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Developing A Contingency Model of Export Marketing Strategy on E-commerce for MSMEs

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Abstract: For better export performance in cross border e-commerce, a contingency model integrates e-commerce into traditional export marketing strategy (EMS) with internal and external determinants of EMS. However, EMS of Micro, small, and medium-sized enterprises (MSMEs) is understudied. This study validates and modifies existing model for MSMEs. As a qualitative study, multiple sources of data including interviews, internal documents, and group discussions were used regarding business cases of entrepreneurs and supporting organizations in Mongolia and Korea. This research suggests contingency model for MSMEs with modified factors and different strategies in each factor. Specifically, internal determinants are managerial capability, product competitiveness, and strategic marketing orientation. External determinants are export market competitiveness, export market infrastructure and entry barriers. EMS for MSMEs consists of the same factors with the original model but come up with different strategies. Theoretical and managerial implications were discussed.

Keywords: E-commerce; Cross Border e-commerce; Export Marketing Strategy (EMS); E-commerce drivers; Contingency model; Micro, Small and Medium Sized Enterprise (MSME)

1. Introduction

Cross-border electronic commerce (CBEC) is defined as an online channel through which products directly sold to consumers via internet. It is expected to account for 22% of the total B2C e-commerce worldwide by 2022 [30]. Not only having impacts in company's growth, it also has profound impacts on country's progress [70], trade growth [64], and reduction of poverty in developing countries and their development [47]. For micro, small and medium-size enterprises (MSMEs), CBEC is a major revenue opportunity. Although 82% of firms engaged in CBEC are MSMEs [70], they face challenges. E-commerce is a disruptive technology that entails changes to organizations [17, 74] and CBEC entails complex processes of trade [6], but MSMEs have fewer resources for digitalization [21, 49, 61] and they are managed by a single owner who lacks marketing and IT competence in most cases [50, 61]. So, understanding and supporting MSMEs doing CBEC is important, both for growth of small firms and trade [55].

Export marketing strategy (EMS) is a strategy firms responds to the interactions of internal and external forces to meet the objectives of export. To achieve better export performance, it organically mixes all marketing mix; product, promotion, pricing, and place [34]. Factors of EMS are product adaptation, communication efficiency, promotion adaptation, distribution support, distribution efficiency, and price competitiveness [24]. EMS is usually a strategic decision on standardization or adaptation on foreign market [12]. For example, firms at the initial exporting stages tend to adopt standardized strategies, while those at later stages adopt more adapted strategies. EMS is a key factor to achieve better export performance [12, 45, 54], not only for large firms but also MSMEs [14, 21, 49, 61].

Combining CBEC on EMS, a contingency model tries to grasp whole picture regarding factors influencing e-commerce EMS. It explains determinants and moderators of e-commerce EMS. However, it has been pointed out that current EMS and the contingency model are based on large firm cases [16]. MSMEs differs from those of large firms, in terms of resources and marketing strategies [9, 35]. EMS for small firms has remained understudied, despite its importance. This paper tries to bridge this gap between current contingency model and MSMEs' cases.

2. Literature Review

2.1. Contingency Model

For e-commerce, EMS need modification [14, 16]. The contingency model integrates e-commerce into existing EMS, proposing internal determinants based on resource-based view, external determinants based on industrial organization theory and e-commerce drivers which moderates relationships between determinants and EMS [31, 37].

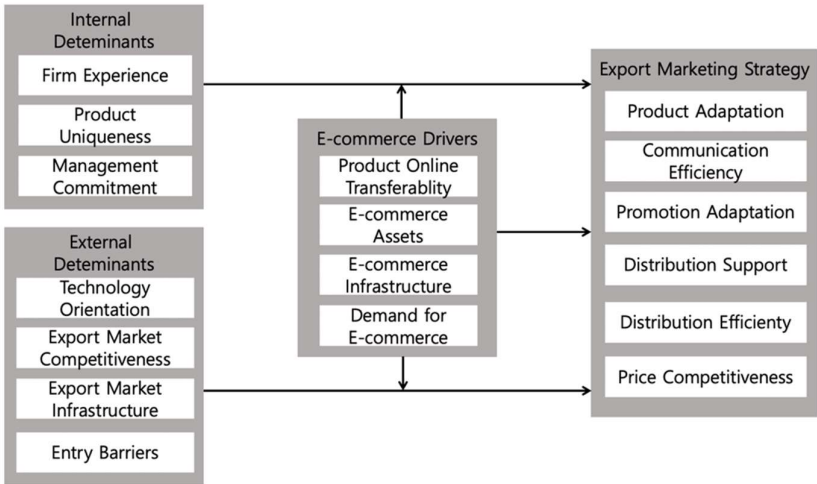


Figure 1. A Contingency Model of Determinants and Drivers of Export Marketing Strategy

2.2. Internal Firm-Based Determinants

Following are three factors of internal determinants of EMS, according to the contingency model. Firm experience means that more experienced firms are likely to identify unique market demand and possess a better understanding of how to adapt to foreign market [37]. Product uniqueness is defined as the degree to which a product incorporates features to satisfy unique needs of foreign markets [13]. It helps firms gain competitive advantage over competitors [47]. Management Commitment means more committed management gives a priority to export and proactively adapt EMS for better export performance [43, 74].

2.3. External Environmental Determinants

Following are four factors of external determinants of EMS, according to the contingency model. Technology Orientation refers to the degree to which technological innovation and its application affect success in the industry [33]. When firms export in industries of high technology orientation, they can use technology which leads to less need for adaptation of product and promotion [13].

Export Market Competitiveness means intensity of competition that a firm encounters in foreign markets. In a highly competitive market, competitive pressures may necessitate customization of product to gain competitive advantage [31].

Export market infrastructure consists of the systems and institutions necessary in export process, such as intermediaries. In well-developed market infrastructure, standardization strategy on products and promotion would be a better EMS [31]. This includes digital platform options, such as opening an independent website or utilizing existing third-party platforms [5].

Entry barriers is defined as the degree to which regulations exist in foreign export markets such as health, safety and technical ones. When barriers are high, firms are forced to modify their products and promotions to standards [31]. Language barriers, cultural disparities, and differences in consumer behaviour work as a barrier for export as well [66].

2.4. EMS

Followings are six factors of EMS, according to the contingency model. Product means all the benefits through time that the user obtains from the exchange [72]. Product adaptation is defined as the degree to which the firm's product elements are adapted for export markets [44]. It has a positive impact on product competitiveness [25], customer satisfaction, and export performance [45]. To differentiate the product in export markets, branding, which entails name, sign, symbol, design, or a combination of these is also needed [44].

E-commerce increases access to information and transparency of information, and at the same time, it decreases search cost, monitoring cost [10], coordination costs and transaction costs [74]. It also reduces information asymmetries between buyers and sellers providing two-way dialogues with customer and firms to build relations [36]. It empowers intermediaries to learn more about exporters, allowing them to customize services and generate more values.

Promotion is all the information that is transmitted among parties, including advertising, sales promotion, personal selling, trade fairs, personal visits, and promotions [72]. In e-commerce, it also includes the interactive aspects of digital communication such as social media. It is positively related to export performance as well [14, 30, 61].

Distribution Support; Distribution is defined as everything that is necessary to smooth the process of exchange. In e-commerce, it also includes virtual and intangible aspects supply chain [72]. Distribution adaptation to foreign market [25] and stable business relationship with supply chain leads to better export performance [12]. Distribution support is to distribution adaptation, in the forms of consulting, training, technical assistance, research assistance, and financing [19].

With efficient distribution, firms provide timely delivery, proper maintenance and services [63]. E-commerce leads to disintermediation, reducing the number of channels in a distribution chain and cutting out the middleman. Disintermediation reduces costs [3] and increases speed and responsiveness of transactions [54].

Price is everything given to obtain the product including money, time, and effort [72]. Price is escalated in export, because of environmental forces (economic, political, legal, and other), export cost (marketing, distribution, and transportation costs), and export processes (tariffs, taxes, and other financial trade barriers), and pricing practices of competitors in foreign markets [44]. Price competitiveness is necessary for competitiveness [47] and it shows strong impacts on export performance [25].

3. Research Methods

3.1. Research Question and Research Methods

As explained above, the contingency model of EMS integrates e-commerce into EMS. So far, EMS for MSMEs have tended to be based on insights from large firms [16]. However, marketing for small firms differs from those of large firms [9, 35, 39]. Small firms have fewer resources for marketing [21, 48, 61] and they are managed by a single owner/manager who lacks marketing and IT competence [35, 61]. So, it is not adequate to

simply adopt the contingency model for MSMEs. Previous literature on contingency model did not align with the peculiar context of MSMEs. Our research tries to bridge the gap between general model and the peculiar context of MSMEs and come up with practical application of contingency model on MSMEs. Our research aims to validate and modify the current contingency model for EMS of MSMEs. This study deploys the contingency model of EMS as the underpinning framework. To validate and modify qualitative approach is appropriate to answer the questions of how and why [53].

3.2. Data

To validate and modify current model of the contingency model for MSMEs, we chose MSMEs in Mongolia and supporting organizations in Mongolia and Korea. Since Mongolia shows rapid growth in e-commerce representing emerging economies, and MSMEs in Mongolia want to export to nearby market with well developed e-commerce infrastructure, Mongolia and Korea was selected. In Mongolia, Of the population of 3 million, 2.6 million have Internet access, 2 million use smartphones, and 1.3 million use SNS on a regular basis [26]. The current Mongolian e-commerce industry has experienced unprecedented growth, with its total revenue increasing over 60 percent during 2020 [26]. The capital city of Ulaanbaatar has a relatively good infrastructure for e-commerce.

Also, supporting organizations and government from both countries cooperates for better export performance of Mongolian firms and inviting foreign sellers to their existing e-commerce platform. This makes analysis on cases more relevant to real market situations, and also research finding more practical for future application. In the city of Ulaanbaatar, the capital of Mongolia, 'Women Business Center (WBC)' is established since 2016, to support women entrepreneurs. Mongolian NGO (The Asia Foundation Mongolia Office), Korean NGO (The Asia Foundation Korea Office), and Korean government (Korea International Cooperation Agency) established the center to incubate entrepreneurs.

Data were collected via multiple sources for triangulation [22], including site visits to Ulaanbaatar, field observations, semi-structured interviews, focus-group discussions and reviewing internal documents and reports. For interviews, we employed purposeful sampling and selected three companies based on interests in CBEC with the help from supporting organizations. Research team visited Mongolia and interviewed entrepreneurs. At each interview, we followed a semi-structured interview template, and other members including members of supporting organization raised related questions aimed at exploring incidental findings. Interviewees were encouraged free reporting with no forced answers. The interviews were conducted in Mongolian, Korean and English and the average length was about 1 hour. We also managed to visit business sites and observe how MSMEs and supporting organizations work, spending approximately 1 hour per site. We had numerous opportunities to interact informally with the interviewees. We took advantage of the site visits and the informal interactions to learn more about the details of MSMEs. Then we organized a focus-group discussions with the experts and staff of the WBC to validate findings both in Mongolia and Korea. Also, we discussed the research results with experts with relevant experience.

Table 1. Information about the Interviewees.

Respondent	Position	Experience
Respondent A	Business owner of Mongolian micro firm (manufacturing)	Selling fashion product (bags) in domestic market
Respondent B	Business owner of Mongolian micro firm (manufacturing)	Selling food and beverages in domestic market
Respondent C	Business owner of Mongolian small-sized firm (fintech)	Operating e-commerce platform in Mongolia (App) to sell crafted goods in domestic and international markets
Respondent D	Head of corporate sales of Mongolian small-sized firm (banking)	Providing finance services for e-commerce using IT technology
Respondent E	CEO of Mongolian medium-sized firm	Operating services of finance for firms Supporting export processes
Respondent F	Contry representative (The Asia Foundation Mongolia office)	Supporting entrepreneurs
Respondent G	Program manager (The Asia Foundation Mongolia office)	Supporting entrepreneurs
Respondent H	Local staff (The Asia Foundation Mongolia office)	Supporting entrepreneurs
Respondent I	Contry representative (The Asia Foundation Korea office)	Supporting export of Mongoian entrepreneurs's products to Korean market
Respondent J	Program manager (The Asia Foundation Korea office)	Supporting export of Mongoian entrepreneurs's products to Korean market
Respondent K	Founder (Mongolia-Korea IT incubating center)	Exporting Mongilina products to Korean market Supporting e-commerce with IT infrastructures
Respondent L	Local staff (Mongolia-Korea IT incubating center)	Supporting e-commerce with IT infrastructures
Respondent M	Manager (Korean government)	Supporting entrepreneur in Mongolia with aid project
Respondent N	Manager (US-based NGO) Former manager (The Asia Foundation Mongolia office)	Supporting entrepreneurs' marketing and export

3.3. Data Analysis

For data analysis, we described interview results and identified how interviewees' opinions on EMS relates to the research framework. This analysis is similar to Strauss and Corbin's notion of open coding [27]. The research team repeatedly read the interview transcripts to capture the informants' opinions and reached consensus [67]. Then we shifted back and forth between findings and the broad scope of literature on MSMEs to come up with finding which theoretically supports consensus in the previous steps. The descriptions and consesus were reported back to experts in relevant fields to ensure validity. Focus-group discussions with supporting organizations were implemented to ensure practicability of the findings for actual application in business. The research transitioned from being inductive to being abductive in that the data and the existing theories are in tandem [27]. Hence, our research tries to come up with research results bridging the gap between theories and practices.

4. Results

4.1. Internal Firm-Based Determinants

4.1.1. From “Firm Experience” to “Managerial Capability”

MSMEs have low level of experience in expanding beyond domestic market [34, 69]. Entrepreneurs interviewed had no experience in export but uses e-commerce in domestic market. So, rather than experience in the past, which all entrepreneurs show low level of it, capability is more relevant for MSMEs, because it influences performance in the future. In literatures, capability has proven to be fundamental factor for successful export [42] and competitive advantage [53]. Respondent A noted:

“In domestic market, most of our products are sold online... Facebook is the most frequent channel for selling online... However, I never experienced selling products abroad... I want to export the product, but it is difficult for me to know about necessary procedures of export... It is hard to get information regarding export.”

So, rather than firm experience which MSMEs lack in common, we adopted managerial capability from the theory of dynamic managerial capabilities. Managerial capability means “the capabilities with which managers build, integrate, and reconfigure organizational resources and competences” [2]. It consists of three components, which are managerial cognition (managers' personal beliefs and mental models for decision-making), managerial social capital (managers' formal and informal relationships with others), and managerial human capital (knowledge, experience, skills, and education of managers). Managerial cognition affects recognition of market changes and adaptation decisions. Inert managerial cognition obstructs firms' change [32]. Managerial social capital helps managers obtain new information and sense market opportunities [32]. Respondent G explained about the importance of managerial capability:

“We also thought that it would be helpful if we can get capacity building on E-commerce... After several experience, we realized that what entrepreneurs need the most is capacity building... We are planning to design capacity building programs for entrepreneurs based on their needs... such as sharing experience of other successful exporters... Once we invited entrepreneurs from Korea to share their experience in exporting... Through those experience, entrepreneurs were motivated about export... Later, we can support them mobilizing necessary resources such as human networks.”

4.1.2. From “Product Uniqueness” to “Product Competitiveness”

For MSMEs from developing countries, it is hard to find product uniqueness which satisfy unique needs of customers in foreign markets. However, in specific product categories, they have competitiveness. In terms of Mongolia's case, Mongolian products have competitive edge in natural resource product category, in which Mongolia has better quality than competitors in export markets. So, instead of product uniqueness, product competitiveness can be used to predict EMS and export performance. Respondent K shared about experience of exporting Mongolian products to Korea and respondent G shared insights from statistics:

“In most cases, Mongolian manufactured products do not have competitive edge... Once of the reason is perception of consumers regarding Mongolia... It is hard to change customers' perception on Mongolia... However, several products from natural ingredients have high quality and good perception in Korea... Mongolian products such as honey and cashmere have a competitive edge in Korea market... I think this is matter of a certain product category rather than product itself.”

“Products which are exporting to nearby markets including Korea, China, and Japan are cashmere, wool, yak, frozen meat, salt... They are cheap and high quality... so having competitiveness.”

4.1.3. From “Management Commitment” to “Strategic Marketing Orientation”

In most cases, MSME entrepreneurs are not convinced of the value of e-commerce, nor ready to engage in e-commerce [56]. According to interviews, entrepreneurs lack

marketing orientation, since they are prone to production orientation, using most of their resources on production and management. Respondent B noted:

"I don't have enough time and resources to invest in marketing... I usually put all my efforts and resources in following up with production schedules... It is hard to think about selling and marketing strategies."

A firm's strategic marketing orientation has influence on marketing strategy [9], adoption of digital technologies, and export performance [48]. Small firms can adopt generic marketing concepts such as customer orientation as their strategy and undertake marketing activities [40]. Thus, rather than commitment, strategic marketing orientation would be broader concept as determinants explaining EMS for MSMEs.

4.2. External Environmental Determinants

4.2.1. Technology Orientation

In terms of external determinants, large firms and MSMEs are facing the same external environment. So, it would be proper to simply apply the same determinants from existing contingency model to MSMEs. However, in terms of technology orientation, MSMEs are not usually selling products of technology intensive. For simplicity of the model, we exclude technology orientation as an external determinant of EMS for MSMEs.

4.2.2. Export Market Competitiveness.

Both large firms and MSMEs are facing the same market competitiveness. Compared to large firms, MSMEs might feel more fierce competitions, since they have low level of brand awareness, perceived quality, trust and so on.

4.2.3. Export Market Infrastructure

Both large firms and MSMEs are facing the same export market infrastructure. Large companies, equipped with abundant resources and capabilities, can develop, and deploy their own digital platforms [15, 17]. However, MSMEs do not have enough resources to make their own digital platform, so it is recommended to rely on third-party digital platforms [5]. Third-party digital platforms help MSMEs use the advantage of existing industrial chains, with trade processes, payment, logistics and warehousing [70]. This also helps to build trust and reduce risks and transaction costs [57]. The digital platform provider keeps updating the available services and modifying business rules to meet the changing market.

4.2.4. Entry Barriers

MSMEs face the same entry barriers with large firms. According to interviews, for Mongolian MSMEs, they face external environmental determinants such as product regulatory environment and market standards. Without an effort to adapt to the regulatory environment in foreign markets and modify products, it is impossible to export. So, strategic market analysis on the legal and regulatory environments in that product category is needed for both large firms and MSMEs. Respondent K shared about experience of exporting Mongolian products to Korea:

"We tried to export honey products to Korea, but it was difficult due to food industry regulations regarding honey... It seems that Korean honey farmers have strong influence on law and regulation... It was very challenging to meet the standards for export... We finally decided to give up."

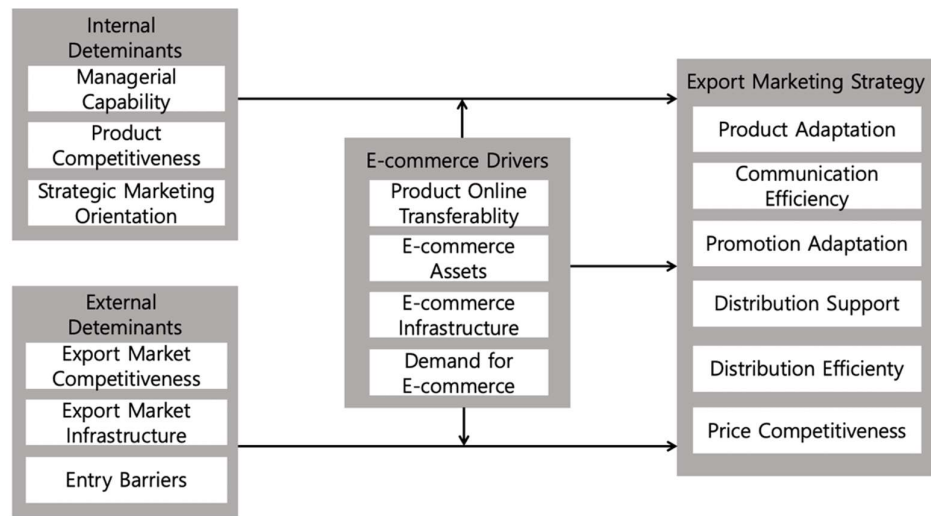


Figure 2. A Contingency Model of Determinants and Drivers of Export Marketing Strategy for Micro, Small and Medium-sized Enterprises.

4.3. EMS

4.3.1. Product Adaptation

The same factor of production adaption consists of EMS for MSMEs. A high degree of product adaptation is needed in more competitive market, due to intense competitive pressures [12]. Through product adaptation, MSMEs acquires customer-orientation, cautiously evaluating consumer behavior and market traits. Through pressures to meet specific host market requirements, MSMEs can come up with innovations [19, 50].

4.3.2. Communication Efficiency

The same factor of communication efficiency is meaningful for MSMEs. For MSMEs, technology is becoming less resource-intensive due to open-source solutions, bringing the adoption and use of digital marketing technologies [49, 62]. There are small budget marketing tools such as social networking services [21] and search engine advertisements available [28]. According to interviews, they already effectively using SNS such as Facebook for communication. Respondent A, B and C all use SNS for e-commerce:

"We get orders and feedbacks using Facebook...It is the most convenient way of doing e-commerce with little expense"

Thus, MSMEs need to be aware of the importance of using digital marketing tactics and employ them effectively [49, 61]. It would be worthwhile to invest in capacity in using digital marketing tactics [40, 62], which in turn helps to reduce burden of limited resources [39]. Interviewed MSMEs and supporting organizations, both expressed their needs for capacity building on digital marketing tools. Respondent G agreed that:

"Entrepreneurs like practical workshops regarding SNS...For example, simple skills such as taking photos and uploading to SNS with the basic design helps them a lot in e-commerce."

4.3.3. Promotion Adaptation

Because of lack of resources to plan and implement promotions, MSMEs need outside supports for promotion adaptation. After interviews and focus-group discussion, we came up with plausible promotion adaptation strategies. MSMEs in the same product category can collectively form local brand or initiative, for example, 'Mongolian Cashmere Initiative' or 'Mongolian Natural Honey Cooperative'. With collective resources and also supports from local governments and supporting organizations, the same product category firms can plan and implement promotion adaptation collectively. Government and Supporting organizations can actively use the brand power of themselves as a guarantee of quality.

4.3.4. Distribution Support

It is difficult to identify and solve supply chain management challenges, which are designed for large enterprises [57]. According to the interviews, MSMEs facing difficulties trying to export by themselves without relevant experience and knowledge on export processes such as transportation procedures, tariffs, and legal documentation.

According to literatures, it is recommended that MSMEs use exporter services by hiring an outsourced service [57]. This makes MSMEs improve service, reduce cost, and focus on the business [44]. According to the interviews, MSMEs deal with distribution individually. So, we recommended to make collective effort to use exporter services collectively with partnership contracts. Entrepreneur respondent C organization G noted:

"It is plausible to use delivery service collectively... There is a existing logistic service exporting Mongolian product to Korea run by Korean living in Mongolia..."

Supporting organizations can help make partnerships with exporters with multiple small firms. This is a plausible strategy and is implemented in advanced countries. In Korea's case, the Korean government agency provides collective delivery services for Korean SME products. Supporting organizations can directly work with e-commerce platforms, 3rd party logistics, and local marketing agencies. Interviewee from supporting organization G noted:

"Once negotiating with them as a supporting organization, rather than individual contract, it will benefit small firms in many aspects."

4.3.5. Distribution Efficiency

To come up with a concrete EMS, a firm needs to decide which digital platform to use. Large companies, equipped with abundant resources and capabilities, can develop, and deploy their own digital platforms [15, 17]. However, MSMEs do not have enough resources to make their own digital platform.

In literatures, "dual-channel method", which means it is in its infancy, was recommended for MSMEs. It is to expand foreign markets with a third-party platform, and when enterprises acquire enough ability for CBEC, they should build their own website to continually improve the operation ability [70].

In Mongolia's case, we analyzed different options for Mongolian MSMEs exporting products to Korea. To set up independent web platforms, business registration and e-commerce registration is required. However, using third-party platforms such as "G-Market global Shop" does not require business or e-commerce registration. Open market platform does not require much information since it aims to provide services to less-resourced independent sellers. Respondent A noted:

"At first, we wanted to set up our own independent web platforms... However, we do not have the expertise, experience, or enough resources to set up and manage digital platforms."

So, for supporting organizations, partnering with third-party platforms, rather than launching their own digital platform is recommended. Respondent G noted

"So far, we have put our budget on setting up independent website for women entrepreneurs ... However, according to research suggestions, it seems that we should rather focus on supporting women entrepreneurs entering into existing market platforms... It will be more practical and effective."

4.3.6. Price Competitiveness

For MSMEs, not only price adaptation is necessary, but competitive pricing is also important to survive and remain competitive in host markets [48]. In literature, price penetration strategy, entering the market with a lower price and then slowly raising it, is positively associated with export performance more than price skimming strategy, which is starting with a high price and reducing it [45].

In Mongolia's case, entrepreneurs with low priced products could not cover logistics expenditures and taxes. Respondent C noted:

“Hand crafted products are not appropriate for export, considering the additional cost added by export processes”

Combining the findings from our interviews and existing literature, MSMEs should select high-priced product categories to cover the logistic and relevant costs. After selecting an adequate product category, they need to adopt a price penetration strategy for entering markets with low price compared to competing brands. For example, cashmere can be chosen, and the price should be adjusted to be lower than the competitors in foreign markets.

5. Discussion

Based on contingency model of internal and external determinants of EMS, this research came up with modified model for MSMEs. Since existing model is based on large firms, lacking resources and capacity of SMEs are not fully considered. This research bridged this gap for application of existing model to MSMEs. By analyzing multiple sources of data, we came up with the following modified version of contingency model for MSMEs. In terms of internal determinants, due to lack of experience and resources in MSMEs, three determinants from previous model were replaced; from “Firm Experience, Product Uniqueness, and Management Commitment” to “Managerial Capability, Product Competitiveness, and Strategic Marketing Orientation”. In terms of external determinants, current model of four factors is modified three factors. Since, exporting products from MSMEs are usually not in category of technology intensed industry, technology orientation can be erased for the purpose of simplicity; “Export Market Competitiveness, Export Market Infrastructure and Entry Barriers”. In terms of export marketing strategy, previous six factors are applied to MSMEs in the same way with large firms, but with different strategies. MSMEs need to actively strategize “Product Adaptation” and use less resource-consuming communication tools such as SNS for “Communication Efficiency”. For “Promotion Adaptation”, multiple small firms in the same product category need to form collective brand to ensure quality and raise awareness. In terms of “Distribution Support”, collective delivery with logistic partner would be strategic, rather than contracting export logistics individually. For “Distribution Efficiency”, MSMEs need to rely on third-party platforms rather than setting up their own websites. For “Price Competitiveness”, high-priced product categories should be selected to cover export costs and then price penetration strategy should be adopted for price competitiveness.

6. Conclusions

This paper focuses on gaining an in-depth understanding and application of contingency model for MSMEs through qualitative analysis. This research tried to bridge the gap between theoretical research framework and its application to MSMEs. Merging findings from multiple data sources, including interviews, focus-group discussions with MSMEs and supporting organizations in both Mongolia and Korea and broad scope of literature, this research suggested modified contingency model for EMS. Also, we suggested detailed explanations of each factors and export marketing strategies for MSMEs.

This study has implications on under-researched groups of MSMEs. MSMEs consist 82 % of overall B2C CBEC, but, as previous researches pointed out, EMSs in MSMEs has underresearched. Also, export strategies for MSMEs should be different from large companies. This study tries to open new doors for research regarding EMS for MSMEs.

As managerial implications, MSMEs can focus on investing resources on each factors of this study. Also for supporting organizations, governments and international donors need to support internal and external determinants, and export marketing strategies. Not just external factors such as legal and policy environments, but also firm-level resources need to be supported. Capacity development of entrepreneurs is also important. They can broaden the perspective and scope of their work to support MSMEs in more practical way.

There are several limitations to this study. First, our examination of SME digital transformation was conducted in the unique economic context of Mongolia and Korea. Also, data was collected from the only capital city of Mongolia, which may not represent the whole country's population. Thus, our findings might be unique to the particular social and economic development stage of Mongolia and specific groups in its capital. Future studies are highly recommended to select a more diversified group of entrepreneurs, such as rural producers. Secondly, we relied on interviews with a relatively small number of informants. Even though we tried to enhance interview data with direct observations and informal conversations, we were unable to formally triangulate what an informant answered.

There needs to be more case studies which applies this contingency model for MSMEs to confirm these determinants and factors. Also, future research is needed to confirm each determinant in a quantitative way. For example, not just developing countries, but also MSMEs in developed economies can be implemented, because Although studies comparing firms from different countries within the MSMEs are limited [38, 41]. While firms originating in developed markets are accustomed to open and competitive markets, those originating in emerging markets are disadvantaged as they have developed within more closed economies that are often shielded from global competition [5]. Also, study can be implemented to check the difference between MSMEs, such as difference in micro entrepreneurs, small sized firms, and medium sized firms.

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