Impact of Internet Marketing Capabilities, Orientations, Uncertainty, and Innovation on International Performance

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I N F O	A B S T R A C T
	SMEs play a critical role in driving economic development through international expansion in the globalization era. However, understanding which strategic capabilities truly enhance their global performance remains a challenge. This paper examines different factors that influence international performance, with a focus on innovation as a mediating factor. This research utilized a quantitative method and a purposive sampling approach. The data were analyzed by using SPSS and Smart PLS 3.0. The sample was 204 international SMEs from Indonesia. The result found that internet marketing capabilities, learning orientation, entrepreneurial orientation, and market orientation influence the international performance of SMEs. Nevertheless, uncertainty and innovation do not significantly affect the international performance of SMEs, nor does innovation mediate the relationship between market orientation and international performance. The international environment typically requires firms to understand customers' needs and perceive themselves as capable of understanding their competitors. Also, sharing insight with suppliers and other stakeholders helps companies recognize valuable partnerships and enhance their international performance. This study contributes to the understanding of how strategic orientations and internet marketing capabilities drive international SME performance. It challenges the assumption that innovation and uncertainty significantly impact global market success, highlighting instead that SMEs benefit more from market orientation, learning orientation, and digital marketing capabilities in achieving international growth.

INTRODUCTION

In the global market, one of the risks faced by companies in developing their business is internationalization, which is confronted with the development of resources and the ability to respond to market needs quickly (C. K. Reimann et al., 2022). Historically, internationalization has been associated with large and stable companies (Falahat et al., 2022). According to C. K. Reimann et al. (2022), internationalization is a common strategy to enhance the competitiveness of companies. Optimal utilization of the Internet to improve company performance enables global customer development and internal and external information exchange and reduces communication barriers for geographically dispersed companies (Liu et al., 2020). Wang (2020) identifies several obstacles to digitalization, including insufficient digital maturity and skills, ambiguous performance advantages from digitalization, and the necessity for changes in organizational functions and international business processes to facilitate digitalization. These issues highlight the need for additional research on capabilities and internet marketing capabilities. Since the advent of the internet,

this technology has been popularized and disseminated as the core of globalization for companies in interacting with clients and internal and external stakeholders (Liu et al., 2020).

Previous research on international performance has revealed that entrepreneurial characteristics such as international orientation and knowledge may have complex interrelationships (Falahat et al., 2022). In the international market, companies need to have the capability to innovate in order to survive continuously. Innovation involves converting opportunities and gaps into actionable ideas (Udriyah et al., 2019). Alongside market orientation and learning orientation, the focus on entrepreneurial orientation has significantly increased in the field of international entrepreneurship over the past thirty years. Entrepreneurial orientation is essential for entering international markets, as it necessitates a unique business model and approach to comprehend new markets (Gull et al., 2021). Research has frequently explored how a single strategic orientation impacts international performance. Nonetheless, SMEs that integrate various orientations into their approach tend to achieve superior outcomes (Acosta et al., 2018).

Performance in international companies characterized by uncertainty has long been considered a persistent issue (Sharfaei et al., 2023). When entering international markets, companies need to confront high levels of uncertainty, which influences decision-making and strategic planning (Falahat et al., 2022). Therefore, considerations for various factors, such as industry strength and international performance forces, are required, as these factors impact market expansion and competitiveness (C. Reimann et al., 2022). One challenge companies face is meeting performance objectives while evaluating market conditions, including the strength of the industry, which plays a crucial role in internationalization success (Liu et al., 2020).

To explain this phenomenon, this research is anchored in several key theories. According to Internationalization theory, firms manage uncertainty by developing market knowledge and strategic capabilities to improve international performance (C. Reimann et al., 2022). Additionally, Entrepreneurial orientation theory suggests that firms with proactive, risk-taking, and innovative approaches are better positioned to navigate uncertain environments (Gull et al., 2021). Furthermore, market orientation theory highlights the importance of understanding customer needs and competitor strategies in driving international success (Lobo et al., 2023). A crucial factor that aids managers in their decision-making is comprehending the market conditions in the host country, which encompasses dealing with uncertainty (Sharfaei et al., 2023).

Small businesses progressively build international expertise by exchanging knowledge and engaging in experiential learning, which strengthens their competitiveness and reinforces their dedication to broadening their market presence (Falahat et al., 2022). Based on data from the Databoks that reports by Ahdiat (2022), as of September 2022, Indonesia is the country with the highest number of MSMEs (Micro, Small, and Medium Enterprises) in ASEAN, totaling 65,5 million. The abundance of MSMEs in Indonesia supports this research in understanding the factors that support a company's entry into international markets. This research is motivated by a review of existing literature, which highlights a gap in empirical studies exploring the connection between market orientation and learning orientation among Indonesian SMEs. This research investigates how these factors influence international performance, emphasizing the mediating role of innovation, which serves as a

key focus. The objective is to analyze the interplay between uncertainty, market orientation, learning orientation, entrepreneurial orientation, and learning while exploring how innovation acts as a mediator in their impact on international performance. Indonesian SMEs that use the internet for marketing purposes are used as the research context.

LITERATURE REVIEW
International Performance

Every business must evaluate its performance to ensure effective management and to develop strategies for the future. There are two ways to measure a company's performance: objective and qualitative assessment. Objective measurements include calculations like return on assets and return on equity, among others. On the other hand, qualitative assessments are carried out by comparing the company's performance against its competitors or with the company's prospects (Sharfaei et al., 2022). According to C. Reimann et al. (2022), to achieve positive international performance, companies need to focus on developing marketing capabilities to maximize their resources.

International performance is a multidimensional concept reflecting a company's ability to compete in global markets. While traditional measures include financial indicators such as international sales growth and market share, recent studies emphasize the role of strategic orientations and capabilities in shaping international success (Falahat et al., 2021; Liu et al., 2020). Market orientation, learning orientation, entrepreneurial orientation, and internet marketing capabilities enable firms to adapt to global competition, drive innovation, and enhance international performance (Mahmoud et al., 2016; C. Reimann et al., 2022). Meanwhile, uncertainty presents a challenge, as firms must develop strategies to navigate economic, regulatory, and competitive risks in international markets (Sharfaei et al., 2023). Therefore, this study evaluates international performance based on these key strategic factors, providing a comprehensive view of how SMEs achieve success in global markets.

Internet Marketing Capabilities and International Performance

Tolstoy et al. (2022) identified the Internet as a vital marketing medium for international companies because it provides access to new perspectives and new customers in international markets. In a market-oriented business world, customers are considered primary stakeholders, making the utilization of the Internet crucial for customer satisfaction and the success of a company's internationalization (Liu et al., 2020). Large enterprises dominate the global digital market; thus, to compete with these large companies, SMEs need to develop their internet marketing capabilities, which allows them to experiment in international markets cost-effectively. According to Wang (2020), performance will be stronger for companies that possess superior internet marketing capabilities along with the ability to manage technology to handle customers, suppliers, and partners simultaneously, contributing to the company's internationalization performance.

Several literatures indicate factors that directly and indirectly influence international performance, such as internet marketing capability and market orientation (C. K. Reimann et al., 2022; Liu et al., 2020; Joensuu-Salo et al., 2018; Tolstoy et al., 2022). The study by Suprapto & Surianti (2021) found a positive relationship between social media marketing, which is part of internet marketing capabilities, and purchase decisions, which are related to

a company's international performance. According to Suprapto & Surianti (2021), the internet, particularly social media, can be used for promotions and introducing products to increase buyer trust. It is supported by the research of Estefania & Yuwono (2023), which states that through interesting and high-quality content uploaded on social media, a company can interact with millions of users worldwide. Al-Zyoud (2018) emphasized that building Internet marketing skills is essential for companies to tap into international markets. However, possessing these capabilities does not necessarily ensure that a company will achieve a competitive edge. The use of the Internet for customer-related management can enhance both domestic and international sales competencies. The integration of marketing with the Internet (such as advertising, communication, promotion, and sales) enables companies to develop Internet marketing capabilities to respond to foreign markets, thus improving international performance (Liu et al., 2020). Therefore, the hypothesis of this study is the influence of internet marketing capabilities on international performance.

H1: Internet marketing capabilities have a significant positive effect on international performance

Entrepreneurial Orientation and International Performance

International entrepreneurial orientation is related to decision-making for identifying and exploiting international market opportunities (Lekmat et al., 2018). It is supported by Bianchi et al. (2017), who state that entering new markets is an entrepreneurial process as it requires opportunity seeking, understanding, and initiating relationships with international associates in new areas. The concept of entrepreneurial orientation reflects innovation, proactiveness, and a high level of risk-taking for companies to pursue international performance (Glavas et al., 2017). It is further corroborated by Liu et al. (2020), who consider that with the concept of entrepreneurial orientation, companies explore opportunities in new markets, manifested by their proactive, innovative, and risk-taking characteristics to catch up with international companies.

Multiple past studies have identified a strong positive correlation between entrepreneurial orientation and international performance, suggesting that entrepreneurial-oriented companies can adjust their business processes to dynamic environments and tend to perform well in international markets because they respond quickly to business needs and requirements (Acosta et al., 2018; Asemokha et al., 2019; Gull et al., 2021). This study builds on substantial research that highlights the significance of entrepreneurial orientation in driving a company's success in international markets. Therefore, the hypothesis of this study is the influence of entrepreneurial orientation on international performance.

H2: Entrepreneurial orientation has a significant positive effect on international performance

Uncertainty and International Performance

Uncertainty is a multifaceted phenomenon that influences numerous economic factors, including supply and demand dynamics, consumer behavior, production choices, and decisions made by other economic agents. It also has a significant impact on asset prices, financial markets, and unemployment rates (Ashena et al., 2024). According to Sharfaei et

al. (2023), uncertainty refers to the lack of clarity regarding risks in the economy due to factors such as operational costs, trade restrictions, regulations, and others. Uncertainty has created serious challenges for companies in altering their planning strategies and coordinating partnerships (Ma & Lu, 2023). The study by Sharfaei et al. (2023) concludes that while many studies confirm a significantly positive relationship between uncertainty and market performance, the same statement cannot be validated in developing countries. The ambiguity in this relationship supports research related to the connection between uncertainty and international performance.

H3: Uncertainty has a significant positive effect on international performance

Learning Orientation and International Performance

The concept of learning orientation is associated with a company's activities and values aimed at developing new insights within the organization to create and utilize knowledge for a shared vision, commitment to learning, open-mindedness, and enhancing the company's competitiveness, potentially influencing corporate behavior (Abbu & Gopalakrishnan, 2021; Ding et al., 2022). According to Meekaewkunchorn et al. (2021), learning orientation may increase when a company has a high level of risk-taking, which is also related to entrepreneurial orientation. Multiple studies indicate that learning orientation has a stronger positive influence on international performance compared to market orientation (Mahmoud et al., 2016). Related research has revealed a significantly positive relationship between learning orientation and international performance, concluding that the higher the learning orientation and innovation developed through new products or new market segments, the greater the likelihood of achieving better outcomes in international markets (Meekaewkunchorn et al., 2021; Escandon-Barbosa & Salas-Páramo, 2023). Therefore, the hypothesis of this study is the influence of learning orientation on international performance.

H4: Learning orientation has a significant positive effect on international performance

**Market Orientation, Innovation, and International Performance**

Research by C. K. Reimann et al. (2022) states that companies with a market-oriented approach prioritize delivering exceptional value to their customers by thoroughly understanding their needs and expectations. According to Mahmoud et al. (2016), market orientation is depicted not just as an advantageous strategy for companies but also as a customer-centric approach that involves uncovering gaps in customer needs, aligning these insights with the company's capabilities, and actively seeking customer input to shape future product or service offerings. Therefore, with market orientation, companies need to monitor rapidly changing customer preferences, drive product innovation, and develop strategies that strengthen their competitive edge. This approach reflects innovative behavior, as it emphasizes adapting and responding to changing market conditions with new or improved methods (Mahmoud et al., 2016). Jung and Shegai (2023) define innovation as the process of implementing new products, ideas, and methods to improve existing ones or create something entirely new. Existing research related to international performance reveals a positive relationship between innovation and international performance (Herman et al., 2018; Udriyah et al., 2019). Additionally, the study by Mahmoud et al. (2016) concludes

that innovation indeed mediates the relationship between market orientation and international performance. Although many studies have demonstrated a positive relationship between market orientation and international performance, information regarding innovation as a mediator between market orientation and international performance remains limited (Udriyah et al., 2019; Abbu & Gopalakrishnan, 2021). The conceptual relationships among the variables discussed above are illustrated in Model 1, which presents the proposed research model developed for this study.

H5: Market orientation has a significant positive effect on innovation
H6: Innovation has a significant positive effect on international performance
H7: Innovation has a mediating effect on market orientation and international performance
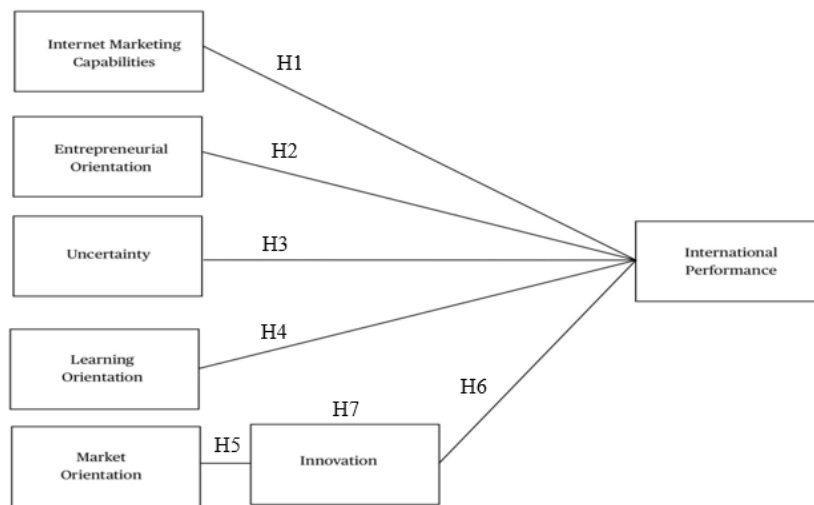
Figure 1. Research Model

The rationale behind this research model (Figure 1) is grounded in both theoretical considerations and prior empirical findings. In this study, innovation is positioned as a mediating variable, specifically between market orientation and international performance. This decision is based on the understanding that market-oriented firms actively respond to customer needs and changing market conditions, which often drive the development of new products, services, or processes. As such, innovation is seen as a natural outcome of market orientation, functioning as a key channel through which market orientation enhances global competitiveness.

In contrast, other independent variables, such as learning orientation, entrepreneurial orientation, and internet marketing capabilities, are hypothesized to influence international performance through direct pathways rather than through innovation. These constructs represent internal capabilities or strategic mindsets that enable firms to improve performance by strengthening operational effectiveness, knowledge integration, and digital outreach without necessarily passing through an innovation mechanism. Additionally, existing literature offers limited empirical support for innovation as a mediator in the relationships between these other variables and international performance, particularly in the context of SMEs.

This model focuses on the linkage between market orientation, Innovation, and international performance, reflecting both theoretical logic and empirical patterns. While all strategic orientations contribute to international performance, innovation is most

appropriately treated as a mediator only in the context of market orientation, where responsiveness to market signals is directly tied to innovative outcomes. Therefore, market orientation enhances innovation, which in turn drives international performance more effectively.

RESEARCH METHOD

Based on the background, framework, and objectives of this study, the research aims to explore and review the international performance of SMEs in Indonesia. This topic is considered important for further analysis and discussion due to the increasing number of SMEs in Indonesia that are beginning to enter international markets. This study will examine and analyze the impact of Internet marketing capabilities, entrepreneurial orientation, uncertainty, learning orientation, market orientation, and innovation. Furthermore, this study will explore how innovation acts as a mediator in the connection between market orientation and the international performance of SMEs. The research method employed is quantitative, as the data used for analysis and testing are numerical data.

The population to be tested in this study comprises SMEs that use the Internet as a marketing medium and those that have entered international markets or engaged in shipping abroad. The sample size for this research is determined using the theory by Hair et al. (2017) with a 1:5 ratio, resulting in a minimum of 130 samples (26 x 5). Data collection will be conducted using a Likert scale questionnaire distributed to SME owners in Indonesia via Google Forms and shared on online platforms such as Instagram and WhatsApp. This study employs purposive sampling to select the sample. By using purposive sampling, the respondents are chosen based on specific criteria rather than random sampling, ensuring that the information gathered is relevant (Campbell et al., 2020). The sample criteria are as follows: 1) companies operating internationally, 2) companies using the Internet as a marketing medium, 3) companies that ship goods abroad, and 4) SMEs originating from Indonesia. The sampling period will be from November 2023 to January 2024. Data analysis will be conducted using SPSS and Smart PLS 3.0. software, as it provides a more informative data presentation and assigns reason codes to support the accuracy of the information provided. According to Hair et al. (2017), PLS-SEM is more suitable for exploratory research, particularly when working with small to medium sample sizes and non-normal data distributions. Additionally, PLS-SEM is recommended for complex models with multiple predictors and mediators, as it focuses on maximizing explained variance rather than strictly confirming a theoretical model.

This research consists of three types of variables: independent variables, dependent variables, and mediating variables. The independent variables are composed of Internet marketing capabilities, entrepreneurial orientation, uncertainty, learning orientation, innovation, and market orientation. The dependent variable is the international performance of SMEs, and the mediating variable is innovation. The operational definitions of these variables are presented in Table 1. The measurement scale used is a Likert scale with six options 1 (strongly disagree), 2 (disagree), 3 (somewhat disagree), 4 (somewhat agree), 5 (agree), and lastly 6 (strongly agree).

Table 1. Operational Definition

Variable	Operational Definition	Source
International Performance	A multi-dimensional construct that combines various dimensions of corporate performance, such as financial performance and non-financial indicators	Bianchi et al. (2017)
Internet Marketing Capabilities	Internet marketing capability refers to the utilization of the Internet by companies combined with international marketing activities to pursue sales overseas.	Liu et al. (2020)
Entrepreneurial Orientation	Entrepreneurial orientation refers to an orientation that encompasses proactive, innovative, and risk-taking characteristics.	Falahat et al. (2021)
Uncertainty	Market uncertainty describes the level of ambiguity associated with a specific market due to various elements such as regulations, operational costs, raw material costs, and other expenses.	Sharfaei et al. (2022)
Learning Orientation	Learning orientation is conceptualized as organizational values that influence its propensity to create and utilize knowledge, encompassing three critical values: commitment to learning, openness, and shared vision.	Ding et al. (2022)
Market Orientation	Market orientation is defined as the way an organization creates superior performance through understanding culture, consumer behavior, and current markets.	Hadi (2023)
Innovation	Innovation can be seen as the extent to which an organization generates, adopts, and implements new ideas, processes, products, or services.	Mahmoud et al. (2016)

RESULT AND DISCUSSION

The questionnaire distribution was conducted from October 2023 to September 2024, resulting in 204 respondents. The descriptive analysis of the respondent profiles shows that the majority are females aged 26-30 years. As shown in Table 2, most companies operate in the textile sector, such as selling or distributing clothing. Most of these companies have been established for 6-10 years.

Table 2. Characteristics of Respondents

Variable	Category	Quantity	Percentage (%)
Gender	Male	91	44.6
	Female	113	55.3
Age (years)	18-25	61	29.9
	26-30	100	49
	31-41	37	18.1
	> 48	6	2.9
Firm age (years)	0-5	86	42.1
	6-10	94	46
	11-20	19	9.3
	>20	5	2.4
Industry	Food and Beverage	36	17.6
	Textile	59	28.9
	Technology	26	12.7
	Software	17	8.3
	Sports Goods	15	7.3
	Furniture	15	7.3
	Retail	24	11.7
	Others	12	5.8

The respondents' gender is predominantly female. According to data from Bank Indonesia (2021), most SMEs in Indonesia are founded and managed by women. For age, a total of 100 respondents (49%) are aged 26-30 years, which is a common age range for individuals who have completed their education and are starting their businesses. Out of the 204 companies surveyed, 94 (46%) have been established for 6-10 years. Most respondents operate in the textile sector, which is 59 companies (28.9%), followed by the food industry with 36 companies (17.6%). This distribution indicates a diverse range of industry sectors among the SMEs, with a notable concentration in textiles and the food industry. Most companies have been established within the last decade, highlighting the relatively recent growth and expansion of SMEs into the international market.

Table 3. Common Method Bias Testing

Total Variance Explained					
Initial Eigenvalues			Extraction Sums of Squared Loadings		
Total	Percentage of Variance	Cumulative (%)	Total	Percentage of Variance	Cumulative (%)
5.226	20.098	20.098	5.226	20.098	20.098

The common method bias test conducted in SPSS, as presented in Table 3, showed a value of 20.098% (<50%), indicating that common method bias is not present.

Table 4. Research Instrument Testing

Variable	Measurement Item	Factor Loading	AVE	Cronbach's Alpha	Composite Reliability
Entrepreneurial Orientation	EO1	0.951			
	EO2	0.961	0.908	0.949	0.967
	EO3	0.946			
Internet Marketing Capabilities	IMC1	0.936			
	IMC2	0.940	0.885	0.957	0.968
	IMC3	0.937			
	IMC4	0.949			
International Performance	IP1	0.936			
	IP2	0.940	0.852	0.942	0.958
	IP3	0.937			
	IP4	0.949			
Innovation	I1	0.893			
	I2	0.872			
	I3	0.911	0.797	0.936	0.952
	I4	0.895			
	I5	0.892			
Learning Orientation	LO1	0.925			
	LO2	0.936	0.876	0.953	0.966
	LO3	0.946			
	LO4	0.938			
Market Orientation	MO1	0.923			
	MO2	0.903	0.816	0.887	0.930
	MO3	0.883			
Uncertainty	U1	0.933			
	U2	0.925	0.869	0.925	0.952
	U3	0.939			

Hair et al. (2017) proposed methodologies and criteria for assessing validity and reliability. Validity refers to the degree of accuracy in a measurement that truly represents what it aims to measure. According to Hair et al. (2017), construct validity can be divided

into convergent and discriminant validity. A measure is considered valid in research when both convergent and discriminant validity are achieved. Convergent validity is tested to determine how well the indicators used in the study explain the construct by examining the average variance extracted (AVE) value, which is considered valid if it exceeds 0.5, as shown in Table 4.

Discriminant validity is based on the idea that indicators of distinct constructs should not show a high correlation. It can be evaluated using the Fornell-Larcker criterion and the Heterotrait-Monotrait (HTMT) ratio. If either criterion is met, the data is considered to have achieved discriminant validity. Fornell and Larcker (1981) suggest that strong discriminant validity is demonstrated when the square root of the AVE for each construct exceeds the correlations among the constructs within the model. Khan et al. (2020) suggest that an HTMT value less than 0.9 indicates that discriminant validity has been achieved. Tables 5 and 6 present the findings from the Fornell-Larcker criterion and the HTMT ratio, which confirm that there is an appropriate level of discriminant validity.

Table 5. Heterotrait-Monotrai (HTMT) Ratio

Variable	EO	I	IP	IMC	LO	MO	U
Entrepreneurial Orientation							
Innovation	0.774						
Internet Marketing Capabilities	0.898	0.814					
International Performance	0.844	0.857	0.866				
Learning Orientation	0.801	0.854	0.835	0.949			
Market Orientation	0.707	0.906	0.723	0.860	0.797		
Uncertainty	0.727	0.814	0.716	0.837	0.859	0.747	

Table 6. Fornell-Larcker

Variable	EO	I	IP	IMC	LO	MO	U
Entrepreneurial Orientation	**0.953**						
Innovation	0.729	**0.893**					
Internet Marketing Capabilities	0.856	0.770	**0.941**				
International Performance	0.799	0.805	0.823	**0.923**			
Learning Orientation	0.762	0.807	0.797	0.900	**0.936**		
Market Orientation	0.649	0.827	0.666	0.787	0.734	**0.903**	
Uncertainty	0.682	0.758	0.674	0.783	0.807	0.678	**0.932**

In addition to validity testing, reliability testing is also necessary. Reliability testing is conducted to demonstrate the consistency and accuracy of the instrument in measuring the constructs. Reliability can be tested using Cronbach's alpha and composite reliability, with values for each construct needing to exceed 0.6. As shown in Table 4, all constructs are reliable when tested with composite reliability and Cronbach's alpha.

Table 7. Coefficient Determination Testing

Variable	R-square
Innovation	0.683
International Performance	0.868

The coefficient of determination (R-square) test is conducted to assess the extent to which the independent variables can explain the dependent variable. This test can be performed by examining the R-square values presented in Table 7. The R-square value for the variable Innovation (I) is 0.683, indicating that Market Orientation (MO) explains 68.3%

of the variance in Innovation, while the remaining 31.7% is explained by other variables not included in the model. An R-square value above 0.5 indicates a "strong" category. The R-square value for the variable International Performance (IP) is 0.868, meaning that Internet Marketing Capabilities (IMC), Entrepreneurial Orientation (EO), Uncertainty (U), Learning Orientation (LO), Market Orientation (MO), and Innovation (I) together explain 86.8% of the variance in International Performance, with the remaining13.2% being explained by other variables not included in the model.

Table 8. The Results of Hypothesis Testing

Hypothesis	Variable	Path	T Value	P Value	Conclusion
H1	IMC → IP	0.162	2.397	0.017	Supported
H2	EO → IP	0.118	1.963	0.050	Supported
H3	U → IP	0.080	0.824	0.410	Not Supported
H4	LO → IP	0.492	3.813	0.000	Supported
H5	MO → I	0.826	20.808	0.000	Supported
H6	I → IP	-0.055	0.567	0.571	Not Supported
H7	MO → I → IP	-0.045	0.569	0.570	Not Supported

Based on the hypothesis testing results, as shown in Table 8, the variable internet marketing capabilities (IMC) significantly influence international performance (t = 2.397, p > 0.05); hence Hypothesis 1 is supported. While research on the impact of IMC on IP remains promising, this study contributes to the existing literature by examining this relationship contextually and observing how the company's orientation can affect IP. The findings are consistent with Glavas et al. (2017), Liu et al. (2020), and Mathews et al. (2019), suggesting that IMC significantly affects international performance and emphasizes the importance of activities, processes, and company capabilities.

In the second hypothesis, entrepreneurial orientation significantly influences international performance (t = 1.963, p < 0.05); thus, hypothesis 2 is supported. Several studies have identified a positive relationship between EO and IMP, strengthened by factors such as access to finance, company size, organizational culture, and strategic organizational processes (Gull et al., 2021 & Liu et al., 2020). In the third hypothesis testing results, the variable uncertainty does not significantly influence international performance (t = 0.824, p > 0.05); thus, hypothesis 3 is not supported, which is consistent with the studies of Guo et al. (2024). It is because most respondents reported minimal changes over time in operational costs and labor costs. Many respondents from textile companies indicated that operational costs could be kept low, unlike in the food industry, where facilities with controlled temperature storage are required, or in the technology sector, where shipping costs may be higher due to the weight of the technology products. Therefore, operational costs in these sectors potentially impact performance more than those in the textile industry, which does not require controlled room temperature or deal with heavy-weight items.

Based on the fourth hypothesis testing results, learning orientation significantly influences international performance (t = 3.813, p > 0.05); thus, hypothesis 4 is supported. Following Meekaewkunchorn et al. (2021) & Kazemi et al. (2022), the above result suggests that learning orientation influences international performance. The fifth hypothesis testing results indicate that market orientation has a significant positive influence on innovation (t = 20.808, p < 0.05); thus, hypothesis 5 is supported. This is because the majority of respondents understand their customers' needs and perceive themselves as capable of

understanding their competitors. This study is supported by previous research from C. K. Reimann et al. (2022), Lobo et al. (2023), Udriyah et al. (2019), Nakos et al. (2019) showing that market orientation has a significant positive relationship with international performance.

Based on the sixth hypothesis testing results, innovation does not significantly influence international performance (t = 0.567, p > 0.05); thus, hypothesis 6 is not supported. It is because the majority of respondents believe that the most successful products in their company are not new products; instead, it is their existing products that have helped them penetrate international markets. This issue could arise from the idea of over-internationalization, where the large amount of complex and varied information companies are exposed to makes it hard for them to turn it into real innovations (Azari et al., 2020). The research by Love and Roper (2015) indicates that innovation does not always improve international performance because SMEs face resource constraints, risk aversion, and market barriers, and studies show that research and development investment alone has an insignificant effect on export success when not supported by market adaptability and competitive strategies. Ferna (2014) also emphasizes that innovation alone does not improve international performance for SMEs, as its impact on export intensity is insignificant without strong organizational learning capability to support market adaptation and strategic responsiveness.

The last hypothesis testing results indicate that innovation does not mediate the relationship between market orientation and international performance (t = 0.679, p > 0.05); therefore, hypothesis 7 is not supported. It is further supported by the insignificant path from innovation to international performance (t = 0.567, p > 0.05), even though market orientation significantly influences innovation (t = 20.808, p < 0.05). The mediating role of innovation between market orientation and international performance is not consistently supported, as market-oriented SMEs may engage in innovation, but this does not always enhance international performance. It may occur because many SMEs, especially in sectors like textiles, focus on incremental improvements to existing products rather than launching entirely new innovations. In some industries, customers prioritize stability over innovations, limiting innovation's impact. These findings suggest that market orientation has a stronger direct effect on international performance, making it more beneficial for SMEs to focus on market-driven strategies rather than relying on innovation as a mediator.

The findings of this research are aligned with the survey results, where most respondents indicated that their best-selling products were not new but existing ones that had already gained customer trust. Research by Keskin (2006) found that innovation does not significantly mediate the relationship between market orientation and international performance in SMEs, as market intelligence alone is insufficient to drive innovation without learning orientation as a crucial intermediary. Consistent with these findings, Roper and Love (2002) suggest that innovation does not always mediate the link between market orientation and international performance, as factors like supply-chain dynamics, regional conditions, and resource limitations can weaken its influence on export success. Despite companies understanding their customers' needs, not all customers are comfortable with new products offered by the company. In summary, although statistical analysis confirms that innovation is significantly influenced by market orientation, it does not significantly affect

international performance, which explains why the mediating role of innovation is not supported in this study.

CONCLUSION

The tests conducted have shown that market orientation, learning orientation, entrepreneurial orientation, and internet marketing capabilities indeed have a significant positive relationship because understanding and sharing insight not only about customers but also regarding competitors, suppliers, and other stakeholders enables a company to recognize valuable partnership and enhance its performance. A well-developed human resource team, shaped by a company's learning orientation, can also influence the internet marketing capabilities of the employees, thereby enhancing the firm's international performance.

However, uncertainty and innovation do not impact international performance, and innovation does not mediate the relationship between market orientation and international performance. It could be influenced by the fact that respondents are SMEs, which face budget constraints. As a result, it leads to a high level of uncertainty within a company, limiting its ability to optimize product innovation fully. Consequently, the company tends to concentrate on existing products that have already gained consumer trust. These variables may not be optimally implemented to support the company's international performance, especially for SMEs.

This study contributes to the understanding of how strategic orientations and internet marketing capabilities drive international performance in SMEs while challenging the assumption that innovation and uncertainty play a significant role in this context. The findings suggest that SMEs, particularly those facing budget constraints, focus on market orientation to drive innovation. However, despite this relationship, innovation does not significantly enhance international performance. It indicates that while SMEs may engage in innovation due to market orientation, these innovations may not be substantial or transformative enough to impact their global success. It is consistent with the general observation that many SMEs lack sufficient resources to fully leverage innovation for expansion into international markets.

Furthermore, innovation does not mediate the relationship between market orientation and international performance, indicating that while market-oriented firms may engage in innovation, it does not always enhance their global competitiveness. It supports the idea that innovation alone is often not enough to ensure success in global markets, especially in sectors where customer preferences lean more toward consistency than rapid product changes. Therefore, it is more practical for SMEs to focus on strategies such as enhancing market intelligence, learning orientation, and digital marketing capabilities rather than relying on innovation as a mediating factor.

This study provides valuable contributions in both academic and practical contexts. The findings challenge the common assumption that innovation and uncertainty are key drivers of international performance, revealing instead that factors such as market orientation, learning orientation, entrepreneurial orientation, and internet marketing capabilities play a more significant role. Empirically, this research enhances the understanding of Indonesian SMEs in global markets, adding to the body of knowledge on

international business, particularly in emerging economies. By utilizing quantitative analysis through Smart PLS 3.0 and SPSS, the study presents a validated model for assessing factors that influence SME international performance. From a practical perspective, the results offer useful insights for SME managers, emphasizing the importance of prioritizing market and learning orientation rather than relying solely on innovation in uncertain international environments. Additionally, the study highlights the crucial role of Internet marketing capabilities in supporting SMEs' global expansion efforts, providing actionable recommendations for business leaders and policymakers seeking to enhance SME competitiveness in international markets.

Limitations and Future Research

While this study has taken extensive steps to adhere to methodological guidelines carefully, the potential for respondent bias persists. Despite employing a range of empirical and statistical approaches to mitigate such biases, self-reported data is still vulnerable to distortion. Nevertheless, surveys continue to be the most appropriate method for collecting evidence on specific phenomena. This research focuses solely on international SMEs in the Indonesian market, and its findings should be interpreted within that scope. Consequently, the broader applicability of the model requires further investigation across different types of businesses and in other developing countries.

One methodological limitation of this study is the use of PLS-SEM for data analysis. Although PLS-SEM is beneficial for exploratory research and handling complex models, it has certain constraints. It focuses more on prediction rather than theory validation, making it less suitable for confirming established theoretical models. Additionally, it does not include traditional model fit indices, as found in CB-SEM, which can make overall model validation more difficult. Another drawback is its sensitivity to sample size variations, meaning that results may differ when applied to larger or different datasets. Future research on international performance is recommended to use CB-SEM or other methods for stronger theory validation, incorporate more specific samples within their respective industries, and explore additional variables not covered in this study to yield more comprehensive results.

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