



## Development of Export-Oriented Smes Through the Implementation of Client Relationship Management (CRM)

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### ABSTRACT

In the development of SMEs, it is very necessary to increase the strength of resources as the basis for developing markets and products. This fact illustrates that the sequence of the main strategies that must be chosen is concentration on increasing strength by conducting HR training and increasing ongoing mentoring and understanding which helps in mastering the material. The solution in managing digital exports is to carry out a Client Relationship Management (CRM) assistance scheme that is attached to campus community service activities. CRM adoption is utilized to track export results, assess client satisfaction and lessons learned, and elicit constructive criticism. The actors can design the proposed CRM application using a shared platform that classifies business needs in export preparation assistance. Several stages that need to be done for CRM setup are platform setup; lecturer competence; integration with campus activities; and implementation

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## INTRODUCTION

The development of the world of import-export in Indonesia is growing due to the increasing number of entrepreneurs, especially young people who are independent in earning an income. They are not dependent on looking for work but instead, open up new job opportunities both as exporters and importers. However, what generates more foreign exchange for the country is becoming an exporter. Data from the Central Statistics Agency (BPS) states that the value of Indonesia's exports in the period January to October 2021 increased to US\$38.81 billion. This figure is the highest value of Indonesian export transactions in the last 10 years. You can imagine how much foreign exchange will enter Indonesia if this increase continues. The skills needed to support product innovation and skills that can be relied upon to produce truly quality products, better marketing networks, speed of marketing networks, and safety from a legal aspect are often still not mastered by many small and medium enterprises (SMEs). In reality, there are still many SMEs who have traditional, conventional skills and are lacking in meeting market needs [1].

Small and medium enterprises (SMEs) play a very important role in driving economic growth, job creation, and poverty reduction. Most recent data indicates that SMEs represent approximately 60 percent of Indonesia's GDP and generate millions of jobs annually. SMEs that have the ability and commitment have the potential to access global supply chains, increase profits, and increasingly contribute to domestic prosperity [2].

Amid the Covid-19 pandemic, Indonesian exporters have never given up on carrying out their activities. This increase shows that the resilience of Indonesian exporters is very strong. At a time when other countries are refraining from importing goods from abroad because they are worried about exposure to the inherent virus, Indonesia is taking this opportunity to take advantage of the moment of emptiness in the target country's market.

Among the media used during the pandemic is digital media. The benefits of the latest technological media are not only as an intermediary tool for communication but also as a mainstay in displaying a product that will be exported in the form of a portfolio showcase. Not a few are attracted to a product because of its eye-catching appearance and packaging, for example, food exports. What are generally just ordinary photos, can now be displayed in an application that can show sides from various dimensions. We can find this in virtual events which are an alternative to offline exhibitions which were stopped due to the COVID-19 pandemic.

About the use of technology, it is not only the issue of technology and information that is put forward but the human capital behind the sophistication of these devices which must be able to adapt and follow the changes that occur. No matter how cool the existing devices are, if they are not used optimally they will feel like a waste. Remembering that in the early days, people used motorbike taxis by going to the motorbike taxi stands in the entrance alley, suddenly now people can get a motorbike taxi from inside their house via an online motorbike taxi application. This sophistication seemed to kill the traditional motorcycle taxis that already existed, but along the way, people finally shifted from the

traditional way to the modern way. Quite a few Pengkolan motorbike taxi drivers are forcing themselves to adapt to developments and instead switch to becoming online motorbike taxi drivers.

The utilization of digital technology is a necessity in the current era. The world of exports must take advantage of this to gain a market niche where people are increasingly changing in carrying out export transactions. This is where the mentoring stage comes into play. It doesn't necessarily have to be from large exporters, the capabilities of Micro, Small, and Medium Enterprises (SMEs) can be invited to collaborate using a gradual process of mentoring. Many SMEs in Indonesia still have traditional skills, which may not meet the needs of an increasingly changing and competitive global market. Apart from that, there are still SMEs who are limited in accessing digital technology which is currently key in marketing and exporting products and making maximum use of this technology. Another problem is the importance of improving product quality and marketing strategies to compete in the global market.

Even though Indonesia has succeeded in increasing its exports during the pandemic, it still needs to be further understood how the pandemic is affecting exporters and to what extent digital technology can help in overcoming these challenges.

Several studies show that current SME development policies are still not optimal. For this reason, stakeholders, the government, and government institutions need to make efforts to increase the competitiveness of regional superior commodities to win competition at the global level. [3] The main problem for SMEs in entering the export market is unpreparedness and understanding of world market needs. The level of readiness or export readiness is found at various levels, starting from preparing raw materials according to standards, management or manufacturing, preparing required documents, opportunities or opportunity matching, financial support, and others.

Several obstacles will be seen by SMEs in the global market, namely:

1. Social contrasts and tastes. Items that sell well in one country may not be alluring by any stretch of the imagination for individuals in a different country.
2. Contrast in individual purchasing power. Goods sold through an unrestricted economy have costs that are too high or low in the destination country, so, if they are too high or low in the destination country, then, all things considered, the item will not find many buyers.
3. National regulations. Goods that are in great demand by individuals in a nation may not be able to be offered to other countries, assuming that country has special regulations that limit it [4].

The FEB UI UKM Center categorizes Export SMEs according to export conditions and challenges, namely:

1. Manufacturing – Direct Exporter: SMEs that export processed products in the form of final goods, intermediate goods, or raw goods. Industry includes food/drinks, textiles, furniture, etc.
2. Non-manufacturing – Direct Exporter: SMEs that export non-processed products such as agricultural and mining products and supporting services.

3. Manufacturing - Indirect Exporter: SMEs that are part of the SME Direct Exporter production network but do not carry out cross-border exports.
  4. Non-manufacturing - Indirect Exporter: SMEs that are part of the SME Direct Exporter value chain network but do not carry out cross-border exports.
- The SME export category can be seen in the following image.

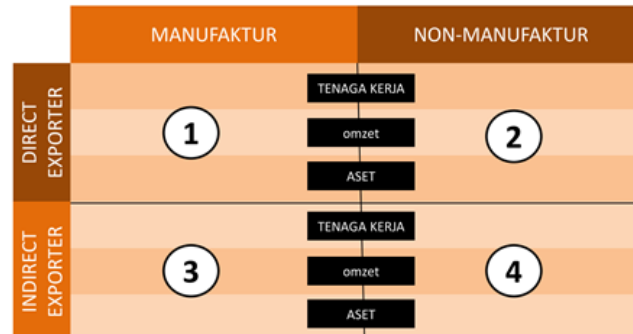


Figure 1. Export Smes According to Export Conditions and Challenges  
(Source: UKMC, 2018)

Meanwhile, SMEs export the type of goods produced (based on the processing stage) can be categorized as follows.



Figure 2. SME Categories Based on Goods Produced  
(Source: UKMC, 2018)

The problems faced by SMEs in the current era of free trade are many domestic and foreign companies competing to enter and penetrate international markets. This is also influenced by the unstable domestic economic situation which has an impact on low fluctuations in the rupiah exchange rate in the foreign exchange market. The low exchange rate of the rupiah against foreign currencies is an attraction in itself, namely that exported commodities become cheaper in international trade, which is followed by high demand for goods by consumers or buyers abroad [6].

## LITERATURE REVIEW

Several problems that have been identified in entering the export market include deficiencies and weaknesses in business development, namely:

1. Weak managerial aspects, including organizational management that does not yet separate ownership and management of the company, and does not yet have administrative governance.
2. Aspects of market access, in the form of promotional innovation capabilities, exhibitions, partnerships, and business networks as well as intense global market competition
3. Aspects of capital sources, generally own capital or borrowed from relatives and family so that the amount of capital is not large and does not grow quickly, lack of ability to prepare feasibility studies to obtain bank credit, and credit interest is still relatively high.
4. Aspects of mastering technology and fulfilling business facilities and infrastructure.
5. Low quality of human resources, including competence, enthusiasm, and entrepreneurial spirit .

Apart from these factors, many companies, especially small and medium ones, do not exploit all the potential of foreign markets or stop engaging in international trade due to various cultural barriers or physical distance to enter, identify, and exploit opportunities in international markets

## METHODOLOGY

This research provides several empirical and practical contributions. Ambert et al (1995) stated that qualitative research seeks to review information in detail and depth in a small group. In addition, qualitative research aims to try to explain how and why a group of people behave and think the way they do (Ambert et al, 1995).

The analysis technique used in this research is descriptive using references, tables, graphs, and diagrams. The qualitative research method is the aim of this article, namely to explain that facilities that offer various conveniences and provide many benefits for export-oriented business actors have not been utilized optimally.

## RESULTS

In the digital era, business competition can no longer only be viewed and faced in the old way, because the current business competition paradigm has experienced a shift from a competition paradigm to a partnership paradigm, even the role of the Government, which was originally a regulator, must now change to become a facilitator and companion ( coach), to be able to boost business growth, both at the local level and at the world level [9]. The Export Assistance Program applies assistance methods for one full year. The coaching method was chosen because it is considered more effective than conventional training methods in the classroom.

In many countries, public export promotion actors have several tools for coaching, which appears to be an important activity. Companies do not always

know their strengths and weaknesses when it comes to exporting, therefore they need mentoring and advice. The VITUS program is a Danish best practice identified by this research. Vitus targets Danish small and medium-sized companies (SMEs) with very high international growth potential that already have market-tested products. Applicants who meet the established criteria then submit to an external selection committee that selects the companies to be brought into the program. This process ensures that companies in the program are motivated and willing to invest in export promotion [10].

In the last three decades, the right strategy to increase exports is trade liberalization and reducing government intervention in the economy. Views have recently changed. It is now increasingly recognized that free trade and no government intervention is not always an optimal strategy given the weak economic structure of most developing countries and the presence of many market failures.

Evidence shows that both developed and developing countries use Export Promotion Programs (EPP). The definition of EPP can be very narrow (e.g. Bhagwati's definition: effective exchange rate policy) very broad (any policy that directly or indirectly affects export performance) or extreme. There are significant differences in EPP content between countries (also due to different WTO obligations). The experience of other countries can only provide some clues, starting from which each country must find its way [11]. The report from the European Economic and Social Committee explains the existing export promotion program in Spain, namely ICEX. In addition to basic studies, the program contains one year in one of the Economic and Commercial Offices abroad. The final step is a year in an exporting company, allowing students to gain hands-on experience in export promotion. This program addresses the need to improve language skills as well as improve skills and competencies in export promotion.

Other programs help companies, especially SMEs, to approach new markets, for example, the IMPACT+ program, and to internationalize their business and/or consolidate their presence abroad, for example, the NEXT program. Furthermore, for a fee, ICEX provides tailored advice and support through the Spanish Economic and Commercial Office network [10].

The report also reveals that companies must pay for at least part of the export promotion services they use. If public support means that export promotion is fully subsidized, it will attract firms seeking short-term fixes that are not ready or willing to invest their resources. In other words, those companies won't commit. When companies have to pay, for example, for market intelligence, it forces them to assess which countries they are truly interested in. As a result, companies obtain only the information they need, while public actors have time to help more companies since companies do not request broader coverage than necessary.

### **Sustainable Mentoring Program**

Various efforts have been made by the government and the private sector to foster and develop SMEs into business actors that are not only resilient but also professional and highly competitive. Community empowerment means

increasing capabilities or increasing community independence. Within the national development framework, community empowerment efforts can be seen from one side. First, creating an atmosphere or climate that allows society [7]. Several studies show that in the short term, the choice of alternative grand strategy for developing export-oriented SMEs is more towards increasing resource strength as a basis for developing markets and products. This fact illustrates that the grand strategy sequence that must be chosen is to concentrate on increasing strength by conducting HR training, increasing mentoring, and providing working capital credit [12].

The objectives of developing the incubator: a) accelerate the process of increasing human resource capabilities according to the pace of development growth; b) accelerate community development efforts towards building a harmonious and dynamic society that is ready to undertake changes towards improvement and progress by socio-cultural values and norms in community life that develop in community life; c) accelerate efforts to develop community institutions and professions in line with the growth rate of the modernization process in community life; d) obtain feedback and input for universities to increase the relevance of education, which requires experts with interdisciplinary and multidisciplinary abilities. Therefore, community service also requires appropriate funding (Ristekdikti, Sonjaya, 2021).

Having a good understanding of export markets is important for SMEs who want to successfully export goods or services abroad. Market research is key to understanding market opportunities and challenges that may be faced. It can ensure that opportunities are truly open, provide insight into how goods or services may need to be adjusted to comply with legal and other requirements or can help Indonesian companies discover what matters to customers abroad. This of course requires ongoing assistance and also requires a comprehensive understanding of mastering the material.

## DISCUSSION

The solution in managing digital exports is to carry out a Client Relationship Management (CRM) assistance scheme that is attached to campus incubator activities. The adoption of client relationship management is explained in the Technical Report Best Practices in Export Promotion document by Nathan Associates Inc. Export Project, 2004. CRM is used to track export results, assess client satisfaction and lessons learned, and obtain constructive criticism. Australia uses CRM as a natural component of a fee-based service system. Canada is enhancing its current client tracking system with a sophisticated new Virtual Trade Commissioner (VTC) system, which incorporates a CRM. Latin American countries also leverage the use of individual case management to guide companies through the continuum from export readiness to market research to communication with buyers. Developed country programs are more likely to use formal CRM systems and/or aggressive promotion of agency services, such as direct mail and telemarketing used to promote Austrade's export market development grants [13].

CRM, as shown in Figure 3, requires mapping stages for business actors to prepare for exports by the problems they face. In the consultation and priority setting stages, there are best practices which are a combination of market analysis and stakeholder consultation.

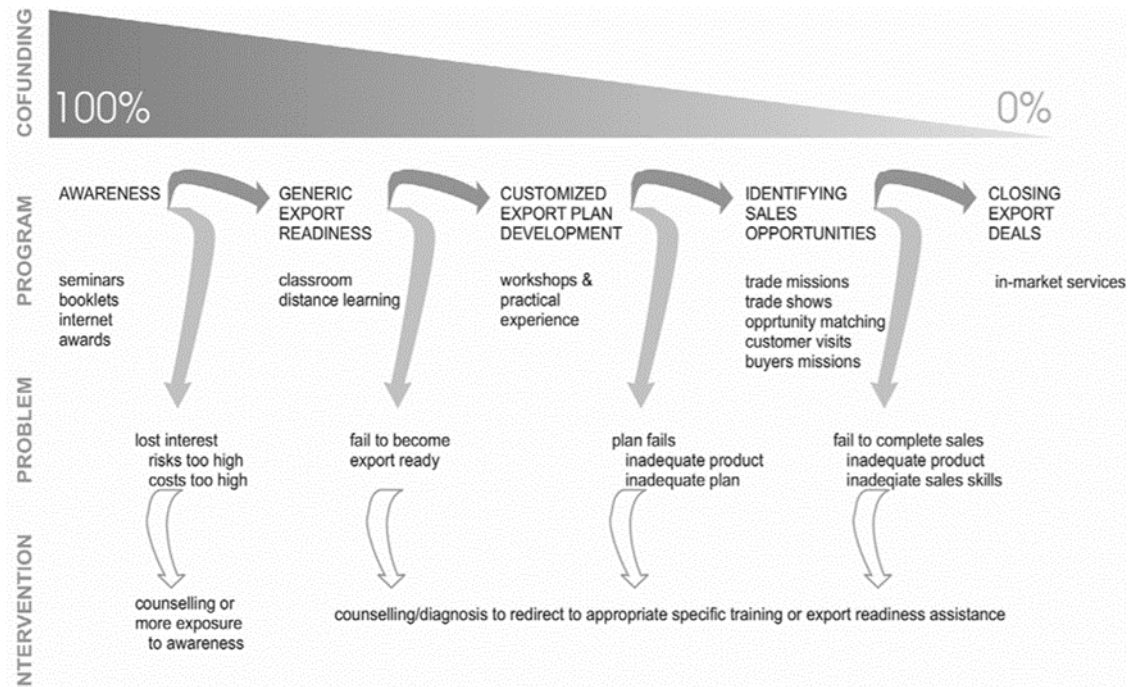


Figure 3. Client Relationship Management (CRM) Sumber: Nathan Associates Inc. Expro Project (2004)

There is agreement among trade promotion agencies that it is appropriate for governments to provide free services to SMEs without export experience because of information asymmetries and because they offer the best prospects for increased exports in most countries. There is also general agreement that export readiness programs should be publicly funded for another reason: to ultimately increase the cost-effectiveness of other trade promotion efforts by focusing them on companies positioned to succeed.

On the other hand, for export-ready companies, the willingness to commit resources is seen as a critical success factor, so progressively conditioned co-financing is considered the best approach. Although not common practice, some countries tend to agree that a fee should be charged for export assistance services. So often, the mentoring process is considered expensive if carried out by consultants or private incubators. In this case, the campus can allocate ongoing and continuous assistance, so that it is no longer just a field visit that only takes place a few times without any ongoing process. For this reason, the campus can design a proposed CRM application that uses a common platform that classifies the needs of business actors in assisting with export preparations.



### The Following Are the Steps That Can be Used.

First; platform setup. The CRM platform can be a web-based or Android-based application that has e-learn facilities, chatbots, and group chats that can open collaboration networks between business actors, as well as a database that classifies locations, commodities, problems, and required interventions.

Business actors can self-assess to be matched with competent lecturers, according to location and intervention needs.

Second; lecturer competence. In the export preparation process, adequate competence and experience are required so that each actor, including program owners, campuses, and lecturers, must carry out strict selection for efficient assistance. Like business actors, lecturers must be classified according to their competencies, market access capabilities, networks, and location. There must be a program for leveling and specialization in mastery of the material, including sharing sessions between lecturers so that each gets continuous added value.

Third; integration with incubator activities. For lecturers to obtain academic benefits, lecturer involvement in mentoring activities is part of the Tridharma obligations of higher education, namely community service. Recognition of activities is realized in the form of active lecturer contributions, for example, in the form of direct mentoring, long-distance consultations, resource-sharing sessions, and program development.

Fourth; implementation. The CRM program categorizes business actors according to the stages they need to go through at each level of export preparation. The following categories are detailed in Table 1 which can illustrate.

Table 1. CRM Categorization and Competencies

No	Category	Activity	Required competencies
1	Awareness	Seminar Booklet Information on the internet Award	Pmastery of business communication Un derstanding of marketplace and promotio nal media Mastery of entrepreneurship and leadership
2	Generic Export Readiness	Courses E - learn Chat bot consultation Chat Group Sharing sessions	Understanding risk management Under standing customs and incoterms Mastery of cost and risk calculations Mastery of ex port management Mastery of quality man agement Understanding of packaging and introduction to packaging types
3	Customized Export Plan Development	Workshops Assistance in making export planning Financial access	Understanding commodities Preparation of export documentsMastery of risk management Mastery of business feasibili ty studies Mastery of cost calculations and export documents Mastery of financial access Mastery of commodity standards
4	Identifying Sales Opportunity	Network opening Market assessment, market research, and correspondence Determining the type of promotion, marketplace, and distribution	Mastery of international networks Mastery of market assessment and market research Correspondence understanding Mastery of promotion types, marketplace Mastery of calculating distribution costs and delivery access
5	Closing Export Deals	Just-in-time delivery International logistics and distribution After-sales services	Mastery of distribution and delivery management Mastery of service techniqu es and international services

These five categories are stages that need to be prepared with in-depth thought, both infrastructure, and materials that will be used as services. The roadmap and preparation of short-, medium---, and long-term plans are benchmarks for the readiness of this program. The main target of this CRM is to increase business actors ready to export as a result of assistance from lecturers and campuses. The involvement of business units/incubators needs to be increased in line with the expanded role of academic stakeholders who support mentoring activities.

## **CONCLUSIONS**

The main problem for SMEs in entering the export market is unpreparedness and understanding of world market needs. The level of readiness or export readiness is found at various levels, starting from preparing raw materials according to standards, management or manufacturing, preparing required documents, opportunities or opportunity matching, financial support, and others.

In developing export-oriented SMEs, it is very necessary to increase resource strength as a basis for developing markets and products. This fact illustrates that the grand strategy sequence that must be chosen is to concentrate on increasing strength by conducting HR training, increasing ongoing mentoring, and also requiring a thorough understanding of mastering the material. The solution for managing digital exports is to carry out a Client Relationship Management (CRM) assistance scheme that is attached to campus service activities. CRM adoption is utilized to track export results, assess client satisfaction and lessons learned, and obtain constructive criticism. The campus can design a proposed CRM application that uses a common platform that classifies the needs of business actors in assisting with export preparations. Several stages that need to be done to prepare CRM are platform preparation; lecturer competency; integration with campus activities; and implementation.

The main target of this CRM is to increase business actors ready to export as a result of assistance from lecturers and campuses. The involvement of business units/incubators needs to be increased in line with the expanded role of academic stakeholders who support incubation activities.

## **RECOMMENDATIONS**

To increase the success of SMEs in entering export markets, there needs to be a comprehensive approach. This includes increasing resource strength through HR training and ongoing mentoring. One of the proposed solutions is the use of Client Relationship Management (CRM) which is integrated with campus community service activities. This can help track export results, assess customer satisfaction, and get useful feedback. It is also important to collaborate with business units/incubators on campus to expand the role of academic stakeholders who support mentoring activities. With this approach, it is hoped that SMEs can be better prepared to face global market demands and increase the level of success in exporting their products.

## FURTHER STUDY

This research still has limitations, so it is necessary to carry out further research related to the topic of Development of Export-Oriented Smes Through the Implementation in order to improve this research and add insight to readers.

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