Contents lists available at GrowingScience

Uncertain Supply Chain Management

homepage: www.GrowingScience.com/uscm

Networking capability as a moderator of resourced based view, market orientation, information technology, and effectuation on SMEs internationalization

Farika Nikmah[a*], Halid Hasan[a], Weni Rosdiana[b] and Novie Prasetyaning Marhaeni[c]

[a]*Business Administration Department, Politeknik Negeri Malang, Indonesia*
[b]*Faculty of Vocational, Universitas Negeri Surabaya, Indonesia*
[c]*Secretary Department, Politeknik UBAYA, Surabaya, Indonesia*

A B S T R A C T

Article history:
Received March 28, 2024
Received in revised format April 28, 2024
Accepted May 30 2024
Available online
May 30 2024

Keywords:
Resourced based view
Market orientation
Information technology
Effectuation
SMEs internationalization

The purpose of this study was to determine the effect of resourced based view, market orientation, implementation of information technology, effectuation and networking capability on the internationalization of Small and Medum Enterprises (SMEs) and the indirect influence between these variables with networking capability as a moderator. The research method uses a quantitative approach. The population and sample in this study are SMEs throughout East Java, Indonesia that have made efforts to internationalize, with data obtained from the Export Center Surabaya office, which is an institution formed by the East Java Provincial Trade Service and the Indonesian Chamber of Commerce. 1346 SMEs were recorded at the Export Center Surabaya office and a sample of 300 SMEs was obtained. The analysis technique used in this study is SEM PLS, which is to determine validity, reliability, and hypothesis testing. The results of the study show that resourced based view, market orientation, information technology implementation, effectuation and networking capability on SMEs internationalization have a positive and significant effect. Networking capability as a moderator can strengthen the influence of resourced based view and market orientation towards the internationalization of SMEs. Meanwhile, in the effectuation and implementation of information technology relationship with SMEs internationalization, networking capability as a moderator is in a weak position, that is it produces a negative coefficient, with a t-statistic value greater than the t-table.

1. Introduction

Small and Medium Enterprises (SMEs) are a pillar of the economy, especially in developing countries like Indonesia. Most of Indonesia's population works as SMEs. SMEs have their own advantages, such as being tough, simple and flexible (Nikmah et al., 2020). As during the monetary crisis in Indonesia in 1997 and 1998, where the rupiah exchange rate fell and the market and public lost confidence, it turned out that SMEs that were oriented towards export markets and had locally sourced raw materials actually experienced an increase in profits. Then in 2008 with the global financial crisis, SMEs that focused only on the local market were also not affected. This is because of the flexibility possessed by SMEs. SMEs do not rigidly apply bureaucracy because they are managed more on family principles, do not depend on capital from banks, and have the freedom to be creative and innovate according to the latest market trends. With the advantages that SMEs have, it is time for SMEs to start improving their competitive position. Moreover, with free trade, it can be a door for SMEs to penetrate international markets. In reality, Indonesian SMEs' efforts towards internationalization are hampered by many things, such as business characteristics where the scale is small and resources are limited (Kahiya & Dean, 2016; Paul, Parthasarathy, & Gupta, 2017).

* Corresponding author
E-mail address farika.nikmah@polinema.ac.id (F. Nikmah)

ISSN 2291-6830 (Online) - ISSN 2291-6822 (Print)

doi: 10.5267/j.uscm.2024.5.033

This research answers the problem that has existed so far, as well as being a finding or novelty. Whereas in several previous studies, only discussing networking capability as an exogenous variable on the influence of SME internationalization, in this research networking capability is positioned not only as an exogenous variable, but also as a moderator. Several previous studies also only discussed the role of resource-based view strategy, market orientation, implementation of information technology and effectuation in SME development efforts, in this research, in accordance with market demands and globalization, SMEs must expand their markets to foreign markets, with involvement in networking capability.

2. Literature Review

One of the strategies for SMEs to penetrate international markets can be done with a resourced based view/RBV strategy (Galati & Crescimanno, 2014). RBV focuses on efforts to build, access, control and utilize specific resources to gain sustainable competitive advantage (Kazlauskaite, Gelbuda, & Autio, 2015; Rengkung, Pangemanan, & Sondak, 2017). The more valuable, rare and difficult to imitate the resources owned, the easier it is to achieve competitive advantage and the internationalization process, and on this topic much research has been carried out on SMEs in developing countries (Roostika, 2019; Kazlauskaite, Gelbuda, & Autio, 2015). RBV has been proven to have several positive effects on SMEs related to export sales (Jeronimo, Lopez, & Pinzon, 2019), export performance (Revindo, Indrawati, & Hambali, 2019), export intensity (Galati & Crescimanno, 2014), and shaping the motives and behavior of SMEs (Huang & Renyong, 2014).

The RBV emphasizes that competitive advantage is largely associated with resources that are valuable, rare and difficult to imitate (Peng, 2001); Resources based view is considered as the internal capabilities of an SME, such as organizational capabilities, innovation capabilities and marketing capabilities (Roostika, 2019). The SME capabilities in question are capabilities that are considered important and must be possessed by SMEs when facing competition and a dynamic market (Roostika, 2019). According to the resource-based perspective, the internationalization process of SMEs will be successful if they are able to explore and understand how SMEs grow, gain access, and are able to choose markets (Galati & Crescimanno, 2014). The success of SMEs by including a RBV in the context of moving towards internationalization is supported by several characteristics, like organizational characteristics of SMEs, managerial characteristics and characteristics of management attitudes and perceptions (Carneiro, Fensterseifer, & Prevot, 2012); (Galati & Crescimanno, 2014). RBV is a strategy that allocates resources to market needs when the organization is felt to be experiencing obstacles in facing competition, so appropriate allocation and focus is needed on consumer needs (Nurhilalia, Kadir, & Mahlia, 2019).

Focusing on consumer needs (market orientation) is also the key to the success of SMEs entering international markets. If in the past market orientation was considered an expensive strategy that was only carried out by large companies, this is not the case now. Economic and environmental conditions in society are becoming increasingly uncertain and undergoing very rapid changes, meaning that every business actor must be consumer-oriented. A business venture would be meaningless without the existence of consumers, and conversely consumers have full freedom and rights to make choices, decide to buy or not buy, pay attention to or ignore a product or service, of which there are currently many kinds. Market orientation is a smart strategy that focuses on consumer needs. To survive market competition, SMEs must create and maintain competitive advantages (Naushad & Sulphey, 2020). Excellence by creating superior (rare) value is said to be one way (Nurhilalia, Kadir, & Mahlia, 2019). Market-oriented SMEs are able to provide products and services that best suit their customers' needs (Lansiluoto, 2019).

Market orientation provides organizations with greater ability to respond quickly and precisely to changing global market demands by utilizing their competitive advantages (Fernandes et al., 2020), because they have a better capacity to overcome cultural distance and choose the right market (Fernandes et al., 2020). Several studies have proven that market orientation is able to positively influence organizational activities with international markets (Fernandes et al., 2020; Acosta, Crespo, & Agudo, 2018; Boso, Story, & Cadogan, 2013). Market orientation is a strategy with basic assumptions that aims to seek competitive advantage and long-term profitability through culture and effective business practices, by creating superior value for customers (Yadav & Tripathi, 2014), to lead to higher customer satisfaction and customer loyalty, and create a strong attraction for new customers (Homburg & Pflesser, 2000) and ultimately for performance optimization (Lansiluoto, 2019). Market orientation is said to have a positive impact on SME performance, although it does not always provide financial performance, but rather on the product life cycle, ability to face the competitive environment, and always grow (Dubihlela & Dhurup, 2013).

In addition, information technology is a strategic asset to achieve performance and competitive advantage for SMEs. Technology adoption is necessary, to maintain business continuity (Eze, Chinedu-Eze, & Asamu, 2019; Nuryyev, Wang, & Achyldurdyyeva, 2020; Prause, 2019). Information technology adoption is defined as the process of accepting and implementing information technology to provide services, for example ordering, reservations and payments (Eze, Chinedu-Eze, & Asamu, 2019). The use of information technology is very crucial for marketing today (Wilburn & Wilburn, 2018). A very dynamic market requires being able to communicate with consumers anytime and anywhere (Bayraktar & Algan, 2019). It is even said that SMEs will not be able to achieve competitive advantage if they do not adopt technology for their market (Wilburn & Wilburn, 2018; Schiavi & Behr, 2018). The existence of information technology for SMEs makes it easier to communicate and establish relationships with consumers and suppliers. Distance and location are not important, business transactions can continue to be carried out 24 hours (Wilburn & Wilburn, 2018).

The presence of globalization is marked by the transformation of socio-economic conditions, the integration of global markets, the growth of financial liberalization, making SMEs must be ready to implement technology (Sung, Kim, & In, 2016). If the implementation of information technology is important for SMEs in facing globalization, not only because SMEs have an important role in a country's economy, but the nature of SMEs which are more creative, innovative and have high flexibility is considered suitable or a good business platform for implementing information technology. For example, utilizing simple information technology such as the internet will make export activities easier for SMEs (Gamage, Kumara, & Ekanayake, 2019); utilizing social media as an online marketing channel (Tambunan, 2020) and SMEs that do not have the ability to adopt technology will be displaced by competition and ignored by consumers (Tambunan, 2020).

The implementation of information technology is explained by several theories and models, and in this research the TOE (Technology, Organization, Environment) model is used. TOE is a classic framework introduced by Tornatzky and Fleischer's which explains and predicts the adoption of technology/innovation. This model contains three contexts, namely technology, organizational conditions and the industrial environment: (1) Technology describes the adoption of a set of internal and external technologies of the company including how it is received in terms of benefits, techniques and suitability for the organization, the complexity faced, the learning process, and testing. try. (2) Organizational conditions are described in terms of top management support, organizational culture, and the complexity of the managerial structure. (3) The industrial environment is related to operational support and obstacles, such as competitive pressures, trading partners, socio-cultural issues, government support and supporting infrastructure, such as the presence of information technology consultants.

When discussing SMEs, we cannot be separated from effectuation strategies. Effectuation theory was introduced by Sarasvathy (2001), which is the opposite of causality (cause and effect). If causality is a model based on logical predictions or predictions of the future, while effectuation is based on logical control or how to control the future (Karami, Wooliscroft, & McNeill, 2019). If causality is used for predictable situations, with clear goal determination and clear market selection or selection, then effectuation is used to solve problems outside the domain that can be carried out by the causality theory. The effectuation function is not a form of irrationality, but rather effective reasoning or prediction (Tolstoy et al., 2021). More precisely, the reasoning that can be used if the predictions made are deviant and cannot be maintained and the objectives are still unclear. For example, market demand estimates are clearly available along with product lines and costs, so that as a manufacturer it is enough to consider how to obtain raw materials, produce according to market demand, this condition is referred to as causality. Meanwhile, effectuation is applied when faced with a market that cannot be predicted in advance. The steps that must be taken are to identify strengths or resources, maximize them, by creating new markets to receive the products/services created.

Effectuation represents a paradigm shift in understanding entrepreneurial behavior in decision making in uncertain situations (Chandler et al., 2011; Laine & Galkina, 2016; Arend, Sarooghi, & Burkemper, 2015; Read et al., 2016). Effectuation has demonstrated its potential to help explain the phenomenon of SME internationalization (Laine & Galkina, 2016; Sarasvathy et al., 2014; Galkina & Chetty, 2015). Effectiveness helps understand the process, internationalization opportunities of SMEs and their behavior. Effectuation theory is built on the idea of an effort to control risk and deal with uncertainty, using four entrepreneurial principles (Sarasvathy, 2001): (1) building resources that are within reach; (2) involving or utilizing external resources; (3) estimation of affordable losses; (4) embrace adversity. So to implement these four principles it is necessary for SMEs to be actively involved in government activities that support SME businesses such as international exhibitions, training (Galkina & Chetty, 2015; Chetty, Ojala, & Leppäaho, 2015); getting closer to suppliers and consumers (Fraccastoro, Gabrielsson, & Chetty, 2020), taking appropriate risks when developing their business (Sarasvathy, 2001), and running their business flexibly, embracing contingencies, being ready to seize opportunities, being innovative and adaptive (Sarasvathy et al., 2014; Sui & Baum, 2014).

RBV, market orientation, information technology, and effectuation as explained above are several factors for measuring the internationalization ability of SMEs. Some of these factors have been proven by previous research (Galati & Crescimanno, 2014; Karami, Wooliscroft, & McNeill, 2019; Sarasvathy, 2001) is able to support the internationalization of SMEs. Then in this research we tried to include networking capability as a moderator. Several previous studies, (e.g., Rhommadhonni & Dhewanto, 2019; Mello, Barreto, & Kogut, 2020) have proven that networking capability is able to make a positive and significant contribution to the internationalization of SMEs. This is done considering that SMEs are businesses that require some external support such as the government, large companies, and other institutions that care about the growth of SMEs.

Networking capability is the ability to build relationships and work together which allows an organization to work cooperatively to achieve common strategic goals (Helfat & Campo, 2016). This capability can increase the capacity of SMEs to become more dynamic and competitive (Battistella et al., 2017), can identify opportunities in international markets (Sarwar et al., 2021), and can reduce the risk of failure (Acosta, Crespo, & Agudo, 2018). Networking capability is important for SMEs because it provides substantial assistance in building current business processes (Sarwar et al., 2021), to achieve sustainable growth (Anser et al., 2020; Ferguson, Schattke, & Paulin, 2016). Networking capability plays an increasingly important role with globalization or a world without borders, meaning that internationalization increasingly provides potential (Lin & Lin, 2016). International market access for SMEs is determined by networking capability (Brekke, 2015), because it allows SMEs to develop, manage and exploit opportunities through healthy connections and relationships (Vesalainen & Hakala, 2014).

An explanation of the supporting factors for the internationalization of SMEs has been provided, so there is hope that more Indonesian SMEs will commit to entering the international market. Internationalization is defined as the process of increasing involvement in international markets (Horrillo, 2020). Internationalization is a necessity for SMEs (Durmaz & Ilhan, 2015). However, it should not be forgotten that internationalization requires high commitment and must be able to overcome risks and complexity in new markets, and requires better managerial abilities (Westerlund, 2020). Globalization provides a new understanding of internationalization as a way of looking at international business from an entrepreneurial perspective, thereby combining knowledge, strategic management and an entrepreneurial spirit (Gamage, Kumara, & Ekanayake, 2019).

Globalization requires SMEs to be tougher and more competitive in facing the market, gaining opportunities and achieving good performance through internationalization (Lecerf & Omrani, 2020). SME performance is increasingly at stake, the global economy emphasizes the importance of internationalization strategies for all businesses, including SMEs (Cabral, Carvalho, & Ferreira, 2020; Demeke & Tsoka, 2015). SMEs that are proactive with international markets can achieve higher economies of scale, leading to profitability and growth (Lobo et al., 2020). On the other hand, SMEs that do not adapt to the demands of internationalization can lose their competitiveness, which results in reduced performance and difficulties in accessing resources (Dabic et al., 2020). However, SMEs still must be careful, internationalization is closely related to uncertainty and a high level of complexity and demands the involvement of various types of resources, while SMEs generally have limited resources and experience in international markets (Cabral, Carvalho, & Ferreira, 2020; Dabić et al., 2020). Several studies on SMEs' decisions to internationalize are associated with risk taking by SME owners or the type of SME owner (Chen et al., 2014; Cabral, Carvalho, & Ferreira, 2020), associated with innovation, and supporting factors for SMEs to internationalize (Demeke & Tsoka, 2015). Following an exhaustive assessment of the literature, the following hypotheses have been developed to direct the investigation in this article:

H_1: *Resourced based view has a positive effect on the internationalization of SMEs.*
H_2: *Market orientation has a positive effect on the internationalization of SMEs.*
H_3: *Information technology has a positive effect on the internationalization of SMEs.*
H_4: *Effectiveness has a positive effect on the internationalization of SMEs.*
H_5: *Resourced based view has a positive effect on the internationalization of SMEs with networking capability as a moderator.*
H_6: *Market orientation has a positive effect on the internationalization of SMEs with networking capability as a moderator.*
H_7: *Information technology has a negative effect on the internationalization of SMEs with networking capability as a moderator.*
H_8: *Effectuation has a negative effect on the internationalization of SMEs with networking capability as a moderator.*

3. Methodology

In this research, a series of steps were carried out starting from questionnaire design, data collection and analysis. A measurement the questionnaire was prepared based on previous research, for items regarding RBV from Galati & Crescimanno (2014); market orientation used in research Fernandes et al., (2020); information technology resulting from Prause (2019); effectuation that has been written by Chandler et al., (2011); networking capabilities of research Sarwar et al (2021); and SMEs internationalization researched by Demeke & Tsoka (2015). Data was collected from 300 SMEs that were trying to go international, where the data was obtained from the Surabaya Export Center, a government agency that handles SMEs heading to the global market. Data was collected over 4 months, via email and telephone lines. Then the data was analyzed descriptively and statistically using SEM PLS. Path analysis is used to analyze statistics with the first model used to determine the validity and reliability of research variables while the second model is used to test the truth of research assumptions. Meanwhile, descriptive analysis is used to provide clarity on the statistical results obtained from the SEM PLS output.

4. Results

Statistical analysis in this research uses the Partial Least Square (PLS) method with the consideration that SEM PLS has a higher level of suspicion which is able to combine theory and data and is able to carry out path analysis. The next consideration is that in this research there are six latent variables formed with reflective indicators, which assumes that the construct or latent variable influences the indicator, where the direction of the causal relationship is from the construct to the indicator or manifest.

4.1 Evaluation of the measurement model (outer model)

Evaluation of the measurement model (outer model) is a stage for testing the validity and reliability of a latent variable. The first validity test is convergent validity. Convergent validity is intended to determine whether indicators are valid in measuring variables. Convergent validity of each indicator in measuring variables is shown by the size of the loading factor. An indicator is declared valid if the loading factor is positive and greater than 0.6.

Table 1
Convergent validity result test

Variables	Indicators	Loading Factor	Standard Error	T Statistics
Resourced based view	SMEs characteristic	0.929	0.008	118.146
	Managerial characteristic	0.937	0.007	137.925
	Management perception	0.802	0.024	33.278
Market orientation	Internal market motivation	0.945	0.008	112.940
	External market characteristic	0.946	0.009	101.308
Information technology	Technology	0.953	0.006	172.974
	Organization	0.934	0.010	91.828
	Environment	0.856	0.015	55.329
Effectuation	Effectuation process	0.816	0.022	37.733
Networking Capability	Internal communication	0.889	0.013	69.458
	Coordination	0.948	0.006	171.426
	Relationship	0.932	0.009	100.983
	Partner knowledge	0.934	0.007	127.253
	Innovation	0.914	0.011	86.804
SMEs internationalization	Internal support	0.846	0.018	47.658
	Eksternal support	0.862	0.015	57.944

Table 2
AVE result test

Variables	AVE
Resourced based view	0.794
Market orientation	0.894
Information technology	0.838
Effectuation	0.668
Networking capability	0.853
SMEs internationalization	0.730

Based on Table 2 above, the variables resourced based view, market orientation, information technology, effectuation, networking capability, and SMEs internationalization produce an AVE value greater than 0.5. Thus, the indicators that measure all these variables are declared valid. The next validity test is calculated using cross loading with the criterion that if the loading factor value is greater than the correlation between the indicator and other variables so that the indicator is declared valid.

Table 3
Cross loading result test

Indicators	RBV	MO	IT	E	NC	SI
RBV1	**0.929**	0.393	0.540	0.319	0.274	0.623
RBV2	**0.937**	0.383	0.559	0.296	0.263	0.636
RBV3	**0.802**	0.426	0.535	0.284	0.279	0.597
MO1	0.414	**0.945**	0.494	0.239	0.297	0.622
MO2	0.436	**0.946**	0.486	0.221	0.395	0.626
IT1	0.573	0.496	**0.953**	0.095	0.408	0.665
IT2	0.588	0.490	**0.934**	0.157	0.411	0.643
IT3	0.515	0.433	**0.856**	0.290	0.280	0.536
E1	0.339	0.233	0.238	**0.858**	-0.067	0.350
NC1	0.269	0.364	0.382	-0.150	**0.889**	0.416
NC2	0.265	0.331	0.384	-0.127	**0.948**	0.409
NC3	0.293	0.336	0.371	-0.126	**0.932**	0.424
NC4	0.309	0.334	0.395	-0.066	**0.934**	0.416
NC5	0.270	0.325	0.335	-0.108	**0.914**	0.385
SI1	0.687	0.414	0.569	0.241	0.370	**0.846**
SI2	0.505	0.706	0.585	0.314	0.388	**0.862**

Based on the cross-loading measurements in Table 3 above, it can be seen that overall the indicators that measure all variables produce a loading factor that is greater than the cross loading on other variables, so they are declared valid. After validity testing, it is continued with reliability testing. Calculations that can be used to test reliability are composite reliability and Cronbach's alpha. The test criteria state that if the composite reliability is greater than 0.7 and Cronbach's alpha is greater than 0.6 then the construct is declared reliable.

Table 4
Reliability result test

Variables	Composite Reliability	Cronbach's Alpha
Resourced based view	0.920	0.868
Market orientation	0.944	0.881
Information technology	0.939	0.902
Effectuation	0.941	0.929
Networking capability	0.967	0.957
SMEs internationalization	0.844	0.630

Based on table 4 above, the composite reliability value for all variables is greater than 0.7. Thus, based on the composite reliability calculation, all indicators that measure all variables are declared reliable. Next, the Cronbach's alpha value for all variables is greater than 0.6. Thus, based on Cronbach's alpha calculations, all indicators that measure all variables are declared reliable.

4.2 Structural model evaluation (inner model)

Structural model measurements can be found by determining the value of the Goodness of Fit Model, which is used to determine the extent of the ability of exogenous variables to explain the diversity of endogenous variables, or in other words to determine the magnitude of the contribution of exogenous variables to endogenous variables. Goodness of fit model in PLS analysis is carried out using the coefficient of determination (R-Square) and Q-Square predictive relevance (Q2).

Table 5
Goodness of fit model result test

Variable	R Square = Q Square
SMEs internationalization	0.722

The R-square of the SMEs internationalization variable is 0.722 or 72.2%. This can show that the SMEs internationalization variable can be explained by the variables resourced based view, market orientation, information technology, effectuation, networking capability, and these variables contribute to the SMEs Internationalization variable by 72.2%, while the remaining 27.8% is due to other factors outside this research.

4.3 Hypothesis testing

Direct influence hypothesis testing is used to test whether there is a direct influence of exogenous variables on endogenous variables. The test criteria state that if T Statistics ≥ Ttable (1.96, with alpha 5%) or p value ≤ level of significance (alpha (α=5%)) then it is stated that there is a significant influence of exogenous variables on endogenous variables.

From Table 6 below it can be seen that the influence of resourced based view on SMEs internationalization produces a T statistic of 5.144 with a p value of 0.000. The test results show that Tstatistic > Ttable (1.96) or p value < level of significance (alpha (α=5%)). This means that there is a significant influence of the resource-based view on the SMEs internationalization. The influence of market orientation on the SMEs internationalization produces a T statistic of 5.235 with a p value of 0.000. The test results show that Tstatistic > Ttable (1.96) or p value < level of significance (alpha (α=5%)). This means that there is a significant influence of market orientation on SMEs internationalization. The influence of the implementation of information technology on SMEs internationalization produces a T statistic of 4.198 with a p value of 0.000. The test results show that Tstatistic > Ttable (1.96) or p value < level of significance (alpha (α=5%)). This means that there is a significant influence of the implementation of information technology on SMEs internationalization. The effect of effectuation on SME internationalization produces a T statistic of 4.815 with a p value of 0.000. The test results show that Tstatistic > Ttable (1.96) or p value < level of significance (alpha (α=5%)). This means that there is a significant influence of effectuation on SMEs internationalization. The influence of networking capability on SMEs internationalization produces a T statistic of 5.472 with a p value of 0.000. The test results show that Tstatistic > Ttable (1.96) or p value < level of significance (alpha (α=5%)). This means that there is a significant influence of networking capability on SMEs internationalization.

Table 6
Results of direct influence hypothesis testing

Exogen	Endogen	Coefficient	T Statistic	P Value
Resourced based view	SMEs internationalization	0.261	5.144	0.000
Market orientation	SMEs internationalization	0.224	5.235	0.000
Information technology	SMEs internationalization	0.196	4.198	0.000
Effectuation	SMEs internationalization	0.191	4.815	0.000
Networking capability	SMEs internationalization	0.181	5.472	0.000

Followed by testing the moderation hypothesis which is used to test the effect of moderating variables on the effect of exogenous variables directly on endogenous variables. The test criteria state that if the T statistic ≥ Ttable (1.96, with alpha

5%) or p value ≤ level of significance (alpha (α=5%)), then the moderating variable is able to moderate the influence of the exogenous variable on the endogenous variable.

Table 7
Results of indirect influence hypothesis testing

Exogen	Moderation	Endogen	Coeff	T Statistic	P Value
Resourced Based View	Networking Capability	SMEs internationalization	0.126	2.478	0.019
Market Orientation	Networking Capability	SMEs internationalization	0.100	2.017	0.049
Information technology	Networking Capability	SMEs internationalization	-0.0005	0.009	0.399
Effectuation	Networking Capability	SMEs internationalization	-0.099	3.101	0.003

The influence of the interaction between resourced based view and networking capability on SMEs internationalization produces a CR value of 2.478 with a probability of 0.019. This shows that Tstatistic > Ttable (1.96) or p value < level of significance (alpha (α=5%)). Therefore, it can be interpreted that there is a significant influence of the interaction between resourced based view and networking capability on SMEs internationalization. This means that networking capability can moderate the influence of the resource-based view on SMEs internationalization. The results of testing the influence of networking capability on SMEs internationalization were declared significant. Thus, networking capability acts as a quasi-moderator on the influence of resource-based view on SMEs internationalization.

The influence of the interaction between market orientation and networking capability on the internationalization of SMEs produces a CR value of 2.017 with a probability of 0.049. This shows that Tstatistic > Ttable (1.96) or p value < level of significance (alpha (α=5%)). Therefore, it can be interpreted that there is a significant influence of the interaction between market orientation and networking capability on SMEs internationalization. This means that networking capability is able to moderate the influence of market orientation on SMEs internationalization. The results of testing the influence of networking capability on SMEs internationalization were declared significant. Thus, networking capability acts as a quasi moderator on the influence of market orientation on SMEs internationalization.

The influence of the interaction between the implementation of information technology and networking capability on SMEs internationalization produces a CR value of 0.009 with a probability of 0.399. This shows that Tstatistic < Ttable (1.96) or p value > level of significance (alpha (α=5%)). Therefore, it can be interpreted that there is an insignificant effect of the interaction between the implementation of information technology and networking capability on SMEs internationalization. This means that networking capability does not moderate the influence of information technology implementation on SMEs internationalization. The results of testing the influence of networking capability on SMEs internationalization were declared significant. Thus, networking capability plays an exogenous role in SMEs internationalization.

The interaction effect between effectuation and networking capability on SMEs internationalization produces a CR value of 3.101 with a probability of 0.003. This shows that Tstatistic > Ttable (1.96) or p value < level of significance (alpha (α=5%)). Therefore, it can be interpreted that there is a significant interaction between effectuation and networking capability on SMEs internationalization. This means that networking capability can moderate the influence of effectuation on SMEs internationalization. The results of testing the influence of networking capability on SMEs internationalization were declared significant. Thus, networking capability acts as a quasi-moderator on the influence of effectuation on SME internationalization.

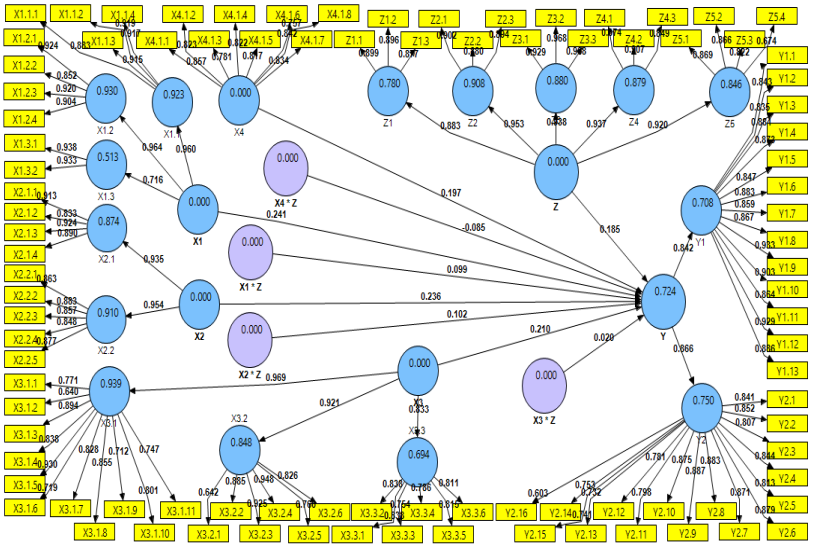

Fig. 1. Bootstraping

5. Discussion

Based on the results of a study of the variables used in this research, it is clear that RBV has a direct positive and significant effect on the internationalization of SMEs. Management attitudes and perceptions have a major influence on SMEs internationalization efforts. It is known that SMEs are very dependent on their owners, so an internationalization strategy will be an option if SMEs owners have a positive perception of international markets which they feel have opportunities for market expansion and increasing income.

Market orientation has a positive and significant direct effect on the internationalization of SMEs. The characteristics of foreign markets are a challenge for SMEs. The international market promises greater opportunities, the availability of implementing new technology makes it a challenge for SMEs to dare to try to enter foreign markets. Meanwhile, motivation due to domestic market conditions is also a consideration for SMEs, such as full domestic market conditions and inflation.

Information technology has a positive and significant effect on the internationalization of SMEs. Environmental factors have the greatest influence on SMEs' desire to internationalize. It cannot be denied that the implementation of technology is no longer an option, but a necessity. The decision regarding technology implementation is implement or die. There is no other word for SMEs other than implementing technology to answer challenges resulting from changes in the economic, social and cultural environment.

Effectuation has a positive and significant effect on SMEs internationalization. Consideration and calculation of the estimated losses that must be borne if choosing a global market is the most important thing to consider. This is because the budget capabilities of SMEs are not large. Networking capability has a positive and significant effect on SMEs internationalization. The innovation capability of SMEs is the most important factor, like the ability to adapt to changing consumer needs. Thus, Networking capability is able to moderate (strengthen) RBV on the internationalization of SMEs.

Networking capability is able to moderate (strengthen) market orientation towards SMEs internationalization. SMEs that already have market orientation capabilities, will find it easier to determine which foreign markets to target, if strengthened by network capabilities, so that SMEs can see the level of existing competition, the level of market response to products, which can be used as material in determining a market orientation strategy.

Networking capability is not able to moderate information technology on SMEs internationalization. In SMEs, the desire to implement technology arises when the SMEs already have good network capabilities. The wider the network, the more complex the network because there are more parties involved in the decision to internationalize, the desire to implement technology arises.

Networking capability is able to moderate (weaken) the effectuation of SME internationalization. However, the bridging that occurs is debilitating. The ideal effectuation is collaboration between SMEs and related parties together to build a condition or environment that is conducive and collaborative for international markets. However, in reality SMEs are only passive parties, only focused as producers and leaving internationalization efforts to the authorized parties. For example, the government, by waiting for invitations to participate in exhibitions, invitations to meet potential foreign buyers, workshops and other internationalization efforts.

6. Conclusion

Due to the strong influence of RBV on internationalization efforts, SMEs need to increase the optimization of internal resources, confidently recognizing the internal resources they have, as capital to act more aggressively to penetrate the market and run a competitive and sustainable business. SMEs should further improve their market orientation capabilities, in accordance with research results which show that there is a strong influence between market orientation and SME internationalization efforts. This can be done by honing market intelligence skills, to be more sensitive, responsive, by focusing on market needs not only for now, but by quickly being able to analyze and predict future market needs. Information technology cannot be rejected, SMEs need to increase their desire to be adaptive to changes in the business environment due to technological disruption. The era of industrial revolution 4.0, which is marked by the massive implementation of technology in society, must be seized as an opportunity to continue to develop and be open-minded about this condition. SMEs make more use of effectuation to overcome their limitations. As continuous learning, by always reflecting to ask about your own abilities, namely who I am, what I have, and what I am facing. By answering these three questions, it provides a basis for SMEs to act by trying to minimize the risk of loss as much as possible. Lastly, SMEs are further improving their networking capabilities, because now is the time to collaborate, synergize and work together. It is no longer the time to be enemies with competitors, but to position competitors as partners with healthy competition, providing information to each other, jointly penetrating the market to obtain wider market opportunities in foreign markets.

References

Acosta, A., Crespo, A., & Agudo, J. (2018). Effect of market orientation, network capability and entrepreneurial orientation on international performance of small and medium enterprises (SMEs). *International Business Review*, *27*(6), 1128-1140. https://ideas.repec.org/a/eee/iburev/v27y2018i6p1128-1140.html

Anser, M., Yousaf, Z., Usman, M., Yousaf, S., Fatima, N., & Hussain, H. (2020). Strategic business performance through network capability and structural flexibility. *Management Decision*, *59*(2), 426-445. DOI:10.1108/md-06-2019-0741

Arend, R., Sarooghi, H., & Burkemper, A. (2015). Effectuation as ineffectual? Applying the 3E theory assessment framework to a proposed new theory of entrepreneurship. *Academy of Management Review*, *40*(4), 630-651. https://www.jstor.org/stable/43699312

Battistella, C., De Toni, A., De Zan, G., & Pessot, E. (2017). Cultivating business model agility through focused capabilities: A multiple case study. *Journal of Business Research*, *73*(C), 65-82. https://ideas.repec.org/a/eee/jbrese/v73y2017icp65-82.html

Bayraktar, M., & Algan, N. (2019). The Importance of SMEs on World Economies. *International Conference on Eurasian Economies* (pp. 56-61). Turkey: Cukorova University. DOI:10.36880/c11.02265

Boso, N., Story, V., & Cadogan, J. (2013). Entrepreneurial orientation, market orientation network ties, and performance: Study of entrepreneurial firms in a developing economy. *Journal of Business Venturing*, *28*(6), 708-727. DOI:10.1016/j.jbusvent.2013.04.001

Brekke, T. (2015). Entrepreneurship and path dependency in regional development. *Entrepreneurship & Regional Development*, *27*(3-4), 202-218. https://ideas.repec.org/a/taf/entreg/v27y2015i3-4p202-218.html

Cabral, A., Carvalho, F., & Ferreira, J. (2020). International Performance of SMEs' International Strategic Groups. *Administrative Sciences*, *10*(3), 1-24. https://ideas.repec.org/a/gam/jadmsc/v10y2020i3p65-d408493.html

Carneiro, Z., Fensterseifer, J., & Prevot, F. (2012). The influence of resources on the internationalisation process of cluster wine companies. *International Journal Business and Globalisation*, *8*(1), 30-48. DOI:10.1504/IJBG.2012.043970

Chandler, G., Detienne, D., McKelvie, A., & Mumford, T. (2011). Causation and effectuation processes: A validation study. *Journal of Business Venturing*, *26*, 375-390. https://doi.org/10.1016/j.jbusvent.2009.10.006

Chen, H., Tsung Hsu, W., & Yi Chang, C. (2014). Family Ownership, Institutional Ownership, and Internationalization of SMEs. *Journal of Small Business Management*, *52*(4), 771-789. https://doi.org/10.1111/jsbm.12031

Chetty, S., Ojala, A., & Leppäaho, T. (2015). Effectuation and foreign market entry of entrepreneurial firms. *European Journal of Marketing*, *49*(9/10), 1436-1459. https://doi.org/10.1108/EJM-11-2013-0630

Dabic, M., Maley, J., Dana, L., Novak, I., Pellegrini, M., & Caputo, A. (2020). Pathways of SME internationalization: a bibliometric and systematic review. *Small Bus Econ*, *55*(3), 705-725. https://doi.org/10.1108/EJM-11-2013-0630

Demeke, Y., & Tsoka, G. (2015). Internationalization drivers of small and medium-sized manufacturing enterprises in Ethiopia: the case of leather and leather products industry. *Problems and Perspectives in Management*, *13*(4), 32-42. https://www.businessperspectives.org/index.php/journals/problems-and-perspectives-in-management/issue-48/

Dubihlela, J., & Dhurup, M. (2013). A Factorial Analysis Of The Barriers To Market Orientation Adoption Among Small And Medium Enterprises (SMEs) In A Developing Country. *International Business & Economics Research Journal*, *12*(11), DOI:10.19030/iber.v12i11.8171

Durmaz, Y., & Ilhan, A. (2015). Growth Strategies in Businesses and a Theoretical Approach. *International Journal of Business and Management*, *10*(4), 210-214. http://dx.doi.org/10.5539/ijbm.v10n4p210

Eze, S., Chinedu-Eze, V., & Asamu, F. (2019). Mobile marketing technology adoption in service SMEs: a multi-perspective framework. *Journal of Science and Technology Policy Management*, *10*(3), 1-29. DOI:10.1108/JSTPM-11-2018-0105

Ferguson, R., Schattke, K., & Paulin, M. (2016). The social context for value co-creations in an entrepreneurial network: Influence of interpersonal attraction, relational norms and partner trustworthiness. *International Journal of Entrepreneurial Behavior and Research*, *22*(2), 199-214. https://10.1108/ijebr-04-2015-0100

Fernandes, C., Ferreira, J., Lobo, C., & Raposo, M. (2020). The impact of market orientation on the internationalisation of SMEs. *Review of International Busines and Strategy*, *30*(1), 123-143. https://www.emerald.com/insight/2059-6014.htm

Fraccastoro, S., Gabrielsson, M., & Chetty, S. (2020). Social media firm specific advantages as enablers of network embeddedness of international entrepreneurial ventures. *Journal of World Business*, *56*(3), 1-15 https://doi.org/10.1016/j.jwb.2020.101164

Galati, A., & Crescimanno, M. (2014). The determinants affecting the internationalisation of the Italian SMEs producing sparkling wines: an empirical study on the RBV of the firms. *Int. J. Globalisation and Small Business*, *6*(2), 100-118. https://ideas.repec.org/a/ids/ijgsbu/v6y2014i2p100-118.html

Galkina, T., & Chetty, S. (2015). Effectuation and networking of internationalizing SMEs. *Management International Review*, *55*(5), 647-676. https://ideas.repec.org/a/spr/manint/v55y2015i5d10.1007_s11575-015-0251-x.html

Gamage, N., Kumara, S., & Ekanayake. (2019). Global Challenges and Survival. *Journal of Small Business and Enterprise Strategies of the SMEs in the Era of Economic Globalization: A Systematic Review*, MPRA Paper 98419, 1-30. https://mpra.ub.uni-muenchen.de/98419/

Helfat, C., & Campo, R. (2016). Integrative capabilities, vertical integration, and innovation over successive technology lifecycles. *Organization Science*, *27*(2), 249-264. https://ideas.repec.org/a/inm/ororsc/v27y2016i2p249-264.html

Homburg, C., & Pflesser, C. (2000). A Multiple-Layer Model of Market-Oriented Organizational Culture: Measurement Issues and Performance Outcomes. *Journal of Marketing Research*, *37*(4), 449-462. DOI:10.1509/jmkr.37.4.449.18786

Horrillo, M. (2020). Strategic Decisions to Enhance the Internationalization of the Performing Arts and Their Sustainability: The Case of Flamenco. *Sustainability*, *12*(9), 1-16. DOI:10.3390/su12093718

Huang, X., & Renyong, C. (2014). Chinese Private Firms' Outward Foreign Direct Investment: Does Firm Ownership and Size Matter? . *Thunderbird International Business Review*, 393-406. DOI:10.1002/tie.21629

Jeronimo, J., Lopez, R., & Pinzon, P. (2019). Resource-Based View and SMEs Performance Exporting through Foreign Intermediaries: The Mediating Effect of Management Controls. *Sustainability*, *11*(12), 1-26. DOI:10.3390/su11123241

Kahiya, E., & Dean, D. (2016). Export stages and export barriers: Revisiting traditional export development. *Thunderbird International Business Review, 58*(1), 75-89. https://doi.org/10.1002/tie.21741

Karami, M., Wooliscroft, B., & McNeill, L. (2019). Effectuation and internationalisation: a review and agenda for future research. *Small Bus Econ*, *55*(3), 1-37. DOI:10.1007/s11187-019-00183-4

Kazlauskaite, R., Gelbuda, M., & Autio, E. (2015). The Resource-based View and SME Internationalisation: An Emerging Economy Perspective. *Entrepreneurial Business and Economics Review*, *3*(2), 53-64. DOI:10.15678/EBER.2015.030205

Laine, I., & Galkina, T. (2016). The interplay of effectuation and causation in decision making: Russian SMEs under institutional uncertainty. *Int Entrep Manag Journal*, *13*(3), 1-37. https://ideas.repec.org/a/spr/intemj/vyid10.1007_s11365-016-0423-6.html

Lansiluoto, A. (2019). Market Orientation and Performance Measurement System Adoption Impact on Performance in SME. *Journal of Small Business Management*, *57*(3), 1027-1043. https://doi.org/10.1111/jsbm.12393

Lecerf, M., & Omrani, N. (2020). SME Internationalization: the Impact of Information Technology and Innovation. *Journal of the Knowledge Economy*, *11*(2), 805-824. https://ideas.repec.org/a/spr/jknowl/v11y2020i2d10.1007_s13132-018-0576-3.html

Lin, F., & Lin, Y. (2016). The effect of network relationship on the performance of SMEs. *Journal of Business Research*, *69*(5), 1780-1784. https://ideas.repec.org/a/eee/jbrese/v69y2016i5p1780-1784.html

Lobo, C., Fernandes, C., Ferreira, F., & Ortiz, M. (2020). Factors affecting SMEs' strategic decisions to approach international markets. *European Journal of International Management*, *14*(4), 617. DOI:10.1504/EJIM.2020.107607

Mello, R., Barreto, L., & Kogut, C. (2020). Network and Speed Internationalization: A Multiple Case study of Emerging Market IT Firms. *Review of International Business*, *15*(3), 1-16. DOI:10.18568/internext.v15i3.585

Naushad, M., & Sulphey. (2020). Prioritizing Technology Adoption Dynamics among SMEs. *TEM Journal*, *9*(3), 983-991. DOI:10.18421/TEM93-21

Nikmah, F., Sudarmiatin, Wardoyo, C., Hermawan, A., & Soetjipto, B. (2020). The role of SMES' market orientation in developing countries: a general investigation in four countries. *Innovative Marketing, 16*(4), 1-13. DOI:10.21511/im.16(4).2020.01

Nurhilalia, Kadir, A., & Mahlia, M. (2019). Determinant of Market Orientation on SME Performance: RBV and SCP Perspective. *Journal of Distribution Science*, *17*(9), 35-45. DOI:10.15722/jds.17.09.201909.35

Nuryyev, G., Wang, Y., & Achyldurdyyeva, J. (2020). Blockchain Technology Adoption Behavior and Sustainability of the Business in Tourism and Hospitality SMEs: An Empirical Study. *Sustainability*, *12*(3), 1-21, https://www.mdpi.com/2071-1050/12/3/1256

Paul, J., Parthasarathy, S., & Gupta, P. (2017). Exporting challenges of SMEs: A review and future research agenda. *Journal of World Business, 52*, 327-342. https://doi.org/10.1016/j.jwb.2017.01.003

Peng, M. (2001). The resource-based view and international business. *Journal of Management*, *27*(6), 803-829, https://doi.org/10.1016/j.jwb.2017.01.003

Prause, M. (2019). Challenges of Industry 4.0 Technology Adoption for SMEs: The Case of Japan, *27*(6),11. https://doi.org/10.3390/su11205807

Read, S., Dew, N., Sarasvathy, & Wiltbank, R. (2016). Cocreating effectual entrepreneurship research. *Academy of Management Review*, *41*(3), 528-536. http://hdl.handle.net/10945/48882

Rengkung, Pangemanan, L., & Sondak, L. (2017). Competitiveness of Small and Medium Firms (SMEs) in Facing ASEAN Economic Community. *International Research Journal of Business Studies*, *10*(2), 123-133. https://doi.org/10.21632/irjbs.10.2.123-133

Revindo, M., Indrawati, S., & Hambali, S. (2019). The Role of Networking in the Internationalization of Indonesian SMEs. *Journal of Economics and Policy*, *12*(2), 421-445. DOI:10.15294/jejak.v12i2.21821

Rhommadhonni, V., & Dhewanto, W. (2019). The Role of Business Networking to Encourage Internationalization of Small Medium Enterpises. *Academy of Entrepreneurship Journal*, *25*(1), 1-8. https://www.abacademies.org/articles/the-role-of-business-networking-to-encourage-internationalization-of-small-medium-enterprises-8610.html

Roostika. (2019). SMEs Craft Industry Application of Resource Based View: Capabilities Role of SMEs Performance. *Review of Integrative Business and Economics Research*, *8*(4), 423-440. https://sibresearch.org/uploads/3/4/0/9/34097180/riber_8-s4_34_k19-148_423-440.pdf

Sarasvathy (2001). Effectual Reasoning in Entrepreneurial Decision Making: Existence and Bounds. *Academy of Management Journal*, *1*(1), 1-7. DOI:10.5465/APBPP.2001.6133065

Sarasvathy, S., Kumar, K., York, J., & Bhagavatula, S. (2014). An effectual approach to international entrepreneurship: Overlaps, challenges, and provocative possibilities. *Entrep. Theory Pract*, *38*(1), 71-93. DOI:10.1111/etap.12088

Sarwar, Z., Khan, M., Yang, Z., Khan, A., Haseeb, M., & Sarwar, A. (2021). An Investigation of Entrepreneurial SMEs' Network Capability and Social Capital to Accomplish Innovativeness: A Dynamic Capability Perspective. *SAGE*, *11*(3), 1-14. DOI:10.1177/21582440211036089

Schiavi, G., & Behr, A. (2018). Emerging technologies and new business models: a review on disruptive business models. *Innovation Management Review*. *15*(1), 338-355. DOI:10.1108/INMR-03-2018-0013

Sui, S., & Baum, M. (2014). Internationalization strategy, firm resources and the survival of SMEs in the export market. *Journal of International Business Studies*, *45*(7), 821-841. DOI:10.1057/jibs.2014.11

Sung, C., Kim, K., & In, S. (2016). Small and Medium-Sized Enterprises Policy in Korea from the 1960s to the 2000s and Beyond. *Small Enterprise Research*, *23*(3), 262-275. DOI:10.1080/13215906.2016.1269665

Tambunan, T. (2020). Evidence on the use of internet for businesses by MSEs in a Developing Country: The Indonesian case. *An Acad Bras Cienc*, *92*(1), 1-15. DOI:10.1590/0001-3765202020180555

Tolstoy, D., Nordman, E., Hanell, S., & Ozbek, N. (2021). The development of international e-commerce in retail SMEs: An effectuation perspective. *Journal of World Business*, *56*(3), 1-15. DOI:10.1016/j.jwb.2020.101165

Vesalainen, J., & Hakala, H. (2014). Strategic capability architecture: The role of network capability. *Industrial Marketing Management*, *43*(6), 938-950. DOI:10.1016/j.indmarman.2014.05.008

Westerlund, M. (2020). Digitalization, Internationalization and Scaling of Online SMEs. *Technology Innovation Management Review*, *10*(4), 48-57. DOI:10.22215/timreview/1346

Wilburn, K., & Wilburn, H. (2018). The Impact of Technoogy on Business and Society. *Global Journal of Business Research*, *12*(1), 23-39. https://ideas.repec.org/s/ibf/gjbres.html

Yadav, S., & Tripathi, V. (2014). Market Orientation and SMEs Performance. *Journal of Entrepreneurship and Management*. *3*(3), 1-11, DOI:10.21844/JEM.V3I3.3229