

Strategy to Improve MSME Export Performance through Training and Capacity Building at the Kur Dodik Alfi Rope Bag Craft Center in Blitar Regency

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ABSTRACT

This study aims to analyze strategies for improving the export performance of Micro, Small, and Medium Enterprises (MSMEs) through training and capacity building at the Dodik Alfi macramé bag craft center in Blitar Regency, Indonesia. Using a qualitative case study approach, data were collected through in-depth interviews, observation, and documentation involving key informants, including business owners, training managers, and MSME actors. The findings reveal that MSMEs are still at an early stage of internationalization, with limited and irregular export activities. Although the products possess strong competitive advantages, such as unique designs, high aesthetic value, and handmade characteristics, export performance is constrained by limited internal capacity, including lack of export knowledge, absence of product standardization, and insufficient production capacity. Training programs have improved technical skills and product innovation; however, they have not significantly enhanced export performance due to the lack of integration with export-specific competencies, such as international marketing, logistics management, and regulatory compliance. The study proposes an integrative model in which training enhances internal capacity, which subsequently influences export strategy and performance. Export is identified as the most feasible initial strategy, with potential development toward licensing and franchising in the long term. The study highlights the importance of aligning training programs with export needs and strengthening institutional support to accelerate MSME internationalization.

Keywords: MSMEs, Export Performance, Training, Capacity Building, Internationalization Strategy.

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INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) are a key pillar of Indonesia's national economic development. The strategic role of MSMEs is evident not only in the number of business units dominating the economic structure, but also in their contribution to absorbing labor and maintaining national economic stability. In the context of growing globalization, MSMEs are required to focus not only on the domestic market but also expand their market reach internationally through export activities. Globalization has driven the integration of increasingly competitive global markets, requiring every business actor to possess the ability to innovate, adapt, and strategize appropriately to survive and

thrive in global competition (Prihandini et al., 2023). This situation positions MSMEs as important actors in international trade, but also faces significant challenges in the internationalization process.

Previous research conducted by the author on the internationalization of MSMEs, particularly in the craft sector, such as the jimbe drum, shows that the success of MSMEs in penetrating the global market is strongly influenced by business networks, global collaboration, the role of the diaspora, and the support of associations. These findings confirm that MSME internationalization depends not only on product quality but also on the ability to build connectivity and access international markets. However, this research still places networks as the primary variable, so it has not specifically examined the internal aspects of MSMEs, particularly related to human resource capacity and the role of training in supporting export performance.

Global economic developments provide significant opportunities for MSMEs to internationalize their businesses. However, the level of participation of Indonesian MSMEs in exports remains relatively low compared to other countries. This indicates a gap between the enormous potential of MSMEs and their realized contribution to international trade. One of the main causes of this condition is limited internal capacity of MSMEs, such as limited knowledge of export procedures, limited access to global markets, and limited ability to utilize digital technology as a means of international marketing (Prasojo et al., 2025). Furthermore, the complexity of international trade regulations and high product quality standards also pose challenges for MSMEs entering the global market.

In facing these conditions, improving the export performance of MSMEs is a strategic issue that requires serious attention. Export performance is determined not only by product quality but also by the ability of business actors to understand global market dynamics, manage marketing strategies, and build international business networks. Globalization has created increasingly fierce competition, both among domestic and international businesses, requiring MSMEs to achieve sustainable competitive advantages through product innovation and differentiation (Prihandini et al., 2023).

One approach to improving MSME export performance is through training and capacity building. Training plays a crucial role in enhancing human resource competency, particularly in export knowledge, business management, and the use of digital technology. In the digital era, the use of e-commerce is an effective strategy for expanding global market access, as it reduces geographic barriers and distribution costs and enables MSMEs to reach international consumers directly (Prasojo et al., 2025). Therefore, strengthening the capacity of MSMEs through targeted, needs-based training is crucial in supporting improved export performance.

Previous research also shows that increasing the competitiveness of MSMEs in the export market can be achieved through the implementation of appropriate strategies, such as the use of the Ansoff model, which integrates analysis of internal and external organizational factors. Through this approach, MSMEs can identify their strengths, weaknesses, opportunities, and threats, thereby determining the most effective strategy for improving export performance (Ristanti et al., 2024). However, research specifically

examining the integration of training, capacity building, and export strategies in the craft sector of MSMEs is still relatively limited.

Blitar Regency holds significant potential for MSME development, particularly in the crafts sector. One thriving center is the Dodik Alfi Rope Bag Training Institute and Craft Center. Rope bags are uniquely handmade, boasting high aesthetic value and a variety of attractive designs, giving them the potential to penetrate the international market. However, businesses in this sector still face various obstacles, such as limited export knowledge, low production capacity, and limited access to global market networks.

Another challenge faced by MSMEs in exporting is a lack of understanding of administrative procedures and international trade regulations. The export process, which involves numerous documents and requirements, often presents a barrier for business actors, especially those with little export experience. Furthermore, limited international business networks and limited access to market information also hinder MSMEs from developing export markets (Prihandini et al., 2023).

On the other hand, available training programs are not fully able to address the specific needs of MSMEs in the export context. Many training programs are still general in nature and do not focus on practical export capacity building. However, needs-based and applicable training would have a more significant impact on improving MSME export performance. Therefore, an integrated strategy is needed between training, capacity building, and developing export strategies that are tailored to the characteristics of MSMEs.

Based on the above description, this research is important to analyze strategies to improve MSME export performance through training and capacity building at the Dodik Alfi rope bag craft center in Blitar Regency. This research is expected to contribute to the development of literature on MSME export strategies, particularly in the craft sector, as well as provide practical recommendations for business actors and policymakers in increasing MSME competitiveness in the global market.

Based on the background that has been described, this study formulates several main problems, namely how is the condition of MSME export performance in the Dodik Alfi rope bag craft center in Blitar Regency, what factors influence the export performance, what is the role of training and capacity building in improving MSME export performance, and what is the most effective strategy to improve MSME export performance in the center.

This research's novelty lies in the integration of training, capacity building, and export strategy within a comprehensive analytical framework. Furthermore, it specifically focuses on MSMEs in the rope bag craft sector, which has rarely been studied in an export context. Another novelty is the development of an internal capacity-based approach for MSMEs, directly linked to improved export performance, and the development of a strategy model that is applicable and aligned with the real-world conditions of local MSMEs.

This research is highly urgent given the low level of participation of Indonesian MSMEs in global export activities, limited human resource capacity in understanding export procedures, and high levels of competition in the international market. Furthermore, the substantial untapped potential of local craft MSMEs is a crucial reason for this research.

This research is expected to uncover strategic solutions that can sustainably improve the competitiveness and export performance of MSMEs.

The purpose of this study is to analyze the condition of MSME export performance in the Dodik Alfi rope bag craft center in Blitar Regency, identify the factors that influence the export performance, analyze the role of training and capacity building in improving MSME export performance, and formulate effective strategies to improve MSME export performance.

This research is expected to provide theoretical, practical, and academic benefits. Theoretically, this research is expected to contribute to the development of management science, particularly regarding export strategies and the internationalization of MSMEs. Practically, the results of this study can serve as a guide for MSMEs in developing export strategies and as a basis for the government and training institutions in designing more effective MSME development programs. Academically, this research can serve as a reference for further research and provide a research model that can be replicated in other MSME sectors.

METHOD

This research uses a qualitative approach with a case study design to understand in-depth the strategy to improve the export performance of MSMEs through training and capacity building at the Dodik Alfi rope bag craft center in Blitar Regency. The qualitative approach was chosen because it is able to provide a comprehensive understanding of social phenomena based on the natural context in the field and allows for in-depth exploration of the experiences and perceptions of informants (Creswell, 2019). The case study design was used because this research focuses on one specific object that has unique characteristics and is relevant to the research objectives.

The object of this research is the Kur Dodik Alfi Rope Bag Training Institute and Craft Center, located in Blitar Regency, East Java. The location was selected purposively, considering that the center is a craft MSME with export potential and has conducted training activities for business owners. The research subjects included business owners, training institution managers, and MSMEs involved in production and marketing activities, particularly those with experience in export activities.

The data sources in this study consist of primary and secondary data. Primary data were obtained through in-depth interviews, direct observation, and documentation. Interviews were conducted semi-structured to gather information related to export strategies, obstacles encountered, and the role of training in increasing the capacity of MSMEs. This technique allows researchers to obtain flexible yet focused data in accordance with the research focus (Sugiyono, 2018). Observations were conducted to directly observe production activities, training, and business management, while documentation was used to supplement the data in the form of business records, activity reports, and export-related documents. Meanwhile, secondary data were obtained from scientific journals, research reports, and literature relevant to the research topic.

The data analysis in this study used thematic analysis techniques, which were carried out through several stages: data reduction, data presentation, and conclusion drawing. The analysis process was carried out interactively and continuously from data collection to the final stage of the study, as stated by Miles and Huberman that qualitative data analysis involves a continuous process of data reduction, data display, and verification (Sugiyono, 2018). In this study, the collected data was organized, then categorized based on main themes such as export performance, training, and capacity building, then analyzed to find patterns and relationships between variables.

To ensure data validity, this study employed source and method triangulation techniques. Source triangulation was conducted by comparing information obtained from various informants, while method triangulation was conducted by comparing the results of interviews, observations, and documentation. This technique aims to increase the validity and reliability of the data, thereby ensuring the credibility of the research results (Creswell, 2019). Furthermore, the researcher conducted member checks by confirming the interview results with informants to ensure the accuracy and suitability of the data obtained.

By using this research method, it is hoped that the research will be able to provide an in-depth picture of strategies for improving MSME export performance through training and capacity building and produce relevant and applicable recommendations for MSME development in facing global competition.

FINDING AND DISCUSSION

RESEARCH RESULT

The research results show that the export performance of MSMEs in the Dodik Alfi rope bag craft center in Blitar Regency is still in the early stages of internationalization. This is indicated by the lack of routine and sustainable export activities, and the continued dominance of domestic sales. The export activities that have occurred have been incidental, such as through small-scale orders from foreign buyers or through intermediaries. This condition indicates that MSMEs do not yet have a structured export system and are not yet fully prepared to compete in the global market.

In terms of products, the SME rope bag industry boasts unique designs, high aesthetic value, and a handmade character that make it a major draw in the international market. The products are also relatively flexible in adapting to consumer demand, in terms of design, color, and size. However, the main weakness lies in the lack of product quality standardization and limited production capacity, making it difficult to consistently meet large-scale demand.

In terms of human resources, most MSMEs possess strong production skills, but are limited in export knowledge, such as administrative procedures, document management, and understanding of international markets. Furthermore, the use of digital technology in marketing is still suboptimal, with social media still being rudimentary and not strategically targeted to reach global markets.

In terms of training, the Dodik Alfi Institute has contributed to improving technical production skills and product design innovation. However, the training provided still focuses

on production aspects and does not specifically target increasing export capacity. Training related to digital marketing, export management, and compliance with international standards remains very limited.

Externally, export market opportunities for rope kur handicrafts are quite large, especially in countries with a strong interest in handmade and ethnic products. Furthermore, developments in digital technology and e-commerce provide opportunities for MSMEs to access international markets more easily. However, these opportunities face various challenges, such as global competition, high quality standards, and complex export regulations.

DISCUSSION

The results of this study indicate that Dodik Alfi's rope bag MSME is still in the early stages of its internationalization process, which is in line with the concept that exports are an entry-level stage for MSMEs to enter the global market with relatively low risk. In the internationalization literature, exports are seen as an initial strategy that allows MSMEs to test foreign markets without large investments, while increasing production scale and competitiveness (OECD, 2023; Paul et al., 2017). This condition is in accordance with findings in the field that MSME export activities are still limited and unstructured.

If analyzed using the SCOPE framework (Paul, 2020), research results show that MSMEs face various *challenges* and *problems* significant challenges, particularly related to limited human resources, lack of export experience, and weak business management. The paper states that MSMEs in developing countries have a higher risk of internationalization failure due to limited entrepreneurial competency and suboptimal policy support. This condition is relevant to research findings that MSMEs still experience difficulties in understanding export procedures and accessing international markets.

On the other hand, the *aspect opportunities* The potential within the SCOPE framework also appears quite substantial, particularly with the advancement of digitalization. Digital transformation enables MSMEs to overcome geographic barriers and expand market access through global e-commerce platforms. This aligns with findings that economic digitalization can increase international market access and provide a solution to addressing information and distribution limitations. However, in the context of this research, the utilization of digitalization is still suboptimal, thus underutilizing these opportunities.

The role of training in improving the capacity of MSMEs is also a key finding in this study. While the training provided has been shown to improve production skills and product innovation, it has not had a significant impact on export performance. This suggests that general training is insufficient to encourage the internationalization of MSMEs. The paper explains that export training and mentoring programs, such as MSMEs Can Export, have proven effective in improving MSMEs' understanding of export procedures, including document preparation and business matching with international buyers. Therefore, training needs to be more specifically targeted to export needs to have a more significant impact.

Furthermore, the research findings also demonstrate the importance of product standardization in supporting exports. In the context of internationalization, meeting quality standards and certification is a primary requirement for entering the global market. The literature indicates that standardization is part of a strategic *set-in-order* And *standardize* within the SCOPE framework, which aims to increase market confidence and operational efficiency. Without standardization, MSMEs will struggle to consistently meet international market demand.

From an internationalization strategy perspective, this study confirms that exporting remains the most relevant strategy for MSMEs producing rope bags in the early stages. However, in the long term, MSMEs need to consider other strategies such as licensing and franchising to expand their markets. The paper explains that licensing is a low-risk strategy that allows MSMEs to earn revenue through royalties without having to make large investments abroad, while franchising allows for rapid expansion by leveraging local partners. The integration of these three strategies can create strong synergies in the MSME internationalization process.

Furthermore, this study also shows that government support plays a crucial role in improving MSME export performance. Digitalization programs such as the Indonesia National Single Window (INSW) and various export training programs have been proven to increase export process efficiency and facilitate MSME access to global markets. However, MSMEs' utilization of these programs remains suboptimal, necessitating increased outreach and mentoring.

Overall, the results of this study reinforce previous research findings that the success of MSME internationalization is determined not only by product quality, but also by internal capacity, appropriate strategies, and the ability to capitalize on external opportunities. Therefore, improving MSME export performance requires an integrated approach involving training, capacity building, and a sustainable internationalization strategy.

CONCLUSION

Based on the research results and discussion, it can be concluded that the export performance of MSMEs in the Dodik Alfi rope bag craft center in Blitar Regency is still in the early stages of internationalization and has not yet developed optimally. Although the products have competitive advantages in the form of unique designs, high aesthetic value, and handmade characteristics that are sought after by the global market, limited internal capacity is a major inhibiting factor. These limitations include a low understanding of export procedures, the absence of product standardization, and limited production capacity and business management. The training that has been conducted has been proven to improve technical skills and product innovation, but has not had a significant impact on export performance because it has not been integrated with specific export needs. Therefore, an export strategy remains the most relevant approach in the early stages, with the potential for development into other internationalization strategies such as licensing and franchising

in the long term. This study also confirms that the success of MSME internationalization is highly dependent on the integration of training, capacity building, and targeted strategies.

Based on these findings, it is recommended that MSMEs continuously improve their capacity, particularly in understanding exports, product standardization, and utilizing digital marketing to reach global markets. Training institutions need to develop more specific programs based on export needs, covering managerial aspects, international marketing, and product certification, along with ongoing mentoring. The government is expected to strengthen support through integrated training, facilitating market access, and simplifying digital-based regulations. Meanwhile, future researchers are advised to test this research model empirically using a quantitative or mixed methods approach and add variables such as digital marketing, product innovation, and international business networks. Thus, the development of MSME internationalization strategies is expected to be more effective and sustainable.

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