

Unlocking Global Opportunities for Creative SMES: The Case of CV. Aura Sufa's Internationalization Journey

Evi Suwarni^{1*}, Baroroh Lestari², Ellyn Eka Wahyu³, Ika Kusumastuti⁴

Politeknik Negeri Malang¹²³⁴

evisuwarni@polinema.ac.id, baroroh.lestari@polinema.ac.id,

Ellyn.eka@polinema.ac.id, ikakususma@gmail.com

ABSTRACT

This research aims to identify the internationalization strategies adopted by UMKM CV. Aura Sufa, a small enterprise focused on food production, in entering global markets. A qualitative approach was employed, utilizing interviews and documentation to gather data over seven months, from March to October 2024. The study shows that internationalization of small-medium enterprises (SMEs) is achievable through strategic partnerships, product diversification, and governmental support, particularly through initiatives such as Export Center Surabaya. CV. Aura Sufa successfully penetrated the Taiwanese market by leveraging unique fruit-based products, which demonstrate the potential for local businesses to thrive globally. Key challenges faced include production capacity limitations and language barriers. The findings highlight the importance of continuous innovation and networking in sustaining international market presence. This research offers valuable insights for both practitioners and policymakers to enhance the competitiveness and sustainability of SMEs, helping to align strategies with future market trends and government policies.

Keywords: Internationalization, Creative Economy, UMKM, Export Strategy, Global Markets

ABSTRAK

Penelitian ini bertujuan untuk mengidentifikasi strategi internasionalisasi yang diadopsi oleh CV UMKM. Aura Sufa, usaha kecil yang berfokus pada produksi pangan, dalam memasuki pasar global. Pendekatan kualitatif digunakan, memanfaatkan wawancara dan dokumentasi untuk mengumpulkan data selama tujuh bulan, dari Maret hingga Oktober 2024. Studi ini menunjukkan bahwa internasionalisasi usaha kecil-menengah (UKM) dapat dicapai melalui kemitraan strategis, diversifikasi produk, dan dukungan pemerintah, terutama melalui inisiatif seperti Pusat Ekspor Surabaya. CV. Aura Sufa berhasil menembus pasar Taiwan dengan memanfaatkan produk berbasis buah yang unik, yang menunjukkan potensi bisnis lokal untuk berkembang secara global. Tantangan utama yang dihadapi termasuk keterbatasan kapasitas produksi dan hambatan bahasa. Temuan ini menyoroti pentingnya inovasi dan jaringan berkelanjutan dalam mempertahankan kehadiran pasar internasional. Penelitian ini menawarkan wawasan berharga bagi praktisi dan pembuat kebijakan untuk meningkatkan daya saing dan keberlanjutan UKM, membantu menyelaraskan strategi dengan tren pasar masa depan dan kebijakan pemerintah.

Kata kunci: Internasionalisasi, Ekonomi Kreatif, UMKM, Strategi Ekspor, Pasar Global

INTRODUCTION

Small and Medium Enterprises (UMKM) play a crucial role in Indonesia's economy, providing employment and contributing to local economies. However, expanding to international markets presents several challenges for UMKM, such as limited resources, lack of knowledge, and complex regulations. This research focuses on understanding the strategies that can help these enterprises succeed in global markets. The internationalization process involves not only business expansion but also adapting products and services to meet foreign market demands. In recent years, the creative economy has become an essential aspect of UMKM, contributing to their unique value propositions. Products rooted in cultural heritage, such as Indonesian crafts or culinary goods, have the potential to appeal to foreign consumers. The case study explored in this research is CV. Aura Sufa, a creative-economy-based enterprise producing and exporting fruit chips. This business showcases how UMKM can enter global markets by utilizing a combination of networking, government support, and product innovation. This paper aims to provide insights for both business owners and policymakers on strategies for internationalization.

By conducting this study, the researchers hope to identify factors contributing to the success of internationalization efforts and offer recommendations for future UMKM growth. The study will also highlight the role of partnerships between businesses and government initiatives in achieving export goals. Previous research has identified various factors that influence the success of UMKM in international markets. Networking capabilities, such as collaborations with export agencies and local governments, are critical in overcoming barriers to market entry. Studies by Paul et al. (2017) emphasize the importance of networking for building strategic alliances that open new market opportunities.

The concept of the creative economy has added a new dimension to UMKM growth. Products that emphasize originality and cultural heritage, such as culinary items and crafts, offer competitive advantages. The literature also suggests that creative products can attract a niche international audience seeking authentic and innovative goods. A significant challenge for UMKM is managing risks associated with international expansion. Complex regulations, fluctuating exchange rates, and logistical challenges require strategic planning. Literature indicates that businesses that invest in market research and seek government assistance are more likely to navigate these obstacles successfully. Government support programs play a crucial role in facilitating UMKM internationalization. In Indonesia, initiatives such as Export Center Surabaya provide technical assistance, market insights, and financial support to small businesses. This study builds on previous research to explore how CV. Aura Sufa leveraged such support to succeed in global markets.

METHODS

This study employs a qualitative approach, focusing on interviews and documentation to gather data. Interviews were conducted with key stakeholders at CV. Aura Sufa, including the business owner and operational managers, to understand their strategies and challenges. The research also involved analyzing internal documentation related to production, marketing, and financial management. Data collection took place over a period of seven months, from March to October 2024. This extended timeframe allowed for a comprehensive understanding of the business's performance in both domestic and international markets. The researchers also conducted site visits to observe the production process and assess operational efficiency.

The qualitative approach was chosen to gain deeper insights into the business's decision-making processes and the factors contributing to its success. This method also provided the flexibility to explore new themes that emerged during the research, such as the role of government support in facilitating exports. Data analysis involved coding interview transcripts and identifying recurring themes related to business strategies and challenges. The findings were then compared with existing literature to determine the alignment between theory and practice. This approach ensured the reliability and validity of the research outcomes.

RESULT AND DISCUSSIONS

The research findings indicate that CV. Aura Sufa adopted several key strategies to enter international markets. The company focused on product innovation by developing unique fruit chips that appeal to health-conscious consumers. The use of local ingredients, such as jackfruit and snakefruit, also provided a competitive edge. Networking was another critical factor in the company's success. CV. Aura Sufa collaborated with Export Center Surabaya, which provided guidance on market trends, product standardization, and export procedures. This partnership helped the business overcome initial challenges and gain access to international buyers.

The company's marketing strategy included leveraging e-commerce platforms and social media to reach a wider audience. This approach proved effective in promoting brand awareness and generating sales both locally and internationally. The research also highlights the importance of packaging and branding in attracting foreign customers. Despite its success, CV. Aura Sufa faced challenges such as limited production capacity and high shipping costs. The company plans to address these issues by investing in new equipment and exploring alternative shipping options. The findings suggest that continuous innovation and strategic partnerships are essential for sustaining growth in international markets.

The findings of this research indicate that the success of CV. Aura Sufa's internationalization lies in a combination of product innovation, strategic partnerships, and governmental support. These elements align with previous research on the importance of strategic collaborations and tailored innovation in driving SMEs' success in foreign markets. Product innovation, particularly the use of unique fruit-based products, has positioned CV. Aura Sufa competitively in the Taiwanese market. This approach confirms existing literature that highlights how product uniqueness can cater to niche markets and attract international buyers. The partnership with the Export Center Surabaya exemplifies how government intervention can mitigate challenges faced by SMEs, such as navigating export regulations and managing logistics. This finding reflects studies indicating that government support, such as training and financial aid, significantly enhances SMEs' resilience and international competitiveness.

Additionally, the research identifies language barriers and production capacity as key obstacles in the internationalization process. These challenges emphasize the need for continuous skill development and technological investment to increase productivity, in line with the literature on sustainable SME growth. The significance of these findings lies in their practical implications. They demonstrate that sustainable international growth for SMEs requires not only product innovation but also strategic alignment with government policies and international partners. The study also suggests that SMEs must maintain flexibility and adaptability to respond to market changes, ensuring long-term success in the global market.

CONCLUSION

This research confirms that internationalization strategies can serve as a vital solution for SMEs in scaling up their businesses and enhancing competitiveness in the global market. The case study of CV. Aura Sufa demonstrates that the success of SMEs' internationalization is highly influenced by product innovation, collaboration with strategic partners, and government support, such as services provided by the Export Centre Surabaya. Internal factors, such as product diversity and the use of local materials, provide a competitive advantage for SMEs. On the other hand, production capacity limitations and a lack of foreign language skills remain challenges that need to be addressed. E-commerce and social media-based marketing strategies have proven effective in expanding markets and increasing sales.

Government support, in the form of training and financial assistance, plays a crucial role in the internationalization process. It helps SMEs understand export regulations, standardize products, and overcome bureaucratic barriers. CV. Aura Sufa also shows that continuous adaptation to market changes is necessary to maintain growth and business sustainability in the global market.

Based on these findings, it is recommended that SMEs increase their production capacity through the adoption of modern technologies and strengthen networks with international partners. With the right strategies and sustained support, Indonesian SMEs have great potential to succeed in the global market.

REFERENCE

- Boso, N., Story, V., & Cadogan, J. (2013). Entrepreneurial orientation, market orientation network ties, and performance: Study of entrepreneurial firms in a developing economy. *Journal of Business Venturing*, 708-727.
- Brekke, T. (2015). Entrepreneurship and path dependency in regional development. *Entrepreneurship & Regional Development*, 202-218.
- Burlea-Schiopoiu, A., & Mihai, L. (2019). An Integrated Framework on the Sustainability of SMEs. *Sustainability*.
- Cabral, Â. M., Carvalho, F., & Ferreira, J. (2020). International Performance of SMEs' International Strategic Groups. *Administrative Sciences*, 1-24.
- Cahen, F., Lahiri, S., & Borini, F. (2015). Managerial perceptions of barriers to internationalization: An examination of Brazil's new technology-based firms. *Journal of Business Research*.
- Carneiro, Z. A., Fensterseifer, J., & Prevot, F. (2012). The influence of resources on the internationalisation process of cluster wine companies. *International Journal Business and Globalisation*, 30-48.
- Chen, H.-L., Tsung Hsu, W., & Yi Chang, C. (2014). Family Ownership, Institutional Ownership, and Internationalization of SMEs. *Journal of Small Business Management*, 771-789.
- Chetty, S., Ojala, A., & Leppäaho, T. (2015). Effectuation and foreign market entry of entrepreneurial firms. *European Journal of Marketing*, 1436-1459.
- Chung, H. F. (2012). Export market orientation, managerial ties, and performance. 29(4). Dabić, M., Maley, J., Dana, L., Novak, I., Pellegrini, M., & Caputo, A. (2020). Pathways of SME internationalization: a bibliometric and systematic review. *Small Bus Econ*, 705-725.
- Demeke, Y., & Tsoka, G. (2015). Internationalization drivers of small and medium-sized manufacturing enterprises in Ethiopia: the case of leather and leather products industry. *Problems and Perspectives in Management*, 32-42.
- Dhewanto, W., Nazmuzzaman, E., & Fauzan, T. (2020). Cross-Countries' Policies Comparison of Supporting Small and Medium-Sized Enterprises During Covid-19 Pandemic. *ECIE 2020 16th European Conference on Innovation and Entrepreneurship*. DOI: 10.34190/EIE.20.236.

- Fleury, A., Fleury, M., & Borini, F. (2012). Is production the core competence for the internationalization of emerging country firms? *International Journal of Production Economics*, 439-449.
- Fraccastoro, S., Gabrielsson, M., & Chetty, S. (2020). Social media firm specific advantages as enablers of network embeddedness of international entrepreneurial ventures. *Journal of World Business*.
- Hardani, Andriani, H., Ustiawaty, J., Utami, E., Istiqomah, R., Fardani, R., et al. (2020). *Metode Penelitian: Kualitatif dan Kuantitatif*. Yogyakarta: CV Pustaka Ilmu Group Yogyakarta.
- Hilmersson, F. P., & Hilmersson, M. (2021). Networking to accelerate the pace of SME innovations. *Journal of Innovation & Knowledge*, 43-49.
- Horrillo, M. A. (2020). Strategic Decisions to Enhance the Internationalization of the Performing Arts and Their Sustainability: The Case of Flamenco. *Sustainability*, 1-16.
- Huang, X., & Renyong, C. (2014). Chinese Private Firms' Outward Foreign Direct Investment: Does Firm Ownership and Size Matter? *Thunderbird International Business Review*, 393-406.
- Joensuu-Salo, S., Sorama, K., Viljamaa, A., & Varamaki, E. (2018). Firm Performance among Internationalized SMEs: The Interplay of Market Orientation, Marketing Capability and Digitalization.
- Kahiya, E. T., & Dean, D. L. (2016). Export stages and export barriers: Revisiting traditional export development. *Thunderbird International Business Review*, 75-89.
- Kenny, B., & Fahy, J. (2011). Network resources and international performance of high tech SMEs. *Journal of Small Business and Enterprise Development*, 529555.
- Kyvik, O., Saris, W., Bonet, E., & Felício, J. (2013). The internationalization of small firms: The relationship between the global mindset and firms' internationalization behavior.
- Lin, F., & Lin, Y. (2016). The effect of network relationship on the performance of SMEs. *Journal of Business Research*, 1780-1784.
- Lobo, C. A., Fernandes, C., Ferreira, F., & Ortiz, M. (2020). Factors affecting SMEs' strategic decisions to approach international markets. *European Journal of International Management*, 617.
- Mello, R. D., Barreto, L., & Kogut, C. (2020). Network and Speed Internationalization: A Multiple Case study of Emerging Market IT Firms. *Review of International Business*, 1-16.

Nuryyev, G., Wang, Y.-P., & Achyldurdyeva, J. (2020). Blockchain Technology Adoption Behavior and Sustainability of the Business in Tourism and Hospitality SMEs: An Empirical Study. *Sustainability*.

Paul, J., Parthasarathy, S., & Gupta, P. (2017). Exporting challenges of SMEs: A review and future research agenda. *Journal of World Business*, 327-342.

Ramon-Jeronimo, J. M., Lopez, R., & Pinzon, P. (2019). Resource-Based View and SMEs Performance Exporting through Foreign Intermediaries: The Mediating Effect of Management Controls.