

## **Empowering Global Reach: The Tripod Strategy for SME Internationalization in the Natural Products Sector**

**Umi Nandiroh<sup>1)\*</sup>, Sudarmiati<sup>2)</sup>**

<sup>1)</sup>Postgraduate Doctoral Program Faculty of Economics, Universitas Negeri Malang, Indonesia.

<sup>2)</sup>Faculty of Economics, Islamic University of Malang, Indonesia.

\*Corresponding Author

Email: [umi.nandiroh.2204139@students.um.ac.id](mailto:umi.nandiroh.2204139@students.um.ac.id)

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### **Abstract**

*This study analyzes the implementation of the tripod strategy—encompassing resource-based view (RBV), institution-based view (IBV), and industry-based view (IBD)—to support the internationalization process of SMEs, with a case study on Agronesian Indonesia, an SME operating in the natural agricultural products sector. A qualitative approach was employed, utilizing a case study design where data were collected through in-depth interviews, observations, and document analysis to gain a holistic understanding of how these three perspectives are applied. The findings indicate that integrating RBV, IBV, and IBD enables Agronesian to overcome resource constraints, leverage institutional support, and adapt products to international market demands, especially regarding sustainability. Theoretical implications of this study strengthen the literature on SME internationalization by highlighting the value of a combined approach, while practical implications provide a framework for other SMEs to design adaptive and structured internationalization strategies. The limitations of this research include a focus on a single case and reliance on qualitative methods, which restrict broader generalization. Future studies are recommended to involve a wider range of SMEs from various industries and to explore the influence of global shifts, such as trade policies and sustainability trends, on the effectiveness of the tripod strategy for SME internationalization.*

**Keywords:** *SME Internationalization, Tripod Strategy, Resource-Based View, Institutional Support, Industry Adaptation.*

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## **INTRODUCTION**

The internationalization of Small and Medium Enterprises (SMEs) plays an important role in enhancing competitiveness, especially in the face of intensifying economic globalization (Daei et al., 2023). For SMEs, expansion into international markets not only enlarges their market reach but also allows them to capitalize on local resource advantages and increase the added value of products in the global market (Foghani et al., 2023). In this context, SMEs in developing countries such as Agronesian Indonesia, with agriculture-based products such as vanilla and spices, have great potential to meet the demands of global consumers who want high-quality natural products.

However, significant challenges in internationalization include limited resources, technology, and knowledge of international markets (Erdoğan et al., 2023). Regulatory barriers and product standards in destination countries are also a challenge for SMEs seeking to maintain product quality and meet export regulations (Lakshman et al., 2023). According to Divrik & Baykal (2024), SMEs often face obstacles in building the networks and infrastructure necessary to maintain sustainability in a highly dynamic and competitive global market. This underscores the importance of a structured strategy to help SMEs overcome these obstacles and successfully penetrate international markets.

This research aims to analyze how the application of the tripod strategy—including the resource-based view (RBV), institution-based view (IBV), and industry-based view (IBD)—can help SMEs, such as Agronesian Indonesia, overcome the challenges of internationalization and take advantage of opportunities in the global market. Through the RBV perspective, this research will identify the internal resources that drive international expansion. The IBV perspective will

evaluate the role of regulation as well as institutional support, while the IBD will explore the influence of industry characteristics on internationalization strategy choices.

Previous research results provide a strong theoretical foundation regarding the application of the tripod strategy in the context of SME internationalization (Lahiri et al., 2020a). The Resource-Based View (RBV) perspective emphasizes the importance of internal resources that are difficult to replicate and can provide a competitive advantage for SMEs in international expansion. For example, the international experience of SME owners and managers plays an important role in exporting activities. This indicates that relevant managerial expertise, including foreign market knowledge, increases the success of internationalization, especially for family SMEs.

The Institution-Based View (IBV) perspective highlights the influence of the regulatory and institutional climate in both home and destination countries (Chandra et al., 2020). For example, the protection of minority investors and the level of trust in other countries can be factors that encourage or hinder internationalization. In addition, state institutional support such as government export programs have been shown to make it easier for SMEs to access international opportunities. This underscores the importance of formal support in expanding business activities abroad. The Industry-Based View (IBD) perspective focuses on industry factors that influence corporate strategy, including the intensity of competition and industry-specific characteristics (Roberts & Muralidharan, 2020). The results of Rieckmann et al.'s (2017) study show that SMEs in high-tech industries tend to expand internationally earlier, while low-tech industries follow a more gradual pattern of internationalization. These factors make it clear that industry conditions can influence the strategic pace of internationalization, especially for SMEs operating in highly competitive markets.

The findings confirm that each perspective of the strategic tripod makes a unique contribution to understanding the complexities of SME internationalization. The integrative approach of these three perspectives enables Indonesian Agronesian SMEs to overcome various barriers and capitalize on opportunities in the global marketplace more optimally. In the context of internationalization of Indonesian Agronesian SMEs, the implementation of the tripod strategy presents a number of challenges that need to be overcome to achieve success in the global market. By understanding these three issues, this study aims to explore how Agronesian can overcome the barriers and maximize the enablers, thus succeeding in the internationalization process of its business.

## RESEARCH METHODS

This research uses a case study design, focusing on Agronesian Indonesian SMEs as the main object of study. The case study approach was chosen to gain an in-depth understanding of the application of the tripod strategy in the internationalization process of SMEs in the agriculture and agri-food sector. Case studies allow for in-depth exploration of Agronesian's internal dynamics, including how they manage resources, navigate regulations, and adapt to industry conditions. The approach involves qualitative data collection through in-depth interviews with Agronesian management, direct observation, as well as secondary data analysis from company reports, industry publications, and online sources. The data will also be thematically analyzed to identify patterns and factors associated with resource-based, institution-based, and industry-based strategies in SME internationalization. Through this case study, it is expected to gain a comprehensive understanding of the challenges and opportunities Agronesian faces in implementing its internationalization strategy, as well as how the implementation of the tripod strategy can improve the competitiveness of SMEs in the global market.

## RESULT AND DISCUSSION

Agronesian is an Indonesian agricultural startup specializing in the supply and export of high-quality natural products such as vanilla beans, cloves, ginger, turmeric, pepper, and various coffee types. Their mission includes supporting sustainable agriculture by collaborating closely with local farmers and using advanced processing technology to maintain product quality. The company emphasizes accountability, flexibility, and customer satisfaction, with a robust international reach that adheres to destination-country regulations.

The results of this study found that the aspect of internal resources plays an important role in the ability of SMEs such as Agronesian Indonesia to internationalize. Referring to the results of research conducted by Ratnawati et al. (2023) and Cahyono et al. (2022), strategies that focus on internal resources, particularly in management and ownership, can be both a strength and a challenge in the internationalization process. Research by Gunartin et al. (2022) shows that knowledge of foreign markets is crucial for management to navigate the internationalization process. Without sufficient experience or knowledge of global market dynamics, SMEs often face obstacles in adaptation and planning effective expansion strategies. In accordance with the findings of Bidin et al. (2022), SMEs need to invest in increased production capacity and technology to maintain competitiveness in international markets. Low technological mastery is often a barrier, so strategies involving training or collaboration with global partners can help in overcoming this limitation.

Limited capital is a common constraint faced by SMEs, as described in El Guili's (2018) study. Many SMEs struggle to access sufficient funding to support international expansion, which often requires large investments in certification, marketing, and shipping. In SMEs with simple management structures, management involvement in internationalization strategies tends to be limited. According to Anwar et al. (2023), this can hinder quick and effective decision-making in foreign markets, especially when operational constraints occur. The results of this study confirm that, while SMEs have advantages in flexibility and potential for product innovation, limitations on internal resources such as capital and managerial knowledge are major challenges in internationalization efforts (Mamduh et al., 2022). Overcoming these challenges requires collaborative strategies and continuous capacity building.

Institution-Based Factors in the context of SME internationalization, regulations, government support, and the institutional climate in the destination country have a significant influence on strategic choices and expansion success (Realita et al., 2021). Based on case studies and existing literature, these institutional factors influence Indonesian Agronesian SMEs in achieving success in the global market. For Agronesian SMEs in the natural products sector, product quality standards are often strict in export destination countries, especially regarding natural raw materials such as vanilla and spices. To meet these export regulations, Agronesian has invested in product quality and safety certification. Failure to meet these standards can limit product access to foreign markets or lead to trade restrictions (Olaore et al., 2020).

In certain markets, tariff barriers such as import duties as well as non-tariff barriers such as quota regulations are also constraints that must be considered. According to Aisyah et al. (2023), these barriers require adaptation of strategies that allow SMEs to remain competitive, for example by utilizing local distributor cooperation in the destination country. The Indonesian government provides support such as export training and tax incentives for SMEs engaged in international trade (Cahyono et al., 2022). This support can accelerate the internationalization process of Agronesian by giving them access to cheaper logistics facilities or mentoring programs to prepare their products for foreign markets. Government support in the form of international exhibitions and trade missions also provides opportunities for Agronesians to build business

networks and understand local market preferences in destination countries. This helps reduce risks and strengthen their position in the global market.

Factors such as legal certainty, the level of public confidence, and economic stability in the destination country influence SMEs' decision to expand. Agronesians must consider political and economic risks, which may affect their business viability. The study by Bidin et al. (2022) shows that a conducive institutional climate can support the success of SMEs, especially by providing a safe and stable business environment for long-term investments. In some markets, Agronesians can benefit from collaboration with local institutions or business associations, which help them navigate local regulations and access wider distribution networks. These local institutions often have better insight into domestic regulations and can be important partners in reducing bureaucratic barriers. Overall, regulation, government support, and the institutional climate provide the essential foundation for SMEs like Agronesian to thrive in the global marketplace. Leveraging government support and adapting to foreign regulations are crucial elements that can determine success or failure in this internationalization process.

The Industry-Based Factors perspective highlights that the characteristics of the industry in which SMEs like Agronesian Indonesia operate have a significant influence on their internationalization strategy (Lahiri et al., 2020). In this context, factors such as competitive intensity, technological advancement, and industry culture are key elements to consider in designing and executing an internationalization strategy. Indonesian agribusinesses face intense competition from agricultural and natural product suppliers around the world, particularly from countries with large production scales such as India, Madagascar, and several countries in Latin America. This competition often centers on price and product quality. To remain competitive, Agronesian needs to position their products in the right market segments, such as the premium product segment, which emphasizes the quality and authenticity of Indonesian natural products.

Being in an industry that increasingly emphasizes sustainability, certification requirements such as organic and fair-trade can also be a differentiating factor that increases Agronesian's competitiveness in the international market. Adhering to globally recognized certification standards can help Agronesian target market segments that are more environmentally conscious. Modern technology in the processing and packaging of agricultural products greatly influences SMEs' ability to compete in the global market. According to previous research, SMEs that are able to utilize technology to improve production efficiency and extend product shelf life have a greater chance of succeeding in the export market. Agronesians can gain a competitive advantage by adopting environmentally friendly and durable packaging technologies, making them attractive to international consumers.

Digital technology also enables Agronesian to reach international consumers more effectively through e-commerce and digital marketing platforms. The use of social media and international B2B platforms such as Alibaba can expand market access and strengthen product image in the eyes of global consumers. The natural products industry is often characterized by values that emphasize authenticity, sustainability, and health. Agronesians can tap into this trend by emphasizing their products' origin stories, traditional cultivation methods, and health benefits. This approach can help differentiate their products from competitors who may have larger volumes but cannot emphasize the uniqueness that Agronesian has.

Consumer preferences can vary from country to country, especially in terms of flavor, packaging, and health claims. Agronesians need to understand and customize their products to meet the specific needs of destination markets. For example, in the European and North American markets, there is a high demand for pesticide-free and organically certified products. Customizing product offerings to meet these preferences can increase Agronesian's chances of success in global expansion. Overall, industry characteristics including competitive intensity, technological development, and industry culture greatly influence the internationalization strategy of SMEs like Agronesian. By leveraging advantages in technology, following

sustainability trends, and customizing products to meet foreign market preferences, Agronesian can strengthen their position in the international market and achieve success in global expansion.

The integration of the three perspectives of the strategy tripod—the resource-based view (RBV), institution-based view (IBV), and industry-based view (IBD)—provides a holistic framework for understanding the implications of internationalization for SMEs, particularly in the Indonesian Agronesian context. These approaches enable SMEs to develop strategies that not only rely on internal resource advantages, but are also adaptive to the regulatory and institutional climate in destination markets and able to respond to the characteristics of competitive and evolving industries.

The tripod strategy approach that includes the resource-based view (RBV), institution-based view (IBV), and industry-based view (IBD) offers a complementary perspective for the internationalization of SMEs like Agronesian Indonesia. Through RBV, Agronesian can optimize unique resources such as natural products and the quality of local raw materials to meet global market preferences. With the support of domestic institutions such as export incentive programs, Agronesian can also overcome resource limitations, as emphasized by Cahyono's (2022) research, which shows the importance of government support for the successful expansion of SMEs into international markets.

The IBV perspective helps SMEs navigate the institutional environment in destination markets, including product standards and applicable regulations. The combination of IBV and RBV allows Agronesian to leverage institutional networks to reduce the barriers often faced by SMEs in internationalization, as described by Lahiri et al. (2020). This allows Agronesian to build networks with local distributors and trading partners that can accelerate market penetration by understanding local regulations.

IBD complements this strategy by encouraging SMEs to customize products according to industry trends and demands, such as organic and sustainable products. Agronesian can increase its competitiveness in the premium segment by leveraging product certifications and promoting sustainability values, which are relevant to global consumers. The results of this integration corroborate previous research findings that emphasize that successful internationalization of SMEs requires a thorough adaptation to internal advantages, local regulations, and industry characteristics to establish a competitive and sustainable presence in the global market.

The results of the integration of the three perspectives in this study are in line with the findings of previous studies, which indicate that successful internationalization strategies in SMEs combine internal advantages, adaptation to regulations, and a deep understanding of industry conditions. For example, the study by Lahiri et al. (2020) concluded that SMEs that utilize local networks in destination countries and adaptations based on industry characteristics are successful in increasing the sustainability of their expansion in the global market. Overall, the tripod strategy provides a comprehensive approach that empowers SMEs like Agronesian to leverage resource advantages, adapt to the institutional climate, and respond to industry characteristics in their internationalization efforts. This integration helps reduce risk and increase the chances of success in the long run, while providing a foundation for other SMEs looking to replicate a balanced and effective approach to internationalization.

## CONCLUSION

This study aims to understand how the application of the tripod strategy—including resource-based view (RBV), institution-based view (IBV), and industry-based view (IBD)—can support SMEs, particularly Agronesian Indonesia, in the internationalization process. Based on the case studies, the research findings show that the integration of these three perspectives

provides an effective approach in facing the challenges of expanding into the global market. RBV enables SMEs to capitalize on unique product and resource advantages, IBV helps navigate regulations and institutional support, while IBD encourages product adaptation to evolving industry trends and characteristics.

This finding reinforces the importance of collaboration between internal advantages and external adaptation for successful internationalization of SMEs. Institutional support, such as export incentives and trade networks, facilitate access to foreign markets even when SMEs face resource constraints. In addition, adaptation to global industry trends, such as the demand for sustainable and organic products, enables SMEs to attract premium consumers in international markets. This tripod strategy equips SMEs with a holistic framework to understand and respond to foreign market dynamics in a more adaptive and structured manner.

The theoretical implication of this research is the strengthening of SME internationalization strategy literature that highlights the importance of integrating RBV, IBV, and IBD as an integrated approach. Practically, the results of this study provide guidelines for SMEs in utilizing internal resources and institutional support and adjusting product strategies to industry needs to improve competitiveness in the global market. The findings also encourage governments and stakeholders to provide more targeted support to help SMEs face international competition.

This research has limitations, namely the focus on one case study (Agronesian Indonesia) and the qualitative approach, which limits the generalizability of the results. For future research, it is recommended to involve SMEs from various industries to expand the relevance of the findings. The use of mixed methods is also recommended to make the results more representative. In addition, future research could explore the impact of global changes, such as trade policies and sustainability trends, on the implementation of the tripod strategy, thus providing a more comprehensive picture of the effectiveness of SME internationalization.

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