Jurnal Manajemen dan Kewirausahaan
(JUMAWA) | ISSN (e): 3031-1195
Volume 3 No. 4 (2026)

THE ROLE OF RISK MANAGEMENT IN ENHANCING THE SUCCESS OF SMES' INTERNATIONAL DIGITAL MARKETING STRATEGIES

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Received	: 19 June 2026	Published	: 29 August 2026
Revised	: 22 July 2026	DOI	: https://doi.org/10.59971/jumawa.v3i4.491
Accepted	: 20 August 2026	Link Publish	: https://abadiinstitute.org/index.php/JUMAWA/article/view/491

Abstract

Digital channels allow small and medium-sized enterprises (SMEs) to reach foreign customers at low cost, yet they also expose resource-constrained firms to market, financial, operational, legal, cyber, and reputational risks. This study examines the role of risk management in improving the success of SMEs' international digital marketing strategies. A qualitative narrative literature review was conducted using recent studies (2022–2025) on SME internationalization, digital marketing, and cyber risk, complemented by foundational works and the ISO 31000:2018 standard. The review shows that risk management contributes in four ways: it informs market-selection decisions, protects limited marketing budgets through staged experimentation, safeguards reputation and customer data, and strengthens adaptation to platform and regulatory change. Evidence suggests that internationalization risks do not prevent SMEs from going abroad; rather, the way firms manage them shapes performance. The study proposes a five-stage risk management framework tailored to SME constraints: identification, assessment and prioritization, treatment, staged implementation, and monitoring. The framework offers a conceptual basis for future empirical testing and a practical guide for SME owners and support agencies.

Keywords: Digital Marketing, Internationalization, Risk Management, SMEs, Strategic Success

INTRODUCTION

Digitalization has changed how small and medium-sized enterprises (SMEs) approach foreign markets. Marketplaces, social media, and search engines allow a small firm to present its products to customers abroad without opening a branch or hiring a large sales force. Systematic reviews show that the relationship between digitalization and internationalization has become a major research stream (Bargoni et al., 2024), and that digital marketing and social media strategies are now one of the dominant strategic orientations of internationalizing SMEs (Mmadubuko et al., 2025). Empirical evidence points in the same direction: in a cross-sectional survey of Nigerian agricultural exporters, social media, email, search engine, and mobile marketing each had a significant positive effect on internationalization (James & Inyang, 2024).

Easy access to foreign customers does not, however, guarantee success. SMEs typically operate with limited capital, few specialist staff, and limited knowledge of foreign regulations, so mistakes in market selection, pricing, payment, logistics, or data handling can be costly. Foreign expansion through digital platforms also brings new forms of dependence. Digital platforms provide critical external resources for internationalizing SMEs, but the value of commercial platforms depends on how far firms have developed their own internal digital capabilities (Zhang et al., 2025). Meanwhile, cyber risks affecting SMEs span external threats, insider risks, data vulnerabilities, and reputational and financial losses (Bahmanova & Lace, 2025). These conditions make a structured way of anticipating and responding to uncertainty essential.

Risk management offers such a structure. In the international business literature, risk is not treated as a reason to avoid foreign markets but as something to be identified and managed. Figueira-de-Lemos et

al. (2011) connected risk management to the Uppsala internationalization model, and a recent interview study of Spanish SMEs concluded that internationalization risks are not an impediment to international activity; it is the way SMEs manage them that improves performance (González Calzadilla et al., 2022). Yet research that places risk management at the center of SMEs' international digital marketing strategy remains scarce. Existing studies tend to examine either the benefits of digital marketing for internationalization or the risks of internationalization in general, while the link between the two is left implicit.

This study addresses that gap. It aims to (1) identify the main risks SMEs face when marketing internationally through digital channels, (2) analyze how risk management contributes to the success of such strategies, and (3) propose a practical risk management framework suited to SME resources. The article is intended for researchers of SME internationalization and for SME owners, particularly in emerging economies such as Indonesia, where micro, small, and medium enterprises (UMKM) are increasingly encouraged to enter export markets through digital means.

LITERATURE REVIEW

Risk Management in SMEs

Risk management is a systematic process of identifying, analyzing, evaluating, treating, and monitoring risks so that organizational objectives can be achieved. ISO 31000:2018 describes it as an iterative process that should be integrated into governance, planning, and decision-making and adapted to the organization's context (International Organization for Standardization [ISO], 2018). The COSO framework similarly links enterprise risk management to strategy and performance rather than treating it as a separate control function (Committee of Sponsoring Organizations of the Treadway Commission [COSO], 2017). For SMEs, the main challenge is applying these principles with limited resources. González Calzadilla et al. (2022) describe a process of risk identification, evaluation, treatment, implementation, and continuous control, and note that SMEs can choose among accepting, transferring, avoiding, or mitigating risks depending on their capabilities.

Digital Marketing and SME Internationalization

Digital marketing refers to the use of digital channels and technologies, together with the measurement of their results, to reach and retain customers (Chaffey & Ellis-Chadwick, 2019). Classical internationalization theory by Johanson & Vahlne (1977) held that firms enter foreign markets gradually as they accumulate experience and knowledge, while the international new venture and born-global perspectives showed that some small firms operate across borders almost from inception. Recent evidence on born-global SMEs, including a sample of 280 Indian firms, continues to investigate what drives such early internationalization (Chishty et al., 2025). Digital marketing shortens the path to foreign customers, but it also shortens the learning period, which raises the likelihood of costly errors.

Recent studies show how digital channels shape this process. Hu et al. (2024), in a multiple-case study of Italian wine SMEs entering China, found that knowledge and learning on digital platforms flow in both directions through interactions among firms, consumers, and other stakeholders, activating consumer education and knowledge sharing. Chang et al. (2024), studying Taiwanese SMEs with a mixed-methods design, identified international entrepreneurial orientation, international social media capability, and international market knowledge capability as antecedents of international branding capability and brand strategy, which in turn enhance international performance. Mmadubuko et al. (2025) add that

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innovation capability, market knowledge, relational capital, and institutional context mediate or moderate the success of global marketing strategies.

Risks in International Digital Marketing

The literature suggests at least six groups of risk. Market risks include misjudged demand, cultural differences, and lack of knowledge about foreign customers. Financial risks include exchange-rate movements, tariffs, and non-payment; interviews with Spanish SMEs highlighted exchange-rate risk, tariffs, demand fluctuations, and customer non-payment among the economic risks they faced (González Calzadilla et al., 2022). Operational risks cover capacity and delivery problems. Legal and regulatory risks include product standards, labeling, and data rules, which the same interviewees regarded as the most difficult to overcome. Cyber and data risks form a distinct category in SME research (Bahmanova & Lace, 2025). Finally, platform dependence is a structural risk, because the benefits of commercial platforms are conditioned by firms' own digital capabilities (Zhang et al., 2025).

Research Gap

The reviewed studies treat digital marketing and risk management largely in parallel. Studies of digital internationalization explain how SMEs gain knowledge and capabilities (Chang et al., 2024; Hu et al., 2024), whereas risk-oriented studies explain how SMEs cope with internationalization in general (González Calzadilla et al., 2022). An integrated view of how risk management contributes to the success of SMEs' international digital marketing strategies is still missing. This article contributes a synthesis of that relationship and a conceptual framework that can be tested empirically.

METHOD

This study uses a qualitative, descriptive approach based on a narrative literature review. The review draws on journal articles and proceedings identified through Google Scholar and publisher platforms (Emerald Insight, MDPI, ScienceDirect, and SAGE) using combinations of the keywords risk management, SMEs, digital marketing, internationalization, born global, and cyber risk. Inclusion criteria were: (1) publication between 2022 and 2025, (2) a focus on SMEs, and (3) direct relevance to internationalization, digital marketing, or risk. Nine recent studies met these criteria and form the core evidence base (Table 1). Foundational works on internationalization theory and risk management standards were added to provide theoretical grounding.

Analysis followed three steps: (1) data reduction, by extracting each study's context, design, and findings; (2) categorization of findings by type of risk and by the function risk management performs; and (3) synthesis, in which the categories were combined into a conceptual framework. Because the study uses secondary data, its findings are conceptual and should be validated with primary data. The treatments listed in Table 2 and the framework in Table 3 are the authors' synthesis of the reviewed evidence and are not claims made by the individual studies.

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Table 1. Core studies included in the review

Study	Context and design	Relevance to this article
González Calzadilla et al. (2022)	Sixteen interviews with internationalized Spanish SMEs	Risk identification, treatment, and control; digital marketing as a response to technological risk
Bargoni et al. (2024)	Systematic review of SME digitalization and internationalization	Research agenda linking digitalization and internationalization
Hu et al. (2024)	Multiple-case study of Italian wine SMEs in China	Platform interactions, knowledge sharing, and consumer education
Chang et al. (2024)	Mixed-methods study of Taiwanese SMEs	Social media and market knowledge capabilities, brand strategy, and performance
James & Inyang (2024)	Cross-sectional survey of Nigerian agricultural SME exporters	Effects of social media, email, search engine, and mobile marketing
Chishty et al. (2025)	Empirical study of 280 Indian SMEs	Determinants of born-global SME internationalization
Zhang et al. (2025)	Study of digital platforms and internal digitalization	Platform collaboration versus internal digital capability
Mmadubuko et al. (2025)	Literature review of global marketing strategies	Strategy orientations, mediators, and moderators
Bahmanova & Lace (2025)	Systematic review of 71 peer-reviewed articles	Classification of SME cyber risks

Source: Authors' compilation (2026).

RESULTS AND DISCUSSION

Risk Profile of SME International Digital Marketing

Synthesis of the reviewed studies yields seven risk categories relevant to SMEs that market internationally through digital channels (Table 2). The categories are not independent. For example, a campaign aimed at the wrong market (market risk) wastes budget (financial risk), and a platform policy change (platform risk) can interrupt sales and delivery commitments (operational risk). This interdependence is the main reason risk management must be applied to the marketing strategy as a whole rather than to individual activities.

Table 2. Risk categories and illustrative treatments in international digital marketing

Risk category	Illustrative manifestation	Illustrative treatment
Market	Wrong market choice, cultural mismatch, limited knowledge of foreign customers	Market studies, pilot campaigns, local partners or agents
Financial	Exchange-rate movements, tariffs, wasted advertising spend, non-payment	Advance payment, credit insurance, screening of customers, budget caps
Operational	Demand beyond production or delivery capacity	Capacity planning, alternative logistics providers, realistic delivery promises
Legal and regulatory	Product standards, labeling, data protection rules in the destination country	Early regulatory checks, specialist advice, compliant product adaptation
Cyber and data	Account takeover, payment fraud, customer data leakage	Multi-factor authentication, secure payment providers, backups, privacy policy
Platform dependence	Algorithm or policy changes, reliance on a single marketplace	Channel diversification, own website and customer list
Reputation	Negative reviews, cultural missteps in content	Response protocols, localized content review

Source: Authors' synthesis based on González Calzadilla et al. (2022), Bahmanova and Lace (2025), and Zhang et al. (2025).

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Risk Management as a Basis for Market-Entry Decisions

Risk assessment before entry helps SMEs choose markets that fit their capacity rather than markets that merely look large. In the Spanish interview study, firms studied tariffs before choosing destination markets and avoided countries where duties made trading unaffordable; many concentrated on markets where regulatory and currency risks were lower (González Calzadilla et al., 2022). Digital collaboration can reduce risk further. Hu et al. (2024) report that collaboration with local digital partners lowers the vulnerabilities associated with being new to a market and can reduce managers' risk perceptions, and that interaction on digital platforms reduces the perceived psychic distance between firms and foreign consumers. These findings are consistent with the Uppsala logic of staged commitment and with the view that risk management is part of the internationalization process (Figueira-de-Lemos et al., 2011). In practice, an SME can begin with one or two pilot markets, learn from customer responses, and expand only when risk indicators remain acceptable.

Protecting Marketing Budgets and Campaign Performance

Marketing budgets of SMEs are small, so each allocation error has a large effect. The reviewed evidence shows that effective digital marketing depends on capabilities that can be built incrementally: social media capability and market knowledge capability support international branding and brand strategy, which in turn improve performance (Chang et al., 2024; Arif & Windarsari, 2026; Windarsari & Arif, 2026). Risk management turns this into a controllable process: SMEs can run small pilot campaigns, set daily spending limits, monitor indicators such as cost per acquisition and conversion rate, and diversify across channels. The Spanish SMEs interviewed adjusted their digital approach to their resources, relying mainly on social networks when resources were scarce and adding search engine positioning when more resources were available (González Calzadilla et al., 2022). The survey evidence from Nigeria that several digital channels positively affect internationalization (James & Inyang, 2024) also supports channel diversification as a hedge against dependence on a single medium.

Safeguarding Reputation, Data, and Transactions

Because international digital marketing involves online payments and customer data, cyber and reputational risks cannot be separated from marketing performance. Bahmanova and Lace (2025) classify SME cyber risks into external threats, insider risks, data vulnerabilities, reputational and financial risks, emerging technologies, and operational weaknesses, and conclude that SMEs need sector-specific, proactive cyber resilience strategies. For an SME marketing abroad, this implies basic controls such as secure payment providers, multi-factor authentication, data backups, and a clear privacy policy, together with protocols for handling complaints and negative reviews. Reputation is especially important in foreign markets, where the brand is often unknown. The Spanish SMEs interviewed used international fairs and digital presence to build brand reputation and market share abroad (González Calzadilla et al., 2022; Dipoatmodjo et al., 2026), which suggests that reputation is built deliberately and must be protected once earned.

Reducing Platform and Regulatory Dependence

Two structural risks deserve attention. The first is platform dependence. Zhang et al. (2025) show that digital platforms provide critical resources for internationalizing SMEs and that commercial platforms, such as Alibaba and Amazon, can substitute for functions a firm has not yet developed internally; they argue that stronger internal digitalization changes how much SMEs rely on those platforms. For practitioners, the message is to treat marketplaces as accelerators rather than as the only route to customers, and to gradually build owned assets such as a website and a customer contact list. The second is regulatory

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change. Legal risk was perceived as the most difficult to overcome by the Spanish interviewees because legislation changes continuously and non-compliance can bring penalties that SMEs find difficult to afford (González Calzadilla et al., 2022; Riu et al., 2026). Regular monitoring of destination-country rules, and the use of agents or customers' knowledge to track them, therefore forms part of continuous risk control.

A Five-Stage Risk Management Framework for SMEs

Building on ISO 31000:2018, the process described by González Calzadilla et al. (2022), and the evidence above, this study proposes a five-stage framework adapted to SME constraints (Table 3). The framework keeps the core logic of ISO 31000, namely identification, analysis, evaluation, treatment, and monitoring, but compresses it into steps that an owner-manager can perform with simple tools such as a risk register and a likelihood-impact matrix. A key feature is stage 4, staged implementation, which links risk management directly to the Uppsala principle of learning through gradual commitment. The expected outcomes are conceptual: more informed market choices, lower wasted spend, fewer disruptions, and greater resilience, which together are expected to increase the success of the international digital marketing strategy. These propositions need empirical testing.

Table 3. Proposed five-stage risk management framework for SMEs' international digital marketing

Stage	Key activities	Expected contribution
1. Identify risks	List risks across market, financial, operational, legal, cyber, platform, and reputation categories for each target market and channel	Shared understanding of exposure
2. Assess and prioritize	Rate likelihood and impact; focus resources on the highest-rated risks using a simple matrix	Efficient use of limited resources
3. Treat risks	Choose to avoid, reduce, transfer (for example, insurance), or accept each risk	Lower probability or impact of losses
4. Implement in stages	Run pilot campaigns, set budget caps, expand only when indicators are acceptable	Controlled learning and budget protection
5. Monitor and adapt	Track performance and risk indicators, review regulations and platform changes, update the risk register	Resilience and timely adaptation

Source: Authors' synthesis based on ISO (2018) and González Calzadilla et al. (2022).

Implications and Barriers

For SME owners, the main implication is that risk management is a way to make international digital marketing decisions more deliberate, not an administrative burden. For support agencies and universities, training and mentoring that translate risk management into simple checklists and templates would make adoption more realistic, since SMEs often lack the time and expertise for formal systems (González Calzadilla et al., 2022). For researchers, the framework suggests testable relationships between the quality of risk management and indicators of international digital marketing success, such as cross-border sales growth, cost per acquisition, and customer retention. Several limitations apply. The review is narrative rather than a full systematic review, the evidence comes mostly from non-Indonesian contexts, and some conclusions are drawn from qualitative studies with small samples. These limitations call for primary research with Indonesian exporters.

CONCLUSION

This study examined the role of risk management in enhancing the success of SMEs' international digital marketing strategies. The literature suggests that risk management contributes by guiding market-

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entry decisions, protecting marketing budgets through staged experimentation, safeguarding reputation and data, and strengthening adaptation to platform and regulatory change. Evidence from recent studies indicates that internationalization risks need not prevent SMEs from going abroad when they are identified and managed (González Calzadilla et al., 2022), and that digital capabilities and platform strategies influence how SMEs build their international position (Chang et al., 2024; Zhang et al., 2025). The proposed five-stage framework provides a practical, low-cost way for SMEs to apply these ideas.

Future research should test the framework empirically, for example through surveys of Indonesian exporting SMEs analyzed with regression or structural equation modeling, or through multiple case studies of firms that sell abroad through marketplaces and social media. Longitudinal designs could examine whether stronger risk management precedes better international digital marketing performance. Support programs may also pilot the framework in training for UMKM entering export markets.

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