to investigate the export stimuli of SMEs with different pathways of internationalization (traditional/domestically established exporters and born-global enterprises). This study also has two other contributions. First, we provide a list of specific export stimuli that encompasses the classifications proposed by previous

studies, incorporating internal-external as well as proactive-reactive types of export stimuli. Second, we provide new evidences of SMEs export stimuli from Indonesia, an emerging market where SMEs have been adversely affected by the country's increasing engagement in trade liberalization.

We found that exporters exhibit higher average Likert score than aspiring-exporters for most of the export stimuli items. This reaffirms that export stimuli are crucial in driving the SMEs to venture abroad (Acedo & Galán 2011, Morgan & Katsikeas 1997). We also found that SMEs at the pre-export stage (aspiring-exporters) and those at exporting stage (exporters) have different orders of importance of main export stimuli. This lends support to the view that export stimuli are specific to the firms' stage of export activities (Leonidou & Katsikeas 1996, Morgan & Katsikeas 1997).

Within exporting SME group, we found that domestically-established exporters and born-global SMEs exhibit different set and order of importance of the main drivers of internationalization. We also found that the foreign buyers factor is significantly more important for born-global SMEs than for domestically established SMEs. In other words, the emergence of born-global SMEs in Indonesia is driven mainly by better exposure and connection with foreign business people.

The findings of our study have some academic and policy implications. At academic ground, since we found that the main export stimuli differ across export stages, we suggest the academic discourse on these areas of research depart from the debate over export stimuli typology towards the identification of specific export stimuli that SMEs encounter in various export stages (e.g. aspiring-exporters, new exporters, sporadic exporters and regular exporters). We also suggest more attention to be paid

Table 8: Least Important Export Stimuli across Sub-Samples

Rank	Overall Sample (N = 385)	Sub-sample by Export Stages		Sub-sample by Internationalization Pathways	
		Aspiring-exporters (N = 114)	Exporters (N = 271)	Traditional (N = 190)	Born-global (N = 81)
20	(S16) Limited domestic market	(S16) Limited domestic market	(S16) Limited domestic market	(S18) Government support	(S20) Close distance to target market
21	(S18) Government support	(S18) Government support	(S18) Government support	(S16) Limited domestic market	(S18) Government support
22	(S14) Emigrant communities	(S6) Manager's international exposure	(S14) Emigrant communities	(S14) Emigrant communities	(S14) Emigrant communities

Source: Author's calculation based on the survey data

on the export stimuli of the born-global SMEs as they undertake non-traditional pathways of internationalization (i.e. having international orientation since inception).

For policy makers, we suggest that certain types of export assistance are appropriate for SMEs in general. First, SMEs require external assistance that can reduce the risk of exporting. This causes many SMEs to prefer waiting for the presence of foreign buyers instead of proactively explore export opportunities. Hence, the policy makers can increase assistance that allow SMEs to obtain contact, connection or exposure to potential foreign business partners. Alternatively, the policy makers can improve the support that can minimize the financial risk of exporting, such as export financing, export guarantee and export insurance.

Another type of assistance that are generally required by SMEs regardless of their export stages and their pathways of internationalization are those related to product development and product quality improvement and assurances.

However, different emphasis of target/destination market is required when dealing with SMEs in different export stages. For aspiring-exporters, the policy makers can supply the information regarding any potential foreign markets while the exporters can be directed to expand their export to large and high-income markets.

Our study, however, has some limitations and therefore further research on this topic is required. First, future studies should consider specifically assessing the impact of various types of governments' export assistance. Only by doing so the granular policy recommendations can be formulated. Second, we did not capture the variations in SMEs' export performances. The relationship between export performance and the export stimuli may pro-

vide a better understanding of the role of export stimuli in SMEs internationalization. Third, future studies can use cluster analysis to group the export stimuli by firm characteristics owner/manager characteristics, product type and location. Finally, evidence from other emerging markets are also required to complement our findings and thereby the conceptualization of SMEs export stimuli in emerging markets can be generalized.

References

- [1] Acedo, FJ & Galán, JL 2011, 'Export stimuli revisited: The influence of the characteristics of managerial decision makers on international behaviour', *International Small Business Journal*, vol. 29, no. 6, pp. 648–670. doi: <https://doi.org/10.1177/0266242610375771>.
- [2] Anderson, DR, Sweeney, DJ, & Williams, TA 2010, *Statistics for Business and Economics, [11th ed.]*, South Western Educational Publishing.
- [3] Ariu, A 2016, 'Crisis-proof services: why trade in services did not suffer during the 2008–2009 collapse', *Journal of International Economics*, vol. 98, pp. 138–149. doi: <https://doi.org/10.1016/j.jinteco.2015.09.002>.
- [4] Bianchi, C & Wickramasekera, R 2016, 'Antecedents of SME export intensity in a Latin American market', *Journal of Business Research*, vol. 69, no. 10, pp. 4368–4376. doi: <https://doi.org/10.1016/j.jbusres.2016.02.041>.
- [5] Bilkey, WJ 1978, 'An attempted integration of the literature on the export behavior of firms', *Journal of International Business Studies*, vol. 9, no. 1, pp. 33–46.
- [6] BPS-Statistics Indonesia 2014a, *Industrial Statistics*, BPS-Statistics Indonesia, Jakarta.
- [7] BPS-Statistics Indonesia 2014b, *Statistical Yearbook of Indonesia 2014*, BPS-Statistics Indonesia, Jakarta.
- [8] Cavusgil, ST & Knight, G 2009, *Born global firms: A new international enterprise*, Business expert press.
- [9] Chetty, S & Campbell-Hunt, C 2004, 'A strategic approach to internationalization: a traditional versus a "born-global" approach', *Journal of International Marketing*, vol. 12, no. 1, pp. 57–81. doi: <https://doi.org/10.1509/jimk.12.1.57.25651>.
- [10] Crossley, ML 2008, *The desk reference of statistical quality methods, [2nd ed.]*, ASQ Quality Press.
- [11] European Commission 2007, *Supporting the internationalisation of SMEs: Final Report of the Expert Group*, Directorate-General for Enterprise and Indus-

- try –European Commission, Brussels, viewed 2 October 2014, <https://ec.europa.eu/docsroom/documents/2276/attachments/1/translations/en/renditions/pdf>.
- [12] Gabrielsson, M & Kirpalani, VM 2004, 'Born globals: how to reach new business space rapidly', *International Business Review*, vol. 13, no. 5, pp. 555–571. doi: <https://doi.org/10.1016/j.ibusrev.2004.03.005>.
- [13] Hammer, A & Stamps, J 2010, *The Role of Small & Medium Sized Enterprises in U.S. and EU Exports*, STD/TBS/WPTGS(2010)18, Working Party on International Trade in Goods and Trade in Services Statistics, Organisation for Economic Co-operation and Development, Paris, viewed 2 October 2014, [http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=STD/TBS/WPTGS\(2010\)18&docLanguage=En](http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=STD/TBS/WPTGS(2010)18&docLanguage=En).
- [14] Hashim, MK & Ahmad, SA 2008, 'Internationalization of Malaysian SME's influencing factors, sources of information and options', *Paper presented at the 2008 International Council for Small Business World Conference*, 22-25 June 2008, Canada.
- [15] IMF 2014, *World Economic Outlook October 2014: Legacies, clouds, uncertainties*, International Monetary Fund, viewed 27 September 2014, www.imf.org/external/pubs/ft/weo/2014/02/pdf/text.pdf.
- [16] ITC 2016, *Trade Map: Export by Products*, The International Trade Centre, viewed 16 August 2016, <http://www.trademap.org/Index.aspx>.
- [17] Johanson, J & Vahlne, JE 1977, 'The internationalization process of the firm—a model of knowledge development and increasing foreign market commitments', *Journal of International Business Studies*, vol. 8, no. 1, pp. 23–32.
- [18] Johanson, J & Vahlne, JE 1990, 'The mechanism of internationalisation', *International Marketing Review*, vol. 7, no. 4. doi: <https://doi.org/10.1108/02651339010137414>.
- [19] Katsikeas, CS 1996, 'Ongoing export motivation: differences between regular and sporadic exporters', *International Marketing Review*, vol. 13, no. 2, pp. 4–19. doi: <https://doi.org/10.1108/02651339610115737>.
- [20] Kirby, DA & Kaiser, S 2003, 'Joint ventures as an internationalisation strategy for SMEs', *Small Business Economics*, vol. 21, no. 3, pp. 229–242. doi: <https://doi.org/10.1023/A:1025723308032>.
- [21] Knight, G 2000, 'Entrepreneurship and marketing strategy: The SME under globalization', *Journal of International Marketing*, vol. 8, no. 2, pp. 12–32. doi: <https://doi.org/10.1509/jimk.8.2.12.19620>.
- [22] Kuncoro, M 2009, *Pemberdayaan UKM: Antara mitos dan realitas*, viewed 2 October 2014, <http://ekonomikerakyat.ugm.ac.id/My%20Web/mudrajad.htm>.
- [23] Lautanen, T 2000, 'Modelling small firms' decisions to export—Evidence from manufacturing firms in Finland, 1995', *Small Business Economics*, vol. 14, no. 2, pp. 107–124. doi: <https://doi.org/10.1023/A:1008167624415>.
- [24] Lee, CF, Lee, JC, & Lee, AC 1999, *Statistics for business and financial economics*, [2nd ed.], World Scientific, Singapore.
- [25] Leonidou, LC 1988, 'Export initiation by indigenous manufacturers in a small developing country', *SPOUDAI - Journal of Economics and Business*, vol. 38, no. 1–2, pp. 63–78.
- [26] Leonidou, LC 1995, 'Export stimulation: a non-exporter's perspective', *European Journal of Marketing*, vol. 29, no. 8, pp. 17–36. doi: <https://doi.org/10.1108/03090569510097538>.
- [27] Leonidou, LC 1998, 'Factors stimulating export business: an empirical investigation', *Journal of Applied Business Research*, vol. 14, no. 2, pp. 43–68. doi: <https://doi.org/10.19030/jabr.v14i2.5714>.
- [28] Leonidou, LC & Katsikeas, CS 1996, 'The export development process: an integrative review of empirical models', *Journal of International Business Studies*, vol. 27, no. 3, pp. 517–551. doi: <https://doi.org/10.1057/palgrave.jibs.8490846>.
- [29] Leonidou, LC, Katsikeas, CS, Palihawadana, D, & Spyropoulou, S 2007, 'An analytical review of the factors stimulating smaller firms to export: Implications for policy-makers', *International Marketing Review*, vol. 24, no. 6, pp. 735–770. doi: <https://doi.org/10.1108/02651330710832685>.
- [30] Liargovas, PG & Skandalis, KS 2008, 'Motivations and barriers of export performance: Greek exports to the Balkans', *Journal of Southern Europe and the Balkans Online*, vol. 10, no. 3, pp. 377–392. doi: <https://doi.org/10.1080/14613190802493840>.
- [31] Matlay, H & Fletcher, D 2000, 'Globalization and strategic change: some lessons from the UK small business sector', *Strat. Change*, vol. 9, no. 7, pp. 437–449. doi:10.1002/1099-1697(200011)9:7<437::AID-JSC517>3.0.CO;2-Y
- [32] Ministry of Cooperatives and SMEs Republic of Indonesia 2009, *Direktori KUKM Ekspor*, Jakarta.
- [33] Ministry of Cooperatives and SMEs Republic of Indonesia 2011, *SME and Cooperative Indonesia Catalogue*, Jakarta.
- [34] Ministry of Cooperatives and SMEs Republic of Indonesia 2012, *SME and Cooperative Indonesia Catalogue*, Jakarta.
- [35] Ministry of Cooperatives and SMEs Republic of Indonesia 2014, *Statistik Usaha Mikro, Kecil dan Menengah (UMKM) Tahun 2011–2012*, Jakarta.
- [36] Morgan, RE 1997, 'Export stimuli and export barriers: evidence from empirical research studies', *European Business Review*, vol. 97, no. 2, pp. 68–79. doi: <https://doi.org/10.1108/09555349710162571>.
- [37] Morgan, RE & Katsikeas, CS 1997, 'Export stimuli: Export intention compared with export activity', *International Business Review*, vol. 6, no. 5, pp. 477–499. doi: [https://doi.org/10.1016/S0969-5931\(97\)00017-6](https://doi.org/10.1016/S0969-5931(97)00017-6).
- [38] Nguyen, TV, Le, NT, & Bryant, SE 2013, 'Sub-national institutions, firm strategies, and firm performance: A multilevel study of private manufacturing firms in Vietnam', *Journal of World Business*, vol. 48, no. 1, pp. 68–76. doi: <https://doi.org/10.1016/j.jwb.2012.06.008>.
- [39] OECD 2009, 'Top Barriers and Drivers to SME Internationalisation', *Report by the OECD Working Party on SMEs and Entrepreneurship*, OECD Centre for Entrepreneurship, SME and Local Development (CFE), viewed 2 October 2014, <https://www.oecd.org/cfe/smes/43357832.pdf>.
- [40] OECD 2012, 'Fostering SMEs' Participation in Global Markets: Final Report', *Report CFE/SME(2012)6/FINAL*, Centre for Entrepreneurship, SME and Local Development - Organisation for Economic Co-operation and Development, viewed 2 October 2014, [http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=CFE/SME\(2012\)6/FINAL&docLanguage=En](http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=CFE/SME(2012)6/FINAL&docLanguage=En).
- [41] Oviatt, BM & McDougall, PP 1994, 'Toward a theory of international new ventures', *Journal of International Business Studies*, vol. 25, no. 1, pp. 45–64.
- [42] Oviatt, BM & McDougall, PP 2005, 'Defining international entrepreneurship and modeling the speed of internationalization', *Entrepreneurship Theory and Practice*, vol. 29, no. 5, pp. 537–554. doi: 10.1111/j.1540-6520.2005.00097.x.
- [43] Pendergast, WR, Pasic, M, & Sunje, A 2008, 'The internationalization of SMEs in Bosnia and Herzegovina' in *Hand-*

- book of research on european business and entrepreneurship: Towards a theory of internationalization*, eds LP Dana, IM Welpe, M Han, & V Ratten, Edward Elgar, London, pp. 94–113.
- [44] Pieray, N 1981, 'Company internationalisation: active and reactive exporting', *European Journal of Marketing*, vol. 15, no. 3, pp. 26–40. doi: <https://doi.org/10.1108/EUM00000000004876>.
- [45] Rennie, MW 1993, 'Born global', *The McKinsey Quarterly*, vol. 4, pp. 45–53.
- [46] Samiee, S, Walters, PG, & DuBois, FL 1993, 'Exporting as an innovative behaviour: An empirical investigation', *International Marketing Review*, vol. 10, no. 3, pp. 5–25. doi: <https://doi.org/10.1108/02651339310040625>.
- [47] Sari D, Alam Q, & Beaumont N 2008, 'Internationalisation of small medium sized enterprises in Indonesia: Entrepreneur human and social capital', *Working Papers in Business, Management and Finance No. 200801*, Department of Management and Business, Padjadjaran University.
- [48] Simpson, CL & Kujawa, D 1974, 'The export decision process: An empirical inquiry', *Journal of International Business Studies*, vol. 5, no. 1, pp. 107–117.
- [49] Svensson, C & Barfod, A 2002, 'Limits and opportunities in mass customization for "build to order" SMEs', *Computers in Industry*, vol. 49, no. 1, pp. 77–89. doi: [https://doi.org/10.1016/S0166-3615\(02\)00060-X](https://doi.org/10.1016/S0166-3615(02)00060-X).
- [50] Wengel, J & Rodriguez, E 2006, 'SME export performance in Indonesia after the crisis', *Small Business Economics*, vol. 26, no. 1, pp. 25–37. doi: <https://doi.org/10.1007/s11187-004-6491-y>.
- [51] Wiedersheim-Paul, F, Olson, HC, & Welch, LS 1978, 'Pre-export activity: The first step in internationalization', *Journal of International Business Studies*, vol. 9, no. 1, pp. 47–58.
- [52] Wignaraja, G 2012, 'Engaging Small and Medium Enterprises in Production Networks: Firm-level Analysis of Five ASEAN Economies', *ADB Working Paper Series No. 361*, Asian Development Bank Institute, viewed 2 October 2014, <http://www20.iadb.org/intal/catalogo/PE/2012/12162.pdf>.
- [53] Wiratno, U & Dhewanto, W n.d., *Analisis Usaha Mikro, Kecil dan Menengah (UMKM): UMKM sebagai pasar potensial perbankan*, viewed 2 October 2014, [http://xa.yimg.com/kq/groups/20509929/1749183264/name/ANALISIS+USAHA+MIKRO+KECIL+DAN+MENENGAH++\(MBA+ITB+Business+Review\).doc](http://xa.yimg.com/kq/groups/20509929/1749183264/name/ANALISIS+USAHA+MIKRO+KECIL+DAN+MENENGAH++(MBA+ITB+Business+Review).doc).
- [54] World Bank 2016, *World Development Indicators*, viewed 4 October 2016, <http://databank.worldbank.org/data/reports.aspx?source=world-development-indicators>.
- [55] Yorgason, DR 2004, *Firm export decisions: Motives and effects*, ProQuest, UMI Dissertations Publishing.
- [56] Zhou, L, Wu, WP, & Luo, X 2007, 'Internationalization and the performance of born-global SMEs: the mediating role of social networks', *Journal of International Business Studies*, vol. 38, no. 4, pp. 673–690. doi: <https://doi.org/10.1057/palgrave.jibs.8400282>.
- [57] Zucchella, A, Palamara, G, & Denicolai, S 2007, 'The drivers of the early internationalization of the firm', *Journal of World Business*, vol. 42, no. 3, pp. 268–280. doi: <https://doi.org/10.1016/j.jwb.2007.04.008>.