

SME Product Development Strategy in International Business Context: A Systematic Literature Review

L. Jatmiko Jati^{1*}, Gede Sri Darma², Agus Fredy Maradona³, Logi Mulawarman⁴

^{1),2),3)} Management Science Doctoral Study Program, Postgraduate Faculty,
Universitas Pendidikan Nasional, Indonesia

⁴⁾ Entrepreneurship Study Program, Faculty of Economics and Business,
Universitas Jambi, Indonesia

Keywords:

Product Development Strategy,
International Business, Business
Performance, Literature Review.

***Correspondence Address:**

jatmiko@universitasbumigora.ac.id

Abstract:

This study aims to analyze the product development strategy of Small and Medium Enterprises (SMEs) in the context of international business and its relationship with business performance. With a literature review approach, this study has collected 38 literatures to be analyzed using the content analysis stage. The results of the study indicate that SME product development in an international context requires 8 specific strategies including cultural/market adaptation, collaboration and partnership, product quality standardization, product differentiation & specialization, technology utilization, product innovation, supply chain optimization, and product diversification. This study also found that among the 8 strategies, the cultural/market adaptation strategy is the strategy that is most proposed by previous literature. The relationship between product development and SME business performance is very significant, with improving product quality and adjusting to international market needs as key factors for success.

INTRODUCTION

Small and Medium Enterprises (SMEs) play a vital role in the economies of many countries. The contribution of SMEs to Gross Domestic Product (GDP), job creation, and poverty reduction make them an important pillar in economic development. However, in this era of globalization, SMEs are faced with new challenges, namely how to compete and survive in the context of international business. Globalization opens up opportunities for SMEs to expand their markets abroad, but also demands the ability to compete with larger and more experienced foreign companies. In facing this competition, product development strategy is one

of the keys to success for SMEs. Developing innovative products that are in accordance with international market needs can increase the competitiveness of SMEs in the global market (Naradda Gamage et al, 2020).

Many studies have been conducted to understand effective product development strategies for SMEs. There are many previous studies that focus on product innovation strategies, however, open process innovation is also a common strategy for SMEs. Open innovation for process development involves identifying key external knowledge sources, which can have a significant impact on SME performance (José-Luis Hervás-Oliver et al., 2020). There are still many challenges faced by SMEs, such as limited resources, lack of knowledge about international markets, and regulatory barriers (Indrawati, 2020; Naradda Gamage et al, 2020).

Product development is a complex process that includes various activities ranging from research and development, product design, to marketing. For SMEs, product development is the key to staying competitive in a dynamic and rapidly changing market. According to Kotler & Keller (2016), product innovation is one of the main factors that determines the success of a product in the market. Product development is usually carried out to dominate a wider market or even a global market, so the application of the concept of international business is highly expected at this stage. International business involves business transactions between different countries. This includes trade in goods and services, investment, and strategic alliances. For SMEs, entering the international market can be a big challenge, but it also opens up significant opportunities for growth and expansion.

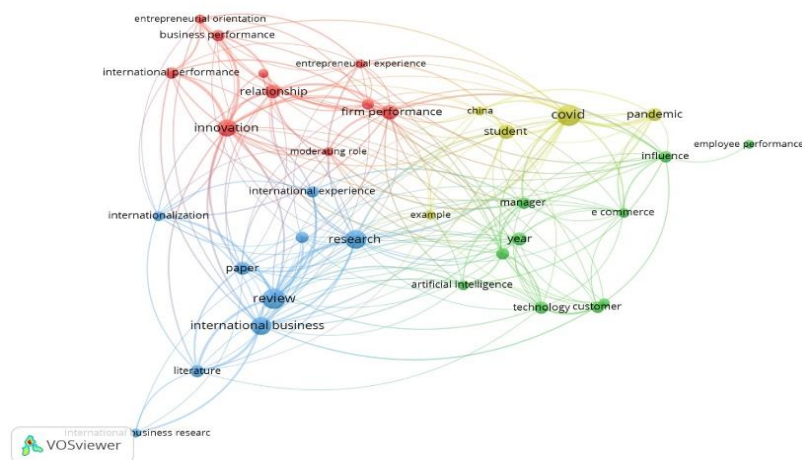
The application of the business concept on an international scale is certainly applied to achieve the expected business performance. In relation to SMEs, business performance can be measured through various indicators such as increased sales, market share, profits, and customer satisfaction. Research shows that there is a strong relationship between product innovation and business performance. According to Herman et al (2024), innovative products that are in accordance with market needs can increase competitiveness and overall business performance.

This study does not focus on the supporting factors of SME internationalization, but focuses on the product development strategies

implemented by SMEs in reaching international markets and improving SME business performance. In this study, the author will review the literature related to SME product development strategies in the context of international business and their relationship to business performance. This study aims to identify effective strategies and reveal what strategies affect SME business performance in the international market. The author will collect and analyze various previous studies to provide a comprehensive understanding of this topic.

Based on the explanation above, it can be concluded that the role of SMEs in the global economy is increasingly important, especially in increasing economic growth and creating jobs. However, in order to compete in the international market, SMEs need to develop effective strategies in product development. Through a literature review, this study aims to identify and analyze effective product development strategies for SMEs in the context of international business and how these strategies relate to their business performance.

Although various studies have been conducted on SME (Micro, Small and Medium Enterprises) product development strategies, discussions that focus on SME product development in the context of international business and how this relates to business performance are still rare. This was revealed through a gap analysis using the VOSviewer tool, which identified a lack of literature that discusses the topic in depth.



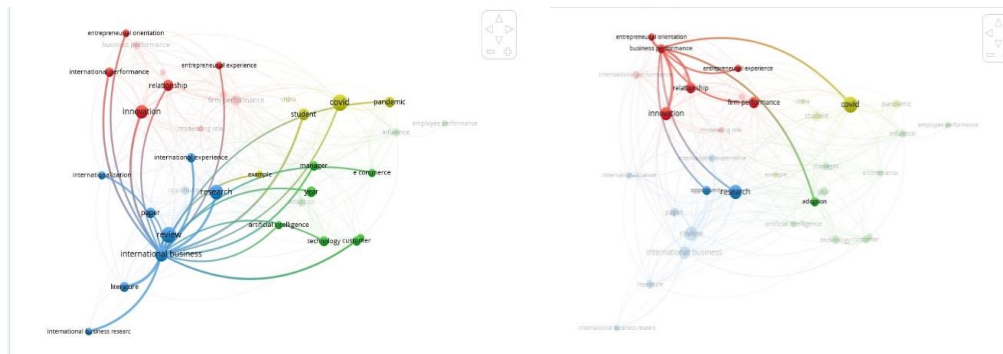


Figure 1. Identify gaps using VOSviewer

VOSviewer, as a bibliometric mapping tool, allows researchers to identify areas that are under-recognized in the existing literature. Based on the figure above, by collecting 450 previous studies, it shows that the product development strategy of SMEs in the international arena and its relationship with business performance is a topic that still needs to be explored further. Therefore, a comprehensive literature review is needed to bridge this gap. This study includes an in-depth analysis of the various strategies that can be used by SMEs to develop their products so that they can compete in the international market, as well as how these strategies impact overall business performance. This study also explores key factors that influence the success of SMEs in entering the international market, including product innovation, cultural adaptation, and marketing strategies. Thus, this literature review is expected to provide clear guidance for SMEs to improve their competitiveness and business performance in the global market.

RESEARCH METHODS

This study uses a qualitative method with a literature review approach. Data were obtained from various literature sources such as academic journals, books, research reports, and online sources that are relevant to the research topic. The analysis was carried out using a content analysis approach with three main stages such as review planning, review execution, and results analysis (Costa & Toledo, 2016). Based on this approach, the researcher simplified the stages of content analysis where the first stage is review planning and execution, and the second stage is results analysis (Da Costa Fernandes et al, 2020). The first stage is review

planning and execution, which includes formulating research objectives, developing inclusion and exclusion criteria, selecting databases and search keywords. In this first stage, the process of searching, selecting, and collecting data from various relevant literature is carried out systematically. The last stage is results analysis, which involves synthesizing findings from the collected literature, grouping them based on patterns, and drawing conclusions regarding the relationship between SME product development strategies, international business, and business performance.

RESULTS AND DISCUSSION

Result

Review Planning and execution

This study aims to identify effective product development strategies to reach international markets and reveal the strategies most often used by SMEs in influencing business performance in international markets. To achieve this goal, researchers have collected various sources of literature obtained from the Google Scholar database and reputable journal publishers, each literature collected has gone through criteria classification, so that 38 literatures (articles) were obtained that were included in the data analysis process. The following is an illustration of the planning process carried out by researchers:

Table 1. Literature search parameters

Dataset	Time Frame	Type of Literature	Search Keywords
Development of Piaskoski (2020)	From 2000 to 2024	Journal paper, conference proceeding, book chapter, and thesis	<i>SME product development strategy to reach international markets</i>

In this planning and execution process, the researcher carried out systematic literature search stages, as described in the following image:

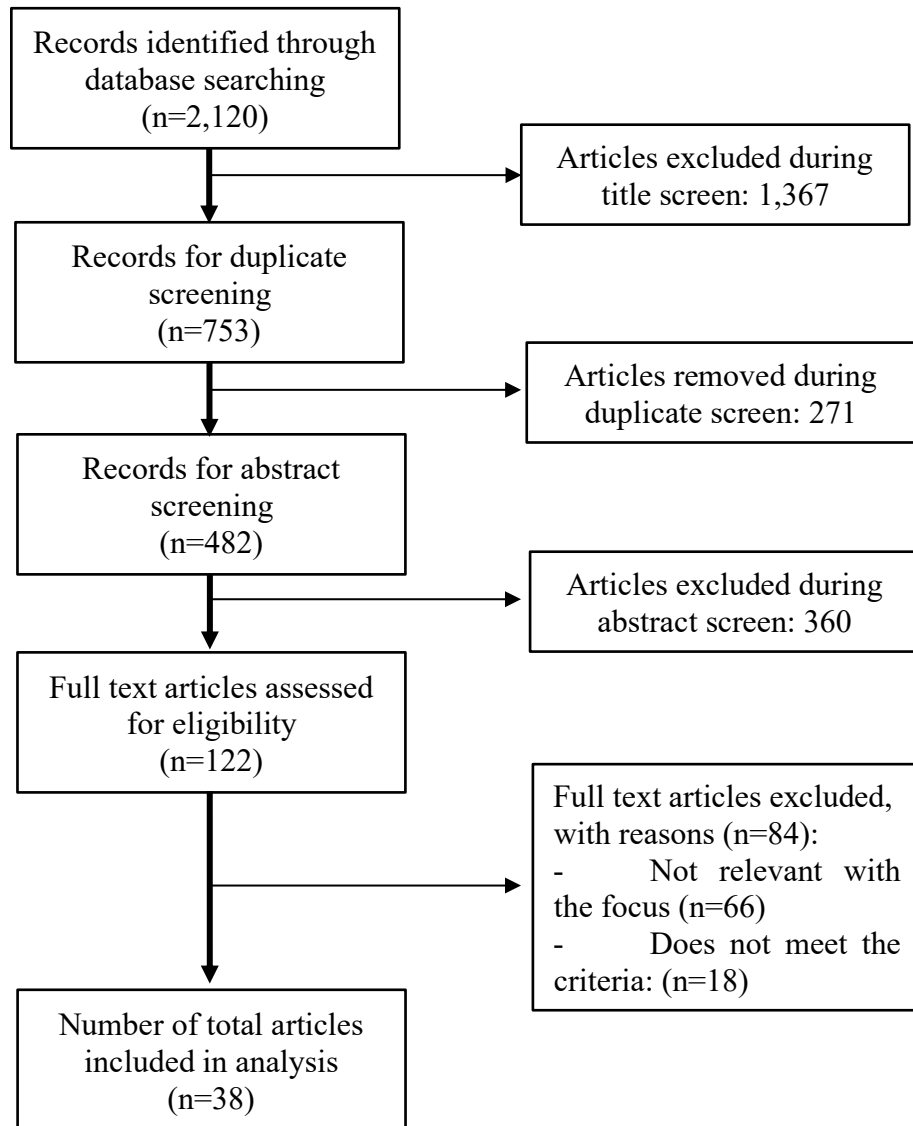


Figure 2. PRISMA flow diagram of literature selection

Results Analysis

The planning and execution stage concluded that there were 38 literatures that had been selected to be involved in the analysis process. Each literature that had been selected came from various types and sources. The following are details of the literature used in the analysis process:

Table 2. Types and sources of literature

Number	Type Literature/References	Source	Amount
1	Journal paper	<ul style="list-style-type: none"> • Google Scholar (n= 13) • Emerald Publishing (n= 8) • Taylor & Francis (n= 4) • Elsevier (n= 3) • Willey Online Library (n= 3) • Springer (n= 1) • Sage Publishing (n=1) 	33
2	Book Chapter	<ul style="list-style-type: none"> • Google Scholar (n= 3) 	3
3	Thesis	<ul style="list-style-type: none"> • Googel Scholar (n= 2) 	2
Total Literature			38

Furthermore, based on 38 literatures, researchers identified effective product development strategies to reach international markets, with the following results:

Table 3. Results of identification of SME product development strategies

Number	References / Literature	Product Development Strategy	International Business Context	Relationship with Business Performance
1	Adrian (2019)	Market dominance, access to market information, and use of technology	Global market	Strengthening export performance
2	Anderson (2011)	Institutional support and partnerships	Global market	Increased profits
3	Ayob & Dana (2017)	Product Differentiation and Specialization	Export products to developed countries	Increased customer interest and performance in international markets
4	Battisti et al (2014)	Adjustment to target market	New Zealand SMEs reaching global markets	Increase sales
5	Bauer et al (2020)	Product adaptation	Global market	Increase sales
6	Bell et al (2004)	Product innovation	Global market	Influence sales
7	Bonga (2014)	Cultural Adaptation / Destination Country	Global market	Increased sales and business growth
8	Boskov (2016)	Collaboration between public and private sectors	Global market	Increase in income
9	Chetty & Campbell-Hunt (2003).	Focus on product/market coverage	New Zealand small business	Increased market reach

			to reach global market	
10	Chung et al (2019)	Brand identity development	SMEs in Korea to reach developed and emerging markets	Economic growth
11	Edeh et al (2020)	Product innovation	Developing country SMEs in reaching global markets	Improving export performance
12	Falahat et al (2020)	Product innovation	SMEs in Malaysia to reach global market	Improved international performance
13	Feng (2023)	International market analysis with the use of technology	SMEs in China to reach global market	Increasing competitiveness
14	Fletcher (2011)	Focus on the specific needs of each target market and potential consumer.	Expansion into developed country markets	Increased market reach
15	Fregidou- Malama et al, (2019)	Market adaptation	Companies in Bangladesh to reach global market	Improving export performance
16	Gabrielsson et al (2006)	Product standardization and product diversification	Finnish SMEs to reach global markets	Affecting export performance
17	Guimarães et al (2021)	Collaboration between SMEs	Global market	Increased market reach
18	Jafarian- Moghaddam et al (2021)	Focus on brand strengthening, product and market development, and improving product quality	SMEs in Iran to reach global market	Increased customer acquisition rate and company revenue growth by 64%
19	Khanna et al, 2015	Market adaptation	Global market	Improving export performance
20	Kiran et al (2013)	Utilization of information technology	SMEs in India to reach global market	Increase sales
21	Knapp & Kronenberg (2016)	Product differentiation	Global market	Increased customer interest
22	Knight et al (2020)	Differentiation strategy	Global market	Improving export performance
23	Le Roy & Torres, (2013)	Product differentiation	Global market	Influence sales
24	Lopes et al, (2022)	Partnership strategy and product standardization	Global market	Improving company performance externally

25	Lu & Beamish (2001)	Focus on alliances	Global market	Improving export performance
26	Merrilees et al (2000)	Relationship based marketing strategy	Canadian SMEs Enter Japanese Market	Improving export performance
27	Milanesi et al (2020)	Controlling distribution channels Building trust-based relationships	Global market	Increased customer interest
28	Moen (2000)	Emphasis on product quality	Export strategies of small companies in Norway	Increased sales and export performance
29	Morris, K. D. (2011)	Consumer/market adaptation	Global market	Increased customer interest
30	Mosey (2005)	Utilization of technology	Global market	Increased sales
31	Nikmah et al (2020)	Developing Product Quality	SMEs in developing countries to reach global markets	Increased sales
32	Okpara (2012)	Low cost and differentiation strategy	SMEs in Nigeria to reach global market	Improving export performance
33	Peña-Vinces (2017)	Product standardization, market adaptation, and industrial cooperation	SMEs in Peru to reach global market	Increased exports and profits
34	Polacek, (2021)	Market adaptation	Global market	Affecting export performance
35	Sasaki et al (2021)	Selective targeting, cultural adaptation, and cultural transposition	SMEs in Japan to reach global market	Increased customer interest
36	Van Niekerk & Truckman, (2002)	Product adaptation	Global market of all countries	Economic growth
37	Wolff & Pett (2006)	Product innovation	Global market	Increased profits
38	Zhang (2024)	Identifying appropriate target markets, Adapting products and marketing, Building multinational partnerships, Driving innovation and technology	Global market	Increased customer satisfaction and market competitiveness

The table above shows that there are various SME product development strategies that can be applied to reach the international market and also improve

SME business performance. Researchers have identified 8 product development strategies, such as: Product Innovation, Cultural/Market Adaptation, Product Differentiation & Specialization, Product Diversification, Collaboration & Partnership, Technology Utilization, Product Quality Standardization, and Supply Chain Optimization. These strategies are proven by the representation of quotes taken from each literature and can be seen in the following table:

Table 4. Quote representation for each strategy

Strategy	Citation Representation (Reference)
Product Innovation	<ul style="list-style-type: none"> • In this paper, we hypothesize four essential export capabilities: market intelligence, product innovation, pricing, and marketing communication (Falahat et al, 2020) • The findings of the study suggest that internationalization and innovator position have a positive impact on new product and process improvements (Wolff & Pett, 2006) • Scholars are increasingly emphasizing the importance of investing in a broad innovation strategy when pursuing competitive advantage and growth in foreign markets (Edeh et al, 2020). • There were close relationships between product policies and market focus, with product or process innovation often providing an important stimulus to international expansion (Bell et al, 2004)
Cultural/Market Adaptation	<ul style="list-style-type: none"> • A stepwise approach is recommended as the best approach to conquer foreign markets. The study concludes by indicating that SME development strategies will necessarily be country and context specific (Bonga, 2014). • In response to these challenges, SMEs' internationalization requires identifying suitable international markets, customizing product and marketing strategies, ensuring product quality and compliance, cross-border cooperation and resource integration, and establishing reliable logistics and supply chain systems (Zhang, 2024). • SMEs must factor into their internationalisation strategies the specific requirements of each market with a focus on the potential consumer (Fletcher, 2011). • As global firms spread their reach into increasing numbers of world markets, they typically become involved in varying degrees of customisation or adaptation of the core product (Chetty & Campbell-Hunt, 2003) • The strategy that can be done by SMEs in overcoming the development of the times is by the control of the market (Adrian, 2019) • Five international marketing strategies were identified drawing on prior models of international marketing: sales-driven, relationship-driven, international boutique, arbitrage and market seeder. These models are characterised by different relationships to markets and to buyers served (Battisti et al, 2014). • Our findings reveal three strategies available to address these tensions—namely, selective targeting, cultural adaptation, and cultural transposition (Sasaki et al, 2021) • Using a sample of 100 SMEs in Peru, we find that firms compete abroad with standardized products, which are conditioned by the host-country markets, human capital, and industry cooperation (Peña-Vinces et al, 2017)

	<ul style="list-style-type: none"> • We argue that the realisation of the marketing strategy of international product adaptation can only be accomplished by relying on a firm's product development capability (Bauer et al, 2020) • The research suggests that a balanced combination of product quality and development of new, innovative products adapted to the needs of the market and the customers establishes trust and networks. Cultural and market context were found to influence multinational companies (MNCs) to standardize the quality of the products and adapt marketing mix components to the needs of consumers (Fregidou-Malama et al, 2019) • When companies match their strategies to each country's unique institutional contexts, they can take advantage of the location's strengths, but they must also weigh the benefits against the costs and risks of adaptation (Khanna et al, 2015) • However, the most successful innovative product development processes require a great understanding of continually changing needs of the consumer (Morris, 2011) • Warren Keegan enumerates several possible strategies that can be used to adapt a product to the differing conditions of foreign markets (Polacek, 2021) • From the perspective of obtaining a competitive advantage in an increasingly competitive environment, it is therefore important for hunting providers to develop suitable products, and to position these products correctly (Van Niekerk & Truckman, 2002)
Product Differentiation and Specialization	<ul style="list-style-type: none"> • This study finds that only products with differentiation, specialization, or both are intended for export (Ayob & Dana, 2017) • The competitive advantages of the firms that are based on the differentiation of their products (Knapp & Kronenberg, 2016). • Findings also showed that low cost and differentiation strategies are significantly and positively related to export performance (Okpara, 2012) • We focus on differentiation strategy because, among the generic strategies, it provides especially important competitive advantages to SMEs (Knight et al, 2020) • International SMEs are exposed to greater demands with regard to differentiating their products and minimising their production costs. (Le Roy & Torres, 2013)
Product Diversification	<ul style="list-style-type: none"> • The results confirm that the globalizing internationals, i.e. companies that first internationalize after the domestic period and then globalize their operations outside the domestic continent, develop towards standardized product strategy alternatives, wider product assortment and advanced product categories (Gabrielsson et al, 2006)
Collaboration and Partnership	<ul style="list-style-type: none"> • Public and private sectors must work together to improve the functioning of markets at home, while intensifying efforts to integrate into the world economy (Boskov, 2016) • The results have revealed the existing opportunities including export rehabilitation incentives, schemes as well as institutional supports granted from the governmental and nongovernmental organizations, development partners, and business associations (Anderson, 2011). • Finally, we find that alliances with partners with local knowledge can be an effective strategy to overcome the deficiencies SMEs face in resources and capabilities (Lu & Beamish, 2001) • The study shows the need for luxury food SMEs to implement control over the distribution channels. Trust-based relationships with commercial partners are pivotal to this purpose (Milanesi et al, 2020)

	<ul style="list-style-type: none"> • Likewise, we analyzed real cases of collaborative processes among SMEs for the foreign market and highlight the contributions of governments in promoting actions to support these collaborations (Guimarães et al, 2021) • Using a sample of 100 SMEs in Peru, we find that firms compete abroad with standardized products, which are conditioned by the host-country markets, human capital, and industry cooperation (Peña-Vinces et al, 2017) • The paper confirms the usefulness of the Merrilees-Tiessen classification of SME international marketing strategies, develops a new classification of SME international relationship marketing, and establishes a link between superior relationship activities and superior export performance (Merrilees et al, 2000) • Of the seven companies under study, six use a standardization strategy, and one opts for a configuration-coordination strategy (Lopes et al, 2022)
Utilization of Technology	<ul style="list-style-type: none"> • In response to these challenges, SMEs' internationalization requires identifying suitable international markets, customizing product and marketing strategies, ensuring product quality and compliance, cross-border cooperation and resource integration, and establishing reliable logistics and supply chain systems (Zhang, 2024). • The development technology of the Internet can help small and medium-sized enterprises to achieve effective analysis of the international market (Feng, 2023) • Advancements in information technology and improvements in communication infrastructure have resulted in opportunities for SMEs to participate in global markets in both developing and developed countries (Kiran et al, 2013) • Other than that Information technology application on SMEs will facilitate in expanding the market both in the country and overseas markets (Adrian, 2019). • Within this group distinct development processes are identified that enable them to satisfy the unmet needs of new customers using their current technologies (Mosey, 2005)
Product Quality Standardization	<ul style="list-style-type: none"> • Both product quality and personal selling as well as distribution efficiency render a positive impact on export performance (Moen, 2000) • Clear differences emerge between the strategies of SMEs entering developed countries and those entering developing countries, particularly regarding brand/product identity development, use of foreign sales subsidiaries and number and types of brands used (Chung, 2019) • Problem solving was chosen as a strategy in an effort to make market orientation roles more visible, like easy access to finance, awareness of the quality of products and services they produce, and the habit of continuing to learn (Nikmah et al, 2020) • it is necessary for the Iranian SMEs to follow the brand strengthening, product and market development, enhancing product quality and creating research and development units strategies focusing on the domestic market (Jafarian-Moghaddam, 2021) • Using a sample of 100 SMEs in Peru, we find that firms compete abroad with standardized products, which are conditioned by the host-country markets, human capital, and industry cooperation (Peña-Vinces et al, 2017) • The results confirm that the globalizing internationals, i.e. companies that first internationalize after the domestic period and then globalize their operations outside the domestic continent, develop towards

	<p>standardized product strategy alternatives, wider product assortment and advanced product categories (Gabrielsson et al, 2006)</p> <ul style="list-style-type: none"> • Of the seven companies under study, six use a standardization strategy, and one opts for a configuration-coordination strategy (Lopes et al, 2022)
Supply Chain Optimization	<ul style="list-style-type: none"> • In response to these challenges, SMEs' internationalization requires identifying suitable international markets, customizing product and marketing strategies, ensuring product quality and compliance, cross-border cooperation and resource integration, and establishing reliable logistics and supply chain systems (Zhang, 2024). • Both product quality and personal selling as well as distribution efficiency render a positive impact on export performance (Moen, 2000) • The study shows the need for luxury food SMEs to implement control over the distribution channels. Trust-based relationships with commercial partners are pivotal to this purpose (Milanesi et al, 2020)

Based on the table above, we can get an idea of what strategies are most often used by SMEs in reaching international markets, thus having an impact on improving their performance.

Table 5. The order of the list of product development strategies most frequently used by SMEs

Strategy	Number of Cited Literature	Literature Description
Cultural/Market Adaptation	14 Literature	Proposed by: Bonga (2014), Zhang (2024), Fletcher (2011), Chetty & Campbell-Hunt (2003), Adrian (2019); Battisti et al (2014), Sasaki et al (2021), Peña-Vinces et al (2017), Bauer et al (2020), Fregidou-Malama et al (2019), Khanna et al (2015), Morris (2011), Polacek (2021), and Van Niekerk & Truckman (2002)
Collaboration and Partnership	8 Literature	Proposed by: Boskov (2016), Anderson (2011), Lu & Beamish (2001), Milanesi et al (2020), Guimarães et al (2021), Peña-Vinces et al (2017), Merrilees et al (2000), and Lopes et al (2022)
Product Quality Standardization	7 Literature	Proposed by: Moen (2000), Chung (2019), Nikmah et al (2020), Jafarian-Moghaddam (2021), Peña-Vinces et al (2017), Gabrielsson et al (2006), and Lopes et al (2022)
Product Differentiation and Specialization	5 Literature	Proposed by: Ayob & Dana (2017), Knapp & Kronenberg (2016), Okpara (2012), Knight et al (2020), and Le Roy & Torres (2013)

Utilization of Technology	5 Literature	Proposed by: Zhang (2024), Feng (2023), Kiran et al (2013), Adrian (2019), and Mosey (2005)
Product Innovation	4 Literature	Proposed by: Falahat et al (2020), Wolff & Pett (2006), Edeh et al (2020), dan Bell et al (2004)
Supply Chain Optimization	3 Literature	Proposed by: Zhang (2024), Moen (2000), and Milanese et al (2020)
Product Diversification	1 Literature	Proposed by: Gabrielsson et al (2006)

All the tables and explanations above provide a perfect picture for researchers where there are 8 SME product development strategies that have been identified, including: Cultural/Market Adaptation, Collaboration and Partnership, Product Quality Standardization, Product Differentiation & Specialization, Technology Utilization, Product Innovation, Supply Chain Optimization, and Product Diversification. All of these strategies have been clearly implemented in SMEs in various countries where they are used to reach the global market. These identified strategies have also been able to improve the overall business performance of SMEs, even one of the literatures, namely Jafarian-Moghaddam et al (2021), revealed that by focusing on brand strengthening strategies and improving product quality, SMEs can experience an increase in customer acquisition rates and revenue growth of 64%. The increase in business performance experienced by these SMEs is not only in terms of income or profit, product development with all of the strategies above has also been proven to improve the export performance of SMEs (Knight et al, 2020; Peña-Vinces, 2017; Polacek, 2021).

Furthermore, the researcher also found that among the 8 strategies, the cultural/market adaptation strategy is the most suggested strategy by previous literature. This strategy involves a deep understanding of the culture, habits, and needs of consumers in the target market, as well as adjusting the product to be more relevant and attractive to local consumers. This adaptation includes changes in design, function, packaging, and even marketing communications to ensure that SME products are acceptable and competitive with other local and international

products, thus driving increased business performance and global market penetration.

Discussion

This study aims to identify effective product development strategies for SMEs to compete in the international market. Through literature analysis, eight main strategies were found that are often used by SMEs. These strategies include Cultural/Market Adaptation, Collaboration and Partnership, Product Quality Standardization, Product Differentiation & Specialization, Technology Utilization, Product Innovation, Supply Chain Optimization, and Product Diversification. Each of these strategies has a different approach in increasing the competitiveness of SME products in the international market.

Cultural/Market Adaptation is a strategy that is highly suggested by previous literature. A relevant theory that supports this strategy is the International Adaptation Theory explained by Theodosiou & Leonidou (2003). According to this theory, companies need to adapt their products and marketing strategies to the local culture and needs in the target market to increase product acceptance. This includes adjustments to taste, packaging, marketing communications, and even customer service. This strategy allows SMEs to be more responsive to local demands and preferences, thereby increasing customer satisfaction and brand loyalty in the international market.

Collaboration and Partnership strategies were also found to be effective approaches. Based on the Resource-Based View (RBV) theory by Bertram & Bertram (2016), collaboration with local or international partners can help SMEs access resources they do not have, such as technology, market knowledge, and distribution networks. Through partnerships, SMEs can increase their innovation capacity, operational efficiency, and expand their market reach. In addition, collaboration can reduce business risks and share cost burdens, thus providing significant competitive advantages.

Product Quality Standardization is another important strategy. In line with this, quality theories such as Total Quality Management (TQM) as explained by Permana et al (2021), emphasize the importance of maintaining consistent product

quality to meet or exceed customer expectations. With standardization, SMEs can build a strong reputation in the international market as a reliable and high-quality producer. This is important for building customer trust and loyalty, which in turn will improve long-term business performance.

Product Innovation Strategy and Technology Utilization also play an important role in developing SME products for the international market. Product innovation, according to innovation theory, can help SMEs create new and unique value that differentiates their products from competitors. The use of technology, such as e-commerce and digital marketing, allows SMEs to reach a wider market at a more efficient cost. Technology can also improve production and management processes, thereby increasing efficiency and productivity.

In conclusion, the findings of this study gradually fill the existing gap. This study confirms the importance of various product development strategies for SMEs seeking to compete in the international market. The cultural/market adaptation strategy stands out as the most frequently proposed by the literature, indicating the importance of understanding and adapting to the local market. However, other strategies such as collaboration, quality standardization, innovation, and technology are also crucial in shaping the competitiveness of SMEs in the global arena. The combination of these strategies, supported by relevant management theories, can provide guidance for SMEs in designing and implementing effective product development strategies to achieve success in the international market.

CONCLUSIONS AND RECOMMENDATIONS

Conclusion

This study reveals that SME product development strategies in the context of international business have an important role in improving business performance. From the analysis of 38 literatures conducted, it was found that there are eight main strategies that need to be implemented by SMEs, namely cultural/market adaptation, collaboration and partnership, product quality standardization, product differentiation & specialization, technology utilization, product innovation, supply chain optimization, and product diversification. The cultural/market adaptation

strategy emerged as the most recommended strategy by previous literature, indicating the importance of product adjustment to international market preferences and needs. In addition, improving product quality and adjusting to international market needs were shown to have a significant relationship with SME business performance, strengthening the argument that proper product development can accelerate business success on a global scale.

Recommendations

Based on the findings of this study, it is recommended that SMEs wishing to enter the international market focus on implementing cultural/market adaptation strategies and improving product quality as an initial step. Training and mentoring related to cultural adaptation and international markets also need to be improved to help SMEs better understand the dynamics of the global market. In addition, collaboration with international partners and the use of cutting-edge technology should be a priority to support innovation and efficiency in product development. The government and related institutions are also expected to provide greater support, both in terms of regulations and facilities, to encourage SMEs to implement these strategies effectively. Further research is also needed to explore the implementation of these strategies in different industry sectors and market conditions, in order to gain a more comprehensive understanding of their impact on SME business performance.

REFERENCES

- Adrian, A. (2019). Empowerment strategies of micro, small, medium enterprises (MSMEs) to improve Indonesia export performance. *International Journal of Economics, Business and Accounting Research (IJEBAR)*, 2(04).
- Al-Ansari, Y., Pervan, S., & Xu, J. (2013). Innovation and business performance of SMEs: the case of Dubai. *Education, Business and Society: Contemporary Middle Eastern Issues*, 6(3/4), 162-180.
- Anderson, W. (2011). Internationalization opportunities and challenges for small and medium-sized enterprises from developing countries. *Journal of African Business*, 12(2), 198-217.
- Arora, N., & Kaur, P. (2021). Internationalisation of Indian SMEs: problems and prospects. *International Journal of Economics and Business Research*, 21(2), 180-205.

- Ayob, A. H., & Dana, L. P. (2017). Product strategies for export ventures: an empirical investigation among SMEs in an emerging economy. *Jurnal Pengurusan*, 50, 25-33.
- Battisti, M., Jurado, T., & Perry, M. (2014). Understanding small-firm reactions to free trade agreements: Qualitative evidence from New Zealand. *Journal of Small Business and Enterprise Development*, 21(2), 327-344.
- Bauer, K., Krinner, S., Helm, R., & Raabe, K. (2020). Product Development Capabilities: Exploring Mediating and Moderating Links Between International Product Adaptation and Industrial Manufacturers' business Performance. *International Journal of Innovation Management*, 24(07), 2050084.
- Bell, J., Crick, D., & Young, S. (2004). Small firm internationalization and business strategy: an exploratory study of 'knowledge-intensive' and 'traditional' manufacturing firms in the UK. *International Small business journal*, 22(1), 23-56.
- Bertram, M., & Bertram, M. (2016). Theoretical foundation: the resource-based view (RBV) of the firm. *The Strategic Role of Software Customization: Managing Customization-Enabled Software Product Development*, 67-102.
- Bonga, W. G. (2014). challenges faced by SMEs on exportation and possible strategies. Social Science Research Network. Retrieved from: <https://ssrn.com/abstract, 2399878>.
- Boskov, T. (2016). Growing the global economy through SMEs international aspirations. LAP LAMBERT Academic Publishing.
- Chetty, S., & Campbell-Hunt, C. (2003). Paths to internationalisation among small-to medium-sized firms: A global versus regional approach. *European journal of marketing*, 37(5/6), 796-820.
- Chung, J. E., Jin, B., Jeong, S. W., & Yang, H. (2019). NIE-based SME brand building in foreign markets: an exploratory study. *Journal of Product & Brand Management*, 28(1), 63-79.
- Costa, M. A. B., & Toledo, J. C. D. (2016). Analisis of predevelopment models and activities: a systematic bibliografic review. *Gestão & Produção*, 23, 704-717.
- Da Costa Fernandes, S., Pigosso, D. C., McAloone, T. C., & Rozenfeld, H. (2020). Towards product-service system oriented to circular economy: A systematic review of value proposition design approaches. *Journal of Cleaner Production*, 257, 120507.
- Edeh, J. N., Obodoechi, D. N., & Ramos-Hidalgo, E. (2020). Effects of innovation strategies on export performance: New empirical evidence from developing market firms. *Technological Forecasting and Social Change*, 158, 120167.
- Exposito, A., & Sanchis-Llopis, J. A. (2018). Innovation and business performance for Spanish SMEs: New evidence from a multi-dimensional approach. *International Small Business Journal*, 36(8), 911-931.
- Falahat, M., Ramayah, T., Soto-Acosta, P., & Lee, Y. Y. (2020). SMEs internationalization: The role of product innovation, market intelligence, pricing and marketing communication capabilities as drivers of SMEs'

- international performance. *Technological forecasting and social change*, 152, 119908.
- Feng, Z. (2023). Strategies for SMEs to develop international business in the context of internet plus. *Academic Journal of Business & Management*, 5(12), 97-100.
- Fernandes, C., Veiga, P. M., & Gerschewski, S. (2023). SME internationalisation: past, present and future trends. *Journal of Organizational Change Management*, 36(1), 144-161.
- Fletcher, R. (2011). Internationalisation strategies for SMEs in the decade ahead: are our theories relevant?. *International Journal of Entrepreneurship and Innovation Management*, 13(3-4), 246-262.
- Fregidou-Malama, M., Chowdhury, E. H., & Hyder, A. S. (2019). Innovative product marketing strategy: multinational companies in Bangladesh. *Journal of Asia business studies*, 13(4), 656-671.
- Gabrielsson, P., Gabrielsson, M., Darling, J., & Luostarinen, R. (2006). Globalizing internationals: product strategies of ICT manufacturers. *International Marketing Review*, 23(6), 650-671.
- Greenacre, P., Gross, R., & Speirs, J. (2012). *Innovation Theory: A review of the literature*. Imperial College Centre for Energy Policy and Technology, London.
- Guimarães, L. G. D. A., Blanchet, P., & Cimon, Y. (2021). Collaboration among small and medium-sized enterprises as part of internationalization: A systematic review. *Administrative Sciences*, 11(4), 153.
- Hartini, S. (2012). Peran inovasi: pengembangan kualitas produk dan kinerja bisnis. *Jurnal manajemen dan kewirausahaan*, 14(1), 83-90.
- Herman, B., Bashir, S., Syahnur, K. N. F., Haslindah, H., & Absah, Y. (2024). Transformation of SMEs: Strengthening Entrepreneurship and Product Innovation as Key Drivers of Business Evolution. *Hasanuddin Economics and Business Review*, 7(3), 126-136.
- Indrawati, H. (2020). Barriers to technological innovations of SMEs: how to solve them?. *International Journal of Innovation Science*, 12(5), 545-564.
- Jafarian-Moghaddam, A. R. (2021). The development and target market selection influential strategies for Iranian SMEs: empirical study. *International Journal of Islamic and Middle Eastern Finance and Management*, 14(3), 579-598.
- Khanna, T., Palepu, K. G., & Sinha, J. (2015). Strategies that fit emerging markets. In *International business strategy* (pp. 615-631). Routledge.
- Kiran, V., Majumdar, M., & Kishore, K. (2013). Internationalization of SMEs: Finding a way ahead. *American International Journal of Research in Humanities, Arts and Social Sciences*, 2(1), 18-23.
- Knapp, J. L., & Kronenberg, C. (2016). Strategic Analysis of SMEs' Early Internationalisation Process. *Journal of Entrepreneurship, Business and Economics*, 1(1/2), 35-71.
- Knight, G., Moen, Ø., & Madsen, T. K. (2020). Antecedents to differentiation strategy in the exporting SME. *International Business Review*, 29(6), 101740.

- Kotler, P., & Kevin L.K. (2016). *Marketing Management*, 15th Edition. USA: Pearson Education Inc.
- Lahiri, S., Mukherjee, D., & Peng, M. W. (2020). Behind the internationalization of family SMEs: A strategy tripod synthesis. *Global Strategy Journal*, 10(4), 813-838.
- Le Roy, F., & Torres, O. (2013). The impact of internationalisation on the competitive strategies of SMEs. *International Journal of Entrepreneurship and Small Business*, 5(2), 157-169.
- Lopes, J. M., Gomes, S., Oliveira, J., & Oliveira, M. (2022). International open innovation strategies of firms in European Peripheral Regions. *Journal of Open Innovation: Technology, Market, and Complexity*, 8(1), 7.
- Lu, J. W., & Beamish, P. W. (2001). The internationalization and performance of SMEs. *Strategic management journal*, 22(6-7), 565-586.
- Merrilees, B., Tiessen, J., & Miller, D. (2000). Entrepreneurial internationalisation: the role of distributor/client relationships. *Journal of Research in Marketing and Entrepreneurship*, 2(1), 57-73.
- Milanesi, M., Gigliotti, M., & Runfola, A. (2020). The international marketing strategy of luxury food SMEs: The case of truffle. *Journal of Food Products Marketing*, 26(9), 600-618.
- Moen, Ø. (2000). SMEs and international marketing: investigating the differences in export strategy between firms of different size. *Journal of Global Marketing*, 13(4), 7-28.
- Morris, K. D. (2011). *COLLABORATIVE PRODUCT DEVELOPMENT: EXAMINING THE DEVELOPMENT OF A NURSING SPORTS BRA*. (Master Thesis: Colorado State University)
- Mosey, S. (2005). Understanding new-to-market product development in SMEs. *International Journal of Operations & Production Management*, 25(2), 114-130.
- Naradda Gamage, S. K., Ekanayake, E. M. S., Abeyrathne, G. A. K. N. J., Prasanna, R. P. I. R., Jayasundara, J. M. S. B., & Rajapakshe, P. S. K. (2020). A review of global challenges and survival strategies of small and medium enterprises (SMEs). *Economies*, 8(4), 79.
- Nikmah, F., Wardoyo, C., Hermawan, A., & Soetjipto, B. E. (2020). The role of SMES' market orientation in developing countries: a general investigation in four countries. *Innovative Marketing*, 16(4), 1.
- Okpara, J. O. (2012). An exploratory study of international strategic choices for exporting firms in Nigeria. *Thunderbird International Business Review*, 54(4), 479-491.
- Peña-Vinces, J. C., Casanova, L., Guillen, J., & Urbano, D. (2017). International competitiveness of small and medium-sized enterprises: Peru, a Latin-American emerging market. *Emerging Markets Finance and Trade*, 53(1), 150-169.
- Permana, A., Purba, H. H., & Rizkiyah, N. D. (2021). A systematic literature review of Total Quality Management (TQM) implementation in the organization. *International Journal of Production Management and Engineering*, 9(1), 25-36.

- Polacek, R. J. (2021). International Commercial Development. In Successful Product and Business Development, First Edition (pp. 231-243). CRC Press.
- Sasaki, I., Nummela, N., & Ravasi, D. (2021). Managing cultural specificity and cultural embeddedness when internationalizing: Cultural strategies of Japanese craft firms. *Journal of International Business Studies*, 52, 245-281.
- Theodosiou, M., & Leonidou, L. C. (2003). Standardization versus adaptation of international marketing strategy: an integrative assessment of the empirical research. *International business review*, 12(2), 141-171.
- Van Niekerk, P. D. P., & TRUCKMAN, N. (2002). Product development as part of a positioning strategy for the hunting industry in the Eastern Cape. (Doctoral Thesis: Port Elizabeth Technikon).
- Virglerova, Z., Ivanova, E., Dvorský, J., Belas, J., & Krulický, T. (2021). Selected factors of internationalisation and their impact on the SME perception of the market risk. *Oeconomia Copernicana*.
- Wolff, J. A., & Pett, T. L. (2006). Small-firm performance: modeling the role of product and process improvements. *Journal of small business management*, 44(2), 268-284.
- Zhang, W. (2024). How SMEs Develop International Markets. *Frontiers in Business, Economics and Management*, 13(2), 10-14.