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The Role of Internationalization in Fashion Industry Bridging Knowledge Management, Dynamic Capabilities, and Innovative Behavior Toward Export Performance

Dony Saputra^{*1}, Edi Abdurachman, Engkos Achmad Kuncoro, Elidjen²

Abstract

The paper aims to analyze the influence of knowledge management, dynamic capabilities, and innovative behavior mediated by the internationalization of SMEs in Muslim fashion in Jakarta, Indonesia to improve Export Performance. This study also investigates the mediating effect of internationalization between knowledge management, dynamic capabilities, innovative behavior, and SME export performance. This study used a descriptive approach to analyze quantitative data obtained from export-orientation SMEs. Data was collected through a survey conducted with 235 Muslim Fashion SME owners in Jakarta, Indonesia. Data analyses were conducted using partial least square–sequential equation modeling (PLS-SEM). This study divulges the mediating effect of internationalization on the influence of knowledge management, dynamic capabilities, and innovative behavior toward Export Performance. In addition, knowledge management, dynamic capabilities, and innovative behavior directly affect internationalization as innovative behavior is the biggest influence on the internationalization process. This study offers empirical evidence on how Export Performance is mediated by its internationalization and influence by knowledge management, dynamic capabilities, and innovative behavior. In addition, this offers a model that can be used by further researcher and insight for SMEs to enhance their export performance.

Keywords: *knowledge management, innovative behavior, resources, internationalization, export performance.*

JEL Classification: D83, O31, O15, F23, F10

1. Introduction

Fashion has become a trend and a way of life for everyone in today's global globe. Every day, everyone competes to look attractive. Fashion trends are constantly changing and evolving. The trend of fashion products indicates a positive value of 9.18 percent, according to (Indonesia Central Bureau of statistics, 2021). Muslim fashion is one of the most rapidly rising fashion lines. The Muslim clothing market is a significant element of the global accessory and garment sales chain. Muslim dress is becoming more well-known, and it continues to influence current design (Ministry of Industry of the Republic of Indonesia, 2015).

Indonesian Muslim fashion has the potential to set trends in other nations, such as the United

¹ Doctor of Research in Management, Binus Business School Graduate Program, Bina Nusantara University, *Corresponding Author Email: elidjen@binus.edu

² Binus Creation Program, Management Department,

Binus Business School Undergraduate Program, Bina Nusantara University, Jl. KH. Syahdan No.9, Kemanggisari, Palmerah, Jakarta, Indonesia.

States (State of the Global Islamic Economic, 2013: 8). Jakarta, Indonesia is one of the most important locations in Indonesia for Muslim fashion SMEs. The Muslim fashion products available in Jakarta, Indonesia, are of good quality and will appeal to both Indonesians and tourists. Jakarta, Indonesia visitors, notably in the clothes industry, might reach 30 to 80 thousand people every day, according to the Ministry of Tourism of the Republic of Indonesia in 2013. The selling of Muslim apparel in Tanah Abang has fallen dramatically in recent years. The decline in people's purchasing power is the reason for this (Widiadi, 2015). In 2017, Muslim apparel sales in Tanah Abang were only able to reach 80 to 100 million per month, compared to 130 to 150 million per month in 2016. (Nursalikah, 2017).

As the decrease of the domestic market, there is an opportunity to expand the market to other countries such as the USA, Malaysia, and Singapore (Ministry of Trade, 2020). But there are several problems arise on exporting the product to the global market, based on the results of a pre-survey conducted on 12 Muslim Fashion SMEs in Jakarta, Indonesia, revealed that the majority of SMEs tended to avoid risk, lacked knowledge of global markets, and had limited resources toward plan to go global. Another reason SMEs avoid internationalization is because they believe the dangers are too great, they are afraid of taking risks, and they do not want to leave their comfort zones, therefore they exclusively sell locally (GOukm.id, 2017).

Export performance is defined as overseas sales under different organizational and environmental conditions (Zehir, et. al, 2015). By improving the export performance of the company, it will have a good impact on economic growth (Diamantopoulos, 1999; Zehir, et. al, 2015). In addition, export performance is also an indication of the company's success in exporting. Where good export performance determines the sustainability of the company in the long term. In a study conducted by (Gemunden, 1991; Kumlu, 2014), Export performance is determined by firm characteristics, firm competencies, and a firm's marketing strategy. The study was strengthened by Madsen (1994) and Kumlu (2014) who stated that the company's export performance is strongly influenced by how the export marketing strategy is carried out by a company. company.

In line with the phenomenon of export performance in Indonesia, research conducted by Chen et al. (2016) discusses three main problems in export performance, the first is the conceptualization of a model based on several antecedents that have limited discussion and are only discussed in a few studies. The second problem is fragmentation which is translated into various methodological approaches and analytical techniques and adopted by various previous studies. While the third problem is the inconsistency and controversy of the results of previous studies on the influence of the determinants of export performance. export performance.

While research conducted by Sousa et al. (2008) proves that several antecedents have a significant influence on export performance and identify them based on two different determining aspects, namely, internal variables based on Resource-Base Theory (RBT) and external variables based on Institutional Base View (IBV). The internal variables consist of firm-level factors that refer to export marketing strategy, firm characteristics or firm capabilities and management characteristics. (Katsikeas et al., 2000; Barney et al., 2001; Peng et al., 2008; Cadogan et al. 2009; Kraaijenbrink et al., 2010, Chen et al, 2016). While external factors external factors, are determined to be characteristics at the external level of the company and the country-level characteristics (Dacin et al., 2002; Peng et al., 2008; Lipuma et al., 2013; Chen et al., 2016).

Previous research studies the partial effect of knowledge management practice on

internationalization (Saputra et.al, 2020), dynamic capabilities on internationalization (Saputra, et.al,2022), innovative behavior on internationalization (Omri et.al, 2015), and internationalization to export performance (Saputra et.al, 2020). But There are insufficient studies to model and assess antecedents of internationalization and export performance especially in Fashion SMEs. The main objective of this research was to assess the effects of knowledge management practice, dynamic capabilities, and innovative behavior on SMEs' Export performance through internationalization.

2. Literature Review & Hypothesis

2.1 Knowledge Management Practice (KMP)

Knowledge Management Practices (KMP) are regarded as exploitation-oriented organizational practices (Nelson & Winter, 1982). Given that firms might use various resources, an effective KMP is concerned with the application of knowledge, supporting the creation of routines and capabilities. Research by Alegre et al. (2011) in Saputra et.al (2020) consider two dimensions of KMPs Dimension: Knowledge Storage Practice (KSP) and Knowledge Dissemination Practice (KDP). The first concern is with a system to retrieve internal organization's knowledge and the second is related to applications of knowledge.

A study by Villar et.al,2014 and Alavi & Leidner, 2001 define Knowledge Storage Practices (KSP) are computer-based methods that aid in the collection and storage of operational knowledge: Control and revision methods, as well as systems that enable the use of knowledge gained, are all examples of information processing and global control systems. This structure enables the collection and modification of relevant data, as well as the application of that data to other operational operations, resulting in valuable feedback. Because knowledge is generally kept at the personal level, especially in SMEs with a small number of managers, establishing formal knowledge storage structures is a significant difficulty. (Wong & Aspinwall, 2005).

Knowledge Dissemination Practice (KDP) refers to the practices that allow knowledge to be used in formal and informal settings (Zahra & George, 2002). This useful knowledge is subsequently disseminated both within and beyond the firm, including codifying explicit knowledge, where inadequate knowledge transfer is frequently caused by coding issues. Export, customer, and supplier information distribution systems are also included(Villar et. al,2014; Alavi & Leidner, 2001). Techniques to boost export motivation, knowledge sharing, and engagement through quality circles or interdisciplinary teams are also included in this expertise(Villar et.al, 2014; Alavi & Leidner, 2001; Nonaka & Takeuchi, 1995). Internal knowledge structures are rare in SMEs, as external communication routes are used more frequently than internal communication channels(Durst & Edvardsson, 2012).

A study by Saputra et.al (2020) shows a significant effect of knowledge management practice toward internationalization. The result supported previous studies by several researchers (Alegre, et.al, 2011; Villar, et.al, 2014)

H1: *There is an influence of Knowledge Management Practice toward internationalization.*

H5: *There is direct and indirect influence of Knowledge Management Practice toward export performance.*

2.2 Dynamic Capabilities (DC)

Dynamic Capability (Teece, Pisano, and Shuen, 1997; Giniuniene and Jurksiene, 2015), is used as a tool to analyze a firm's ability to build competitive advantage when uncertainty and change

arise.uncertainty and change. Dynamic Capabilities are a subset of competencies or capabilities that enable firms to create new products and processes and respond to changing market circumstances. (Teece and Pisano, 1994; Tushman & O'Reilly, 1996; Lavie, 2006; Giniuniene & Jurksiene, 2015).

Some previous studies have used the dynamic capability theory to understand SME internationalization. An accepted consensus in academic circles has been reached on the theoretical significance of dynamic capabilities for SME internationalization (Villar, 2006). for SME internationalization (Villar, Alegre, & Pla-Barber, 2013). According to the literature, dynamic capabilities encourage and facilitate internationalization (Griffith & Harvey, 2001). According to Luo (2000), dynamic capabilities are necessary for firm survival in a highly dynamic international business environment. highly dynamic international business environment.

According to Kuuluvainen (2012), dynamic capabilities are an important determinant of internationalization success. While Knudsen and Madsen (2002), stated that absorption capacity and information architecture are important that explain international expansion. Key factors in long-term competitive advantage of multinational organizations is the continuous process of developing new capabilities while discarding those that are not. process of developing new capabilities while discarding old and obsolete ones (Tallman & Fladmore-Lindquist, 2002). Erikson et al. (2014) point out the importance of management cognitive ability and organizational flexibility in in generating dynamic capabilities in international expansion.

H2: *There is an influence of Dynamic Capabilities toward internationalization.*

2.3 Innovative Behavior (IB)

There are two types of innovative behavior done by previous studies that are Employee Innovative Behavior (Scott and Bruce, 1994; Jong and Hartog, 2007; Dedahanov. A.T., Rhee.C., Yoon., J, 2017, Melhem S.B., Zeffane R, Albaity M, 2018) and Innovative Work Behavior (Scott and Bruce, 1994; Jong and Hartog, 2007; Dedahanov. A.T., Rhee.C., Yoon., J, 2017, Melhem S (Janssen, 2000, Carmelli, Meitar, & Weisberg, 2006, Luoh, H.-F., et.al. ,2014; Akhavan S.P, et.al, 2015; Santoso H., Elidjen, Abdinegoro S.B., Mts. Arief, 2019).

The Organization for Economic Cooperation and Development's (OECD) international definition of innovative behavior unifies the two ideas and classifies and provides a set of standards and policies for assessing innovation in the international arena (OECD, 2005). This document also describes new marketing strategies used by businesses as a result of the adoption of a significantly better product or process (either commodities or services).

On the climate, procedures, and organizational structure, innovative behavior activity can have both positive and negative consequences. Stress among co-workers, strategic direction, scope of control over workload, management perception, and management support are some of the repercussions that frequently occur (Gross, 2017). In a competitive company environment where management is expected to lead with an entrepreneurial spirit, this spirit is passed down to employees and influences their behavior and thinking. This research focuses on three important elements of innovative behavior: Idea Generation (Jansen, 2000; Kleysen & Street, 2001; Omri, 2015), Idea Promotion (Jansen, 2000; Omri, 2015), and Idea Realization (Jansen, 2000; Omri, 2015). (Jansen, 2000; Kleysen & Street, 2001; Omri, 2015).

In today's increasingly competitive world, a company's ability to innovate and internationalize

is critical to its survival (Harris & Li, 2011). SMEs account for more than 80% of businesses on the worldwide market (Gomez-Mejia et al., 2007), and there is a strong link between SMEs' exports and R&D activity (Golovko & Valentini, 2011). The relationship between innovation and internationalization has been studied by a number of academics. This is eerily like the famous "chicken and egg" conundrum. Is internationalization aided by innovation? Or does internationalization accelerate innovation? Enterprises can increase their competitiveness in the international market by innovating, allowing them to grow their market and improve their international performance (Cassiman & Golovko, 2011). Simultaneously, the process of internationalization gives the opportunity for businesses to learn from their exports.

H3: *There is influence of innovative behavior toward internationalization.*

H6: *There is direct and indirect influence of innovative behavior toward export performance.*

2.4 Internationalization (Int)

The internationalization process according to Welch & Luostarinen (in Qamarinah, 2017: 2) is defined as increasing the involvement of companies in international operations. Root (1994 in Ravelomanana, et al., 2015: 21) stated that the entry strategy for entering the international market is a comprehensive plan. According to Hollensen in (Ravelomanana, et al., 2015: 22; Saputra et.al, 2020) there are some external factors that influence the choice of modes of entry of foreign companies such as demand uncertainty and size and market growth.

In general, the internationalization of a company starts with exporting and then is followed by licensing the product manufacturing or sales. Furthermore, the company gives a franchise to local companies in the host country to be able to use the company's brand name and also managerial support. After the franchise, the company can start a joint venture and finally have its own organization to produce and market products there and in other countries as well (Marthur 2018 in Durmaz and Tasdemir, 2014: 48).

2.5 Export Performance (EP)

Export performance is defined as the extent of a company's ability to market products abroad. This can be achieved through planning and implementing export marketing strategies (Cavusgil and Zou, 1994; Adidarma, 2015). Export performance is the company's goal in selling products to foreign markets which is achieved by planning and implementing international marketing strategies (Cavusgil and Zou, 1994; Lingden, 2014).

There are three aspects that measure export performance: market aspects, financial aspects, and consumer aspects (Adidarma, 2015). Most studies about export performance only focus on the determinants of export performance (Aaby & Slater, 1989) and a comprehensive and integrative review of export performance (Cavusgil, 1994; Zou & Stan, 1998; Morgan, Kaleka, & Katsikeas, 2004; Navarro et al., 2010). In addition, only a few researchers use moderating effects other than determinant factors to explain a company's performance in exports. This study attempts to bridge the gap in the literature about the determinants of export performance and the use of moderating variables as determinants of export performance.

Behyan, Mohamad, and Omar (2015) and Saputra et. al(2020) in their research show that Internationalization Process positively influences Export Performance. The result of this study shows a positive and significant relationship between internationalization and export performance, so that the direct impact of internationalization on export performance may have a broad scope of influence on export performance within companies.

H4: *There is influence of internationalization on export Performance.*

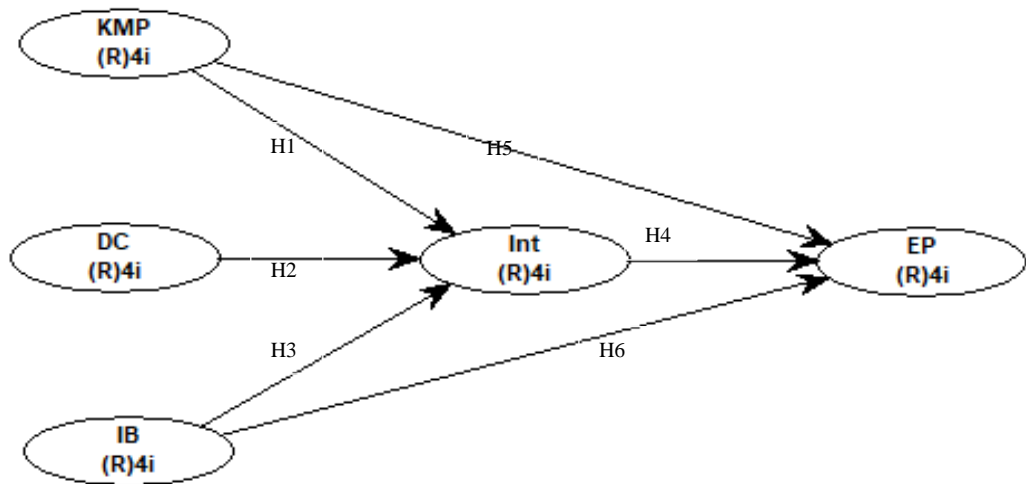


Fig. 1. Research Model.

Source: (Author, 2023).

3. Methods

3.1 Samples and Measures

As the objective of this study was to investigate the impact of KM, dynamic capabilities, and innovative behavior on SMEs' performance as mediated by internationalization, this study was aimed at small and medium-sized enterprises with export experience to the global market as a sampling frame. In this study, purposive sampling was used as a sampling method. Sample calculations are used according to Ferdinand (2002) in Saputra et.al (2020). The main target subjects for questionnaire respondents were the owners and managers of Islamic fashion SMEs. The questionnaire was mostly distributed on-site and online via e-mail. Simultaneously, in order to facilitate questionnaire distribution and high responsiveness, the enterprises were contacted by phone and e-mail to be informed of the research objective and to assuage their concerns about the questionnaire. Finally, the statistical results of the questionnaire were examined.

The questionnaire's measurement items were based on relevant literature and were validated by a panel discussion with some experts. The language used to explain questions was Bahasa, which was simple to understand. As a result, the content and construct validity of this research design were met. The final questionnaire was divided into five sections. It covered KMP, dynamic capabilities, innovative behavior, internationalization, and the SME's performance, as well as the sample's demographics. The research variables were measured using a five-point Likert-type scale ranging from 1 (strongly disagree) to 3 (neutral) to 5 (strongly agree). Furthermore, Pearson's correlation and regression analyses were performed on the summated scores. KMP was operationalized using a second-order two-dimensional construct from Villar et al. (2014) and Saputra et al. (2014). (2020). Knowledge Dissemination Practice (KDP) and Knowledge Storage Practice (KSP) are the dimensions of KMP. KDP is measured by two items: information sharing and information distribution. While KSP is measured by two items (collection and processing of information and evaluation). Villar C. et.al(2015), Zheng S.

et.al(2011) and Saputra *et.al*(2021) operationalized dynamic capabilities with three dimensions, but this study only uses two dimensions, External knowledge integration (collaboration with industry, and technology acquisition), and internal knowledge development (Firm knowledge development, ability in managing innovation). Adopted from Omri's (2015) innovative behavior was operationalized with two dimensions that is used in this study consist of four items. That is, idea generation, research for new methods; creative idea conversion, and evaluation of idea utilization for idea realization. Internationalization, which has two dimensions, was adapted from Costa *et al.* (2016) and Ravelomanana (2015). Two items for entry decision (foreign language skills and network), two items for market selection (business relationship and partner). Finally, two dimensions for assessing export performance were adopted from the (Beleska-Spasova, 2014). These dimensions are sales-related (measured by two items: export intensity, sales growth) and market-related (measured by two items: Export market share, export market growth).

3.2 The Questioner Collection and Data Analysis

The survey was administered between January 3 and 28, 2020, and it was distributed on-site and online via e-mail. A total of 250 questionnaires were collected. 235 of them were valid; the remaining fifteen were incomplete or unclear, and thus discarded. Table I depicts the sample's demographic breakdown, which includes gender, age, education level, length of operation, human resources, and revenue.

Based on Table 1 below the demography mostly are females with senior high school education and age in between 19-30 years old. The business category is small enterprises described mostly with a length of operation of 1-3 years, human resources between 11-20 people, and annual revenue of 50-250 M.

Table 1. Respondent Demography.

Gender			Education			Age		
Male	100	43%	Elementary	12	5%	19-30 y	147	63%
Female	135	57%	Junior High	19	8%	31-40 y	52	22%
			Senior High	169	72%	41-50 y	26	11%
			Bachelor	35	15%	51-65 y	9	4%
						>65 y	1	0%
Length of Operation			Human Resource			Revenue		
1-3 Y	80	34%	< 5	9	4%	50-250 M	168	72%
4-6 Y	73	31%	05-10	49	21%	251-500 M	54	23%
6-9 Y	19	8%	11-20	80	34%	501-750 M	7	3%
10-12 Y	30	13%	21-30	35	15%	751 M – 1 B	5	2%
>12 Y	33	14%	31-40	61	26%	> 1 B	2	1%

Source: (Author, 2023).

3.3 Reliability and Validity

A series of tests were performed on the proposed structural model using the partial least squares structural equation modeling (PLS-SEM) technique. PLS-SEM is robust and rigorous in nature, making it suitable for smaller sample sizes and more complex models (Hair *et al.*, 2013). To assess model reliability, convergent, and divergent validity, the author used Warp PLS software version 8.0.

Table 2 displays convergent validity, which is the degree to which multiple items measuring the

same concept agree. If the factor loadings of the items on their corresponding constructs exceed 0.60 and the average variance extracted (AVE) of the construct exceeds 0.5, measurement scales have good convergent validity (Hair et al., 2013). All the loadings exceeded the recommended value of 0.60. The composite reliability (CR), which measures how well measurement items represent latent constructs, ranged from 0.678 to 0.981 (Table 3), exceeding the recommended value of 0.7. (Hair et al., 2010). To justify the use of a construct, the AVE, which measures the variance captured by items in relation to measurement error, should be greater than 0.50. (Hair et al., 2013). The AVE ranged between 0.5 and 0.574. The findings indicated that all the observable variables were suitable for further investigation.

Table 2 depicts the assessment of discriminant validity obtained by examining the indicator cross-loadings. When the square root of the AVE for each construct is greater than the inter-correlation estimates, discriminant validity is ensured (Hair et al., 2013). Table 2's correlation matrix provides strong evidence of discriminant validity.

Table II. Convergent and Discriminant Test Result.

Construct	AVE	Outer Loading	KMP	DC	IB	Int	EP
KMP	0.502	0.717-0.898	0.723				
DC	0.574	0.725-0.829	0.244	0.755			
IB	0.512	0.756-0.884	0.090	0.072	0.816		
Int	0.532	0.826-0.947	0.072	0.045	0.233	0.806	
EP	0.503	0.814-0.860	0.076	0.280	0.012	0.096	0.981

Source: (Author, 2023)

Table III. Reliability Test Result.

Construct	Cronbach's alpha	Composite Reliability	R ²
KMP	0.640	0.787	
DC	0.752	0.844	
IB	0.523	0.759	
Int	0.705	0.819	0.545
EP	0.670	0.801	0.600

Source: (Author, 2023).

4. Findings

4.1 Structural Model

When the hypothesis test is evaluated in table IV, the test H1 shows that KMP is significantly and positively associated with internationalization. The regression standardized coefficient for this construct was 0.210 ($p=0.005$), indicating that hypothesis H1 was supported. H2 investigated the impact of dynamic capabilities on internationalization. The test also allows for the acceptance of H2 with a value of 0.173 ($p=0.018$). The test supported hypothesis H3, indicating that the construct of Innovative behavior is significantly and positively associated with Internationalization with a value of 0.484, ($p<0.001$). The test supported hypothesis H4, indicating that the construct Internationalization is significantly and positively associated with Export Performance ($= 0.671$, $p< 0.001$). For H5, The test support the hypothesis with value of 0.156 for direct effect and 0.141 for indirect effect which shows partial mediation as the

direct effect is higher than its indirect effect (Carrion et al, 2018) and p value =0.030. While for H6, The hypothesis is not supported as the p value is 0.393 which is higher than 0.05.

Table IV. Hypothesis Testing.

Hypo	Relationship	Direct β	Indirect β	P value	Decision
H1	KMP-Int	0.210	-	0.005	Supported
H2	DC-Int	0.173	-	0.018	Supported
H3	IB-Int	0.484	-	<0.001	Supported
H4	Int-EP	0.671	-	<0.001	Supported
H5	KMP-EP	0.156	0.141	0.030	Supported
H6	IB-EP	0.023	0.325	0.393	Not Supported

Source: (Author, 2023)

4.2 Discussion and Theoretical Implication

This study employs the PLS-SEM method to assess and demonstrate the existence of a significant relationship between export performance and KMP, dynamic capabilities, and innovative behavior of SMEs, as mediated by internationalization. The study's findings provided moderate empirical support for the model, accounting for 54.5% of the adjusted R² in Internationalization and 60% toward export performance. Table IV. summarizes the hypothesis test results as well as the interactions between variables and constructs.

According to the structural model used in the Muslim fashion industry, the most important construct in terms of internationalization is innovative behavior with a value of 48.4%, it elaborates and proves how the SME's innovative behavior as in research on finding a new method to extend their innovation will help their process of internationalization this result supported Ravelomanana(2015) study. When this construct is analyzed, the integration of KMP and dynamic capabilities, with standardized coefficients of 21% and 17.3%, respectively, are also significant factor that influence the SME's internationalization process.

First, Knowledge Management has a substantial impact on the Internationalization Process, according to the findings of the study. Previous research (Saputra D., et al., 2020; Costa E., et al., 2016; Villar C., et al., 2014) has shown that Knowledge Management Practices have a considerable impact on the Internationalization Process. The item for sharing export information among employees receives the lowest score in the survey, thus SMEs are urged to share export knowledge with employees so that they aspire to access the global market on a regular basis and to engage in government-based export training.

Second, The results of this study support previous research conducted by Dancan N.Irungu and Marwa, (2015) that dynamic capabilities are one of the main influences for SMEs in the process of internationalization, SMEs need to improve the quality of their dynamic capabilities so the internationalization process becomes more maximal. Small businesses can boost their dynamic capabilities by offering management with internationalization and foreign language training. SMEs can also work with suppliers to improve the quality of machines and tools used in the manufacturing process, as well as interact with suppliers of raw materials for Muslim apparel.

Third, this study discovered that innovative behavior is strongly linked to the internationalization of handcraft SMEs. This study's findings contradict previous evidence (Miller-Bloch and Kranz, 2014; Tavassoli, S., 2018) that innovation has an insignificant impact

on export performance. While there is empirical evidence to back up prior studies (Becker & Egger, 2009; Golovko & Valentini, 2011; Genc, E., Dayan, M., & Genc, O. F., 2019) that claims there is a relationship between internationalization and innovation that supports each other. Emphasize the need to grow SMEs' worldwide market understanding through ITPC's international trade and conference. Government support in the form of product, process, and service innovation training and assistance will go a long way toward increasing their innovative behavior, which will aid in their internationalization process.

Fourth. The results of the study show that the Internationalization Process has a considerable impact on SMEs' export performance. Previous research (Saputra D., et al., 2020; Mina Behyan, Osman Mohamad, and Azizah Omar, 2015) has shown that the Internationalization Process had a significant impact on Export Performance. This research also backs up the Uppsala model (Johanson & Vahlne, 1977), which states that the internationalization process occurs in phases and that for enterprises that are still emerging, business contacts as a network are required to help these SMEs succeed in exporting. The government, through the Ministry of Cooperatives and SMEs and the Ministry of Trade, believes that constant help to SMEs is important in terms of providing market access, funding, and training related to export procedures in order to boost export performance.

Fifth. The results of the study show that the knowledge management practice has a considerable impact on SMEs' export performance, both direct and indirectly through internationalization process. Previous research (Saputra D., et al., 2020; Mina Behyan, Osman Mohamad, and Azizah Omar, 2015) has shown that the Internationalization Process has a significant impact an enhance Export Performance. This research also backs up the Uppsala model (Johanson & Vahlne, 1977), which states that the internationalization process occurs in phases and that for enterprises that are still emerging, business contacts as a network are required to help these SMEs succeed in exporting. The government, through the Ministry of Cooperatives and SMEs and the Ministry of Trade of Indonesia, believes that constant help to SMEs is important in terms of providing market access, funding, and training related to export procedures in order to boost export performance.

Sixth. The results of the study show that the innovative behavior has no impact on SMEs' export performance both direct and indirectly through internationalization process. This study's findings support those of Previous research (Saputra D. et al., 2021; Mina Behyan, Osman Mohamad, and Azizah Omar, 2015) demonstrated that the Internationalization Process had no significant impact on Export Performance directly or indirectly through internationalization process. This study result also support Miller-Bloch and Kranz(2014) and Tavassoli, S. (2018) stating that innovation had no effect on export performance. While other researchers (Becker dan Egger,2009; Golovko & Valentini, 2011; Genc, E., Dayan, M., & Genc, O. F.,2019) claims that there is a relationship between internationalization and innovation that reinforces each other, which are contradictory evidence to this study. As the result of no significant effect, Probably caused by demographic of the SME is more to small enterprise in fashion which are still in early adopter stage of diffusion of innovation theory(Hurt & Cook, 1966; Rogers & Everett, 1983), This early adopter are tend to have less innovative behavior that influencing their export performance. But the SME's still need to prepare when they are expanding their innovation as they growth and leveled up their business over time and revenue by training their employee in enhancing their innovative behavior.

5. Conclusion

Despite frequent discussions of the literature on innovative behavior, the existing literature has yet to investigate the implied impact on internationalization and export performance per KBV. This omission has also been observed in the literature on export performance, despite the fact that internationalization is consistently cited as an important component of export performance. To address the aforementioned gaps, this study integrates and investigates the mediating role of internationalization on the above-mentioned relationships between knowledge management practice, firm dynamic capabilities, innovative behavior, and export performance.

This study has confirmed that there is a direct influence between KMP, dynamic capabilities, and innovative behavior on internationalization and an indirect influence on export performance.

In this study, the concept of research was updated by combining the four studies and modifying the model by adding testing indirect effects of KMP, resources, and innovative behavior of SME's export performance through internationalization.

The use of a single case study with an SME engaged in the fashion industry and possessing good innovation as the subject is the main limitation of the current research. Although such a design is recommended in the literature to explore and build a theoretical foundation with rich and in-depth insights, future research could investigate the generalizability of the frameworks developed in this study using a larger volume of data. Testing the proposed framework with a large number of SMEs could provide valuable insights for fine-tuning the model.

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