

STRATEGIES OF MICRO, SMALL, AND MEDIUM ENTERPRISES TO BE ABLE TO COMPETE IN THE INTERNATIONAL MARKET

Lely Ika Cahyani¹, Susilo Toto Raharjo²

Faculty of Economics and Business Diponegoro University, Semarang, Indonesia^{1,2}
cahyani.lely@gmail.com¹

PAPER INFO

Received: 02-03-2023
Revised: 25-03-2023
Approved: 15-04-2023

ABSTRACT

The development of the number of MSMEs that continue to increase every year is not directly proportional to the contribution of the country's export value. One of the low contributions of export value is influenced by MSMEs which are still having difficulty starting market expansion abroad. The purpose of this study is to find out the strategy of MSMEs to be able to internationalize and be able to compete abroad. This study uses qualitative methods using a phenomenological approach. Qualitative data was obtained through in-depth interviews with 3 MSMEs in Central Java that have successfully exported. The results showed that various things can affect the three MSMEs, namely by overcoming export barriers, receiving leverage from the government, and having competitive advantages to be able to successfully export and survive in the international market.

Keywords: MSMEs; Internationalization; Exports; Barriers; Competitive Advantage

INTRODUCTION

Based on the Policy Index Report on MSMEs in the Association of Southeast Asian Nations (ASEAN) in 2018 compiled by the Economic Research Institute for ASEAN and East Asia (ERIA) and the Organisation for Economic Co-operation and Development (OECD), ASEAN consists of ten member countries that collectively cover 4.49 million km² and accommodate 642.4 million people, have a large area and have a strategic location for a growth market. The development of Micro, Small, and Medium Enterprises (MSMEs) is an important pillar of regional integration efforts. Micro, small, and medium enterprises represent about 97-99% of the corporate population in most ASEAN countries. The existence of MSMEs in Indonesia can absorb a large enough and growing workforce and compete with companies that tend to have a large capital (Untari et al., 2019).

According to Maulana et al. (Maulana et al., 2020), the value of final income tax revenue contributed by MSMEs in 2014 was around Rp2 trillion using the assumption of MSME contributions of Rp3,000 trillion to GDP where the value of Rp2 trillion is still below the taxation potential of Rp30 trillion (1 percent of contribution to GDP). This is also supported by the research of Woźniak et al. (Woźniak et al., 2019) where the positive relationship between GDP and GDP components and the development of MSMEs in Poland and the European Union countries.

According to Zamberi Ahmad, the internationalization of MSMEs in Malaysia is a new research phenomenon (Falahat et al., 2020). Evidence obtained from developing countries is still very limited and has not been widely studied. In this regard, Ahmad further investigated the behavior of MSMEs in Malaysia that carry out international expansion through the market entry and development mode strategies, selection of target markets, problems and challenges faced as well as the main drivers that influence the international expansion process with research objects derived from businesses engaged in manufacturing, services, agriculture, construction, and other fields (Zamberi Ahmad, 2014).

Then Özşahin and Esmaeili Nooshabadi conducted research with the object of Turkish furniture entrepreneurs in the Bursa-Inegol region on 6 (six) MSMEs that have carried out the internationalization process. The background of the research is based on the development of furniture exports from the city of Bursa which is worldwide and has had significant growth in the international market in recent decades and identifies various processes that these MSMEs go

through to be able to carry out export activities. This research focuses on the internationalization theory model used by furniture entrepreneurs (Nooshabadi & Özşahin, 2017).

According to Knight (Knight et al., 2020), a research sample conducted on Small Medium, and Enterprise exporters in Norway succeeded in clarifying MSMEs in the face of limitations to compete optimally in the global market where there are substantial risks, uncertainties, and great opportunities. Entrepreneurial orientation was found to be the most fundamental driver in developing differentiation strategies. It directly influences differentiation strategies and also operates through international growth intermediation and international learning orientation. International growth and international learning orientation also directly drive differentiation strategies. The export excellence of SMEs and other contemporary international companies highlights the emergence of a diverse international business system in which every firm can succeed internationally.

Literature Review

Basic Concepts of MSMEs

MSMEs have the following characteristics: a) have a relative market share where MSMEs operate b) are managed by sole proprietors, groups, or families and there is no formal management structure c) have limited resources and limited access to capital markets d) investment and funding decisions are closely interrelated (Ekwere, 2016; Henschel & Durst, 2016).

The Concept of Internationalization of MSMEs

The process of adapting the company's operational activities such as strategy, structure, resources, and others to the international world where the focus of research is the company's processes and operations (Calof & Beamish, 1995). While according to Johanson and Mattsson (1988) is to develop a network of business relationships in other countries through expansion, penetration, and integration where the focus of research is on networks and relationships. In research conducted by Paul, J. there are other theories and models used in internationalization discussions, namely: 1) Network Approach 2) Born Global or International New Ventures (INV) Model 3) Resource-Based View 4) Antecedents of Export Venture Performance Model 5) Innovation-Oriented Internationalization Model 6) CPP Model 7) 7-P Framework For International Marketing (Saunila, 2020).

Them developing a classic theoretical typology entitled the Conservative, Predictable, and Pacemaker (CPP) model for companies to compete internationally and succeed in the era of globalization (Paul & Sánchez-Morcillo, 2019). Based on the perceived need for a new and novel framework for MSMEs and multinationals to conduct feasibility analysis before going international, developed a 7P framework that suggests that companies can accept performance in foreign markets only if they understand the different dimensions of 6P construction, such as Potential, Path, Process, Pace, Pattern, and Problems. Paul calls for using this framework in research that deals with enterprise-level data or using 3 or more case studies as part of the company's growth process (Paul & Mas, 2020).

MSME Competitive Advantage

The results of the study are entrepreneurial competence and business networks have a positive and significant influence on competitive advantage (Trihudyatmanto, 2019). According to Arsawan et al., MSMEs develop through innovation, creation, and knowledge sharing to create new products, and new services, and meet changing customer needs to maintain a sustainable competitive advantage (Arsawan et al., 2022).

Frame of Mind

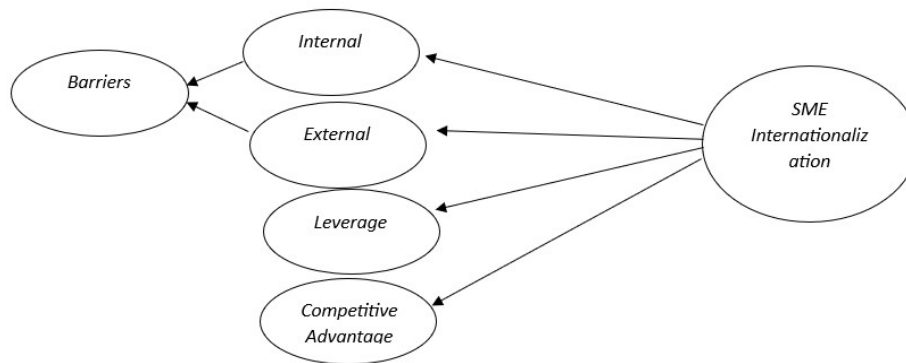


Figure 1
Research Mindset

(source: Processed secondary data, 2022)

RESEARCH METHOD

Data Types and Sources

The qualitative research method used in this study uses phenomenological methods where researchers capture the results of interviews about the symptoms of internationalization successfully experienced by informants (Sugiyono, 2017). Researchers see and hear closer and more detailed explanations through an individual understanding of the internationalization experience of MSMEs. Researchers collect data by conducting interviews. Interviews were conducted with 3 (three) informants. The interview process was conducted for approximately 1 (one) month.

The first interview with informant Naruna Ceramic, Mr. A was conducted on June 30, 2022, then the interview with informant Bengok Craft, Mr. B was conducted on July 8, 2022, and the third interview with informant Rorokenes, Mrs. C was conducted on July 28, 2022. Mr. A, Mr. B, and Mrs. C are the owners of the MSMEs. The list of questions is well structured and in line with the concepts of the research literature. Researchers asked each informant 39 questions.

Data analysis activities carried out in this study are as follows:

- 1) Data Reduction
- 2) Data Presentation
- 3) Drawing Conclusions

Measurement

Research Informant Profile

Table 1
Informant Profile

	Report 1 Mr. A	Report 2 Mr. B	Report 3 Mrs. C
Name of MSME	Naruna Ceramic	Bengok Craft	Rorokenes
Informant Position	CEO	CEO	CEO
Year of Company Establishment	2019	2019	2014
Number of Employees	150 people	25 people	20 people
Availability of Physical Stores Abroad	None	None	Exist, Singapore

(Source: Processed primary data, 2022)

RESULTS AND DISCUSSION

Informational Barriers

Initial questions regarding the limitations felt by MSME owners as export actors for information to find or analyze the market:

"There are no difficulties and easy to access. Searching through Instagram and social media, all the data is open."

"No. Currently a lot of information we get from the internet such as how to find buyers, then we can also learn from government programs such as PPE (Export Development Program), then from the Directorate General of National Export Development also teaches us to find international buyers, information and how to negotiate to deal at the time of export. Attending webinars is also a way to analyze the market."

From the answers of the informants, information for finding and conducting market analysis abroad is quite easy to obtain. Some data sources can be obtained by utilizing various sources such as webinars, online, and social media so that informants can access information easily. This can be interpreted as not an obstacle. Information to analyze the market is something that MSMEs must have to provide an overview or idea in identifying the market and reducing export risk.

Questions about international marketing data problems,

"Sometimes it is still confusing to map buyers who are interested in specific creations of water hyacinths in the fashion and craft category while in the HS Code, our products are still incorporated in code 4602, which is generally included in the types of bamboo fiber and natural fiber."

Among industrial classification systems, the Harmonized System (HS) Code is used during the process of exporting goods. The Harmonized System is a standard numerical method for classifying products traded, developed, and managed by the World Customs Organization in Brussels. The first six digits of the HS Code are codes used by all countries in the world, the numbers after which will be different, depending on the country of origin of the product. The determination of the HS Code affects the specific requirements, import duties, tariffs or taxes to be paid based on the destination country of export. Non-conformity in classifying products can lead to non-compliance penalties, border delays, product confiscation, or even denial of import rights.

Functional Barriers

The question of limitations in handling exports in terms of managerial time.

"No, because communication via email makes it easier for Naruna to select and expand market share and marketing strategies for export."

"Yes, Bengkulu Craft is still learning to design export marketing strategies. For example, the term of condition for each buyer in terms of production time for making goods so that it is necessary to adjust marketing strategies."

Informants have problems in terms and conditions in the production time of making goods and shipping goods so more effort in terms of time, resources, and energy is needed to overcome these obstacles. While when the author digs deeper into the informant regarding the next question, it states that MSMEs routinely hold workshops attended by other MSMEs where participants still have obstacles to marketing products domestically and abroad. On this question, management's perception of reliable human resources in handling exports is different, informants highlight trained human resources for export from the success of MSME human resources to train other MSMEs.

Questions regarding the development of new products for foreign markets.

"Most consumers will send the design and specs of the goods at the time of placing an order, then Naruna will send samples of goods to consumers."

"There is. There are two pathways, B2C (business to customer) or B2B (business to business). Usually, the B2B depends on the wishes of the buyer."

The informants stated that the development of new products would be accommodated if there was a demand from buyers. MSMEs owned by informants do not develop new products proactively but reactively when there is demand from buyers.

Questions regarding the adaptation of designs for exported products.

"Yes, if the buyer wants a certain design, Rorokenes will discuss it with the buyer so that the design can be accepted by the buyer. Rorokenes provides free samples/samples but for air freight, it is borne entirely to the buyer."

Image design adaptations for their export products but for others added special attention to the cost of shipping samples of goods and the similarity of perception with buyers.

Questions about specific standards/specifications for export products,

"There is. There is a requirement for the content of raw materials, namely, lead / lead must not exceed a certain percentage. Each country has different standards, for MSMEs like us avoid export destination countries that have many requirements and are complicated. India, Singapore, Qatar are the favorite export destinations."

"Domestic goods standards/domestic goods qualifications must be able to enter export qualifications. By the established HS Code. As one example of Australia, there is a special standard, namely the thickness of leather raw materials."

The informants stated that the export products of each MSME tried to meet the export standards of the destination country and export standards determined by the government.

Questions about packaging/labeling requirements for export products.

"In the past, we still used cardboard files for product delivery, but now Bengok Craft has customized packaging because there is a maximum limit for shipping goods, which is 30kg so additional charges are not charged."

The information said that the packaging and labeling that had been running were what was requested by the buyer and destination country.

Questions regarding the treatment of overseas customers for after-sales service.

"Naruna reimburses 100% if there is a broken item when the goods arrive by taking a photo of the product when it arrives and contacting Customer Service/PIC Naruna."

"There are no export sales yet, but if there is such an incident, Bengok Craft will provide online guidance for product repair, for example, if the product is moldy, it will be given guidance to eliminate mold on the product. Then we also offer discounts or free products for future purchases."

From the answer above, informants who offer after-sales service in the event of damage to goods at the time of receipt in terms of packaging goods and warranty. While other informants also offer after-sales service in terms of price cuts and free products in subsequent purchases.

Questions about price satisfaction felt by overseas buyers.

"For the price, fair trade. Bengok Craft has retail, reseller, wholesale, and export prices. Export prices are lower than offered."

From this question, informants agree that the prices offered by their MSMEs have achieved customer satisfaction. So that there are benefits that can be obtained for each MSME, which can be in the form of customer loyalty and increased sales volume.

Questions about price adjustments with competitors.

"It can still compete with existing prices in the international market. Especially for products in the fashion and handcrafting categories. If export commodities such as boxes from Vietnam still cannot compete, therefore Bengok Craft comes out of the price war and enters the innovation war."

From this question, the price of MSME products does not adjust to competitors because it depends on the quality they have. For the price of MSME export products owned

Questions regarding sales services in installments to overseas customers.

"For purchases through the website, you can go through a credit card. However, for large purchases, you can use a letter of credit, but most use TT."

Financing export sales can also pose problems for small companies, either because of a lack of funds to sustain the business or because of the fear that some customers will turn into bad debtors. In general, informants choose less risky payment methods.

Questions about the complexity of export sales distribution channels.

"There is, in terms of the controlling system of the number of products abroad. For domestic sales, goods can be controlled every three months while for overseas sales only by the trust with partners or partners who are abroad. Poor controlling can lead to miscalculation of goods."

A distribution channel is a channel that includes all individuals and institutions working to make goods get to consumers from producers without interruption. Thus distribution channels help in

the movement of goods in their original form from producers to consumers. The parties involved in sales distribution are manufacturers, agents, wholesalers, retailers, and customers. Questions about access to export sales distribution channels.

"When exhibiting abroad, distribution channels can be accessed well because Bengok Craft gets feedback directly from the consumers concerned and the goods can be directly in the hands of buyers without intermediaries. However, if the goods are entrusted to government agencies abroad, access to sales distribution channels depends on the promotional activities of these agencies."

"The distribution channel depends on choosing B2B or B2C. Usually, B2C does not buy into parties much, but B2B is another matter. The distribution channels for both are still accessible."

Exporters are sometimes faced with the problem of gaining access to distribution channels in certain foreign markets. Some ways to bypass this problem are to use established systems by other exporters selling complementary goods, by seeking help from export management companies, or by creating direct distribution channels (depending on the availability of company resources and foreign market prospects).

Questions about offline stores/ representative outlets abroad.

"Bengok Craft through the MSME exhibition held by government agencies collaborates with the DIASPORA in Singapore with a consignment system. Bengok Craft also conducts offline sales for a certain period in Japan and Dubai in the framework of international MSME exhibitions."

"Yes, Rorokenes has a representative outlet in Singapore."

One of the main challenges exporters face is getting reliable representation abroad. This is because it is very difficult to find foreign representatives who will meet the structural (coverage area, financial strength, physical facilities), operational (product assortment, logistics arrangements, warehouse facilities), and behavioral (market reputation, government relations, cooperative attitude) requirements of exporters. Even if these requirements are met, likely, the representative is already engaged with the competitor, either because of early entry into foreign markets or because of a more attractive credential offer in reaching a distribution deal.

The question is control over the foreign middleman.

"There used to be foreign middleman offers but not deals. For now, Naruna has no foreign middleman."

"Usually there is already a contract that binds both, between rorokenes and agents."

Geographical and cultural distance means exporters have less control over intermediaries in foreign markets. One way to address this problem is to offer certain incentives, such as competitive profit margins, market research assistance, and adequate credit extension, which are not easily found among smaller companies. It is also important to improve communication relations, especially in the form of frequent personal visits to foreign markets.

Questions about inventory in offline stores/overseas outlets.

"There are no goods inventoried abroad because they do not have outlets in export destination countries."

"The ordering system that is usually offered is to provide a ready stock product catalog and provide goods with a consignment system."

Selling goods across national borders can also cause problems in adequately supplying foreign markets. Transportation delays, fluctuations in demand, and unforeseen events can create a scarcity of a company's products abroad.

Questions regarding warehousing conditions abroad.

"There are still no warehousing facilities because the production capacity is still unable to produce large quantities of goods."

"Warehousing is well managed because it has been managed by agents."

Finding adequate warehousing facilities overseas is essential in securing a constant flow of products to the host market, achieving timely delivery, and in maintaining product quality at a

high level. However, in some overseas markets, there is no warehouse to store the company's products nor proper installation to maintain their quality.

Questions about shipping costs or export insurance costs.

"For shipping costs, the volume of goods is constrained when sent individually because sometimes goods weighing 1kg are charged a shipping fee of 2kg because they exceed the volume of the expedition. Delivery uses certain delivery services and there are special rates for MSMEs because there are discounts. Shipping and insurance costs also if there is an excess of these costs are borne by the buyer."

"Rorokenes memberlakukan Freight on Board (FOB)."

Free on Board (FOB) is a shipping term that specifies the point in the supply chain when the buyer or seller is responsible for the goods being transported. A purchase order between a buyer and seller determines FOB terms and helps determine the cost of ownership, risk, and transportation. The seller and buyer transactions specify the FOB terms in the purchase order. FOB status does not determine ownership, which is specified in the bill of sale or agreement between buyer and seller, but determines which party is responsible for the shipment, whether at the place of origin, where the shipment begins or at the destination, and or where the shipment ends.

Questions about MSME export promo activities.

"Promotional activities are going well. Various promotional channels from Instagram, Shopee, Website, and TikTok are encouraged to attract buyers."

"For export sales, most buyers access the Bengok Craft website so that many promotional activities in the form of product manufacturing activities, water hyacinth issues, training to residents, and rawa opening are posted on the website. Through this page, customers from various parts of the world can find out about the ongoing activities of Bengok Craft. Bengok Craft also prepared the Global Report Initiative, in which there is a company profile with sustainability issues that have an impact on the environment."

Of the elements of the promotion mix, advertising requires special attention, as it usually takes up the lion's share of the promotional budget.

Procedural Barriers

Questions about export procedures or documentation that have been running.

"In 2020, when participating in the Indonesian Export Trade, there was an exhibition where foreign buyers were brought in, that's when Bengok craft began to learn to export. For now, it has begun to understand the export procedure and continues to be improved."

"European countries and Australia require special attention to export documents. Standard documents, for export usually use air cargo, print lists, invoices."

Informants for exports that have been running have been able to understand export procedures well although they must pay special attention to certain export destination countries.

Questions regarding debt collection for export sales.

"The payment has not been paid off, the goods will not be sent by Rorokenes. The buyer has deposited in advance."

From the answers of the informants, it can be stated that the informants do not have uncollected debts because the goods are sent after they are paid in full by the buyer.

Questions regarding the government's attitude towards export activity.

"In terms of participation in several exhibitions, there are agencies that help Naruna to be included in curating products for export so that Naruna can promote better."

Based on the informants' answers, the government supports MSME export activities. The support provided is not in the form of incentives but to MSME assistants. Export product curation and capacity-building activities held by the government help MSMEs market products abroad.

Questions regarding export regulations from the current government.

"For exports in large capacities, there are still several regulations that are considered still quite hampering for MSME actors. For example, a Disney License on one of the export requirements in a particular market is very difficult to obtain at MSME factories in Indonesia compared to factories in China. The requirements of the Disney License adopt the rules of the country of origin where the regulations in China are quite simple. While permits for factories in

Indonesia, several permits are considered still not facilitating the MSME export process, for example, factory employee seats must have a backrest if this is not fulfilled then one of the licenses cannot be given."

Although the regulations set by the government are generally enough to help MSME export activities run smoothly, at a certain level of production capacity, and for certain permits, government regulations still do not help MSMEs fully.

Questions regarding the behavior of overseas customers.

"Overseas consumers when buying products for the first time are still in the introductory stage by learning what hyacinths are and they can accept the prices offered by Bengok Craft well. In addition, the attitude of foreign buyers can still be handled by Bengok Craft well."

Buyers from various countries have characteristics of nature and level of understanding, income level, and education level so that there is a possibility that buyer behavior when interacting with informant MSMEs will be different from domestic buyers. However, on this question, all informants agree that the behavior of returners from outside countries can still be handled properly by informant MSMEs, there are even terms and conditions that must be obeyed by foreign buyers if they want to make transactions with informant MSMEs.

Questions about overseas competition with competitors.

"Vietnam, China, Thailand for home décor and furniture products are superior, therefore Bengok Craft takes water hyacinth product innovations with product results in the form of fashion and hand craft. Although the market competition is very tight, bengok craft can survive well. In terms of price, Bengok Craft still cannot compete well but in terms of products, Bengok Craft is superior to other supplier countries."

Fierce competition in foreign markets is a complex and dynamic process that requires companies to be flexible, adaptable, and innovative to succeed. Informants agree that competition in foreign markets is fierce.

Environmental Barriers

Questions regarding the export conditions of the intended country's economy.

"Economic conditions in export destination countries have not greatly affected export sales, but if there are unfavorable economic conditions, Bengok Craft will enter other export destination countries."

Foreign markets may not be attractive to MSME export players due to poor or deteriorating economic indicators. This if it occurs continuously can erode real domestic purchasing power and can negatively affect consumer behavior. However, from the answers of the informants, the economic conditions of MSME export destination countries that have been running are generally good. MSME players choose export destination countries that support the export sales transaction climate of MSME products.

Questions regarding the risk of exchange of the currency value of the intended export country.

"Follow the rate applicable at the time of payment and payment is denominated in dollars."

"The transaction has been paged in advance. The value of the contract currency is when there is an agreement/agreement with both parties. The currency used is the US Dollar."

Currency exchange rate risk can have a significant impact on the profitability of export business. To mitigate this risk, businesses can use various strategies, such as hedging, to protect themselves from currency fluctuations. Hedging involves using a financial instrument, such as a futures contract, option, or futures contract, to lock in a specific exchange rate for future transactions. The three informants have prevented the risk of foreign exchange in various ways such as by increasing sales margins and hedging through contracts with buyers.

Questions about the condition or political stability of the intended export country.

"Rorokenes chose export destination countries that have no conflict or minimal conflict and ambiance is almost similar to Indonesia and above Indonesia."

Political instability can give rise to uncertainties, risks, and disruptions that can affect the success of a business's export operations. These factors can disrupt supply chains, delay shipments, increase costs, and reduce product demand. To mitigate these risks, export businesses should

conduct a thorough analysis of the political environment in the target market. This analysis should include an assessment of the stability of the government, regulatory framework, and legal system. Questions about the regulations or regulations of the intended export country.

"Some countries, for example, America, have not been able to become export destination countries due to strict regulations. Naruna chooses countries with regulations that can be fulfilled so that export/sales can be carried out to destination countries."

These rules and regulations are designed to protect the domestic market, promote fair competition, and ensure product safety and quality. These regulations can vary greatly from country to country, and failure to comply with such regulations can result in fines, penalties, or even legal action.

The informants choose export destination countries with export-import regulations and regulations that can be accommodated to facilitate the export process.

Questions about tariff barriers and non-tariff barriers in the destination export country.

"ASEAN countries and Japan do not impose any taxes because there is already a bilateral agreement. For countries outside the agreement, if there are obstacles in the form of tariff barriers, it will be borne by the buyer."

The informants stated that if there are such obstacles, the buyer will bear the cost or handling of the documents. While other informants choose not to stop by countries that have high tariff and non-tariff barriers which are considered to hinder the export process of informant MSME products. Questions about adapting business practices in the intended export country.

"By studying the rules and regulations in the intended export country, Bengok Craft is still learning to adapt to business practices."

Foreign business practices refer to the customs, norms, and expectations of doing business in a foreign country or culture. These practices can vary greatly from country to country and can have a significant impact on the success of international business operations. MSMEs can focus on building cultural competence among their employees, providing training and resources to help them understand and adapt to foreign business practices.

Leverage

One of the leverages provided by the government is the export promotion program. These programs are aimed at increasing exports and expanding international market access for local businesses, which in turn can boost economic growth and create jobs (Waskito Edy, 2021). From interviews conducted with informants, the following are export promotion programs facilitated by the government:

- a. Missions and trade shows: Governments can host missions and trade shows, which allow businesses to showcase their products and services, network with potential partners and customers, and gain insight into new markets.
- b. Export training and education: Governments can offer training and education programs to help businesses develop the knowledge and skills necessary to succeed in international trade. The program may cover topics such as export regulations, logistics, and cultural considerations.

Competitive Advantage

Competitive advantage in exports refers to factors that enable an MSME to sell goods or services in the international market at a lower cost, higher quality, or with unique features that are not easily replicated by competitors. Having a competitive advantage in exports is crucial for MSMEs to succeed in global trade, as it allows them to differentiate themselves from competitors and gain a larger market share (Sulistyawati et al., 2018).

CONCLUSION

Phenomenological qualitative research aims to explain what strategies must be owned to be able to compete in the international market in MSMEs that have been running. Data is obtained by conducting interviews with the CEO of each MSME who has the experience and has succeeded in exporting production products on an ongoing basis.

Based on the results of the study, it can be concluded that: a) Naruna Ceramic, Bengok Craft, and Rorokenes are able to read international market data so as to identify export destination

countries or potential buyers who are interested in MSME products; b) Reliable human resources in handling exports and communicating with prospective buyers as well as capital adequacy have made the three MSMEs able to export well until now; c) Product differentiation where buyers can provide product designs and specifications and / or product customization accommodated by Naruna Ceramic, Bengok Craft and Rorokenes makes these MSMEs have added value in the eyes of buyers; d) The prices offered by Naruna Ceramic, Bengok Craft, and Rorokenes are in accordance with the intended market segmentation because there are no complaints from buyers and in accordance with the agreement between MSMEs and buyers; e) Product distribution is also going well because although Naruna Ceramic and Bengok Craft do not have representative stores in export destination countries, the two MSME products can reach buyers well; f) Shipping costs and insurance costs are also well managed so that Naruna Ceramic, Bengok Craft and Rorokenes have no problems during sales transactions; g) Various kinds of promotions are carried out by the three MSMEs, ranging from participating in exhibitions of MSME products abroad held by the government and online promotions to reach buyers abroad. H) Naruna Ceramic, Bengok Craft, and Rorokenes can handle export procedures well, this is evident from the obstacles when exports can be handled by the three MSMEs. I) Naruna Ceramic, Bengok Craft, and Rorokenes choose export destination countries that have stable economic and political conditions so that the three MSMEs can accommodate the regulations required by export destination countries. J) The leverage provided by the government is enough to help Naruna Ceramics, Bengok Craft, and Rorokenes to expand the international market. K) Naruna Ceramics, Bengok Craft, and Rorokenes have the advantage of competing with competitors abroad so that they can survive in foreign markets well.

REFERENCES

- Arsawan, I. W. E., Koval, V., Rajiani, I., Rustiarini, N. W., Supartha, W. G., & Suryantini, N. P. S. (2022). Leveraging knowledge sharing and innovation culture into SMEs sustainable competitive advantage. *International Journal of Productivity and Performance Management*, 71(2), 405–428. [Google Scholar](#)
- Calof, J. L., & Beamish, P. W. (1995). Adapting to foreign markets: Explaining internationalization. *International Business Review*, 4(2), 115–131. [Google Scholar](#)
- Ekwere, N. (2016). Framework of effective risk management in small and medium enterprises (SMESs): a literature review. *Bina Ekonomi*, 20(1), 23–46. [Google Scholar](#)
- Falahat, M., Ramayah, T., Soto-Acosta, P., & Lee, Y.-Y. (2020). SMEs internationalization: The role of product innovation, market intelligence, pricing and marketing communication capabilities as drivers of SMEs' international performance. *Technological Forecasting and Social Change*, 152, 119908. [Google Scholar](#)
- Henschel, T., & Durst, S. (2016). Risk management in Scottish, Chinese and German small and medium-sized enterprises: a country comparison. *International Journal of Entrepreneurship and Small Business*, 29(1), 112. [Google Scholar](#)
- Knight, G., Moen, Ø., & Madsen, T. K. (2020). Antecedents to differentiation strategy in the exporting SME. *International Business Review*, 29(6), 101740. [Google Scholar](#)
- Maulana, S., Fitrianingrum, A., Satya Damara, A., Astri Quinta, E., Puspita Sari, E., Hariputra, K., Ilham Mu'arief, M., Ayuningrum Zuti, U., & Raharjo, T. (2020). Ekspor Dan Impor Barang Serta Perpajakan Bagi Pelaku Usaha UMKM. *Dinamisia : Jurnal Pengabdian Kepada Masyarakat*, 4(1). [Google Scholar](#)

- Nooshabadi, J. E., & Özşahin, M. (2017). Internationalization process and entry strategy of Turkish furniture SMEs: Bursa-Inegol sample. *İşletme Araştırmaları Dergisi*, 9(4), 820–836. [Google Scholar](#)
- Paul, J., & Mas, E. (2020). Toward a 7-P framework for international marketing. *Journal of Strategic Marketing*, 28(8), 681–701. [Google Scholar](#)
- Paul, J., & Sánchez-Morcilio, R. (2019). Toward A New Model For Firm Internationalization: Conservative, Predictable, and Pacemaker Companies and Markets. *Canadian Journal of Administrative Sciences / Revue Canadienne Des Sciences de l'Administration*, 36(3), 336–349. [Google Scholar](#)
- Saunila, M. (2020). Innovation capability in SMEs: A systematic review of the literature. *Journal of Innovation & Knowledge*, 5(4), 260–265. [Google Scholar](#)
- Sugiyono. (2017). Metode Penelitian Kuantitatif, Kualitatif, dan R&D. In *Alfabeta*. Alfabeta. [Google Scholar](#)
- Sulistiyawati, A. I., Indarto, I., & Saifudin, S. (2018). Beberapa Faktor yang Mempengaruhi Keunggulan Bersaing pada UMKM Handycraft di Semarang. *Prosiding Seminar Nasional Unimus, 1*. [Google Scholar](#)
- Trihudyatmanto, M. (2019). Membangun Minat Berwirausaha Mahasiswa Dengan Pengaruh Faktor E-Commerce, Pengetahuan Kewirausahaan dan Gender. *Jurnal Penelitian Dan Pengabdian Kepada Masyarakat UNSIQ*, 6(2), 93–103. [Google Scholar](#)
- Untari, D., Fajariana, D. E., & Ridwan, M. (2019). Preparing The Asean Economic Community (MEA) With The Development Strategy Of Small And Medium Enterprises (UMKM) To Get Business Credit In Kelurahan Cibaduyut Bandung. *International Journal of Economics, Business and Accounting Research (IJEBAR)*, 3(03). [Google Scholar](#)
- Waskito Edy, C. (2021, November 2). *Bank Indonesia Jateng Dorong UMKM Masuk Pasar Eropa*. *TribunJateng.Com*.<https://jateng.tribunnews.com/2021/11/02/bank-indonesia-jateng-dorong-umkm-masuk-pasar-eropa?page=all> [Google Scholar](#)
- Woźniak, M., Duda, J., Gaşior, A., & Bernat, T. (2019). Relations of GDP growth and development of SMEs in Poland. *Procedia Computer Science*, 159, 2470–2480. [Google Scholar](#)
- Zamperi Ahmad, S. (2014). Small and medium enterprises' internationalisation and business strategy: some evidence from firms located in an emerging market. *Journal of Asia Business Studies*, 8(2), 168–186. [Google Scholar](#)