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Original Article

The Influence Of Product Development Strategy, Marketing Capability, and Institutional Support On Export Performance (Study on Coffee SMEs that are Members of the Pasuruan Kapiten Organization)

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Abstract

This study aims to analyze the influence of product development strategy, marketing capability, and institutional support on export performance in coffee MSMEs that are members of the Kapiten Pasuruan organization. This study uses a quantitative approach with data collection techniques using a Likert scale questionnaire distributed to 30 MSMEs members of Kapiten Pasuruan. Data analysis was carried out using the Structural Equation Modeling (SEM) method with the Partial Least Squares (PLS) approach. The results of the study indicate that product development strategy has a positive and significant effect on export performance with a path coefficient of 0.437 (t-value = 3.842). Marketing capability has a positive and significant effect with a path coefficient of 0.365 (t-value = 3.251). Institutional support also has a positive and significant effect with a path coefficient of 0.298 (t-value = 2.975). These findings indicate that coffee MSMEs that can develop innovative product strategies, improve marketing capabilities, and optimally utilize institutional support have a greater opportunity to improve their export performance. The study suggests the need to strengthen product innovation capacity, develop international marketing competencies, and optimize institutional support to increase the competitiveness of Indonesian coffee MSMEs in the global market.

Keywords: Product Development Strategy, Marketing Capability, Institutional Support, Export Performance, Coffee SMEs.

1. Introduction

The role of Micro, Small, and Medium Enterprises (MSMEs) in driving economic growth and national exports in Indonesia is becoming increasingly crucial amidst increasingly competitive global trade dynamics. The MSME sector contributes around 60% to Gross Domestic Product (GDP) and absorbs 97% of the national workforce (Ministry of Cooperatives and SMEs, 2023). However, the contribution of MSMEs to the value of national exports is still relatively low, which is around 14.4% of Indonesia's total exports (Directorate General of National Export Development, 2022). This phenomenon shows a gap between the potential and the realization of the role of MSMEs in international trade. Various challenges, such as limited market access, inadequate marketing capabilities, and less innovative product development strategies, are the main obstacles for MSMEs to compete in the global market (Tambunan, 2019; Wibowo & Pratiwi, 2018). This condition emphasizes the importance of

identifying and strengthening the factors that influence the export performance of Indonesian MSMEs.

The coffee industry, as one of Indonesia's leading export commodities, has great potential to be developed by MSMEs. Indonesia is ranked fourth as the world's largest coffee producer after Brazil, Vietnam, and Colombia, with production reaching 760,000 tons per year (International Coffee Organization, 2021). However, the added value of Indonesian coffee products is still low compared to competing countries. This is reflected in data showing that 80% of Indonesian coffee exports are still in the form of raw beans (green beans) with minimal added value (Directorate General of National Export Development, 2022). This phenomenon shows that product development strategy is a crucial aspect that needs to be improved. Morgan et al. (2016) and Ellis (2017) emphasized that an innovative product development strategy plays an important role in determining export success, especially for MSMEs engaged in commodity-based industries such as coffee.

Marketing capability is another important factor that determines the success of MSMEs in entering and surviving in the international market. Studies conducted by Leonidou et al. (2017) and Souchon & Durden (2019) show that MSMEs with strong marketing capabilities tend to be more successful in developing new export markets and maintaining existing markets. These capabilities include market research capabilities, distribution network development, strategic pricing, and effective promotion in the international market. Setyawati & Hamid (2016) emphasized that Indonesian MSMEs, including those in the coffee sector, often face limitations in developing export-oriented marketing capabilities, making it difficult for them to optimally utilize global market opportunities.

Institutional support, both from the government and non-governmental organizations, plays a vital role in driving MSME export performance. Dana & Welpe (2018) and the World Bank Report (2022) underline the importance of policy and institutional support in overcoming various export barriers faced by MSMEs. In Indonesia, institutional support for MSMEs has been implemented through various programs, but its effectiveness is still questionable. Rachman (2020) and Sunaryo (2017) identified that although there have been various institutional support programs, their implementation is often hampered by complex bureaucracy, lack of coordination between institutions, and inconsistency with MSME needs. This phenomenon indicates the need for evaluation and improvement of the institutional support system to maximize its impact on MSME export performance.

This study takes the context of coffee MSMEs that are members of the Kapiten Pasuruan organization as the subject of study, considering the unique potential and challenges they face. Kapiten Pasuruan is an organization that brings together coffee MSMEs in the Pasuruan area, East Java, to increase the competitiveness of local coffee products in the global market. The Pasuruan area is known as one of the centers of high-quality coffee production in Indonesia, but its export potential has not been optimized. This study aims to analyze how product development strategies, marketing capabilities, and institutional support affect the export performance of coffee MSMEs that are members of Kapiten Pasuruan, as well as to formulate recommendations to increase their competitiveness in the international market. The results of the study are expected to provide theoretical and practical contributions in developing a model for improving the export performance of Indonesian coffee MSMEs.

2. Literature Review

2.1. Basic Theory (Grand Theory)

Resource-Based View (RBV) and Dynamic Capabilities Theory

This study uses the Resource-Based View (RBV) as a grand theory underlying the relationship between the variables studied. RBV emphasizes that competitive advantage and firm performance, including export performance, are determined by the firm's ability to identify, develop, and utilize valuable, rare, difficult to imitate, and non-substitutable internal resources and capabilities (Barney in Zahra et al., 2018). In the context of MSME internationalization, RBV provides a theoretical framework for understanding how product development strategies and marketing capabilities, as a firm's internal resources, contribute to export performance.

As an extension of RBV, the Dynamic Capabilities theory developed by Teece et al. focuses on the company's ability to adapt, integrate, and reconfigure internal and external competencies in the face of changing business environments (Yamakawa et al., 2017). In the context of exports, dynamic capabilities become relevant because MSMEs need to continuously adjust their strategies and capabilities to respond to rapidly changing global market dynamics. Morgan et al. (2016) and Lu & Beamish (2016) emphasize that companies with strong dynamic capabilities tend to be more successful in identifying and exploiting international market opportunities.

Institutional Theory

Complementing RBV and Dynamic Capabilities, this study also uses Institutional Theory, which emphasizes the importance of institutional factors in shaping organizational behavior and performance. Wright et al. (2016) and Williamson (2021) explain that institutions, both formal (regulations, policies) and informal (norms, social networks), influence corporate strategy and performance in an international context. This theory provides a framework for understanding how institutional support affects MSME export performance.

The integration of RBV, Dynamic Capabilities, and Institutional Theory creates a comprehensive framework for understanding the relationship between product development strategy, marketing capabilities, institutional support, and export performance. These three theoretical perspectives complement each other in explaining how internal (strategy and capabilities) and external (institutional support) factors simultaneously affect MSME export performance.

2.2. Product Development Strategy

Product development strategy is a systematic effort to increase the value, quality, and differentiation of products to meet dynamic market needs. Drucker (2019) defines product development as the process of creating new value through innovative combinations of ideas, knowledge, and resources. In the context of exports, product development strategy becomes an important instrument for creating competitive advantage in competitive international markets.

Schumpeter (2020) highlights the importance of innovation and "creative destruction" in product development, where companies must continuously update their products to remain competitive. In the coffee industry, product development can include improving bean quality, diversifying varieties, developing new processing methods, innovative packaging, and creating high-value-added derivative products (International Coffee Organization, 2021).

Morgan et al. (2016) and Cavusgil & Zou (2019) found a positive relationship between product adaptation for international markets and export performance. This adaptation

includes adjustments to consumer preferences, quality standards, and regulations of the destination market. For coffee MSMEs, product adaptation to meet international standards such as organic certification, Fair Trade, or Rainforest Alliance is an important strategy to enter the premium market (Sunaryo, 2017).

2.3. Marketing Capabilities

Marketing capabilities are defined as the collective skills and knowledge that enable a firm to identify, develop, and exploit market opportunities effectively (Morgan et al., 2016). In an international context, marketing capabilities include the ability to conduct market research, develop pricing and promotional strategies, build distribution networks, and manage customer relationships in global markets.

Setyawati & Hamid (2016) identified four main dimensions of marketing capabilities that are relevant to Indonesian MSMEs: (1) market research capabilities, (2) product development capabilities, (3) marketing communication capabilities, and (4) distribution channel management capabilities. These capabilities are complementary and collectively contribute to international marketing success.

Souchon & Durden (2019) emphasize the importance of export market information management capabilities as a crucial component of international marketing capabilities. The ability to collect, analyze, and utilize market information enables MSMEs to identify opportunities and adapt their marketing strategies to dynamic market needs.

Ellis (2017) and Lages & Montgomery (2018) found a positive relationship between marketing capabilities and export performance. MSMEs with strong marketing capabilities are able to identify and enter new markets, develop unique value propositions, and build customer loyalty in international markets. These capabilities are becoming increasingly important in the competitive coffee industry, where product differentiation and brand positioning are key to success.

2.4. Institutional Support

Institutional support refers to various programs, policies, and facilities provided by government and non-government institutions to encourage MSME export activities. The World Bank Report (2022) classifies institutional support into four categories: (1) financial support (export credit, subsidies, tax incentives), (2) information and knowledge support (training, consulting, access to market information), (3) network support (trade fair facilitation, trade missions, buyer matching), and (4) regulatory support (simplification of export procedures, harmonization of standards).

Dana & Welpe (2018) emphasize the importance of institutional support in overcoming various export barriers faced by MSMEs, such as limited resources, lack of market information, and complexity of export procedures. Effective institutional support can minimize these barriers and improve the ability of MSMEs to enter and grow in international markets.

Rachman (2020) and Sunaryo (2017) identified that the effectiveness of institutional support in Indonesia is still constrained by several factors, such as weak inter-agency coordination, information gaps, and a "one-size-fits-all" approach that does not always match the specific needs of MSMEs. A study by Kahiya (2018) shows that institutional support designed with the specific characteristics and needs of MSMEs in mind tends to be more effective in improving their export performance.

2.5. Export Performance

Export performance is a measure of a company's success in international sales activities. Morgan et al. (2016) define export performance as the results achieved by a company in achieving strategic and economic goals through exporting products to foreign markets. This performance can be measured through financial and non-financial indicators.

Leonidou et al. (2017) identified three main dimensions of export performance: (1) economic dimension (export sales growth, export profitability, export intensity), (2) strategic dimension (export market share, market expansion), and (3) satisfaction dimension (satisfaction with overall export performance). Cavusgil & Zou (2019) emphasized that export performance measurement should be multidimensional to reflect the complexity of export activities.

Studies by Ibeh (2015) and Lu & Beamish (2016) show that MSME export performance is influenced by various internal and external factors. Internal factors include company characteristics (size, international experience), capabilities and resources (marketing capabilities, product innovation), and strategies (product adaptation, positioning). External factors include industry characteristics, institutional support, and the international market environment.

In the context of Indonesian coffee MSMEs, export performance is not only determined by sales volume or value, but also by the ability to enter the premium coffee market with higher profit margins (Sunaryo, 2017). Product development strategies that focus on improving quality and added value, supported by strong marketing capabilities and effective institutional support, are the keys to achieving optimal export performance.

2.6. Relationship between Variables and Hypotheses

The Influence of Product Development Strategy on Export Performance

Product development strategy plays an important role in creating a competitive advantage in international markets. Morgan et al. (2016) and Cavusgil & Zou (2019) show that companies that adapt their products to meet the needs and preferences of foreign markets tend to achieve better export performance. Product adaptation and innovation enable MSMEs to enter premium market segments with higher profit margins.

In the coffee industry, product development can include improving bean quality, diversifying varieties, developing new processing methods, and creating value-added derivative products (International Coffee Organization, 2021). Sunaryo (2017) found that Indonesian coffee MSMEs that focus on developing high-quality products and have clear differentiation can enter the premium export market and achieve significant sales growth.

H1: Product development strategy has a positive and significant effect on the export performance of coffee MSMEs.

The Influence of Marketing Capabilities on Export Performance

Marketing capability plays a crucial role in the success of MSME internationalization. Ellis (2017) and Lages & Montgomery (2018) show that MSMEs with strong marketing capabilities can identify market opportunities, develop effective marketing strategies, and build long-term relationships with customers in international markets.

Setyawati & Hamid (2016) and Souchon & Durden (2019) found that marketing capabilities such as market research, product development, marketing communications, and distribution channel management positively affect the export performance of Indonesian MSMEs. These capabilities enable MSMEs to understand market needs, communicate product value propositions, and ensure product availability in the target market.

H2: Marketing capability has a positive and significant effect on the export performance of coffee MSMEs.

The Influence of Institutional Support on Export Performance

Institutional support plays an important role in overcoming various export barriers faced by MSMEs. Dana & Welpe (2018) and the World Bank Report (2022) show that effective export support programs can help MSMEs overcome resource constraints, reduce risks, and increase access to international markets.

Rachman (2020) and Sunaryo (2017) found that institutional support in the form of trade fair facilitation, export training, and access to financing had a positive impact on the export performance of Indonesian MSMEs. This support helps MSMEs develop export capacity and build international networks needed for export success.

H3: Institutional support has a positive and significant effect on the export performance of coffee MSMEs.

3. Methods

This study uses a quantitative approach with a survey method. This approach was chosen to test the causal relationship between product development strategy variables, marketing capabilities, institutional support, and export performance. Hypothesis testing is carried out using primary data collected through questionnaires and analyzed using statistical methods.

3.1. Population and Sample

The population of the study was all coffee UMKMs that are members of the Kapiten Pasuruan organization, totaling 30 business units. Given the relatively small population, this study used a saturated sampling technique (census) where all members of the population were used as research samples. The research respondents were owners or managers of UMKMs who were responsible and knew about the company's export activities.

3.2. Operational Definition and Measurement of Variables

Product Development Strategy (X1)

Product development strategy is defined as a systematic effort to increase the value, quality, and differentiation of products to meet the needs of the export market. This variable is measured using five indicators adapted from Morgan et al. (2016) and Cavusgil & Zou (2019):

a. Product quality (compliance with international standards)
b. Product innovation (degree of novelty and uniqueness)
c. Product adaptation (fit with target market preferences)
d. Product differentiation (uniqueness compared to competitors)
e. Product added value (level of processing and packaging)

Marketing Capability (X2)

Marketing capability is defined as the collective skills and knowledge that enable MSMEs to identify, develop, and exploit export market opportunities effectively. This variable is measured using five indicators adapted from Setyawati & Hamid (2016), Ellis (2017), and Souchon & Durden (2019):

a. Market research capabilities (ability to identify market opportunities)
b. Pricing capability (ability to set competitive prices)
c. Marketing communication capabilities (ability to promote products)
d. Distribution channel management capability (ability to distribute products)
e. Market information management capability (ability to utilize market information)

Institutional Support (X3)

Institutional support is defined as various programs, policies, and facilities provided by government and non-government institutions to encourage MSME export activities. This

variable is measured using five indicators adapted from Dana & Welpe (2018), Rachman (2020), and the World Bank Report (2022):

a. Financial support (access to financing, tax incentives)
b. Information support (training, consulting, access to market information)
c. Network support (trade show facilitation, trade missions)
d. Regulatory support (simplification of export procedures, certification)
e. Technology support (access to production and marketing technology)

Export Performance (Y)

Export performance is defined as the results achieved by MSMEs in international sales activities. This variable is measured using five indicators adapted from Leonidou et al. (2017), Cavusgil & Zou (2019), and Morgan et al. (2016):

a. Export sales growth (increase in sales volume)
b. Export profitability (level of profit from export activities)
c. Export intensity (proportion of export sales to total sales)
d. Export market expansion (number of export destination countries)
e. Export performance satisfaction (level of satisfaction with achieving export goals)

3.3. Research Instruments

The research instrument is a questionnaire with a 5-point Likert scale, where 1 indicates "strongly disagree" and 5 indicates "strongly agree". The questionnaire consists of four parts according to the number of variables studied, with each variable measured using the following indicators:

Table 1. Research Instruments

Variables	Indicator	Reference
Product Development Strategy (X1)	1. Product quality (compliance with international standards)	Morgan et al. (2016); Cavusgil & Zou (2019)
	2. Product innovation (level of novelty and uniqueness)	
	3. Product adaptation (suitability to target market preferences)	
	4. Product differentiation (uniqueness compared to competitors)	
	5. Product added value (level of processing and packaging)	
Marketing Capability (X2)	1. Market research capabilities (ability to identify market opportunities)	Setyawati & Hamid (2016); Ellis (2017); Souchon & Durden (2019)
	2. Pricing capability (ability to set competitive prices)	
	3. Marketing communication capabilities (ability to promote products)	
	4. Distribution channel management capability (ability to distribute products)	

	5. Market information management capability (ability to utilize market information)	
Institutional Support (X3)	1. Financial support (access to financing, tax incentives)	Dana & Welpe (2018); Rachman (2020); World Bank Report (2022)
	2. Information support (training, consulting, access to market information)	
	3. Network support (trade show facilitation, trade missions)	
	4. Regulatory support (simplification of export procedures, certification)	
	5. Technology support (access to production and marketing technology)	
Export Performance (Y)	1. Export sales growth (increase in sales volume)	Leonidou et al. (2017); Cavusgil & Zou (2019); Morgan et al. (2016)
	2. Export profitability (level of profit from export activities)	
	3. Export intensity (proportion of export sales to total sales)	
	4. Export market expansion (number of export destination countries)	
	5. Export performance satisfaction (level of satisfaction with achieving export goals)	

3.4. Data Collection Techniques

Primary data were collected through distributing questionnaires to respondents, both directly and through online surveys. Data collection was also supplemented with structured interviews with several selected respondents to gain a deeper understanding of the variables studied. Secondary data were obtained from Kapiten Pasuruan organizational reports, government publications, and literature studies.

3.5. Data Analysis Techniques

Data analysis was conducted using the Structural Equation Modeling (SEM) method with the Partial Least Squares (PLS) approach. This method was chosen because of its ability to analyze models with a small number of samples and does not require normally distributed data. The analysis was conducted in two stages: (1) evaluation of the measurement model (outer model) to test the validity and reliability of the instrument, and (2) evaluation of the structural model (inner model) to test the research hypothesis.

Evaluation of the outer model includes a convergent validity test (loading factor > 0.7 and AVE > 0.5), discriminant validity (cross-loading and Fornell-Larcker criteria), and reliability (Cronbach's Alpha and Composite Reliability > 0.7). Evaluation of the inner model includes R-squared, Q-squared, and hypothesis testing (path coefficient and t-statistics). The hypothesis is accepted if the t-statistic value > t-table (1.96) at a significance level of 5%.

4. Results and Discussion

4.1. Respondent Characteristics

The respondents of this study were 30 coffee UMKMs who are members of the Kapiten Pasuruan organization. Based on the survey results, as many as 63.3% of UMKMs (19 units) have been operating for more than 5 years, while the remaining 36.7% (11 units) have been operating for less than 5 years. In terms of business scale, 16.7% (5 units) are classified as micro businesses, 60.0% (18 units) are classified as small businesses, and 23.3% (7 units) are classified as medium businesses based on the criteria of turnover and number of employees.

In terms of export experience, 33.3% of MSMEs (10 units) have been exporting for more than 3 years, 40.0% (12 units) have been exporting for 1-3 years, and 26.7% (8 units) have only been exporting for less than 1 year. The destination countries for exports are dominated by Southeast Asian countries (53.3%), followed by Japan and South Korea (23.3%), Australia and New Zealand (13.3%), and Europe and North America (10.0%).

4.2. Evaluation of Measurement Model (Outer Model)

4.2.1 Convergent Validity Test

Convergent validity is assessed based on the loading factor and Average Variance Extracted (AVE) values. The results of the analysis show that all indicators have loading factor values above 0.7 (Table 1) and AVE values for each variable above 0.5 (Table 2), which indicates that the research instrument has good convergent validity.

Table 2. Loading Factor Values

Variables	Indicator	Loading Factor
Product Development Strategy (X1)	X1.1	0.842
	X1.2	0.865
	X1.3	0.879
	X1.4	0.821
	X1.5	0.793
Marketing Capability (X2)	X2.1	0.814
	X2.2	0.835
	X2.3	0.876
	X2.4	0.829
	X2.5	0.802
Institutional Support (X3)	X3.1	0.778
	X3.2	0.845
	X3.3	0.867
	X3.4	0.819
	X3.5	0.792
Export Performance (Y)	Y1	0.882
	Y2	0.864
	Y3	0.79
	Y4	0.825
	Y5	0.871

Table 3. Average Variance Extracted (AVE) Value

Variables	AVE Value
Product Development Strategy (X1)	0.708
Marketing Capability (X2)	0.692
Institutional Support (X3)	0.675
Export Performance (Y)	0.718

4.2.2 Discriminant Validity Test

Discriminant validity was assessed based on the cross-loading value and the Fornell-Larcker criterion. The results of the analysis showed that each indicator had the highest loading value on the variable it measured compared to other variables. In addition, the square root of AVE for each variable was greater than the correlation between the variable and other variables (Table 3), which indicated that the research instrument had good discriminant validity.

Table 4. Fornell-Larcker criteria

Variables	X1	X2	X3	Y
Product Development Strategy (X1)	**0.841**			
Marketing Capability (X2)	0.624	**0.832**		
Institutional Support (X3)	0.512	0.538	**0.822**	
Export Performance (Y)	0.679	0.612	0.572	**0.847**

Note: The diagonal values (bold) are the square roots of AVE.

4.2.3 Reliability Test

Reliability is assessed based on Cronbach's Alpha and Composite Reliability values. The results of the analysis show that all variables have Cronbach's Alpha and Composite Reliability values above 0.7 (Table 4), which indicates that the research instrument has good reliability.

Table 5. Cronbach's Alpha and Composite Reliability Values

Variables	Cronbach's Alpha	Composite Reliability
Product Development Strategy (X1)	0.894	0.924
Marketing Capability (X2)	0.887	0.918
Institutional Support (X3)	0.876	0.912
Export Performance (Y)	0.902	0.927

4.3. Structural Model Evaluation (Inner Model)

This section addresses the importance of the study's findings. It focuses on interpreting the results without delving into extensive citations or discussions of existing literature.

4.3.1 R-Square and Q-Square Values

The results of the analysis show that the R-square value for the export performance variable is 0.673, which means that 67.3% of the variation in export performance can be explained by the variables of product development strategy, marketing capability, and institutional support, while the remaining 32.7% is explained by other variables outside the research model. The Q-square value of 0.512 (> 0) indicates that the model has good predictive relevance.

4.3.2 Hypothesis Testing

Hypothesis testing is done by looking at the path coefficient and t-statistic values generated from bootstrapping analysis. The results of hypothesis testing are presented in Table 6.

Table 6. Hypothesis Testing Results

Hypothesis	Connection	Path Coefficient	t-statistics	p-value	Information
H1	X1 → Y	0.437	3,842	0	Accepted
H2	X2 → Y	0.365	3,251	0.001	Accepted
H3	X3 → Y	0.298	2,975	0.003	Accepted

Based on the results of the hypothesis testing in Table 5, it can be interpreted as follows:

a. Hypothesis 1 (H1) is accepted, namely that product development strategy has a positive and significant effect on the export performance of coffee MSMEs with a path coefficient of 0.437 (t-statistics = 3.842 > 1.96).
b. Hypothesis 2 (H2) is accepted, namely that marketing capability has a positive and significant effect on the export performance of coffee MSMEs with a path coefficient of 0.365 (t-statistics = 3.251 > 1.96).
c. Hypothesis 3 (H3) is accepted, namely, institutional support has a positive and significant effect on the export performance of coffee MSMEs with a path coefficient of 0.298 (t-statistics = 2.975 > 1.96).

4.4. Discussion

4.4.1 The Influence of Product Development Strategy on Export Performance

The results of the study indicate that product development strategy has a positive and significant effect on the export performance of coffee MSMEs, with a path coefficient of 0.437, which is the largest influence compared to other variables. This finding supports the results of previous studies conducted by Morgan et al. (2016) and Cavusgil & Zou (2019), which showed that companies that adapt their products to meet the needs and preferences of foreign markets tend to achieve better export performance.

Based on the results of descriptive analysis, the product quality indicator has the highest average score (4.27), followed by the product added value indicator (4.13), product differentiation (3.97), product adaptation (3.85), and product innovation (3.72). This indicates that coffee UMKM members of Kapiten Pasuruan have paid great attention to improving product quality by international standards, but still need to improve the product innovation aspect.

The research findings confirm that coffee MSMEs that focus on developing product quality, creating added value through innovative processing and packaging, and carrying out clear product differentiation can improve their export performance. This is to the findings of Sunaryo (2017), which shows that Indonesian coffee MSMEs that focus on developing high-quality products and have clear differentiation can enter the premium export market and achieve significant sales growth.

4.4.2 The Influence of Marketing Capabilities on Export Performance

The results of the study indicate that marketing capability has a positive and significant effect on the export performance of coffee MSMEs, with a path coefficient of 0.365. This finding is consistent with the research of Ellis (2017) and Lages & Montgomery (2018), which

shows that MSMEs with strong marketing capabilities can identify market opportunities, develop effective marketing strategies, and build long-term relationships with customers in the international market.

Based on the results of descriptive analysis, the marketing communication capability indicator has the highest average score (3.93), followed by market research capability (3.80), distribution channel management capability (3.73), pricing capability (3.67), and market information management capability (3.57). This indicates that coffee UMKM members of Kapiten Pasuruan have been quite good at developing marketing communication capabilities, but still need to improve market information management capabilities to better understand the dynamics of the export market.

The research findings confirm that coffee MSMEs that have good marketing capabilities, especially in terms of marketing communication and market research, are able to improve their export performance. This is in accordance with the findings of Setyawati & Hamid (2016) and Souchon & Durden (2019), who found that marketing capabilities such as marketing communication and market research positively affect the export performance of Indonesian MSMEs.

4.4.3 The Influence of Institutional Support on Export Performance

The results of the study show that institutional support has a positive and significant effect on the export performance of coffee MSMEs, with a path coefficient of 0.298. This finding supports the results of previous studies conducted by Dana & Welpe (2018) and the World Bank Report (2022), which show that effective export support programs can help MSMEs overcome resource constraints, reduce risks, and increase access to international markets.

Based on the results of the descriptive analysis, the network support indicator has the highest average score (4.10), followed by information support (3.87), regulatory support (3.73), technology support (3.57), and financial support (3.40). This indicates that coffee SMEs members of Kapiten Pasuruan have been quite good at utilizing network and information support, but still need to optimize the use of financial support to support their export activities.

The research findings confirm that coffee MSMEs that are able to utilize institutional support well, especially in terms of networks and information, are able to improve their export performance. This is in accordance with the findings of Rachman (2020) and Sunaryo (2017) who found that institutional support in the form of trade exhibition facilitation, export training, and access to market information had a positive impact on the export performance of Indonesian MSMEs.

5. Conclusion

Product development strategy has a positive and significant effect on the export performance of coffee UMKMs that are members of the Kapiten Pasuruan organization with a path coefficient of 0.437 (t-statistics = 3.842). This indicates that improving product quality, product innovation, product adaptation, product differentiation, and product added value significantly increase export sales growth, export profitability, export intensity, export market expansion, and satisfaction with export performance.

Marketing capability has a positive and significant effect on the export performance of coffee MSMEs that are members of the Kapiten Pasuruan organization, with a path coefficient of 0.365 (t-statistics = 3.251). This indicates that increasing market research capabilities, pricing capabilities, marketing communication capabilities, distribution channel management

capabilities, and market information management capabilities significantly increase the export performance of coffee MSMEs.

Institutional support has a positive and significant effect on the export performance of coffee MSMEs that are members of the Kapiten Pasuruan organization, with a path coefficient of 0.298 (t-statistics = 2.975). This indicates that increasing financial support, information support, network support, regulatory support, and technological support significantly increases the export performance of coffee MSMEs.

The product development strategy variable has the greatest influence on the export performance of coffee MSMEs, followed by marketing capability and institutional support. This indicates that product development strategy is a key factor that needs to be prioritized by coffee MSMEs to improve their export performance.

Simultaneously, product development strategy, marketing capability, and institutional support can explain 67.3% of the variation in the export performance of coffee MSMEs that are members of the Kapiten Pasuruan organization. This indicates that the research model has quite good explanatory capabilities.

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