



MSME Internationalization? A Phenomenological Perspective from Coffee SME Actors

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Abstract

This study aims to capture the concept of internationalization from the perspective of UKM actors, and the meaning of internationalization for coffee SME actors. This study uses a transcendental phenomenological method intensively to reveal the meaning of internationalization from the perspective of SMEs. The results of the study found that the meaning of internationalization of SMEs is not only limited to showing off, internationalization also means financial readiness. Therefore, there are many things that SMEs need to consider and prepare before entering the international market. Research on disclosing the meaning of internationalization from the perspective of SMEs has not been widely carried out, hat the results of this study are expected to provide practical implications for related parties to develop strategies in education about internationalization for SMEs.

Keywords: *Management; Internationalization; Business; SMEs*

Introduction

Internationalization of business is currently an interesting issue for SMEs. Currently, positive developments related to the internationalization of business are also occurring in Indonesia. Government support for the internationalization of business has also intensified. This is marked by the many programs that support the internationalization of business, especially the internationalization of SSMEs Even so, this internationalization process is not a simple matter for SME's, which incidentally have resource constraints(Knight et al., 2020; Nieto et al., 2022). The intended resources are broad resources with advantages, costs, and quality that e competitive and increase their business value (Lin, 2020). Furthermore Lin, (2020) also found that each company needs to consider the combined effect of the level of disaggregation, the level of deployment of business services, and the governance structure and it must be clear what it wants to achieve from global activities.

Internationalization of business must start from within the MSME actors. Given that entrepreneurial orientation, international growth orientation, and international learning orientation are one of the important parts that influence the company's strategy. Many studies have discussed the challenges

and obstacles related to the internationalization of SMEs. The internationalization of SME's has several challenges and obstacles (Anand, 2015; Ferreira et al., 2021; Reim et al., 2022; Sadeghi et al., 2023; Yener et al., 2014; Zahoor et al., 2023), among others: (a) Limited Resources: One of the biggest challenges for SME's is the limited resources they have for international expansion. This includes limited capital, limited manpower, limited access to information, and limited infrastructure. (2) Global Competition: SME's that enter the international market will face very tight competition. They have to compete with bigger, more well-known businesses, with established reputations. They also have to be able to compete with products that are cheaper and of better quality than other countries. (3) Cultural and Language Differences: SME's wishing to enter international markets will also face obstacles in terms of cultural and linguistic differences. These differences can affect the way business is conducted, communication, and consumer trust. (4) Regulations and Policies: SME's will also face challenges in terms of international trade regulations and policies. Some various regulations and requirements must be met to enter the international market. SME's must understand and comply with these regulations to operate in international markets. (5) Technology and Innovation: SME's that wish to succeed in an international expansion must be able to utilize technology and innovate. The required technology may include production technology, information and communication technology, and marketing technology. (6) Financial Management: SME's must have good financial management to be able to enter international markets. They must be able to manage their finances well, calculate production costs and operational costs, and manage financial risks. (7) Network Development: SME's must also be able to build networks and partnerships in international markets. They must build good relationships with customers, business partners and suppliers in international markets.

In facing these challenges and obstacles, SME's can take advantage of various available resources and support. This includes support from government, support from trade organizations, and support from other business organizations. SME's can also strengthen their capabilities by upgrading skills, developing sound business strategies, and utilizing the right technology. Even so, there has not been much research related to the perspective of internationalization for MSME actors. Therefore, in this study, the authors formulated research questions as follows:

RQ1: What is the phenomenological perspective of MSME actors regarding MSME internationalization?

Literature Review

The internationalization of micro, small, and medium enterprises (SME's) has gained increasing attention in the academic literature in recent years. The literature suggests that internationalization can bring several benefits to SME's, including increased market opportunities, access to new resources, and learning and innovation opportunities. In this literature review, I will summarize some of the key findings and trends in the research on the internationalization of SME's. One of the major findings in the literature is that the internationalization process of SME's differs from that of larger firms. SME's often lack the resources, capabilities, and networks that are needed to enter and succeed in foreign markets. As a result, they need to adopt different strategies and approaches to internationalization. For example, they may focus on niche markets, collaborate with other firms, or engage in informal networks to overcome resource constraints (Abubakar et al., 2019).

Another important trend in the literature is the role of institutional factors in the internationalization of SME's. Institutional factors, such as government policies, industry associations, and cultural norms, can significantly influence the internationalization process of SME's. For example, government policies that promote international trade and investment can facilitate the internationalization of SME's, while cultural norms that favor local suppliers can hinder their internationalization efforts (Maksum et al., 2020).

The literature also highlights the importance of networks and relationships in the internationalization of SME's. SME's often rely on personal networks and relationships to enter and succeed in foreign markets. These networks can provide access to information, resources, and business opportunities and help build trust and credibility with foreign partners. Finally, the literature suggests that the internationalization of SME's is a dynamic and iterative process. SME's often engage in trial and error, experimentation, and learning as they enter and navigate foreign markets. They must continually adapt their strategies and approaches to meet the changing market conditions and overcome new challenges. In summary, the literature on the internationalization of SME's highlights the unique challenges and opportunities faced by these firms. It emphasizes the importance of adopting different strategies and approaches to internationalization, the role of institutional factors in shaping the internationalization process, the significance of networks and relationships, and the dynamic and iterative nature of the internationalization process(Chang-Muñoz et al., 2021).

Method

The researcher used a qualitative analysis of Husserl's transcendental phenomenological paradigm (Husserl, 2006) which includes noema, noesis, epoch, intentional analysis, and eidetic reduction (Kamayanti, 2021). The data collection for this research was carried out from January to March 2023 for SME's that have experience in carrying out business internationalization strategies. This data collection was carried out to explore the phenomenological meaning of MSME actors in business internationalization practices while at the same time understanding the challenges and obstacles experienced in carrying out business internationalization. During data collection, researchers conducted interviews and observations which lasted an average of 120 minutes. All interviews were recorded digitally and then transcription and interpretation were carried out according to the stages of analysis in the phenomenological method.

Result and Discussion

This research takes a phenomenological perspective as a philosophical perspective that focuses on the direct and subjective experiences of individuals, phenomenology can provide a useful view of the internationalization of SME's. The following are some phenomenological thoughts that can be applied in this context, namely the direct experience of MSME actors. From a phenomenological perspective, the direct experience of MSME actors must be the main focus. Every individual involved in the MSME business will have a unique experience related to internationalization, be it in terms of the difficulties or successes they face. Therefore, to understand their views on internationalization, we have to talk to MSME actors directly and try to understand their perspectives. The subjective meaning of internationalization: Phenomenology also emphasizes the importance of the subjective meaning of individual experience. In this context, the internationalization of SME's can have a different meaning for each MSME actor. Some may see internationalization as an opportunity to expand their market, while others may see it as a confusing challenge. By understanding the subjective meaning of internationalization, we can understand how MSME actors respond and adapt to the internationalization process. The interrelationship of individual experiences with the world: Phenomenology also emphasizes the interrelatedness of individual experiences with the world around them. In the context of the internationalization of SME's, this can mean considering how MSME actors interact with the larger international environment, including global markets, international competition and trade policies. Understanding these interrelationships between individual experiences and the world can help us understand the challenges and opportunities that arise in the process of internationalization.

Thus, a phenomenological perspective can help us understand the experiences of MSME actors related to the internationalization of SME's. In understanding their views, we can develop a better and

more effective approach to helping SME's expand their market internationally. Based on the above, the researcher then conducted interviews and interactions with SME's who had experience in "internationalizing" their products and found several meanings about the internationalization of SME's as follows:

a. Internasionalisasi ≠ Showcase

Internationalization is not only for the showcase of SME's. Internationalization refers to the process of making something international or global. This involves extending the reach of something, such as a business, organization, or idea, beyond national boundaries to engage with a wider audience and participate in a global network. On the other hand, this internationalization is considered a "show off" which refers to exhibiting or displaying something for the purpose of promoting or marketing it. While showcasing can sometimes be part of the internationalization process, it is important to note that internationalization is a much broader concept that involves strategies and activities to become global in scope, rather than simply showcasing one's product or idea. This is based on the statement of the informant as follows:

“Going international is not for show, because if you want to go international, especially if you want to export, you have to prepare a lot, because it relates to many things. From a profit standpoint, it has to be a special product. Normal products are more profitable to sell in their own country. For these special products, the availability of raw materials is rather difficult to get ready because there are indeed limited resources” (Informant A).

Informant A Continued:

"For me, exports are good for promotion and image building. But yes, going international is not only for prestige. Promotion is really important, but if I don't aim for prestige, the important thing is I can deliver products according to the requests of my foreign customers, because raw materials come from nature like my business, so there is only a harvest once a year, so you really have to be extra hard work in processing so that the quality is worth selling. What's more, I have experienced ups and downs in business. I've been bankrupt and seriously ill. But now I can get up again, so yes for me the business is not only aimed at showing off or prestige.

From the information above, it can be understood that internationalization is not only a place to show prestige but also must involve the readiness of small and medium enterprises (SME's) resources. Therefore, resource readiness is an important factor in internationalization, other important elements such as innovation, identifying opportunities, understanding the legal and regulatory framework, and institutional support from public financial institutions are necessary for successful internationalization.(Martínez-román et al., 2019).

b. Internasionalisasi = Financial Readiness

Talking about internationalization, according to the informant, is about readiness. The informant further said that "going international I is the same as being ready to be rich and ready to go bankrupt, because for exports you have to send goods in large quantities and usually the frequency is only a few per year. So actually the income is the same as the sale of goods in the country. Indeed, this internationalization is one part of the process of developing and expanding business reach. However, again internationalization will involve various experiences, perceptions and thoughts of entrepreneurs in developing business in the global market” (informant B). It is not uncommon for MSME actors to sell their products without foreign brands so that the value is cheaper. Such patterns do occur a lot and are profitable, but sometimes such business models also have an impact on the returns and risks of SME's(Kijkasiwat et al., 2021).

Informant B also explained that the internationalization of businesses, including SME's, usually requires a fairly large initial investment. Some costs must be incurred to develop marketing strategies, develop products, and adjust the business to the needs of the international market. In addition, there are additional costs such as transportation costs, customs duties, and shipping costs that must be taken into account. Therefore, financial readiness is very important in the internationalization of SME's. SME's must have sufficient financial resources to overcome these costs. SME's must have sufficient financial resources to overcome the costs that must be incurred. By preparing financially well, SME's can reduce unwanted financial risks and increase the chances of success in business internationalization.

So based on the perspective of MSME actors, phenomenologically, the concept of MSME internationalization is the ability of SME's to sell products to global markets. Overall, the internationalization of SME's phenomenologically can be interpreted as a process in which SME's adapt themselves to an increasingly complex and dynamic global environment to increase their competitiveness and expand their business markets abroad, by facing different experiences, perceptions and thoughts. In addition, the internationalization of SME's can also affect the identity and cultural values held by SME's, such as brand image and lifestyle, so it is necessary to adopt an appropriate strategy to maintain the identity and uniqueness of their local businesses in an increasingly competitive global market.

Conclusion

The internationalization of SMEs is one of the things that can provide many benefits for SMEs and also the country. However, internationalizing is not something easy. Therefore, this study reveals how the perspective of SMEs interprets internationalization. a phenomenological perspective can help us understand the experiences of SMEs involved in internationalization, and how their experiences and views are influenced by their respective individual backgrounds, values and goals. By understanding this perspective, we can gain better insight into the challenges and opportunities faced by SMEs in the context of internationalization. In this study it was also answered that the meaning of internationalization of SMEs is not only limited to showing off, internationalization also means financial readiness. Therefore, there are many things that SMEs need to consider and prepare before entering the international market. Not much research has been done on disclosing the meaning of internationalization from the SME perspective, so future researchers can conduct similar research from other perspectives.

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