

Dynamic Capabilities of Indonesian Business Aggregators in Entering Global Markets

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ABSTRACT: The increasing integration of digital technologies and global value chains has strengthened the strategic role of business aggregators in promoting the internationalization of small and medium-sized enterprises (SMEs), particularly in institutionally fragmented emerging economies. However, there are few studies that examine how aggregators develop and coordinate dynamic capabilities across organizational boundaries to support entry into global markets. This study examines how Indonesian business aggregators build distributed dynamic capabilities and analyzes the institutional, organizational, and market conditions that shape their development. Using a qualitative single-case design, the study analyzes PT Sarinah based on in-depth interviews and documentary evidence. The data were analyzed through an iterative coding process and a mechanism-level analysis based on a dynamic capability's framework. The results reveal a temporally sequential and mechanism-driven model of capability development. First, institutional fragmentation triggers intensive monitoring routines that integrate regulatory and market information. Second, strategic capture occurs through coordinated product curation, partnership orchestration, and financial harmonization, consolidating the fragmented resources of SMEs. Third, the reconfiguration process institutionalizes capability enhancement through digital integration, operational restructuring, and supply chain optimization. These processes are reinforced by recursive feedback loops that gradually integrate capabilities across the ecosystem. This study contributes to dynamic capabilities theory by conceptualizing dynamic distributed capabilities as a process that crosses boundaries and is embedded in ecosystems, rather than as an internal routine of a firm. The study extends research on internationalization by identifying generative mechanisms through which aggregators stabilize cross-border participation in the context of emerging markets. The findings also offer implications for the design of export policy, the regulation of aggregators, and programs for the internationalization of SMEs in emerging economies.

Keywords: dynamic capabilities, distributed dynamic capabilities, business aggregators, global market entry, institutional fragmentation, emerging economies.

I. INTRODUCTION

The Industrial Revolution 4.0 is changing global competition and expansion through digitalization. Physical and organizational processes are fundamentally changing the way companies compete and expand across national borders. Therefore, it has become a strategic necessity for companies entering the global market to focus on long-term growth and sustainability, as digitalization breaks down geographical barriers while intensifying global competition [1]. For companies from developing countries, this challenge is even greater, as they must operate within institutional constraints while leveraging innovation-driven capabilities to tap into international markets [2].

One organizational form that is becoming increasingly important in the context of this transformation is the business aggregator [3]. Aggregators represent an innovative configuration of the value chain. Business aggregators integrate the value chain of SMEs via a centralized platform [4]. In developing countries characterized by institutional fragmentation and a high proportion of informal SMEs such as Indonesia aggregators act not only as market intermediaries but also as institutional stabilizers. This enables aggregators in developing countries to overcome barriers and gain access to global markets, allowing SMEs to participate in the global value chain [5, 6].

Indonesia's institutional framework is characterized by a multi-layered administrative structure in which responsibilities for exports are divided among several ministries, state-owned enterprises, trade promotion agencies, and local authorities. While this structure reflects a comprehensive commitment to SME development, it also leads to fragmented regulations, complex procedures, and coordination gaps that increase the administrative burden on small businesses. The existence of formal export regulations combined with a large informal SME sector further exacerbates institutional inequality and leads to unequal access to standards, certification mechanisms, and trade promotion services. In such an environment, internationalization is not only a market-driven process, but an institutionally influenced transformation that requires actors capable of navigating the regulatory environment and pooling scattered competencies. This context is theoretically significant because it suggests that dynamic capabilities in emerging economies are not developed solely through the coordination of internal resources, but are also shaped by institutional complexity and governance structures.

However, the shift from domestic coordination to continued international expansion presents challenges [7, 8]. Challenges that go beyond just establishing a platform or technology infrastructure. International expansion requires dynamic organizational capabilities beyond digital platforms [9]. Although digital platforms allow for connectivity and efficiency, but successfully entering the global market requires organizational capabilities that allow companies to adapt to the dynamic and uncertain international environment, similarly the main strategic challenge facing aggregators lies in the development of dynamic capabilities that is [10], the ability to sense emerging global opportunities, taking advantage of them through timely strategic actions, and reconfigure internal and external resources to maintain cross-border competitive advantage [11], so that without such capabilities aggregators risk stagnation at the domestic level, limiting their own growth potential and the prospects for internationalization of the SMEs they support. Without dynamic capabilities, aggregators risk stagnation and limited internationalization of SMEs [12].

The existing literature on Global Market Entry has extensively examined traditional multinationals and manufacturing companies [13]. However, this perspective is still insufficient to explain how platform-based aggregators from developing countries build and operationalize dynamic capabilities in cross-border contexts [14], whereas previous research on digital platforms has largely emphasized technological innovation and network effects, providing limited insight into the organizational processes in which dynamic capabilities are developed [15-17]. As a result, the mechanisms by which aggregators perceive international opportunities, strategically seize them, and reconfigure resources to facilitate the integration of SMEs into the global value chain are still limited, so the organizational mechanisms that enable the identification, utilization, and reconfiguration of opportunities are still underexplored.

Although internationalization has been explained in detail by the Uppsala model [16] and the institutional perspective [18], this framework predominantly views expansion either as an incremental learning process or as a process of regulatory adaptation in the institutions of the host country. Although they describe the accumulation of experiential knowledge and legitimation mechanisms, they continue to focus on adaptation and compliance at the company level. As a result, this framework provides only a limited theoretical basis for understanding intermediate forms of organization such as aggregators, which coordinate the resources of SMEs in a heterogeneous institutional and market economy environment. In particular, this perspective does not adequately explain how aggregators coordinate distributed capabilities, align multi-actor networks, and continuously transform internal and external configurations in response to volatile global value chains.

In contrast, the dynamic capabilities framework offers a processual and multi-stage perspective that conceptualizes sensing, seizing, and reconfiguring as recursive mechanisms of strategic renewal. Rather than viewing internationalization as an incremental or institutionally constrained process, this framework views expansion as a continuous orchestration process in which organizations actively integrate, mobilize, and reconfigure resources across organizational boundaries. This makes the framework particularly well suited to explaining how aggregators function as coordinators of ecosystems that simultaneously align SMEs, institutional actors, and global market demand under conditions of uncertainty.

Although dynamic capabilities serve as the primary explanatory framework in this study, a theoretical triangulation approach is used to increase analytical depth. Insights from the Uppsala model shed light on the dynamics of experiential learning, while the institutional perspective explains regulatory constraints and legitimacy considerations. These complementary lenses contextualize the development of dynamic capabilities without replacing them as the primary analytical focus. Through this triangulated approach, the study integrates the development of process capabilities with the dynamics of network participation and coordination, offering a more comprehensive explanation for the internationalization of aggregators.

In addition to its contextual application, this study advances the theory of dynamic capabilities in three ways. First, it redefines dynamic capabilities as a process embedded in ecosystems and across multiple levels, rather than merely as a mechanism tied to companies. In aggregator-based systems, the processes of sensing, seizing, and reconfiguring are distributed across organizational boundaries and are jointly generated through the interaction between intermediaries and SMEs. Second, this study introduces institutional conditioning as an integral part of capability development and shows that regulatory fragmentation, complex governance, and coordination gaps not only constrain firms but actively shape the way capabilities are configured and implemented. Third, this study sheds light on the interaction of capabilities and learning dynamics at the SME level and shows that intermediary-driven internationalization involves mutual adaptation rather than unilateral coordination. By integrating ecosystem orchestration, institutional participation, and micro-level learning, this study extends the theory of dynamic capabilities beyond the traditional, firm-centered interpretation.

This study makes three explicit theoretical contributions. First, it develops a multi-stage process model for dynamic capabilities in aggregator-led internationalization by conceptualizing sensing, seizing, and reconfiguring as recursive mechanisms distributed across the boundaries of the firm to the actors in the ecosystem. Second, the study identifies a mechanism of capability co-production, whereby aggregators and SMEs interactively develop and strengthen complementary competencies during international expansion. Third, this study extends the concept of institutional conditioning by showing that fragmentation of regulation and governance architecture act as structural determinants that shape the way dynamic capabilities are implemented in emerging markets. Together, these contributions go beyond contextual application and sharpen the theory of dynamic capabilities toward a perspective that is anchored in ecosystems and institutionally oriented.

This study aims to examine how Indonesian aggregators build dynamic capabilities. This study adopts an in-depth qualitative case study of PT Sarinah that seeks to uncover the organizational processes and contextual factors that shape the ability to sensing, seizing, and reconfiguring aggregators in Indonesia. This study aims to expand the framework for dynamic capabilities for platform-based aggregation models and provide policymakers with practical insights to strengthen the global competitiveness of aggregators, particularly in developing countries. To achieve this goal, the study focuses on the following research questions: (1) RQ1: How do Indonesian aggregators use dynamic capabilities—in particular sensing, seizing, and reconfiguring to facilitate entry into the global market? and (2) RQ2: What organizational, institutional, and market factors affect the development of dynamic capabilities in Indonesian business aggregators?

II. RELATED WORK

The literature on international business has extensively examined how companies enter and expand into overseas markets. The literature also offers a wide range of theoretical perspectives and strategic frameworks. Early studies on Global Market Entry mainly focused on traditional modes of entry such as exports and strategic alliances [18-20]. Exports are often considered a low-risk market-entry strategy that allows companies to test overseas markets through intermediaries while minimizing initial investment [21], so this approach is generally adopted by companies in the early stages of internationalization who want to gather knowledge through experience before investing greater resources. Exports allow for testing of foreign markets with low risk during the early stages of internationalization [22].

Licensing and partnerships offer an alternative to international expansion with lower risk [23]. Licenses allow companies to provide local partners with access to intellectual property, brands, or technology in exchange for royalties. Licenses reduce the operational and financial risks associated with entering foreign markets [24, 25]. Strategic partnerships, including joint ventures and alliances, facilitate access to local market knowledge, regulatory understanding, and established networks, which is crucial in an environment characterized by institutional complexity [26]. These cooperative arrangements are often used to overcome cultural and structural barriers that restrict the business activities of foreign companies [27].

Many studies emphasize the importance of market adaptation, such as different consumer preferences and cultural norms that require strategic adaptation [28], as well as the product level, in order to tailor the offering to

local market conditions and thus determine the success of international expansion [29, 30]. As a result, internationalization is increasingly seen not as a process of standard replication, but as an adaptive and learning-oriented process that requires continuous alignment between the company's internal and external capabilities and highlights the central role of organizational learning and dynamic capabilities in maintaining international competitiveness [31]. Internationalization requires adaptive learning and dynamic capabilities to maintain global competitiveness [32-34].

This body of literature argues that international experience is an important prerequisite for successful global expansion. International experience, including understanding foreign markets, intercultural interaction, regulatory systems, and international business practices, is acquired through activities such as exporting [35]. Previous studies show that owners and managers with extensive international experience have a better cognitive framework for interpreting global market signals, managing cross-border relationships, and responding to international uncertainties [36, 37]. International experience contributes to an organization's legitimacy and reputation—it strengthens customer trust, which in turn promotes sustainable international growth [38-40].

Research on internationalization also emphasizes the role of local partners in entering foreign markets, as local partners act as institutional intermediaries that help foreign companies overcome business norms and regulatory requirements [41], and provide them with access to established business networks that are crucial for sales, marketing, and customer acquisition in foreign markets [42]. Although previous studies have provided valuable insights into collaborative market entry strategies, they have largely focused on conventional companies and less on platform-based aggregation models [43, 44]. Existing studies largely adopt a company-oriented perspective rooted in the context of traditional manufacturing or multinational corporations [45], limiting attention to how new forms of organization such as platform-based business aggregators develop the capabilities necessary for international expansion, particularly in developing countries. This limitation is further exacerbated by rapid technological change.

The dynamic capacity framework offers a theoretically grounded perspective for managing this complexity. Dynamic capacity aims to understand how companies adapt [46, 47] and compete in a dynamic business environment [48]. Dynamic capacity refers to an organization's ability to sensing, seizing, and reconfiguring internal and external resources to respond effectively to changing market conditions [49]. The dynamic capacity framework identifies three interrelated micro-fundamentals: recognizing opportunities and risks [50], exploiting opportunities through investment and strategic actions, and reshaping or reconfiguring resources to maintain competitive advantage and competitiveness. Dynamic capabilities are of great importance in an international context. Companies must continuously interpret global market signals, move resources across national borders, and adapt their organizational structure in response to ever-evolving competition. However, the application of the dynamic capability's framework is currently still limited. Empirical studies largely focus on large companies in industrialized countries and therefore provide little insight into how dynamic capabilities are developed and implemented in platform-based aggregators operating in emerging markets. Furthermore, there is a lack of qualitative evidence at the company level that provides insight into how aggregators specifically develop their perception and utilization capabilities to identify international and emerging opportunities and translate them into appropriate market entry strategies. The influence of contextual conditions on the formation of dynamic capabilities has been little researched, resulting in significant knowledge gaps regarding how dynamic capabilities function in the business models of aggregators as they attempt to enter global markets.

Although the proposed framework shares conceptual similarities with platform ecosystem theory and the orchestrator perspective, it differs in its analytical focus. The literature on platform ecosystems typically focuses on digital infrastructure and network effects, whereas this study conceptualizes the aggregator as an institutionally embedded coordinator that integrates regulatory compliance, capability enhancement, and governance harmonization. Similarly, orchestrator theory emphasizes the coordination of distributed actors, but often assumes a relatively stable institutional context. In contrast, this framework emphasizes institutional conditioning and regulatory fragmentation as active determinants of competence configuration. Compared to intermediary theory, which typically describes intermediaries as transaction brokers, this study positions the aggregator as an integrator of capabilities embedded in a repeated learning cycle. Finally, while the literature on global value chains addresses mechanisms of improvement and coordination, it does not fully explain the micro-processes in which perception, utilization, and reconfiguration take place in an intermediary-led ecosystem. By integrating these perspectives, the proposed framework extends existing theories into a multi-stage process model anchored in institutions in the context of internationalization.

This typology illustrates that aggregators do have certain characteristics that resemble those of platforms, intermediaries, and regulators, but they cannot be classified into a single category. Unlike platforms, aggregators

go beyond digital matching mechanisms. Unlike intermediaries, they are involved in structured capacity enhancement. Unlike regulators in traditional governance models, aggregators operate in a fragmented institutional environment and perform a regulatory integration function. These differences provide conceptual clarity and situate the proposed framework within the existing theoretical tradition, but differ from it analytically.

III. MATERIAL AND METHOD

1. RESEARCH DESIGN

This study uses a qualitative approach and applies a single, in-depth case study. This study uses analytical generalizations rather than statistical generalizations. The aim is not to generalize the results to a broader population, but rather to expand and refine theoretical statements about dynamic capabilities in platform-based intermediary organizations. Following established case study methodology, the individual case of PT Sarinah is treated as a theoretically insightful and informative context that allows for an in-depth analysis of the orchestration of capabilities in the institutional and market environment. The findings are therefore generalized into theory specifically, into the framework of dynamic capabilities in the context of aggregators rather than into the statistical population of firms. PT Sarinah was selected because it functions as a nationally recognized business aggregator tasked with coordinating SMEs entering the international market. Its hybrid position between SMEs, government agencies, and foreign market players makes it a critical case study for analyzing how dynamic capabilities function outside of routine at the enterprise level and spread across the entire ecosystem. The researchers maintained reflective awareness throughout the study. Although access to the case organizations facilitated thorough data collection, analytical decisions were continuously evaluated to minimize interpretive bias.

The qualitative approach is considered appropriate because this study aims to describe complex organizational processes and contextual elements that cannot be adequately captured by quantitative measurements [51]. The case study method enables a comprehensive and contextual understanding of dynamic capabilities. The study is based on an interpretive paradigm that focuses on the meaning, interpretation, and experiences of the actors involved in the organization's international expansion, thus enabling an in-depth analysis of the processes of sensing, mastering, and reconfiguring carried out by aggregators operating in the context of an emerging economy. PT Sarinah was selected as the main case study due to its strategic role as a national aggregator and its active involvement in promoting the participation of SMEs in the international market.

2. SAMPLE AND INFORMANTS

This study is based on in-depth interviews with two key informants who hold senior strategic positions at PT Sarinah. The first informant is a senior executive directly responsible for institutional coordination, regulatory compliance, and strategic corporate governance. The second source holds a senior management position and is directly involved in export operations, product curation, partnership development, and market access. Both play a central role in the organization's international expansion initiatives and decision-making processes. The informants were selected using a targeted and theoretical sampling strategy. Instead of numerical representation, the informants were selected based on their direct involvement in activities related to internationalization, such as identification, utilization, and restructuring. Specific selection criteria included: (1) active involvement in the formulation of export strategies, (2) responsibility for coordinating SMEs and institutional actors, (3) involvement in the development of cross-border partnerships, and (4) decision-making authority over operational transformation processes and capabilities. This ensures that each informant has both strategic oversight and practical knowledge of developing dynamic, distributed capabilities. Both informants represent complementary perspectives within the aggregator organization. Executive-level informants provide insights into governance architecture, regulatory facilitation, financial structure, and institutional coordination. Management-level informants provide operational insights into product readiness, market intelligence, partnership implementation, and supply chain integration. Together, these roles enable the study to capture the multi-level competence process that encompasses institutional, strategic, and operational domains.

Although the number of informants is limited, the depth and authority of the selected participants increase the theoretical validity of the data. In qualitative case studies, theoretical relevance and information density take precedence over sample size. The selected informants are directly responsible for coordinating distributed monitoring, utilization, and reconfiguration activities and are therefore in a unique position to provide meaningful analytical reports on the phenomenon under study. To supplement the interview data, secondary materials—including strategy papers, export program records, policy-related documentation, and internal reports—were also

analyzed to contextualize and triangulate the informants' statements. This combination strengthens the credibility and theoretical robustness of the results.

3. CASE SELECTION AND PARTICIPANTS

The selection of PT Sarinah was based on sampling principles to ensure consistency with the research objectives and the appropriate case study, taking into account its long-standing experience in sourcing high-quality products from Indonesian SMEs and its strategic position. Participants were selected using a criteria-based sample tailored to the research objectives [52]. Prior to data collection, the research context was established through a targeted sample of key informants who are directly involved in decisions regarding international expansion within the Indonesian SME aggregator. These informants were senior executives and managers responsible for international business operations and development, as well as industry representatives with close institutional ties to the organizations, so the selection criteria emphasized the depth of the participants' experience. Their strategic role and direct exposure to business activities in the global market ensured the relevance and richness of the data collected.

Participants were selected based on theoretical sampling aimed at capturing the various dimensions of dynamic capabilities. Informants were deliberately chosen for their direct involvement in identifying international opportunities, coordinating strategic responses, or restructuring organizational and interorganizational resources. This ensured that the data collection reflected various analytical levels, including institutional governance, strategic decision-making, and operational transformation. The sample selection was therefore guided not only by considerations of accessibility, but also by the need to uncover specific theoretical constructs underlying the dynamic capabilities involved in the internationalization of aggregators.

4. DATA SOURCES AND DATA COLLECTION PROCEDURES

This study utilizes various data sources to deepen the analysis. It also ensures methodological triangulation. Primary data was collected through semi-structured in-depth interviews with key informants from PT Sarinah and related institutions. The semi-structured interview format ensures consistency across interviews. This style allows for the exploration of evolving ideas and relevant contextual nuances.

The interview protocol was designed based on the core dimensions of dynamic capabilities, with a series of questions focusing on (i) identifying and interpreting international market opportunities (Sensing), (ii) strategic decisions and the mobilization of resources in response to these opportunities (Seize), and (iii) the adaptation of the organization and the reconfiguration of resources that support sustainable international participation, so that this protocol can be used to conduct the process continuously. The interviews were conducted in person and recorded with the consent of the participants. Each interview was transcribed verbatim, and the transcripts were returned to the participants for review [53].

Secondary data were collected to supplement and validate the findings from the interviews, including organizational documents such as annual reports, internal strategy plans, records of international expansion, policy documents, and publicly available reports on the internationalization of SMEs. Primary and secondary data were integrated to gain a comprehensive understanding of the strategies and formal practices used in the case study organizations. Data collection was repeated and continued until theoretical saturation was achieved.

5. DATA CORPUS

Data collection involved several in-depth and semi-structured interviews with two key informants. A total of six rounds of interviews were conducted at different stages of the research process to allow for repeated inquiries and clarifications. Each interview lasted between 60 and 120 minutes, resulting in a total of approximately 8.5 hours of recorded material.

All interviews were audio-recorded with the participants' consent and transcribed verbatim. The complete data corpus comprised approximately 145 pages of single-spaced transcript. The transcripts were repeatedly reviewed carefully to ensure their accuracy and to facilitate repeated coding and the development of themes. Field notes were taken during and immediately after each interview to record contextual observations, analytical considerations, and interpretive insights. In addition to the primary interview data, various secondary documents were analyzed to strengthen the context and enable triangulation. These documents included annual reports, export program documents, records of institutional partnerships, strategic planning documents, trade-related government documents, and public statements on internationalization initiatives. A total of 18 secondary documents were analyzed and systematically integrated into the coding process. The combination of repeated interviews and documentary evidence enabled a multi-layered understanding of the processes of sensing, seizing, and reconfiguring in various institutional, strategic, and operational areas. Repeated interactions with respondents allowed for clarification of emerging interpretations and ensured consistency between data sources. The entire data

corpus provides sufficient analytical depth and density to support the development of findings based on the theory of dynamic distributed capabilities in the context of aggregators.

6. SATURATION CRITERIA

Data collection is based on the principle of theoretical saturation rather than numerical adequacy. In qualitative case studies, saturation is achieved when additional data no longer yield new conceptual insights, categories, or relationships that are relevant to the theoretical framework. In this study, saturation was achieved when successive interview sessions revealed recurring patterns in the activities of “sensing,” “seizing,” and “reconfiguring” without introducing any new significant themes.

The process of repeated interviews made it possible to review and refine emerging interpretations during the sessions. The initial interviews yielded initial open codes related to regulatory promotion, product curation, partnership coordination, digital integration, and financial structures. The subsequent interviews served to further explore these categories, clarify ambiguities, and analyze possible alternative explanations. In the fifth and sixth rounds of interviews, thematic repetitions became apparent and no new overarching categories emerged. At this point, the collection of additional data was deemed inappropriate for providing new theoretical insights. The depth of the informants' roles also contributed to saturation. Since both participants held key strategic and operational positions in international expansion, they were able to provide a comprehensive picture that encompassed institutional, management-related, and executive processes. The intensity of this information reduces the need for a larger number of participants while maintaining analytical richness. Saturation was determined by continuously comparing the codes that emerged, validating them between interviews, and stabilizing the thematic structure in the dimension of dynamic capabilities. Data collection was terminated when conceptual clarity was achieved and additional interviews led to redundancy rather than new analytical contributions.

7. ANALYSIS TECHNIQUES

Data analysis in the initial phase was conducted using an inductive thematic approach, which allowed patterns and concepts to be derived directly from the empirical data through repeated reading of the interview transcripts and documents in order to gain a deep understanding of the material [54]. However, the dynamic capabilities framework served as a lens for sensitization in the subsequent interpretation phase rather than a predefined coding template.

The analysis was then refined through focused coding and theme development based on the dynamic capability approach specifically the concepts of “sensing,” “seizing,” and “reconfiguring” which were treated as flexible analytical guides rather than rigid categories. Repeated comparison between the codes and the emerging themes facilitated the identification of connections between organizational practices, contextual conditions, and competency development. Data from the primary interviews were systematically triangulated with secondary sources, and reflective notes were taken throughout the process to increase methodological transparency.

The coding process was conducted using a structured and iterative procedure to ensure analytical accuracy. First, open coding was performed line by line to identify meaningful units of analysis based on participants' language, including practices, decisions, constraints, and strategic responses related to international expansion. In the second phase, the open codes were grouped into higher-level categories that reflect structured organizational practices, such as regulatory promotion, product curation, partnership formation, digital integration, and financial readiness. This phase allows for the identification of relational connections between categories, including promotion mechanisms and operational consequences. Finally, the axial categories are synthesized into a broader thematic construct consistent with the process of dynamic capabilities. Throughout the analysis, a technique of constant comparison was used throughout the interviews to refine category boundaries and ensure coherence. The coding structure (open code → axial code → theme) provides an empirical basis for developing an integrated analytical framework and ensures that this framework emerges from the data rather than being imposed a priori.

A clear example of the coding process is shown in Table 1 to illustrate how empirical quotes are converted into analytical categories and then integrated into a multi-level framework.

Table 1. Example of coding process.

Representative evidence	Open codes	Axial codes	Theme
“SMEs must comply with the standards and regulations of the export country.”	Compliance with export standards	Measures to prepare for regulatory requirements	Governance and institutional facilitation

"We work with associations and embassies to open up market access."	Institutional coordination	Cross-institutional net-working	Governance and institutional facilitation
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This example shows the inductive process of generating open code from empirical material and then abstracting it to higher-level themes that are consistent with the integrated analytical framework.

To increase internal validity, several analytical strategies were applied. First, a pattern analysis was conducted by systematically comparing empirically observed practices with the theoretical dimensions of dynamic capabilities (sensing, seizing, and reconfiguring). This comparison enabled the identification of convergent and divergent patterns between theoretical expectations and observed organizational processes. Second, the explanation was repeatedly applied by creating a causal narrative that linked institutional support, strategic orchestration, and operational transformation to the results of entering the global market. This repeated refinement made it possible to continuously test the emerging explanation against empirical evidence. Third, alternative theoretical interpretations are considered to reduce confirmation bias. Alternative perspectives, such as the Uppsala model and institutional perspectives, are evaluated to assess whether incremental learning or regulatory constraints alone can adequately explain the observed processes. The analysis shows that, while these perspectives provide some insights, they do not fully capture the multi-stage orchestration and recursive reconfiguration observed in the context of aggregators. Together, these strategies strengthen the internal validity of the study.

8. METHODOLOGICAL TRUSTWORTHINESS

To ensure methodological accuracy, a reliability framework proposed for qualitative research was used for this study, encompassing credibility, transferability, dependability, and confirmability. Rather than treating these criteria as additional procedural requirements, they were comprehensively integrated into the research design, data collection, and analysis phases.

Credibility was strengthened through repeated data collection and triangulation. Repeated rounds of interviews with strategically selected informants allowed for the clarification and deepening of interpretations that were gradually emerging. Primary interview data were systematically triangulated with secondary documents, including institutional records, strategy reports, and export-related materials. The coding process followed an iterative structure (open coding → axial coding → thematic synthesis), supported by constant comparisons between interviews to sharpen conceptual boundaries. The completion of data collection was guided by theoretical saturation, characterized by repetitive themes and the absence of new categories in subsequent interviews. Transferability was ensured through a detailed contextual description. The study provides a detailed picture of the institutional and regulatory environment in Indonesia, the organizational structure of aggregators, and the multi-stage processes of recognition, utilization, and reconfiguration. Rather than statistical generalization, this study aims for analytical generalization by explaining how distributed dynamic capabilities function in intermediary organizations embedded in the ecosystem. By clearly articulating the contextual conditions and boundary parameters, the findings enable the reader to assess their applicability in similar emerging markets. Dependability is ensured through transparent and structured analytical procedures. The coding process is systematically documented, starting with descriptive open codes, moving to relational axis categories, and ending with theory-based themes consistent with the dimensions of dynamic capabilities. Analytical decisions are recorded in reflective notes, and coding iterations are revised to ensure conceptual consistency. Maintaining a clear audit trail increases procedural stability and allows for external evaluation of the research process. Confirmation is supported by a reflective attitude and interpretive discipline. Researchers are aware of potential interpretive biases and continuously evaluate the resulting interpretations against raw data excerpts and documentary evidence. The use of verbatim quotations in the "Results" section anchors theoretical claims in empirical material and minimizes excessive subjective elaborations. Analytical claims are generated through systematic comparisons rather than prior theoretical placements, ensuring that interpretation remains rooted in the data while engaging in dialogue with established theories.

9. METHODOLOGICAL TRANSPARENCY

To improve analytical clarity and procedural accountability, this study uses a methodological transparency framework that documents how empirical material is transformed into theoretical statements. Transparency is ensured through four interrelated mechanisms: audit trail retention, decision transparency, analytical traces, and iterative theoretical refinement. (1) Audit trail: All phases of the research process are systematically documented to create a clear audit trail. This includes records of interview appointments, transcription files, coding iterations, analytical notes, and theme development matrices. Each coding phase open coding, axial grouping, and thematic

synthesis—is saved in successive versions to preserve the original analytical structure prior to refinement. Coding revisions are not overwritten but archived, allowing for retrospective review of category development over time. Reflexive notes are taken throughout data collection and analysis to record emerging interpretations, alternative explanations, and theoretical connections. This documentation provides a record of the process and ensures that analytical claims can be verified against earlier coding decisions. (2) Transparency of decisions: Analytical decisions are made explicit at each stage of category development. During axial coding, related open codes are grouped according to conceptual similarities, relational connections, and consistency with the processes of sensing, seizing, and reconfiguring. Codes are combined when they reflect overlapping mechanisms (for example, “regulatory promotion” and “institutional coordination”), and categories are removed if they lack empirical density or theoretical relevance. The consolidation of codes into overarching themes was based on explicit criteria: frequency across all interviews, depth of elaboration, and contribution to understanding the orchestration of distributed capabilities. By explaining how codes were consolidated, refined, or excluded, this study minimizes interpretive ambiguity and increases analytical accountability. (3) Traceability of data to the framework: The transition from empirical material to theoretical models follows a structured sequence: open codes → axial categories → thematic constructions → integrated analytical framework. Open codes capture descriptive units based on the language of the participants. Axial coding identifies relationship patterns and groups codes into higher-level categories such as regulatory promotion, product curation, partnership coordination, digital integration, and financial readiness. These categories are then summarized into higher-level themes that correspond to the dimensions of “sensing,” “seizing,” and “reconfiguring.” Finally, an integrated analytical framework is created by mapping thematic relationships at the institutional, strategic, and operational levels. This structured approach ensures that theoretical statements can be traced directly back to their empirical basis. (4) Iterative theoretical refinement: The development of the theoretical framework was iterative rather than deductive. Although this study is based on a dynamic competency framework, the initial coding remained open to patterns that emerged and did not fit into the predefined categories. In the course of the analysis, distributed coordination mechanisms and interactions at the ecosystem level became more prominent, leading to a refinement of the conceptual framework toward distributed dynamic competencies. The theoretical interpretation developed in dialogue with the data: the initial interpretation, which focused on companies, was reevaluated when the cross-border interactions of the capabilities became apparent. This recursive movement between empirical material and theoretical abstraction made it possible to gradually sharpen the framework while remaining rooted in the observed processes.

IV. DATA ANALYSIS

1. GENERAL THEMES

The initial phase of the analysis reveals some common themes. Themes that reflect the strategic challenges and role of aggregators. These themes include product curation and selection, success indicators and performance drivers, expansion challenges, strategic approaches to internationalization, and the role of aggregators. Table 2 displays the main themes identified.

Table 2. General strategic themes.

General Themes	Analytical Description	Illustrative Quote
Featured Product Selection	Systematic curation to ensure SME products meet international standards.	"Where we provide various platforms, one of which is the ee product curation platform, quality improvement training." "As the first retailer to venture into the global market, I think Sarina has already made a pretty good start."
Success Indicators and Key Factors	The success of global expansion is evaluated through institutional legitimacy and the desirability of export activities.	"That's right. So, aggregators, yes, must be supported. So, the government must provide promotional support for exhibitions after they're in the country, both domestically and internationally, for aggregators. So, being an aggregator isn't necessarily something negative because it turns out the stigma is, 'This is a broker.' The key is for us to follow China for the short term."
Challenges in Expansion	Limitations related to production capacity, quality consistency,	"The biggest challenge for MSMEs is that, because they are small-scale, they need to establish quality standards. They

	packaging, and compliance with various regulations.	must align their products with the standards and regulations of their export destination countries. These standards vary across countries." "The production capacity of an SME, when we talk about SMEs, is the production capacity, product quality, packaging, including whether they have the necessary machinery or not. Well, it's not yet sophisticated." "One of our main strategies is to carefully curate the products of these MSMEs. We select MSME products that truly have international market potential based on their unique product quality and competitiveness." "So, meeting with the right partners, and getting support from the association, in this case the government, as well as the embassies and relevant ministries in Indonesia, can be coordinated. That's what's already underway." "PT. Sarinah plays a major role as a facilitator and accelerator for Indonesian MSMEs to enter the international market." "This means, especially when we talk about small and medium-sized SMEs, they really need a middleman, an enabler, an aggregator, or a trading company that can focus on sales, export pricing, and the target countries. It's not just the price but also the demand. The aggregator is the one who knows best."
Key Strategies for International Expansion	International expansion is achieved through selective strategic partnerships and coordinated institutional engagement.	
The Role of Aggregators and Accelerators	Aggregators function as facilitators that bridge SMEs according to global market needs.	

Note: Based on the coding results from interviews with informants.

Table 2 illustrates that PT Sarinah functions as a strategic intermediary that alleviates structural limits faced by SMEs. Product curation is a fundamental mechanism that aggregators use to ensure export readiness, based on information from various sources. Informants emphasize that a rigorous selection process and compliance with standards are prerequisites for accessing international markets. Success in global expansion is usually linked to institutional support and the establishment of credible international partnerships, which are carried out in parallel by aggregators. The challenges identified by informants largely relate to the production capacities of SMEs and compliance with heterogeneous international standards. These challenges highlight the structural constraints faced by SMEs and underscore the need for intermediaries capable of pooling resources and capabilities and responding strategically to these challenges, including systematic market analysis, targeted partner selection, and coordination with government agencies and industry associations. These common themes highlight the role of aggregators as a "missing bridge" that connects capabilities.

2. CAPABILITY-SPECIFIC THEMES

The second phase of the analysis focuses on specific themes related to capabilities, explaining how PT Sarinah implements dynamic capabilities in practice, based on general themes that reveal different but complementary perspectives between institutional and operational actors. Table 3 presents the identified themes.

Table 3. Specific themes.

Domain	Specific themes
Sensing	Governance and Regulatory Facilitation; Strategy, Market Analysis and KPIs; Network and Strategic Partnerships
Seizing	Aggregator and Institutional Models; Financing and Financial Readiness; Market Access Execution
Reconfiguring	Capacity Building and Organizational Readiness; Digital Platforms and Integrated Systems; Supply Chain, Logistics and Operations

Note: The specific themes of dynamic capabilities in aggregator expansion are discussed.

This analysis identifies a set of capabilities-specific themes that fit into the core dimensions of dynamic capabilities, based on common themes: sensing, seizing, and reconfiguring that describe how PT Sarinah operates

dynamic capabilities to support international market penetration. Sensing capabilities are realized through systematic market intelligence activities. Aggregators continuously monitor the regulatory framework, trade policy, and international market requirements at the institutional level. Opportunities are identified through participation in international trade fairs, interaction with foreign traders, and engagement with diaspora networks at the operational level, enabling this two-tier monitoring mechanism to identify export opportunities early on while anticipating potential regulatory and market-related barriers. Seizing capabilities are the ability to capitalize on opportunities is reflected in the aggregator's ability to translate opportunities into strategic actions. Key mechanisms include rigorous and coordinated product curation, building strategic partnerships with foreign retailers and distributors, and providing financial and operational support that enables the aggregator to respond quickly to market opportunities while mitigating the risks associated with the limited resources of SMEs. The exploitation of opportunities is enhanced by coordinated efforts with government agencies and trade associations that improve access to international networks. The ability to reconfigure arises from continuous transformation of the organization and resources. The reconfiguration of capabilities aims to maintain international competitiveness, including the development of an institutional architecture to support export activities, the implementation of integrated digital platforms to simplify coordination, and the optimization of supply chain and logistics systems. The reconfiguration of capabilities goes beyond internal processes and includes capacity-building initiatives aimed at improving the readiness of SMEs for recurring international transactions, enabling aggregators to move from ad hoc export activities to a scalable and sustainable internationalization model [42].

The results show that the dynamic capabilities for internationalization driven by aggregators are not limited to the level of intermediaries, but arise through an interactive process between aggregators and SMEs. Rather than merely acting as recipients of support, SMEs are involved in a repeated improvement of their capabilities triggered by participation in export-oriented programs. Product curation requirements force SMEs to improve their quality control routines, standardize their packaging, and adapt their production processes to international standards. These adjustments represent a process of micro-reconfiguration within SMEs.

The learning mechanism operates at various levels. First, structured training programs enable targeted learning, allowing SMEs to internalize export documentation procedures and compliance standards. Second, repeated transactions and regular orders lead to learning by doing, improving production reliability and delivery consistency. Third, encounters with international buyers at trade fairs and through distribution partnerships provide market feedback and promote adaptive learning. Finally, continuous interaction with aggregators creates a relational learning dynamic in which tacit knowledge about pricing, negotiations, and market position is gradually transferred. This interaction demonstrates a process of co-evolution in which orchestration at the aggregator level and adaptation at the SME level reinforce each other. Dynamic capabilities therefore operate across organizational levels and arise from mutual adaptation rather than unilateral coordination.

Apart from operational coordination, the findings show that the institutional environment in which PT Sarinah operates is characterized by overlapping regulations, coordination gaps, and, in some cases, institutional gaps, which significantly affect the dynamic development of capabilities. Export regulations in Indonesia are spread across various ministries trade, industry, finance, customs, and regional authorities which often leads to overlapping responsibilities and procedural redundancies. This fragmentation of regulations increases compliance complexity for SMEs and requires aggregators to play an active role in monitoring regulations and coordinating between authorities.

The gaps in inter-institutional coordination further reinforce the intermediary role of aggregators. Although government support programs are available, they are often implemented in parallel rather than through integrated mechanisms. As a result, aggregators act as a bridge, translating regulatory requirements into operational standards and consolidating institutional interactions on behalf of SMEs. In this context, monitoring capabilities go beyond market intelligence to include proactive regulatory monitoring and institutional navigation. Furthermore, institutional gaps such as limited standard diagnostics on export readiness, inconsistent quality controls, and fragmented data infrastructures create structural uncertainties that cannot be overcome by SMEs on their own. These gaps not only constrain internationalization, but also actively influence the configuration of dynamic capabilities. Capture mechanisms therefore encompass not only strategic market actions, but also institutional coordination and the creation of legitimacy at the interface of regulation. Reconfiguration, in turn, requires continuous adaptation to evolving compliance standards, trade documentation procedures, and certification requirements in various export destinations.

Therefore, institutional governance and facilitation should not be understood merely as supportive mechanisms. Rather, the institutional environment functions as a conditioning structure that both constrains and promotes the development of capabilities. In the Indonesian context, dynamic capabilities are partly institutionally embedded

and are jointly generated through the interaction between aggregators and regulatory actors. This shows that capability formation in emerging economies is influenced not only by the orchestration of internal resources, but also by the structural characteristics of a fragmented and constantly evolving institutional system.

In addition to identifying sensing, seizing, and reconfiguring as structural dimensions, the results show a sequential process through which dynamic, distributed capabilities develop over time. Rather than functioning as static categories, these capabilities evolve in four interrelated phases: sensing the initial market, strategic seizing and consolidation, reorganization and transformation of the organization, and institutionalization through feedback and scalability.

Phase 1: Early market sensing (institutional and market analysis). The early phase of international expansion is characterized by systematic observation activities at the institutional and market levels. In this phase, aggregators focus on identifying regulatory requirements, export standards, and trade policy conditions, while also observing international market trends, diaspora networks, and potential retail partners. This two-stage monitoring mechanism is not limited to internal data collection, but also includes coordination with government agencies, trade associations, and foreign market players. The fragmentation of regulations and heterogeneous export standards create uncertainty and prompt aggregators to extend their monitoring beyond traditional market observation to institutional monitoring. This phase establishes the information base on which further strategic decisions are made. Importantly, monitoring activities are distributed: while aggregators coordinate regulatory and market information, SMEs contribute their knowledge of products and production constraints to the assessment of opportunities.

Phase 2: Strategic seizing and consolidation of resources. Once opportunities have been identified, the process moves on to strategic capture. In this consolidation phase, the aggregator translates the identified opportunities into coordinated actions through structured product curation, partnership building, and financial resource mobilization. This includes selecting export-ready SMEs, adapting product specifications to the standards of the target country, and building strategic partnerships with distributors and retailers. Capturing opportunities requires integrating the scattered resources of SMEs into a coherent export offering. Aggregators play a central orchestrating role by consolidating production volumes, standardizing quality controls, and coordinating documentation processes. In this phase, dispersed dynamic capabilities become visible through collaborative actions: SMEs improve their production practices, institutional actors provide regulatory facilitation, and aggregators synchronize these contributions into an actionable export strategy. This phase marks the transition from information gathering to strategic engagement. Decisions about resource allocation, partnership selection, and export channel integration characterize the transition from exploratory exploration to a committed strategic position.

Phase 3: Organizational reconfiguration and operational transformation. As export activities intensify, the reconfiguration process takes center stage. The organization makes structural and operational adjustments to maintain its international competitiveness. These include implementing integrated digital systems, optimizing supply chain coordination, redesigning financial arrangements for managing working capital and lead times, and formalizing training programs for SMEs. Reconfiguration goes beyond internal restructuring. It includes changing governance mechanisms to improve coordination between institutional actors and introducing standard procedures for export compliance. Operational processes are continuously adjusted based on feedback from foreign buyers, regulatory changes, and logistical obstacles. This transformation phase shows that dynamic capabilities are not episodic but recurring. The reconfiguration activities provide feedback for the updated discovery process as operational challenges yield new insights about regulations or markets. The capability cycle becomes deeper and more stable over time.

Phase 4: Institutionalization, feedback, and scalability. In the final phase, distributed dynamic capabilities are institutionalized. The repetitive export cycle leads to experiential knowledge that reinforces structured routines for recognition, utilization, and reconfiguration. Export activities transform from ad hoc initiatives to scalable and repeatable processes. Feedback from the international market such as repeat orders, conformity checks, and partnership performance serves as a learning mechanism that improves further recognition and utilization activities. Aggregators gradually formalize their administrative architecture and strengthen coordination protocols with government agencies and trade intermediaries. SMEs, for their part, accumulate export experience and improve the reliability of their production, thereby gradually strengthening their own competence base. This institutionalization phase illustrates the recursive nature of dynamic distributed competencies. Rather than being confined to aggregators, these capabilities are gradually embedded in a broader ecosystem that also includes SMEs and institutional partners. The evolution from exploratory export activities to stable global participation reflects a sequential development path characterized by repeated learning, structural adjustments, and the coordination of multiple actors.

3. INTEGRATED ANALYTICAL FRAMEWORK

The analytical framework was developed through a structured coding process consisting of an open, axial, and thematic coding phase. In the first phase, open coding was performed to identify meaningful units of analysis taken directly from the interview transcripts and documents. These codes reflect operational activities, strategic decisions, and institutional interactions relevant to international expansion. In the second phase, the open codes are grouped into higher-level categories representing the processes of sensing, seizing, and reconfiguring using axial coding. Finally, these axial categories are aggregated into themes that form the basis for an integrated analytical framework. This coding structure ensures transparency in analytical development and shows how the framework emerges empirically from the data. Table 4 presents the coding structure.

Table 4. Coding structure: open code, axial code, and theme.

Empirical code	Open codes	Axial codes	Theme	Framework
Government support	Government support	Institutional support mechanisms	Institutional governance and promotion	Supportive ecosystem
Coordination of associations	Institutional network	Interinstitutional coordination	Institutional governance and promotion	Supportive ecosystem
Product filtering	Product curation	Export readiness assessment	Product readiness and capacity	Opportunity management
Partnerships with distributors	Market cooperation	Establishment of strategic partnerships	Market access and strategic partnerships	Opportunity management
Branding campaigns	Advertising strategy	Market placement mechanisms	Market access and strategic partnerships	Opportunity management
Production capacity	Scalability of operations	Operational reliability	Operational integration and financing	Capacity conversion
Logistical efficiency	Cost optimization	Supply chain integration	Operational integration and financing	Capacity conversion
Digital integration	IT platform	Digital coordination mechanisms	Operational integration and financing	Capacity conversion
Financial readiness	Financial support	Financial management	Operational integration and financing	Capacity conversion

The integrated analytical framework was developed inductively through a structured coding process that links empirical evidence with theoretical abstractions. The open codes generated from interview transcripts and documentary sources were first grouped into axial categories that reflect structured organizational practices and recurring strategic mechanisms. These axial categories were then abstracted into four specific themes, which in turn converged into three overarching levels of analysis: supportive ecosystem, opportunity management, and capacity conversion. The supporting ecosystem level is derived from codes related to governance arrangements, regulatory facilitation, and institutional coordination; opportunity management is based on product curation, market orchestration, and partnership formation; and capacity transformation is derived from operational integration, digital infrastructure, and financial readiness mechanisms. Thus, this three-tiered framework is not imposed a priori, but represents a configuration based on empirical evidence that summarizes the structured practices observed in the context of PT Sarinah's international expansion.

This study proposes an integrated analytical framework to explain how Indonesian corporate aggregators develop and realize dynamic capabilities to support their entry into the global market. This integrated analytical framework views dynamic capabilities as a multi-stage and processual configuration [50]. Empirical evidence from PT Sarinah shows that the capabilities of sensing, seizing, and reconfiguring operate through the interaction of multiple mechanisms such as institutional governance, strategic market orchestration, and transformation of operational capabilities, thus differing from traditional, company-centered internationalization models. The proposed framework positions aggregators as strategic intermediaries that interact simultaneously with the global market and institutional actors [41]. Dynamic capabilities are not only embedded in companies but extend across organizational boundaries, enabling aggregators to coordinate the resources of SMEs.

This model consists of three interconnected levels: (1) Supportive ecosystem (institutional level); (2) Opportunity management (strategic level); and (3) Capacity conversion (operational level). Together, these three levels enable a

dynamic capacity cycle that encompasses sensing, seizing, and reconfiguring, ultimately leading to global market penetration.

The integrated framework functions as a recursive and cumulative process. Aggregators continuously monitor international market trends and trade opportunities via government networks [55] and local partners [56, 57], enabling observation to begin at the institutional level, which facilitates early identification of suitable export opportunities while reducing uncertainty [58]. Opportunities are developed through strategic coordination, in which the aggregator mobilizes internal and external resources to respond to identified opportunities, for example through rigorous product curation and the establishment of strategic partnerships. Reconfiguration is achieved through continuous operational transformations and the development of tailored financial solutions to increase operational efficiency. This facilitates the transition of aggregators from export to sustainable participation in the global market [59]. Feedback from reconfiguration activities forms the basis for the further observation process to strengthen the dynamic learning cycle [60, 61].

The research findings show that the development of dynamic capabilities among business aggregators in Indonesia is influenced by several factors. At the organizational level, these include the governance structure, digital infrastructure, and mechanisms for building internal capabilities, which shape the ability of aggregators to carry out sensing, seizing, and reconfiguring processes. At the institutional level, the regulatory framework, government support, and mechanisms to facilitate trade represent both barriers and enabling conditions. At the market level, the availability of partners, the heterogeneity of demand, and the willingness of SMEs significantly influence how dynamic capabilities are developed and implemented over time. Therefore, there are three important factors: the organizational, institutional, and market levels.

4. MECHANISM-LEVEL ANALYSIS OF DISTRIBUTED DYNAMIC CAPABILITIES

Beyond the structural dimensions and temporal processes, this insight reveals a set of fundamental generative mechanisms that explain how dynamic distributed capabilities emerge, stabilize, and evolve in an aggregator-led ecosystem. These mechanisms operate in various institutional, strategic, and operational domains and collectively form the recurring development of monitoring, utilization, and adaptation processes.

1. Institutional trigger mechanism. The development of distributed dynamic capabilities is initially triggered by institutional fragmentation and regulatory complexity. Different export standards, certification requirements, and multi-level administrative procedures create institutional uncertainty for SMEs. This uncertainty acts as a trigger that intensifies monitoring activities beyond conventional market intelligence. In response, aggregators expanded their monitoring routines to include regulatory monitoring, institutional coordination, and proactive compliance assessment. Rather than viewing regulations as static constraints, organizations transformed institutional volatility into structured monitoring practices. This mechanism converts regulatory uncertainty into actionable knowledge, facilitating the identification of opportunities under constrained institutional conditions. This institutional trigger mechanism explains why monitoring activities in this context are more comprehensive and integrated than in the traditional model of corporate internationalization.

2. Coordination mechanism. Once opportunities have been identified, distributed dynamic capabilities are activated through a coordination mechanism that integrates the fragmented resources of SMEs into a coherent export configuration. Individual SMEs do not have the necessary production scale, quality control, and institutional access. Aggregators overcome this fragmentation through structured product curation, coordination of partnerships, and consolidation of documentation. This coordination mechanism lowers transaction costs, reduces information asymmetries, and increases collective reliability. By standardizing procedures and consolidating supply, aggregators transform scattered production capacities into an exportable portfolio. Seizing opportunities functions not only as a strategic investment decision, but as a coordinated process of resource coordination. This mechanism explains how distributed actors jointly create strategic capacities that they could not achieve individually.

3. Mechanisms for increasing capacity. As export activities intensify, mechanisms for increasing capacity become apparent. Market exposure, compliance audits, and recurring orders create pressure to perform, necessitating operational improvements in SMEs. Aggregators facilitate structured learning through training programs, digital integration, and standard quality protocols. Through repeated cycles of interaction, SMEs internalize improved production standards, documentation practices, and logistical coordination routines. This improvement process is not one-sided, but arises jointly through the interaction between the aggregator's governance structure and the adaptive learning of SMEs. The competence enhancement mechanism explains how dynamic competencies are progressively distributed over time rather than existing as a static coordination arrangement.

4. Feedback reinforcement mechanism. The final mechanism underlying dynamic distributed competencies is feedback reinforcement. Successful export cycles lead to legitimacy, expanded partnerships, and better institutional

access. Positive performance outcomes such as repeat orders and strengthened relationships with distributors feed back into the updated perception process, enabling more precise identification of opportunities. At the same time, the operational adjustments resulting from the adaptation of activities improve the efficiency of future coordination. This recursive reinforcement strengthens the adaptability of the entire ecosystem. Over time, distributed perception becomes more predictive, sensing becomes more selective and targeted, and adaptation becomes more routine. This feedback reinforcement mechanism explains how dynamic capabilities evolve from an experimental arrangement to an institutionalized and scalable process.

V. DISCUSSION

The findings of this study go beyond theoretical contributions and provide concrete implications for the design of export policy, the regulation of aggregators, institutional coordination, and internationalization programs for SMEs. Rather than viewing internationalization as a phenomenon at the firm level, the findings show that export competitiveness in developing countries is increasingly influenced by orchestrating mechanisms controlled by intermediaries. As a result, the policy framework must evolve from fragmented, firm-centric support programs to an ecosystem-based regulatory and institutional configuration that recognizes aggregators as strategic coordinators of the dispersed capacities of SMEs.

The findings show that strengthening aggregator-based internationalization requires more than just general institutional support; it requires targeted and operational policy instruments. First, the government could introduce an integrated export readiness certification system tailored to SMEs operating under accredited aggregators. Such a system would standardize quality control, regulatory compliance monitoring, and digital documentation processes. Second, developing a centralized digital trade facilitation platform connecting aggregators, ministries, trade attachés, and financial institutions could reduce data fragmentation and accelerate market access coordination. Third, fiscal incentives and blended finance mechanisms—such as working capital guarantees or export-related matching grants—could improve financial readiness and reduce waiting times. Finally, a formal accreditation framework for aggregators can institutionalize their role as intermediaries and strengthen their legitimacy in the global market. These instruments will translate the dynamic capabilities identified in this study into actionable institutional measures.

In addition to general political support, the findings show that regulations need to be redesigned to accommodate internationalization based on aggregators. First, formal legal recognition of aggregators as institutional intermediaries must be incorporated into regulations governing trade and SMEs in order to clarify their mandate, responsibilities, and accountability mechanisms. Second, regulatory fragmentation between ministries can be overcome through an integrated regulatory framework that integrates export certifications, quality standards, customs procedures, and digital documentation into a unified compliance architecture. Third, a regulatory sandbox mechanism could be introduced to allow aggregators to test innovative models of cross-border coordination under controlled conditions. Fourth, protocols for data sharing between government agencies and accredited aggregators should be institutionalized to reduce information asymmetries and duplication of effort. Such a reform of regulatory design would institutionalize the dynamic capabilities identified in this study and strengthen systemic internationalization capacity.

1. INSTITUTIONAL ENVIRONMENT AND REGULATION IN INDONESIA

Indonesia's export management system is characterized by a complex and decentralized institutional architecture, with regulatory powers distributed among various ministries and agencies, including trade, industry, finance, customs, investment authorities, and local governments. While this structure reflects a comprehensive commitment to SME development and export promotion, it also leads to regulatory fragmentation and overlapping responsibilities. Export licenses, certifications, customs documents, tax incentives, and quality control procedures are often handled through parallel institutional channels, requiring companies to navigate multiple regulatory agencies. For SMEs with limited administrative capacities, this environment increases compliance costs and lengthens waiting times, hindering independent internationalization.

Furthermore, Indonesia's SME landscape is characterized by structural heterogeneity, informality, and inconsistent production standards. Many SMEs lack standardized quality assurance systems, integrated data management, or experience with formal export documentation. These institutional conditions lead to a kind of partial institutional gap not due to a lack of regulation, but due to limited operational coordination and integration between regulatory actors. As a result, export promotion programs are often implemented separately, leading to coordination gaps between ministries, trade attachés, financial institutions, and industry associations.

State-owned enterprises such as PT Sarinah occupy a unique position in this institutional configuration. Unlike purely private intermediaries, they operate at the interface between market coordination and public administration, enabling them to bridge institutional fragmentation. Their role goes beyond commercial aggregation to include interpreting regulations, consolidating compliance, and inter-institutional coordination. In this sense, aggregators function as institutional integrators that reduce systemic complexity for SMEs.

This institutional and regulatory environment is theoretically significant because it determines how dynamic capabilities are developed and implemented. Sensing in Indonesia encompasses not only market information but also proactive monitoring of regulations and enforcement of compliance. The seizing mechanism involves institutional negotiations and the creation of legitimacy among fragmented authorities. Reconfiguration capability involves aligning operating systems with ever-evolving national and international standards. In the Indonesian context, dynamic capabilities are therefore not just an internal process of the organization, but are jointly generated through interaction with a complex governance architecture.

2. EXPORT POLICY DESIGN: FROM COMPANY-ORIENTED INCENTIVES TO ECOSYSTEM-BASED AGGREGATION, AND EXPORT POLICY ECOSYSTEM

Current export promotion measures in many developing countries are largely based on incentives for individual companies, such as tax rebates, trade fairs, or export financing programs. However, empirical evidence shows that SMEs rarely internationalize on their own, but instead rely on aggregators to consolidate their production, ensure compliance, curate products, and manage market access. Therefore, the design of export policy should explicitly include aggregator-based mechanisms.

First, the export readiness certification system could be redesigned to operate through accredited aggregators, enabling SMEs to meet international standards collectively rather than individually. Second, performance-based tax incentives could be introduced for aggregators that successfully increase SME exports, linking policy support to measurable outcomes such as repeat orders, compliance rates, and market diversification. Third, export financing programs should incorporate working capital guarantees aligned with the production cycle and coordinated by aggregators to reduce waiting times and operational risks. These instruments would institutionalize the dynamic capability cycle identified in this study sensing, seizing, and reconfiguring at the policy level.

Export promotion in Indonesia operates within a complex political ecosystem consisting of various interacting actors, including the Ministry of Trade and Industry, customs authorities, financial institutions, trade promotion agencies, state-owned enterprises, local governments, and associations of small and medium-sized enterprises (SMEs). Rather than functioning as a linear policy chain, this ecosystem encompasses overlapping mandates, parallel programs, and a distributed responsibility structure. Export readiness, certification, financing, and market access are managed through interconnected but not always integrated institutional channels. As a result, export competitiveness depends not only on capabilities at the firm level, but also on the cohesion of the broader policy ecosystem.

In this ecosystem, aggregators serve as a bridge between scattered SMEs and regulatory authorities. They translate policy instruments into operational practices, consolidate compliance processes, and synchronize market access initiatives. Understanding export policy as an ecosystem makes it clear that the results of internationalization are more likely to result from systemic coordination than from isolated corporate incentives. This ecosystem perspective forms the structural basis for the policy recommendations proposed in this study.

3. REGULATORY DESIGN: FORMAL RECOGNITION AND COORDINATED GOVERNANCE

The study also highlights the need for new regulations. Although aggregators perform an important coordinating function, they often operate without clear legal recognition in regulations governing trade or small and medium-sized enterprises (SMEs). Unclear regulations can limit accountability, access to formal incentives, and cross-border legitimacy. Governments should therefore consider formal legal recognition of aggregators as institutional intermediaries in export administration.

A structured accreditation system could define eligibility criteria, compliance standards, reporting requirements, and performance benchmarks. Such regulatory clarity would increase transparency while strengthening international credibility. In addition, regulatory fragmentation across ministries trade, industry, finance, customs, and digital transformation should be overcome through a coordinated, integrated compliance architecture. This architecture can integrate export certifications, customs documents, quality standard checks, and digital data management into a unified regulatory interface accessible to accredited aggregators. By reducing bureaucratic duplication and regulatory uncertainty, such a design would operationalize institutional facilitation as a systemic function rather than ad hoc interventions.

4. INSTITUTIONAL SUPPORT ARCHITECTURE: COORDINATED MULTI-STAKEHOLDER GOVERNANCE

The findings show that the development of dynamic capabilities among aggregators is influenced by interaction with government agencies, industry associations, financial institutions, trade attachés, and international partners. However, these relationships are often not yet well coordinated. To strengthen the institutional support architecture, structured mechanisms for interministerial coordination must be created, supported by legally regulated protocols for data exchange. A centralized digital platform to facilitate trade could connect aggregators with ministries, customs authorities, financial institutions, and trade offices abroad. Such a platform would reduce information fragmentation, facilitate real-time monitoring of export readiness, and simplify access to public support programs. In addition, structured cooperation between trade attachés and accredited aggregators can improve the flow of market information and accelerate the identification of opportunities at the institutional level. In this configuration, institutional support is integrated into a coordinated governance architecture rather than distributed across separate institutions.

SME governance in Indonesia is characterized by a hybrid structure involving central ministries, local authorities, state-owned enterprises, and industry associations. Although national policy provides comprehensive strategic guidance, responsibility for implementation is often decentralized, leading to inconsistent standards, capacity imbalances, and fragmented program delivery. Many SMEs operate in informal or semi-formal structures, limiting their access to standard quality systems, export documentation processes, and financial instruments. In this governance configuration, aggregators act as mid-level governance actors. They coordinate compliance, standardization, production consolidation, and market linkage among heterogeneous SMEs. Rather than replacing public governance, aggregators complement it by implementing policy objectives at the ecosystem level. This suggests that the internationalization of SMEs in Indonesia should be analyzed not only as a strategic process at the company level, but as a transformation mediated by governance shaped by institutional architecture.

5. INTERNATIONALIZATION OF SMALL AND MEDIUM-SIZED ENTERPRISES (SMES): STEP-BY-STEP MODEL AND AGGREGATOR-LED MODEL

Further research shows that the internationalization of SMEs requires a gradual development of capabilities. Instead of implementing uniform training programs, the government could design a step-by-step internationalization process. In the initial phase, SMEs would undergo an export readiness diagnosis conducted by aggregators. In the intermediate phase, targeted capacity development modules including quality control, packaging standards, pricing strategies, and digital documentation would be delivered in collaboration with accredited aggregators. In the advanced phase, SMEs that demonstrate operational reliability would have access to performance-based export financing and market expansion support. This phased approach is consistent with the dynamic capability's logic identified in this study: sensing (market and regulatory awareness), seizing (strategic mobilization through curated partnerships), and reconfiguring (operational and financial transformation). By integrating aggregator-led mentoring programs into formal SME programs, the government can accelerate the learning cycle while minimizing the risks associated with premature international expansion.

The Indonesian context is not merely a geographical backdrop, but a meaningful theoretical environment characterized by institutional fragmentation, a high degree of informality among SMEs, and the involvement of state-owned enterprises in trade promotion. In such an environment, aggregators not only act as market intermediaries, but also as institutional coordinators that bridge regulatory complexity, consolidate fragmented production capacities, and stabilize cross-border transactions. This shows that in emerging economies, dynamic capabilities extend beyond the level of firms in terms of perception, use, and adaptation, moving toward orchestration at the ecosystem level. The findings show that the development of dynamic capabilities in Indonesia is partly supported by the state and embedded in institutions, challenging the company-centric interpretation in this framework. Therefore, the case of Indonesia contributes to the literature on dynamic capabilities by describing how the development of capabilities is influenced by institutional gaps and coordinated governance mechanisms.

Although aggregators play a coordinating role, SMEs should not be viewed as passive recipients of institutional support. Empirical evidence shows that SMEs are actively involved in capacity building by adapting production processes, improving quality control systems, redesigning packaging, and committing to reliable deliveries. Participation in programs led by aggregators requires SMEs to invest in training, operational discipline, and compliance harmonization. Rather than replacing SME initiatives, aggregators provide a structured platform through which SMEs can better coordinate their actions. Internationalization appears to be a jointly generated process in which SMEs and aggregators jointly develop and deploy dynamic capabilities. This perspective challenges the assumption that capability development is concentrated in intermediaries and instead highlights the distributed actors in the ecosystem.

6. DYNAMICS OF INTERACTION AND SKILL LEARNING AT THE LEVEL OF SMALL AND MEDIUM-SIZED ENTERPRISES (SMES)

Although aggregators act as strategic coordinators in the export ecosystem, the results show that SMEs should not be viewed as passive beneficiaries of institutional facilitation. Rather, internationalization arises from the mutual interaction between aggregators and SMEs. Participation in an aggregator-led export program requires SMEs to actively adapt their production systems, standardize quality control procedures, redesign packaging, and adapt their operating procedures to international compliance requirements. These adjustments reflect a process of micro-reconfiguration that takes place within the SMEs themselves. Capability development occurs through interactive learning mechanisms. First, structured training and mentoring programs enable targeted learning, allowing SMEs to internalize export documentation standards, certification requirements, and pricing logic. Second, repeated transactions and continuous export orders lead to learning by doing and strengthen production reliability, inventory management, and delivery discipline. Third, establishing contact with foreign buyers through trade fairs and distribution networks leads to learning-based feedback that contributes to product improvement and market adaptation. Finally, continuous relational interaction with aggregators supports the transfer of implicit knowledge, particularly with regard to negotiation practices, demand forecasting, and cross-border coordination.

This interaction dynamic shows that dynamic capabilities are jointly generated at all levels of the organization. Aggregators coordinate the process of sensing, seizing, and reconfiguring at the ecosystem level, while SMEs simultaneously develop complementary operational capabilities and compliance. Rather than replacing SME initiatives, aggregators structure and accelerate the SME learning process. In this context, internationalization is not a process driven entirely by intermediaries or entirely by companies, but rather a process of co-evolution in which actors mutually reinforce each other in improving their capabilities. The recognition of actors at the SME level sharpens the theoretical contribution of this study. This shows that dynamic capabilities in emerging economies extend beyond the boundaries of companies and are embedded in multi-level governance structures, where the coordination of intermediaries and the adaptation of SMEs together constitute international competitiveness. This multi-level perspective links the orchestration of the ecosystem with micro-fundamental learning processes, thus offering a more comprehensive explanation for the internationalization driven by aggregators.

7. INSTITUTIONAL ENVIRONMENT AS A CONDITIONING STRUCTURE

The institutional environment in Indonesia is characterized by regulatory fragmentation, complex multi-level administration, and uneven coordination among trade-related institutions. Rather than functioning as an integrated support system, institutional arrangements are often implemented through mandates distributed across different ministries, local authorities, and trade bodies. This fragmentation creates institutional uncertainty, which directly affects the development of dynamic capabilities. For example, sensing activities are not limited to market information, but also include monitoring regulations and anticipating compliance requirements. Similarly, the seizing involves not only strategic positioning in the market, but also navigating institutional procedures and obtaining approvals from various authorities. Reconfiguration, in turn, requires continuous adaptation to evolving regulatory standards and export compliance requirements. The institutional environment therefore not only provides support, but also shapes, constrains, and influences the development of capabilities. In an emerging economy such as Indonesia, dynamic capabilities are therefore more institutionally embedded than purely company-driven.

This study contributes to the literature on dynamic capabilities in three ways. First, it redefines dynamic capabilities as a multi-stage process embedded in the ecosystem rather than as a company-bound mechanism. In the existing literature, sensing, seizing, and reconfiguring are typically defined as internal processes within an organization. Our findings show that in aggregator-based systems, these processes extend beyond the boundaries of the organization and are jointly generated by intermediaries and SMEs. Second, this study extends the theory of dynamic capabilities by introducing institutional conditioning as a structural determinant of capability development. Rather than viewing institutions as external constraints, the results show that regulatory fragmentation, coordination gaps, and governance architectures actively shape the way capabilities are configured and implemented in emerging economies. Third, this study identifies mechanisms of interaction between aggregators and SMEs and sheds light on the dynamics of learning and micro foundational adaptation in an intermediary-led ecosystem. This perspective of multi-level interaction goes beyond a firm-centric explanation and offers a deeper understanding of dynamic capabilities in a context characterized by institutional complexity and the orchestration of distributed resources.

Unlike the traditional, company-centered interpretation, this model views dynamic capabilities as a recursive and distributed process implemented through interaction between intermediaries and SMEs. Furthermore, this

study introduces the co-production of capabilities as a mechanism that explains how micro-level learning by SMEs and meso-level orchestration jointly influence the outcomes of internationalization. Finally, this study extends the theory of dynamic capabilities by showing that regulatory fragmentation and governance complexity actively influence capability development, taking into account the institutional conditions in emerging economies. This theoretical enhancement repositions dynamic capabilities as an ecosystem-oriented construct embedded in institutions, rather than solely as an organizational construct. By placing this framework in the context of the platform ecosystem, orchestrator theory, intermediary theory, and global value chain governance, this study illustrates that the internationalization driven by aggregators cannot be reduced to digital mediation or pure network coordination. Rather, it is a dynamic, institutionally influenced orchestration process in which capabilities are jointly generated and repeatedly adapted between the actors in the ecosystem. This classification places the framework in the context of a broader debate on international economics and governance, while highlighting its unique theoretical contribution. This study expands the scope of dynamic capabilities by conceptualizing distributed dynamic capabilities as a process that transcends boundaries and is embedded in ecosystems, rather than as an internal routine of a company.

VI. CONCLUSION

These results contribute to theoretical generalization by extending dynamic capabilities to aggregator-based internationalization models. This study aims to examine how Indonesian business aggregators develop and deploy dynamic capabilities to facilitate entry into the global market. The study provides a deeper understanding of how aggregators from developing countries act as strategic intermediaries that facilitate SME participation in the global market by adopting a dynamic capabilities perspective, which shows that entry into the global market in an aggregator-based model is not driven by isolated strategic actions, but rather by an integrated and procedural configuration of capabilities for identification, utilization, and readaptation.

These findings show that observation skills are primarily expressed through activities in the area of regulatory and market observation, which are carried out at both the institutional and operational levels through continuous cooperation with government agencies, trade organizations, international trade fairs, and local networks. This enables aggregators to identify suitable export opportunities while anticipating regulatory and market-related restrictions. This observation process reduces uncertainty and creates competitive advantages in the global market.

The study shows that mastery of capabilities is achieved through a strategic coordination process that capitalizes on identified opportunities, including rigorous curation of products according to international standards, formation of strategic partnerships with distributors, and mobilization of financial and organizational resources. Aggregators are able to reduce structural constraints on SMEs and accelerate their integration into global value chains. The findings also underscore the importance of reconfiguring competencies to maintain international competitiveness. PT Sarinah is continuously transforming its operating systems and resource configuration. Initiatives to build capacity, integrate digital platforms, optimize the supply chain, and adapt financial mechanisms represent a transformation for aggregators. This reconfiguration process enables the transition from export activities to measurable international expansion.

In answering the second research question, three factors can be identified that influence dynamic competence development among Indonesian business aggregators: (1) Organizational level – governance structures, digital infrastructure, and internal mechanisms for competence development influence aggregators' ability to implement sensing, seizing, and reconfiguring processes; (2) Institutional level – Regulatory frameworks, government support, and trade promotion mechanisms act as both enabling conditions and barriers; and (3) Market level – Availability of partners, heterogeneity of demand, and willingness of SMEs significantly shape the development and realization of dynamic capabilities over time.

The findings of this study must be interpreted within certain limitations. First, this analysis is based on the context of government-backed aggregators operating in emerging economies, where institutional constraints and trade facilitation mechanisms significantly influence capacity development. Therefore, the applicability of these findings may be limited to highly developed institutional environments or purely private platform companies without government involvement. Second, this study focuses on intermediary organizations that coordinate the SME ecosystem, and its theoretical extension may not be directly transferable to traditional multinational corporations or large manufacturing exporters. Finally, the identified dynamic configuration of capabilities is anchored in a context characterized by institutional volatility and heterogeneous SME readiness, which may vary across industries and national settings. Future research could investigate whether similar dynamic configurations also occur in privately run aggregators or in a more institutionally stable context.

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Author Contributions

Conceptualization, Fetty Kwartati and Haris Maupa; methodology, Fetty Kwartati; validation, Fetty Kwartati, Haris Maupa, and Hadi Cahyadi; formal analysis, Fetty Kwartati; investigation, Fetty Kwartati; resources, Hadi Cahyadi; data curation, Fetty Kwartati; writing—original draft preparation, Fetty Kwartati; writing—review and editing, Fetty Kwartati and Haris Maupa; visualization, Fetty Kwartati; supervision, Haris Maupa; project administration, Fetty Kwartati; funding acquisition, Hadi Cahyadi.

Conflicts of Interest

The authors declare no conflicts of interest.

Data Availability Statement

Data are available from the authors upon request.

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