

Empowering Local SMes: Unveiling Mienat Indonesia's Motivations and Strategies for Global Success

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ABSTRACT

As the backbone of the national economy, SMEs hold immense potential to expand into international markets. The government's plan to elevate SMEs from domestic to international players underscores its commitment to empowering these businesses to reach a global audience. This qualitative descriptive study aims to explore the motivations driving SMEs to enter international markets and elucidate their internationalization strategies. Employing a case study approach, we delve into the experiences of Mienat Indonesia, a plant-based stick noodle brand venturing into the global snack industry. Interview transcripts were analyzed by segmenting them into units and explicating their connections to existing literature. The findings reveal a strong entrepreneurial spirit among SMEs, characterized by an international orientation and a firm commitment to expanding their businesses overseas.

INTRODUCTION

MSMEs are the backbone of the Indonesian economy, with a large contribution to GDP and job creation. According to data from the Ministry of Cooperatives and SMEs in 2024, the number of SMEs in Indonesia reached 83.3 million units, with details of 77.4 million micro-businesses, 5.5 million small businesses, and 400 thousand medium businesses. The contribution of MSMEs to GDP continues to increase, reaching 61.07% in 2023. This shows the crucial role of MSMEs in driving national economic growth (Kemenkop Ukm, 2024).

Apart from their economic contribution, MSMEs also play an important role in increasing productivity and employment. In 2023, MSMEs will absorb 97% of the total workforce in Indonesia. This means that MSMEs are a source of livelihood for millions of Indonesians. The success of MSMEs must be connected to government support through various programs and policies. One of them is the Community Economic Empowerment (PEN) program which allocates funds amounting to IDR 695.2 trillion to help MSMEs recover from the COVID-19 pandemic. With their large contribution and potential, SMEs are an important sector in realizing a sovereign and independent Indonesia. It is hoped that full support from the government and all related parties can continue to encourage the progress of MSMEs and make Indonesia a global economic power.

The government continues to strive to increase the competitiveness of MSMEs so they are able to compete in domestic and global markets. One of the efforts is through the SMESCO Indonesia program, which is run by the Ministry of Cooperatives and SMEs. SMESCO acts as a training and development center for MSMEs, as well as a commercial hub to encourage exports of Indonesian MSME products. According to data from the Ministry of Cooperatives and SMEs in 2024, the contribution of MSME exports to GDP reached 15.69%. Even though it is still lagging behind other ASEAN countries such as Malaysia and Thailand, the government is optimistic that the MSME export contribution target of 17% in 2024 can be achieved.

Efforts to increase the competitiveness of MSMEs are carried out through various programs, such as: improving product and packaging quality, increasing access to capital, increasing human resource capacity, developing marketing and promotions, and utilizing digital technology. The government also encourages MSMEs to utilize e-commerce platforms and global marketplaces to reach wider markets. Apart from that, the government is also collaborating with other countries to open new markets for Indonesian MSME products. With the various efforts made, it is hoped that Indonesian MSMEs can increase their competitiveness and be able to compete in the global market. This will support the achievement of Indonesia's vision as a developed country that is sovereign and independent (katadata, 2024).

The government continues to encourage the role of MSMEs in improving national export performance. An ambitious target has been set to increase the contribution of MSME exports from 15.7% in 2023 to 17% in 2024. This is certainly a challenge for MSME players to increase their own capacity, product, and service quality, as well as marketing strategies in international markets. Even though the contribution of MSMEs to national exports shows a positive trend, the figures are still behind compared to neighboring countries. Data from the Ministry of Cooperatives and SMEs shows that in 2023, the contribution of MSMEs to national exports will only reach 15.7%, compared to Vietnam, the Philippines and Thailand which reach 20% to 30%. Increasing the contribution of MSMEs to national exports is not only the responsibility of the government but also all stakeholders. Strong synergy and collaboration is needed between the government, business actors, academics and society to realize this target.

The government has made various efforts to encourage MSME exports, such as: simplifying business regulations and licensing, increasing access to financing, coaching and training for MSME players, developing export-supporting infrastructure, and promoting MSME products on the international market. With continued efforts and support from all parties, it is hoped that the target of increasing MSME exports can be achieved and make Indonesia a country with global economic strength originating from a strong and competitive MSME sector (bps, 2024).

In tight business competition, MSME players need to have smart strategies that focus on the entrepreneurial spirit. The importance of building strong networks and communities is the key to overcoming various challenges. The enthusiasm for growth continues to be encouraged by various parties, including the government, state-owned companies, universities, associations, and research institutions. This support is reflected in formal collaboration with MSMEs, such as through mentoring, training, and access to capital. Not only for the local market, this collaboration also focuses on the internationalization of MSMEs, by holding various competition events in the creative industry sector. As a result, various innovations have been created in various aspects of business. This research aims to discuss the phenomenon of "Local MSMEs Go Global: Exploring Motivations and Strategies for Going Global Markets", with the hope of understanding the factors that encourage MSMEs to expand globally and the strategies used.

THEORETICAL REVIEW

The government continues to encourage the role of MSMEs in improving national export performance. An ambitious target has been set to increase the contribution of MSME exports from 15.7% in 2023 to 17% in 2024. This is certainly a challenge for MSME players to increase their own capacity, product, and service quality, as well as marketing strategies in international markets. Even though the contribution of MSMEs to national exports shows a positive trend, the figures are still behind compared to neighboring countries

METHODOLOGY

This research uses a descriptive qualitative approach. The data collection method used was in-depth interviews to explore the experiences of respondents (MSME owners) in explaining their motivations and strategies for entering international markets. Participants in this research were selected using a purposive sampling technique, namely by selecting MSMEs that have an export market segment. Participants become subjects who provide information about the phenomenon being studied. This research is descriptive qualitative research using one subject. The subject is an MSME that produces instant noodles in the form of sticks made from vegetable ingredients. The research location is the place of data collection, namely in Sukorejo, Pasuruan. The subjects of this research were obtained from recommendations from relatives and friends to make data searching easier. Some of the criteria required are MSMEs that have the potential to expand overseas markets.



Figure 1 Mienat Product

Source: Indonesian "Mienat" Gallery, 2024

In this research, the participants chosen were Vegetable Noodle Sticks Mienat Indonesia, a MSMEs that produces instant noodles in stick form made from plant-based ingredients, which is pioneering market expansion abroad. ElectionYou mean Indonesia is based on several considerations, namely: a. Prospects for the food and beverage industry to continue to grow: According to data from the Ministry of Industry, the food and beverage industry will experience growth of 5.39% in 2023. This shows great potential for MSMEs in this sector to develop. B. Increased export value of food and beverage products: Ministry of Industry data shows that the export value of Indonesian food and

beverage products in 2023 will reach USD 23.36 billion, an increase of 12.51% compared to 2022. This shows a great opportunity for MSMEs to market their products to the international market. C. Product uniqueness and market potential: Mienat Indonesia offers unique and innovative instant noodle products using vegetable ingredients. This product has a large market potential abroad, especially in countries with increasing vegetarian and vegan populations. The data in this research was obtained through in-depth interviews lasting 60 minutes conducted by the researcher with the owner MSMEs Mienat Indonesia.

The research instrument used in this research is a structured interview guide. This interview guide contains questions related to the motivation and strategy of MSMEs in entering international markets. The research step began by inviting participants to take part in an in-depth interview session for 60 minutes. The main aim is to explore participants' experiences regarding the internationalization process of MSMEs. Interviews will be unstructured, allowing participants to spontaneously express their ideas, experiences, and views. The interview guide was prepared based on theories that are relevant to the concept of internationalization, which is the focus of the research. During this process, the researcher will take field notes that record all information related to participants' responses and experiences, including what they heard, saw, experienced, thought, and felt. Conversations during the interview will be recorded using a tape recorder and then transcribed.

To ensure validity and trust in the research results, the steps taken include extending observations, increasing persistence in research, discussions with colleagues, and member checks. The data analysis process involves organizing, elaborating, synthesizing, and drawing conclusions from data obtained from interviews, field notes, and documentation. This data analysis technique involves content analysis which was carried out immediately after the interview was completed, along with making data transcripts. This research was conducted by accordance with research ethics. Informed consent was obtained from participants before the study was conducted. Participants are also guaranteed the confidentiality of their identity and information.

RESULTS AND DISCUSSION

The results of this research highlight the motivation of MSMEs to export and the internationalization steps taken to enter foreign markets. From the results of interviews with two sources, several main themes related to export motivation and strategies implemented by MSMEs were revealed.

Export Motivation MSMEs "Mienat" Indonesia

According to Law No.17 of 2006 concerning Amendments to Law No.10 of 1995 concerning Customs, exports are defined as the activity of releasing goods from the Indonesian customs territory. In the context of this research, "Mienat Indonesia is motivated to export as a strategic step to enter new markets abroad apart from the domestic market. Based on the theory of Johanson and Vahlne (2009), there are two types of export activities that are commonly carried out: direct and indirect exports. Direct exports involve companies interacting directly with foreign parties without intermediaries, while indirect exports involve the use of third parties to assist the export process.

"Mienat" Indonesia chose to carry out indirect exports by collaborating with third parties, in this case related agencies. The main reason they choose this method is to get guidance and assistance in the export preparation process. With help from a third party, "Mienat" Indonesia can ensure that they have fulfilled all necessary requirements and procedures before exporting. The statement of the respondents of this study shows that "Mienat" Indonesia has taken advantage of the mentoring program provided by the relevant agencies to prepare itself thoroughly before entering the international market. This shows the commitment and seriousness of "Mienat" Indonesia to achieve its export goals.

Based on the results of the interview, the main motivation that drives "Mienat" Indonesia to step into the international market is a strong commitment to growth. Commitment is an indication that MSMEs have a strong international orientation. In the interview quote, it was stated: "Our motivation is to introduce healthy and environmentally friendly snacks, and provide an example for MSMEs to have the courage to expand markets abroad." "You mean" Indonesia emerged with a strong determination to introduce healthy and environmentally friendly snacks, not only to the local market but also to inspire other MSMEs to penetrate the global market. This high entrepreneurial spirit shows a strong commitment to international orientation for "Mienat" Indonesia.

Journey "Mienat" Indonesian shows that international market opportunities can be found in various ways. Initially, their focus was on producing snacks made from vegetables and fruit. However, by participating in various events and joining communities, they managed to meet consumers who have international networks. This opens up new opportunities for "Mienat" Indonesia to market its products globally. International orientation and entrepreneurial spirit are the characteristics displayed by "Mienat" Indonesia. Company owners have a tendency to view the market as a single unit which encourages them to sell their products abroad. The entrepreneurial spirit and commitment to sharing inspiration are the keys to the success of "Mienat" Indonesia in exploring global market opportunities.



Figure 2. ProductMSMEs Indonesian “Mienat”.

Source: Indonesian “Mienat” Gallery, 2024

Based on the results of interviews, another motivation for export activities is the uniqueness of the product. MSME Mienat Indonesia offers instant noodle products in various variants such as carrot noodles, spinach noodles, moringa noodles, purple sweet potato noodles and banana noodles. These products have been well received in the domestic market and MSMEs have ambitions to expand markets overseas. In an effort to develop new products, MSME Mienat Indonesia strives to continue to innovate and present product packaging that is attractive to various groups, by expanding the variety of flavors and ingredients used. With this unique product variety, Mienat Indonesia MSMEs have found added value advantages which have become the main attraction of their products in the international market.

Social Capital as a Strategy for Entering International Markets

In practice, companies cannot stand alone. To overcome the lack of resources, the company collaborates with other parties to support operational and export processes. For example, MSME Mienat Indonesia collaborates with large companies to place large orders or share machines and equipment. Based on interviews with sources, networks have an important role in entering international markets.

In network analysis, social capital is the basis of social relationships and interactions that understand the dynamics of companies' relationships with their stakeholders, both formally and informally. Companies that have high cohesiveness with other companies are proven to have better performance. Business networks are considered as an extension of companies to explore opportunities through social interaction with their stakeholders. Therefore, business networks are closely related to business growth.

According to the Internationalization Process Model from "Uppsala" (Johanson & Vahlne, 2009), building relationships with members in business networks, especially local networks, is important to obtain information and knowledge about the intended target market. As with *guanxi* networks, companies need networks to increase competitive advantage in various company internationalization activities. Research by Gunawan, Jacob, & Duysters (2015) shows that business networks seen from the number of ties a business has with several stakeholders can influence business performance or business internationalization.

Several studies, such as those conducted by Veronica, Manlio, Shlomo, Antonio, & Victor (2019); Xie & Amine (2009); and Zhou, Wu, & Luo (2007), prove that international social capital has an influence in improving business performance or business internationalization. Approaches to social capital can vary, as described by Urzelai & Puig (2019), who explain social capital in strong relationships between members in a network, where the relationships formed are based on a sense of ownership between members and high levels of trust and commitment to achieving goals together. Pinho and Prange (2016) understand social capital as the ability to establish relationships with key parties in international market success. In the context of entering international markets, the role of government, investors and suppliers is also important in opening international market access.

CONCLUSIONS AND RECOMMENDATIONS

MSME "Mienat" Indonesia, which is famous for its plant-based noodle stick products, plays an active role in the snack food industry with a specialty in instant noodles in stick form made from plant-based ingredients. Based on the results of interviews with MSME owners, the main motivation for expanding into global markets is a strong commitment to increasing international market coverage, as well as product innovation with special advantages that can be accepted in foreign markets. On their way to international expansion, these MSMEs utilize business networks to support the export process, including managing export documents, licensing, product delivery, and other aspects. This shows the proactive entrepreneurial spirit of business owners in penetrating international markets.

Various applicable steps can be recommended to support this MSME expansion strategy. First, companies can adopt e-commerce platforms that focus on marketing products in foreign markets, such as Alibaba or Shopee International. Furthermore, increasing participation in MSME exhibitions and competitions as well as joining communities related to MSME internationalization, can be effective steps. In terms of product innovation, MSMEs can improve their networking capabilities to manage good relationships with various related parties. This reflects the adaptable and progressive spirit of MSMEs “Mienat” Indonesia in facing global market challenges.

FUTHER STUDY

Still conducting further research to find out more about Empowering Local Smes: Unveiling Mienat Indonesia's Motivations And Strategies For Global Success.

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