



Alternative Financing, Digital Capabilities, and Risk Mitigation in the Internationalization of Indonesian Smes: An Integrative Conceptual Framework for Export Performance Improvement

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ABSTRACT

The internationalization of micro, small, and medium enterprises (MSMEs) is a strategic agenda for strengthening Indonesia's competitiveness, yet MSMEs still contribute a relatively small share to national exports compared with their role in gross domestic product and employment. This article develops an integrative conceptual framework linking alternative finance, digital capability, institutional support, risk mitigation, and international performance among Indonesian MSMEs. The study applies a conceptual literature review by synthesizing Pecking Order Theory, the Resource-Based View, the Uppsala Model, and recent literature on alternative finance, fintech lending, geopolitical risk, and MSME internationalization. The synthesis indicates that access to finance does not automatically generate export success. Finance serves as an initial enabler that must be converted into financial, digital, innovation, networking, export readiness, and compliance capabilities. In the Indonesian context, financing mechanisms such as Kredit Usaha Rakyat, ultra-micro finance, fintech lending/LPBBTI, crowdfunding, export finance, and digital platform support should be combined with risk management for exchange rates, logistics, international payment, regulatory uncertainty, and sustainability standards. The article proposes five conceptual propositions for future empirical research on Indonesian exporting MSMEs. Its contribution lies in adapting MSME internationalization literature to an emerging-economy context and formulating research and policy agendas to enhance the readiness of Indonesian MSMEs in global markets

INTRODUCTION

MSMEs hold a strategic position in the Indonesian economy. The Indonesian government records that MSMEs contribute more than 60% to the Gross Domestic Product (GDP), absorb nearly 97% of the workforce, and number over 64 million business units. However, the contribution of MSMEs to national exports is still around 15.7% of total exports. This disparity between their domestic role and export role indicates structural issues in the internationalization readiness of Indonesian MSMEs (Coordinating Ministry for Economic Affairs of the Republic of Indonesia, 2025).

The internationalization of MSMEs not only means entering foreign markets, but also includes the process of learning, capability development, product adjustment, compliance with standards, network strengthening, as well as cross-border risk management. In the context of Indonesia, this agenda is becoming increasingly important because the government encourages MSMEs to upgrade, go digital, and go export through various strategies, such as the National Export Enhancement Task Force, Ultra Micro financing (UMi), People's Business Credit (KUR), PNM Mekaar, PNM ULaMM, export financing through LPEI, guarantees, insurance, halal certification, and KITE facilitation for export-oriented MSMEs.

Two main obstacles frequently mentioned in the literature are limited funding and high international risk. Early papers emphasize that access to funding is an enabler for expansion, while internal capabilities serve as a conversion mechanism that determines whether the funding can generate international performance. International risks, such as exchange rates, regulations, logistics, and geopolitics, act as contingency factors that can weaken the effectiveness of funding and capabilities. This framework is relevant to Indonesia because many MSMEs still face issues with financial literacy, digital literacy, legality, standardization, certification, and market access.

The development of digital financing is expanding new opportunities. The Financial Services Authority (OJK) launched the 2023-2028 Roadmap for the Development and Strengthening of LPBBTI to strengthen a healthy and integrity-based fintech lending industry that is oriented towards financial inclusion, consumer protection, and contributions to productive financing as well as MSMEs (Financial Services Authority, 2023). The latest regulations also strengthen aspects of institutional structure, risk management, governance, consumer protection, and support for the productive sector. This indicates that alternative financing is not only an issue of capital access but also part of the ecosystem of policy, technology, and risk governance.

Based on that background, this article develops a new conceptual framework with a focus on the case of Indonesian SMEs. This article differs from the initial paper because it not only discusses the general relationship between funding, capabilities, risk, and internationalization, but specifically adapts these concepts into the context of financing, digitalization, export policies, and the risk challenges faced by Indonesian SMEs.

2. Problem Formulation and Research Objectives

This conceptual article is aimed at answering the following question:

- How can alternative financing strengthen the internationalization readiness of Indonesian MSMEs?
- How do digital capabilities and internal capabilities transform access to funding into export performance?
- How do international risks affect the effectiveness of funding and capabilities in the global expansion process?
- What conceptual model can be used to test the internationalization of Indonesian SMEs in the next empirical research?

The purpose of the article is to develop an integrative conceptual framework to explain the relationship between alternative financing, digital capabilities, risk mitigation, institutional support, and the international performance of Indonesian SMEs.

LITERATURE REVIEW

1 Pecking Order Theory and MSME Financing Constraints

Pecking Order Theory explains that companies tend to choose funding sources in a hierarchical manner: internal financing, debt, then equity. In MSMEs, this preference is even stronger due to information asymmetry, limited collateral, and a low financial track record. When MSMEs intend to export, financing needs increase for market research, certification, product adaptation, digital marketing, logistics, and working capital financing. Internal financing is often inadequate, while bank financing may be constrained by collateral, formalities, and creditworthiness. Therefore, alternative financing becomes a complementary mechanism to expand the maneuverability of MSMEs.

2. Resource-Based View and Internal Capabilities

The Resource-Based View sees competitive advantage as the result of resources and capabilities that are valuable, rare, difficult to imitate, and difficult to substitute. In the internationalization of SMEs, funding needs to be converted into capabilities that can create value in foreign markets. These capabilities include financial, innovation, digital, networking, managerial, export readiness, certification, and compliance capabilities. Without these capabilities, additional funds only increase short-term capacity, but are not sufficient to produce sustainable export advantages.

3. Uppsala Model and the Gradual Internationalization Process

The Uppsala Model explains that internationalization occurs gradually along with the accumulation of experience, market learning, and increased resource commitment. This model is important for Indonesian SMEs because many business actors do not immediately enter the global market aggressively, but rather go through stages of the local market, digital platforms, indirect exports, collaboration with aggregators, and then direct exports. Funding and digital capabilities can accelerate learning, but risk perception still affects expansion decisions.

4. Perspective on MSME Risk and Resilience

International risks include exchange rate fluctuations, payment delays, regulatory changes, logistical risks, supply chain disruptions, changes in consumer preferences, geopolitical risks, and sustainability standards. In the context of SMEs, risks become more critical because cash reserves, access to information, and negotiation capabilities are relatively limited. Therefore, risk mitigation strategies cannot be separated from financing strategies and capability development.

The Context of Indonesian SMEs and the Challenges of Internationalization

Indonesian MSMEs have a large domestic economic scale but still face gaps in reaching the global market. On one hand, the contribution of MSMEs to GDP and employment absorption shows a very large socio-economic capacity. On the other hand, their export contribution is still limited. The government states that the contribution of MSMEs to national exports is around 15.7%, much lower compared to their domestic economic potential. The government also targets an increase in export contribution through strengthening financing, digitalization, certification, and market facilitation (Coordinating Ministry for Economic Affairs of the Republic of Indonesia, 2025).

The gap can be explained through three issues. First, the limitations of productive funding and export financing. Many MSMEs need working capital to fulfill orders, quality standards, packaging, certification, and logistics costs. Second, the limitations of internal capabilities. Exporting requires the ability for documentation, standardization, negotiation, digital marketing, payment management, and understanding of the target market. Third, international risks. MSMEs entering foreign markets face exchange rate volatility, shipping delays, payment default risks, as well as regulatory and technical standard changes in the destination country.

In recent years, Indonesia's financing ecosystem has moved towards greater diversity. In addition to KUR and banking financing, MSMEs can access UMi, PNM, export financing, fintech lending/LPBBTI, crowdfunding, and supply-chain-based financing. However, diversification of funding sources needs to be accompanied by strengthening financial literacy, digital literacy, governance, and consumer protection to avoid creating new risks such as over-indebtedness, high platform fees, or moral hazard.

Table 1. Adaptation of Conceptual Variables to the Indonesian MSME Context

Construct	Conceptual Meaning	Operationalization in the Indonesian Case	Research Implications
Funding access	Initial financial resources for expansion.	KUR, UMi, PNM, LPBBTI/fintech lending, crowdfunding, LPEI, supply chain financing.	Measured through ease of access, adequacy of working capital, cost of funds, and variety of funding sources.
Digital capability	The ability to use technology for marketing, transactions, data, and networking.	E-commerce, social media, digital payment, digital catalog, CRM, digital traceability.	Acts as a mediator between funding and export performance.
Export capability	Operational and managerial readiness to enter foreign markets.	Certification, product quality, export documents, packaging, negotiation, language, understanding pasar.	Explaining why funding does not have a direct impact.
Institutional support	Policy support, associations, and business ecosystem.	Export task force, LPEI, KITE, halal/HAKI certification, associations, incubators, diaspora, agregator ekspor.	Strengthening the conversion of funding into capabilities.
International risk	The uncertainty inherent in cross-border transactions.	Exchange rates, logistics, regulations, geopolitics, default, green standards, compliance with the destination country.	Moderating the relationship between capability and international performance.
International performance	Hasil ekspansi pasar luar negeri.	Export value, export intensity, number of target markets, foreign buyers, sales growth.	Dependent variable of empirical research.

Alternative Financing as an Enabler of Indonesian MSME Internationalization

Alternative financing has a strategic function for Indonesian MSMEs because it can reduce dependence on internal funding and traditional banking. In the context of internationalization, alternative financing can be used for pre-export activities such as market research, product design development, certification, packaging adaptation, digital marketing, participation in exhibitions, inventory management, and fulfillment of export orders.

Fintech lending/LPBBTI is important because it offers a faster, data-driven process. The OJK, through the Roadmap for the Development and Strengthening of LPBBTI 2023-2028, emphasizes the need for a healthy fintech lending industry, with integrity, focused on financial inclusion, consumer protection, and contributing to national economic growth, particularly in productive sectors and MSMEs. However, fintech lending is not a single solution.

The success of using fintech depends on the transparency of business data, the ability to manage cash flow, digital literacy, and understanding of funding costs. In the case of Indonesian MSMEs, alternative financing also needs to be positioned as part of the blended finance ecosystem. MSMEs can combine internal funding, KUR, UMi, platform financing, crowdfunding, and export financing. This combination allows MSMEs to adjust the type of financing to their needs: short-term working capital, machinery investment, digital promotion, certification, or export order financing.

Digital Capabilities as a Funding Conversion Mechanism

Funding does not automatically result in export performance. Funds must be converted into capabilities that improve SMEs' ability to find foreign customers, meet standards, manage transactions, and maintain business relationships. Digital capabilities become important because digital platforms can reduce market search costs, expand promotional reach, increase information transparency, and facilitate cross-border payments.

In Indonesia, digital capability does not only mean having an e-commerce or social media account. Digital capability encompasses the ability to create product catalogs in the target market language, use data to understand consumer demand, manage customer relationships, understand digital payment mechanisms, track the supply chain, and build reputation through reviews and transaction evidence. This capability strengthens the credibility signals of MSMEs in the eyes of foreign buyers and fund providers.

In addition to digital capabilities, SMEs need compliance capabilities. Export markets often require halal standards, food safety, packaging, labeling, intellectual property rights, sustainability, and traceability. Therefore, part of the funding needs to be directed to strengthen standards and certification, not just to increase production. In the context of a global market that increasingly emphasizes green compliance, the ability to meet sustainability standards can become a new source of competitive advantage.

International Risks and Mitigation Strategies

International risks can weaken the relationship between funding, capabilities, and export performance. SMEs that obtain financing but do not have a risk map may suffer losses due to exchange rate changes, logistics delays, buyer defaults, regulatory changes, or product standard non-compliance. Therefore, strengthening financing must go hand in hand with strengthening risk management.

Table 2. International Risks of Indonesian MSMEs and Mitigation Strategies

Types of Risk	Manifestation in Indonesian MSMEs	Mitigation Strategy
Exchange rate risk	Export margins change due to fluctuations of the rupiah against the transaction currency.	Exchange rate-based pricing, natural hedging, invoices in stable currencies, consultation with banks/LPEI.
Payment risk	Foreign buyers are late or fail to pay.	Down payment, escrow, letter of credit, trade insurance, buyer due diligence.
Logistics risk	Shipping costs are rising, container delays, product damage.	Forwarder diversification, cargo insurance, logistics contracts, packaging according to standards.
Regulatory risk	Changes in import requirements, certification, labeling, customs duties, or technical standards.	Regulation monitoring, association collaboration, legal assistance, certification from the beginning.
Geopolitical risk	Conflicts, embargoes, or crises disrupt demand and supply chains.	Market and supplier diversification, buffer stock, gradual market selection.
Sustainability risk	The product does not meet environmental standards or the traceability of the target market.	Green capability, digital traceability, eco-label, supply chain audit.

The most relevant mitigation strategy for Indonesian MSMEs is a gradual approach. MSMEs can start with indirect exports through aggregators, global marketplaces, or partnerships with large companies. The next stage is direct exports to markets with cultural proximity or clear product demand. Each increase in commitment needs to be supported by adequate financing, market data, and risk protection.

Conceptual Framework and Research Propositions

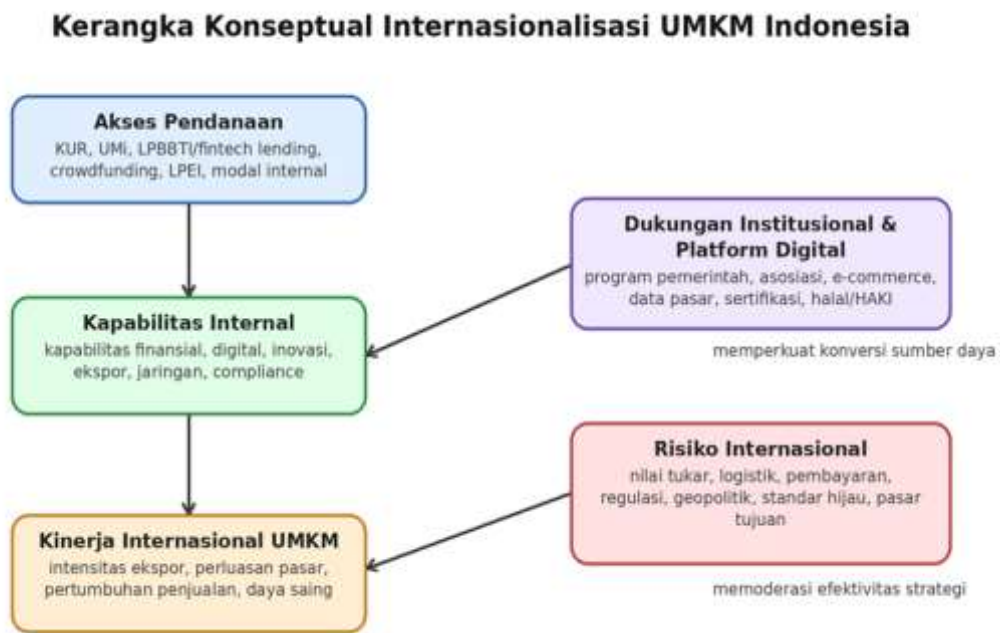


Figure 1. Conceptual framework of financing, capability, risk, and international performance of Indonesian SMEs

The framework positions financing as the initial input, internal capabilities as the conversion mechanism, institutional support and digital platforms as reinforcing factors, and international risk as a moderating factor. From this framework, the research propositions are formulated as follows:

Proposition 1: Access to alternative financing has a positive effect on the internationalization readiness of Indonesian SMEs, especially when the financing is used for productive activities such as market research, certification, digitalization, and export working capital.

Proposition 2: Digital capability mediates the relationship between access to alternative financing and the international performance of Indonesian SMEs.

Proposition 3: Export capability and compliance capability mediate the relationship between financing and the export performance of Indonesian SMEs.

Proposition 4: International risks, particularly exchange rate, logistics, payment, regulatory, and geopolitical risks, moderate the relationship between internal capabilities and international performance. Proposition 5: Institutional support and digital platforms strengthen the influence of alternative financing on the internationalization capabilities of Indonesian SMEs.

Empirical Research Agenda for the Indonesian Context

This conceptual framework can be tested using quantitative, qualitative, or mixed methods approaches. For quantitative research, the unit of analysis can be exporting MSMEs, MSMEs preparing for exports, or MSMEs using cross-border digital platforms. Suitable analysis techniques include PLS-SEM to test mediation and moderation relationships, covariance-based SEM for model confirmation, or panel data if longitudinal data is available.

Table 3. Suggestions for Operationalization of Variables for Future Research

Variable	Potential Indicator	Data Source	Analysis Technique
Alternative financing	number of funding sources, fintech access, KUR/UMi, crowdfunding, cost of capital, adequacy of working capital	SME survey, financing institution data, internal business reports	PLS-SEM, regression, fsQCA
Digital capability	use of e-commerce, digital payment, digital marketing, digital catalog, simple analytics, digital traceability	survey, digital audit, data platform	SEM, cluster analysis
Export capability	certification, export documents, quality standards, language, negotiation, buyer network	SME exporters survey, interviews, exporters association	SEM, thematic analysis
International risk	exchange rate, logistics, default, regulation, geopolitics, green standards	SME exporters survey, interviews, exporters association	moderated regression, SEM
International performance	export value, export intensity, number of markets, number of buyers, export sales growth	survey, transaction data, business report	SEM, panel data, case study

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Theoretical Implications

- This article expands the Pecking Order Theory by showing that in the context of Indonesian SMEs, alternative financing is not only a supplement to bank financing but also part of the digital ecosystem and public policy.
- This article strengthens the Resource-Based View by positioning digital capabilities, export readiness, networks, and compliance capability as mechanisms that transform funding into international performance.
- This article adapts the Uppsala Model to show that Indonesian SMEs tend to expand gradually due to limited resources and high risk perception.
- This article positions international risk as a moderating variable that explains why access to funding and digitalization does not always result in export success.

Practical and Policy Implications

For MSME actors, the results of this study emphasize that an export strategy cannot begin solely by seeking capital. MSMEs need to map out their financing needs: how much funds are required for market research, certification, quality improvement, digital promotion, order financing, and risk reserves. MSMEs also need to improve financial and digital literacy in order to be able to choose financing sources that match the business's risk profile.

For financing institutions and fintech platforms, this article suggests that productive financing for exporting MSMEs should be accompanied by mentoring mechanisms, data sharing, transaction-based credit scoring, and risk

education. The platform not only serves to channel capital but can also help with business validation, digital reputation, and market access.

For the government, the MSME internationalization program needs to move from partial assistance towards an integrated ecosystem. Financing, certification, export assistance, market information, insurance, guarantees, logistics access, and digital literacy need to be designed as a connected policy package. Strengthening LPBBTI, KUR, UMi, LPEI, business associations, universities, and global e-commerce platforms can accelerate Indonesian MSMEs' entry into the global value chain.

METHODOLOGY

This study uses a conceptual literature review approach. This approach is chosen because the purpose of the article is not to test hypotheses statistically, but rather to build a conceptual framework that can serve as a basis for empirical research on Indonesian SMEs. The main study materials come from conceptual papers and literature reviews on SME funding and internationalization risks, then enriched with key theoretical literature and relevant Indonesian policy information.

The synthesis process is carried out through four stages. First, identification of the main concepts from the paper and article reviews, namely funding access, alternative finance, internal capabilities, digital platforms, international risk, institutional support, and international performance. Second, mapping the concepts into main theories: the Pecking Order Theory to explain financing preferences and barriers; the Resource-Based View to explain the role of capabilities; and the Uppsala Model to explain the gradual internationalization process. Third, adaptation to the Indonesian context through reviewing MSME financing programs, fintech lending/LPBBTI policies, and MSME export improvement agendas. Fourth, formulation of conceptual propositions and implications for empirical research.

RESULTS AND DISCUSSION

As a conceptual article, this section presents the results of literature synthesis and integrative discussion, rather than statistical testing results. The synthesis is conducted by connecting the Pecking Order theory, Resource-Based View, Uppsala Model, as well as the context of financing policies and digitalization of Indonesian SMEs. The study results indicate that the internationalization of Indonesian SMEs cannot be explained solely by capital availability, but through the process of converting financial resources into digital capabilities, export readiness, standard compliance, market networks, and risk mitigation ability.

Table 4. Summary of Conceptual Synthesis Results and Discussion

Synthesis findings	Main explanation	Conceptual implications
Alternative financing acts as an enabler	KUR, UMi, PNM, LPBBTI/fintech lending, crowdfunding, LPEI, and supply chain financing expand access to capital, but do not automatically result in exports.	The impact of financing needs to be analyzed through the use of productive funds and the ability to convert them into capabilities.
Digital capabilities become a conversion mechanism	Digitalization helps SMEs reach foreign buyers, build credibility, manage catalogs, transactions, payments, and customer data.	Digital capability can be positioned as a mediator between access to financing and international performance.
Export readiness and compliance capability become the determinants of market acceptance	Certification, quality standards, packaging, labels export documents, traceability, and sustainability standards determine whether a product can be accepted in the target market.	Funding should be directed not only towards production, but also towards standardization and compliance.
Institutional support strengthens the effectiveness of strategies	Government programs, LPEI, associations, aggregators, digital platforms, universities, and the diaspora can reduce limitations in information and networks.	Institutional support acts as a reinforcing factor in the conversion of resources into export capabilities.
International risk moderates the results of expansion	Exchange rate fluctuations, defaults, logistics, regulations, geopolitics, and green standards can weaken the benefits of financing and capabilities.	Risk management needs to be placed as a core part of the internationalization model of SMEs.

Results of Conceptual Synthesis

The first synthesis result emphasizes that alternative financing is an important prerequisite for SMEs that want to enter international markets, especially to meet pre-export needs such as market research, product development, certification, packaging, digital promotion, and working capital. However, according to the logic of the Pecking Order Theory, limitations in information, collateral, and financial track record mean that SMEs are not always able to optimally access formal funding sources. Therefore, alternative financing needs to be positioned as a complement to traditional financing, not as a sole substitute.

The results of the second synthesis show that digital capability is the main bridge between funding and international performance. The funds available will be more valuable if used to build a digital catalog, cross-platform marketing, customer relationship management, digital payment, simple analytics, and traceability. Digital capability also strengthens the credibility signals of SMEs in

the eyes of foreign buyers and financing providers because transactions, reputation, and business track records become more visible.

The results of the third synthesis show that export readiness and compliance capability are important determinants in the internationalization process. SMEs that receive financing and are active digitally still have the potential to fail in penetrating global markets if they have not met quality standards, certifications, export documents, labeling requirements, product safety, or the sustainability standards of the destination country. Thus, international performance is more appropriately understood as the result of the interaction between resource access, capabilities, and market compliance.

Integrative Discussion

Theoretically, this finding connects three main perspectives. Pecking Order Theory explains why SMEs need alternative financing when internal funds and bank access are insufficient. The Resource-Based View explains that funds must be transformed into capabilities that are valuable, difficult to imitate, and relevant to the target market. Meanwhile, the Uppsala Model explains that SME international expansion tends to occur gradually through learning, network strengthening, and increased resource commitment.

In the context of Indonesia, the pattern of gradual internationalization becomes very relevant. Many MSMEs do not immediately engage in independent exports, but start with sales through digital platforms, aggregators, partnerships with large companies, trade exhibitions, the diaspora, or indirect exports. These stages allow MSMEs to reduce initial risks while building market experience, product standards, and reputation. Therefore, the go-export strategy needs to be understood as a continuous learning process, not just an activity of selling products abroad.

This discussion also emphasizes that international risks should not simply be considered as operational issues at the end of the export process. Exchange rate risks, payment delays, logistical barriers, regulatory changes, geopolitical risks, and sustainability standards must be taken into account from the financing planning stage. Without risk mitigation, additional capital may in fact increase the vulnerability of MSMEs, for example through debt burdens that are disproportionate to export cash flows or compliance costs that were not calculated from the beginning.

Implications of the Results for the Research Proposition

This discussion also emphasizes that international risks should not merely be considered as operational issues at the end of the export process. Exchange rate risks, payment delays, logistical barriers, regulatory changes, geopolitical risks, and sustainability standards must be taken into account from the financing planning stage. Without risk mitigation, additional capital may in fact increase the vulnerability of MSMEs, for example through debt burdens that are disproportionate to export cash flows or compliance costs that were not calculated from the outset.

The fourth proposition derives its conceptual basis from the fact that international risk can alter the direction and strength of the relationship between internal capabilities and international performance. SMEs with good capabilities may still experience export failures if they are unable to anticipate exchange rate fluctuations, defaults, logistics costs, or changes in target market standards. The fifth proposition is reinforced by the importance of institutional support and digital platforms as enhancers of access to information, networks, financing, and market reputation.

Thus, the conceptual model developed is not simply linear, but rather integrative. Financing serves as the initial input, digital capabilities and export readiness function as conversion mechanisms, institutional support acts as an enhancer, international risk becomes a contingency condition, and international performance is the final result of the combination of these factors.

Practical Relevance for Indonesian SMEs

For Indonesian MSMEs, this study shows that internationalization strategies need to start with a measured mapping of business needs. MSMEs need to distinguish funding needs for working capital, capacity building, certification, digital promotion, order management, and risk reserves. Financing decisions should be accompanied by calculations of capital costs, cash flow, tenor, sales potential, and target market risk.

In addition, SMEs need to gradually develop a portfolio of capabilities. At the initial stage, priority can be given to business legality, product quality, packaging, digital catalogs, and online marketing. At the next stage, SMEs can strengthen certification, buyer negotiations, international payment systems, logistics management, and risk protection. This gradual pattern allows SMEs to build export experience without taking on risks that exceed their capacity.

With this approach, alternative financing, digitalization, institutional support, and risk mitigation can become a complementary ecosystem. The success of the internationalization of Indonesian MSMEs is ultimately determined by the ability to transform access to resources into operational advantages and sustained trust in the global market.

Empirical Research Agenda for the Indonesian Context

This conceptual framework can be tested using quantitative, qualitative, or mixed methods approaches. For quantitative research, the unit of analysis can be exporting MSMEs, MSMEs preparing for export, or MSMEs using cross-border digital platforms. Suitable analysis techniques include PLS-SEM to test mediation and moderation relationships, covariance-based SEM for model confirmation, or panel data if longitudinal data is available.

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International performance	export value, export intensity, number of markets, number of buyers, export sales growth	survey, transaction data, business report	SEM, panel data, case study

Theoretical Implications

- This article expands the Pecking Order Theory by showing that in the context of Indonesian SMEs, alternative financing is not only a complement to bank financing but also a part of the digital ecosystem and public policy.
- This article strengthens the Resource-Based View by positioning digital capabilities, export readiness, networks, and compliance capability as mechanisms that transform funding into international performance.
- This article adapts the Uppsala Model to show that Indonesian SMEs tend to expand gradually due to limited resources and high perceived risk.
- This article positions international risk as a moderating variable that explains why access to funding and digitalization do not always result in export success.

Practical and Policy Implications

For MSME actors, this study emphasizes that the go-export strategy cannot start merely by seeking capital. MSMEs need to map out their financing needs: how much funds are required for market research, certification, quality improvement, digital promotion, order financing, and risk reserves. MSMEs also need to improve financial and digital literacy in order to choose financing sources that match their business risk profile.

For financial institutions and fintech platforms, this article suggests that productive financing for export MSMEs should be accompanied by mentoring mechanisms, data sharing, transaction-based credit scoring, and risk education.

Platforms should not only function to provide capital but can also help validate businesses, digital reputation, and market access.

For the government, the MSME internationalization program needs to move from partial assistance to an integrated ecosystem. Financing, certification, export assistance, market information, insurance, guarantees, logistics access, and digital literacy need to be designed as a mutually connected policy package. Strengthening LPBBTI, KUR, UMi, LPEI, business associations, universities, and global e-commerce platforms can accelerate Indonesian MSMEs entering the global value chain.

CONCLUSIONS AND RECOMMENDATIONS

This article concludes that the internationalization of Indonesian SMEs is an integrative process that requires synergy between alternative financing, digital capabilities, institutional support, and risk mitigation. Funding is an initial enabler, but it does not automatically result in export performance. Funding must be converted into financial capabilities, digital capabilities, innovation, networks, export readiness, and compliance capability. International risk acts as a contingency factor that can weaken or strengthen the effectiveness of funding and capabilities. Therefore, the success of Indonesian MSMEs in the global market is determined not only by the amount of capital but also by the quality of capital usage, learning ability, technological readiness, ecosystem support, and risk management discipline.

The proposed conceptual framework can serve as a basis for subsequent empirical research, particularly using a PLS-SEM or mixed methods approach on Indonesian exporting SMEs. Practically, this article emphasizes the need for policy design that integrates inclusive financing, digital assistance, certification, guarantees, export insurance, and target market risk information so that the contribution of SMEs to national exports can increase sustainably..

FURTHER STUDY

This research still has limitations, so further research is needed on the topic of Alternative Financing, Digital Capabilities, and Risk Mitigation in the Internationalization of Indonesian SMEs: An Integrative Conceptual Framework for Export Performance Improvement in order to refine this study and add insights for readers and the author.

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