Internationalization of UD Aida Furniture MSMEs in Pasuruan East Java Indonesia: Its Process and Development

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ABSTRACT: Destination from study this is for knowing process and development internationalization of MSMEs carried out by UD AIDA Furniture in the Regency Pasuruan, East Java, Indonesia. This research is an exploratory research where the approach is used is a qualitative approach. Qualitative researchers seek to understand experiences in life context and meaning associated with experience with use Focus Group Discussion with. Data collection techniques by conducting open ended interviews with the hope of obtaining more complete information from these respondents. Data analysis used descriptive analysis method. The results of the study show that the internationalization process for UD AIDA Furniture SMEs is appropriate with Upsala models with method gradually that is through a network of friends with the sales process through the domestic market, then next experience development To do export to abroad which includes United States of America and so on in development export to Taiwan, and Singapore. Besides that's also appropriate Resource based models as well as eclectic paradigm that internationalization carried out by UD Aida Furniture MSMEs because have superiority competitive.

KEYWORDS: Upsala Model, UD AIDA Furniture MSMEs, Internationalization, excellence specific.

I. INTRODUCTION

Expansion increasing international _ in amount from effort small and medium enterprises (SMEs), behavior SME network has interesting many attention from researcher. SMEs develop business them in international markets where possible they for take profit from opportunity business. Due to limitations source available power for SMEs, emphasis they especially at work same and development behavior dynamic network with partners foreign and domestic. (Srivastava, 2021) . Besides that Internationalization of SMEs is driven by competency management and orientation entrepreneurial and hindered by the environment institutions that do not profitable. (Candra, 2020) 

Internationalization has expand various opportunity new for remote sector SMEs more high and the SME sector has take profit big from it . In the era of globalization Currently , the SME sector is also growing developing in the global era.(Mathew et al., 2019).

Connection customer international different in SME category tech high, medium, or low The influence of the internet is different in three dimensions key: the ways in which SMEs invest and use various internet application for internationalization and customers Support relationship, the perception of SMEs about the internet as tool for support communication customer international; SMEs ’ dependence on form more contact personal and interactive customer international. (tseng, et.al, 2016). More carry on foreign market knowledge of network domestic fully mediate connection Among mechanism relational and speed enter the international market (Zahoor & Al-Tabbaa, 2021) Internationalization more early from SMEs can increase possibility failure company , meanwhile experience international reduce it .( Freixanet & Renart, 2020).

Musteen explain that the process of internationalization of SMEs is also influenced by language. Sharing company same language _ with bond international they could internationalize more fast than companies that don't have same language. Besides it , a diverse network in a manner geographical contribute to superior performance. ( Musteen , 2010) 

Ability role related MSME owners with orientation entrepreneurship with dimensions innovation, proactivity and courage in taking decision influence internationalization of SMEs (Ngoma et al., 2017).Study much to do related with internationalization results make it possible categorization existing literature Becomes three field main research: i) Internationalization process , ii)
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Factors / variables specific influences internationalization ; and iii) Internationalization and performance .(Morais & Ferreira, 2020).

Likewise with UD Aida Furniture MSMEs, which is effort in the furniture sector continues attempted develop the market, no only selling and servicing the domestic market. But also trying for To do sale to foreign markets.

Based on from explanation the so study in this research is to analyze how process of internationalization and development AIDA Furniture MSMEs In the district Pasuruan East Java Indonesia?
Based on the description above, the writer interested researching with title “ Internationalization of UD Aida Furniture MSMEs in Pasuruan East Java Indonesia: Process and Development ”
Based on the description above, the formulation of the problem posed in the research is :
1. How Internationalization process AIDA Furniture MSMEs In the district Pasuruan East Java Indonesia?
2. How Development internationalization AIDA Furniture MSMEs In the district Pasuruan East Java Indonesia?

Whereas The purpose of this research is
1. for knowing Internationalization process UD AIDA Furniture MSMEs In the district Pasuruan East Java Indonesia.
2. explain development internationalization UD AIDA Furniture MSMEs In the district Pasuruan East Java Indonesia.

II. THEORETICAL REVIEW

Internationalization can be interpreted form expansion geographical activity economy above _ national state border. Term this start used When phenomenon in a manner gradually replace imperialism as principle dominant organization _ frame interaction cross limit Among market economy began the 1920s. It’s an internationalization process economy accelerated in the post- second world war era and emerged not unmatched until early 1970s, when phenomenon new globalization start emerged (Gjellerup, 2000)

Internationalization is phenomenon under study in a manner intensive During a number of decades final from various corner point of view, including: theory organization. marketing, strategic management , management international , and management effort small . Problem like taking decisions and management international, development international activities, and supporting factors or no support internationalization has studied good effort big nor small. ( Ruzzier & Antoncic, 2007)

More continued Bowen stated the Company of all characteristics have ability for To do internationalization; however difference culture observed between Wales and Brittany either in attitude nor condition for internationalization . Breton UKM shows more proactive to internationalization, originating from more conditions _ profitable, more big reputation for food and more believe self. In contrast, Welsh SMEs are more reactive, rely government Support in push internationalization. (Bowen, 2020)

Conceptual models about entrepreneurship international show that there is three influence to internationalization that is related factors _ with entrepreneur ( Source Power People, Skills business international, Orientation international, Perception environment and Knowledge management ), company ( sum Employees, Sales ) and the environment ( domestic and international environment ). All of these factors take effect to performance company, fine performance finance nor performance marketing. (Matlay et al., 2006)

There are several related classical theory (model). with the steps taken in progress internationalization among others :

a. Stage Theory

Is Genre The oldest theory and still is significant in theory Tap Internationalization of MSMEs. Where theory Stage this assume at first operating in a manner active and consistent involved as exporter.

In review literature theory stage, Leonidou and Katsikeas (Daszkiewicz & Wach, 2012) state that order activity in the development process export could shared Becomes three Step big namely (1) pre-engagement that is Step where company no To do export but only To do sales in the domestic market only, (2) early is Step where company To do exporter sporadic or evaluating experiment _ action future exports, and (3) continued. that is company in a manner active and consistent involved as exporter .

In Theory Stage (Stage Theory ), which famous is Theory from Johanson. and Vahlne from 1977 namely the Uppsala Internationalization Process Model . Johanson and Vahlne, who explained that in develop international market activities conducted steps small. SMEs then will To do export through deal with representative intermediary _ company particularly in foreign markets. When selling grow, they replace intermediary with organization sale they alone, and together growth continues , they start produce in foreign markets. ( Johanson & Vahlne, 1990) (Vahlne & Johanson, 2013)
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b. Eclectic Paradigm

In Approach this discuss aspect Specific internationalization – production representing foreigner _ Step advanced in the Uppsala model. Third, the principles mental base comes from from various approach theoretical; because _ it Dunning calls approach as ` eclectic `. According to they something company will To do production international if Fulfill conditions as following:

1. Have superiority Specific ownership

That is superiority Specific some do n’t owned by the company competitor other. Besides That is, foreign investment direct only could occur if company investors have _ superiorit certain on company domestic. It because company domestic understand environment business local they more good than company foreigners entering the market. Source main superiority competitive usually is technology production, marketing and organization, knowledge, assets tangible or not easy form _ moved from one location to another location.

2. Internalization

A company internalize use profit special ownership . Reason main company for internalize the market normally uncertainty. The more big level uncertainty the more big profit for company for control transaction that alone. Internalization is very possible occur when there is some knowledge transfer is involved. Another reason for internalisation is mechanism price. On the external market price quoted Among buyers and sellers. On the internal market, on the other hand, price charged Among party related in same organization. _ that company alone set transfer prices of goods and services in boundaries organization . This leads to flexibility for help reach destination whole. However, there is limitation in internalization. Enhancement cost communication and control from a separate organizational unit is example specific.

3. Profit Specific location

Must be more profitable for company for utilise its assets abroad, rather than in the domestic market. Countries with level different income also have _ structure different requests. _ this _ because , type and mix requested item _ varied with income. because _ that is, variation in market size and composition _ factor Specific important location. _ Factor other is government national, in Thing climate politics and attitudes national.

c. Resource Based Model

The developmental aspects of the Phase model are consistent with several elements in the resource-based view of the firm proposed by Barney (1991). The resource-based view (RBV) argues that firms own resources, a subset of which enables them to achieve competitive advantage, and a subset of them that leads to superior long-term performance. Resources that are both valuable and scarce can lead to the creation of competitive advantage. That advantage can be maintained over a longer period of time to the extent that the firm is able to protect against resource imitation, transfer, or substitution. In general, empirical studies using theory strongly support the resource based view . (Resources Base Theory Barney 1991).

d. International at Founding: Born Global SMEs

Since Johanson and Vahne began their study of the process of internationalization of small companies, a great deal of research has been conducted. However, the main stream of research proposes that small companies internationalize their activities through a serious progressive phase. In 1994 McDougall and Oviatt suggested that at least some SMEs were established internationally (that is, engaging in significant cross-border business activities). These companies did not follow the sequential stages suggested by some researchers.

Besides approach above, yes a number of other factors affecting the process of internationalization SMEs, such as Zahoor’s opinion is deep study empirical say that, role mechanism in network in a manner significant could influence speed internationalization of SMEs. (Zahoor, 2020). In aspect internationalization this give opportunity for SMEs to develop and exploit resources and capabilities, and p this will increase opportunity continuity life business. (Freixanet, 2020). More proceed with the taking process decision strategy carried out by the owner in a manner significant affect the speed of the process of internationalization of MSMEs (Petrou, 2020).

The approach used in study this is a qualitative approach. In approach study type this trying to understand life experiences in context and meaning associated with experience. (Michael D Myers, 2013) Research and investigation qualitative characteristic naturalistic. In study qualitative method collection ingredient empirical generally no involve manipulation or change life human and external interactions _ researcher presence. There is a set method for gather ingredient empirical through interview, observation, observation participants, and usage documents, visual materials, and artifacts. Researcher qualitative learn experience subjective through first - person reports and narration. (Drisko , 2016).

A number of implication context only could observed through a number of method qualitative discussed , such as ethnography , study cases , interviews , observations , and methods their respective analysis . Study qualitative could used with successful and successful in context studies organization to : help reveal phenomenon organization new ; build and test theory
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change; and create method new to get used researcher in a manner special in studies change international study. (Navarro-Garcia, 2014). More carry on Global coverage of study qualitative still, there also can explained with explore strength institutions and issues background background that fundamentally shapes, constrains and influences something organization company. (Andriopoulos & Slater, 2013).

Qualitative research is most appropriate when explaining (explanation) and understanding of a behavior or activity. Where in Qualitative research methods are appropriate for asking questions about how and why things happen. (Carson et al., 2001), this explanation is in accordance with the nature of this study which explains how process of internationalization and development of AIDA Furniture MSMEs?

Data used in this qualitative research in the form of primary data, namely the data obtained direct from the source through interview. The data needed in this study include the characteristics of SMEs as well What is the process of internationalizing AIDA Furniture MSMEs in Pasuruan East Java Indonesia. Deep participation study this is specifically for MSME owners UD AIDA Furniture Pasuruan East Java Indonesia. Study qualitative no involve making generalization statistics, a lot researcher qualitative report that size sample no Becomes problem in study qualitative (Onwuegbuzie & Leeches 2005).

This study used semi-structured interviews, with prepare an interview guide in advance which includes relevant issues and topics, as well as the appropriate flow of questions so that the interview runs systematically. Qualitative data collection procedures were carried out involving interviews, observation, and document. The type of interview includes a wide variety of options from personal interviews, in-depth, active to open interviews surveys (open-ended surveys) or focus group interviews.(De Goey et al., 2019) (Van Burg et al., 2020). The type of interview to be used is a semi-structured interview, p this in accordance with the objectives and needs of this study, namely for motivation and behavior in the process of internationalization his efforts.

Data Analytics with use Analysis document, this is method efficient for get empirical data as part from existing processes no disturbing and not reactive. Often, evidence documentaries combined with data from interviews and observations for minimize bias and build up credibility. (G. A. Bowen, 2009). Besides it also uses narrative analysis ie with describe about results study from the data that has been collected. Where after that explored with way of presenting different data, the researcher selects sequentially the most interesting display and presents it along with a narrative analysis that explains the pattern in the display research. (Van Burg et al., 2020). So that results study qualitative could explain more deep about related phenomena with the process of internationalization in UD Aida Furniture MSMEs.

III. RESULTS

From the results study can be explained characteristics, processes internationalization and development of UD Aida Furniture MSMEs include:


This MSME founded in 2000 in Pasuruan by Mr. Hasyim. In beginning founding owner company furniture. pioneer sales in the domestic market, which includes the Surabaya Pasuruan area and its surroundings including sale to island territory Bali. Hal this is done because exists limitations resources that are owned. Good resource financial nor nonfinancial. Company this in a manner special move in the field Furniture Manufacture business that produces tables, chairs, cupboards, sofas and others. Along walk time owner attempted increase quality with interesting and unique design. Material raw product originated from wood very good choice texture and shape. In the production process owner use employee from area local who has expertise and skills are very good and have long worked in the company.

Table 1. UD Aida Furniture MSME Products

<table>
<thead>
<tr>
<th>No</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Cupboard</td>
</tr>
<tr>
<td>2</td>
<td>Table</td>
</tr>
<tr>
<td>3</td>
<td>Chair</td>
</tr>
<tr>
<td>4</td>
<td>Sofa</td>
</tr>
</tbody>
</table>

Source: Primary data processed (2022)

b. AIDA Furniture Pasuruan MSME Internationalization Process East Java Indonesia.

In development, with increasing domestic market as well quality the product he made, AIDA furniture MSMEs tried to do expand market. The process of internationalizing MSME is appropriate with the Upsala Model conducted in a manner gradually. Where after the domestic market has start develop, then MSME AIDA furniture does sale to abroad (Export).

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France, America, Holland, Spain, in 2015 to Taiwan and Singapore

The Aida Furniture SMEs Internationalization Process was carried out through a number of Thing following:

1. **Network**
   - Armed with experience work in furniture During a number of year, and knowledge effort furniture as well as English owned, the owner open network and communication with old customer. From communication with network old customers start open gap in the international market (overseas). Old customer looks on specification Aida MSME products as well quality. Finally occur transaction export product to France, America, Holland and Spain. Hal this in accordance with the Upsala model, where Step internationalization takes place after the domestic market has develop new then to the export market.

2. **Superiority Specific**
   - Superiority this related with ownership superiority competitive usually is mastery technology production, marketing and organization.

3. **Exhibition Product**
   - Owner the more active involved in activity exhibition furniture products organized by the government. Exhibition this explore results furniture products with the aim is to become more familiar with local market consumers nor abroad. From the results exhibition AIDA SMEs started export the product to the Singapore and Taiwan markets. This the more increase performance export from Aida Furniture.

4. **Quality Product**
   - Satisfaction Product is the main Thing for customers provided by Aida MSMEs with To do reluctantly To do innovation. This is what causes Aida Furniture MSMEs to have superiority Specific in design product.

5. **Community**
   - Join in community Formakers, deep community this is the place gathering of craftsmen furniture and do communication in distribution hobby. Besides that when needed also do related sharing with market information, innovation, materials raw nor innovation.

**c. Development Internationalization UMKM AIDA Furniture Pasuruan East Java Indonesia.**

In its development, UD Aida’s MSMEs expanded their international market. Hal this is caused increasing owner that is ability entrepreneurship as well as ability in to do innovation product, this proven with sale Export MSME products from UD Aida to Singapore and Taiwan. Meanwhile more he explained development can be seen in table following:

**Table 2. UD Aida MSME Exports**

<table>
<thead>
<tr>
<th>No</th>
<th>Country</th>
<th>Total (Container)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Singapore</td>
<td>2</td>
</tr>
<tr>
<td>2</td>
<td>Taiwan</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>3</strong></td>
</tr>
</tbody>
</table>

Source: UD Aida Furniture, (2022)

In table the could explained that the average MSME UD Aida, Export to Taiwan 2 containers, p this shows that the international market for UD Aida’s MSMEs is increasing growing.

**IV. DISCUSSION**

From the results study show that process of internationalization conducted in accordance with several models of internationalization and development of UD Aida’s MSMEs can be explained in a manner more detailed as following:

**A. Internationalization Process**

The process of internationalizing UD Aida Furniture MSMEs Pasuruan was carried out through method gradually. SMEs this To do seller domestic (domestic) namely in the Pasuruan area and its surroundings, then new expand to foreign markets. Where Internationalization of UD Aida Furniture SMEs is appropriate with Upsala approach (model).

In this Upsala model it is explained that develop international market activities conducted steps small. SMEs then will To do export through deal with representative intermediary company particularly in foreign markets. (Vahline & Johanson, 2013) . UD Aid ’s Furniture internationalization begins from the inner market country, then Step next To do sale abroad through _ export to the United States, the Netherlands. Then in 2015 it developed to Singapore and Taiwan. The MSME owner of UD Aida Furniture has have experience study related ability about market knowledge, either from price product, quality nor designs desired by foreign markets. Then then found exists market opportunity and in the end continues commitment for serving.
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foreign markets. show importance attitude owner-manager. Besides it also exists attitude MSME owner UD Aida Furniture who active participate in discussion forums and training including; value that study have directed impact to success business. (Smith 2016)

![State Variables change variables

<table>
<thead>
<tr>
<th>Market knowledge</th>
<th>commitment decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market commitment</td>
<td>Current Activities</td>
</tr>
</tbody>
</table>

Figure 2: Upsala Model
Source: Johanson & Vahlne (1977)

Also in line with Resource Based Model, MSMEs these also possess the resources that enable them to achieve a competitive advantage. No only resource man but also resources related with raw material making MSME furniture products not owned by other Furniture MSMEs.

Next model is suitable with the internationalization process of UD Aida Furniture is eclectic Paradigm, where in this model MSME owners who are also manager have superiority competitive that is mastery technology production, materials, marketing and organization. More carry on Speed internationalization related with experience business international entrepreneur, orientation they to direction differentiation past competitor, commitment to exploration - focused innovation and strategy. (Hsieh 2018).

Process Internationalization carried out by SMEs is also carried out through network, among others, is active follow exhibition furniture products organized by the Indonesian government as well as agency other. Then it is also formed and active into organization with name Forrneker (Forum of entrepreneurs furniture and crafts), from organization this develop knowledge, broaden network communication as well as information about furniture products.

B. Development Internationalization of UD Aida Furniture MSMEs

The development of the international MSME market for UD Aida Furniture is increasing fine. Where for 2 years final has To do Export to Singapore is 1 container and Taiwan is an average of 2 containers, this shows that the international market for UD Aida’s MSMEs is increasing growing.

![Figure 1. Development Internationalization ( Export )
Source : UD Aida Furniture MSMEs, 2022

From Figure 1 seen clear that the development of international markets (exports) to the countries of Singapore and Taiwan are experiencing increase. By because that MSME owners always To do innovation related with design good furniture products design for cupboard, chair, table nor couch. So superiority competitive permanent can be maintained by SMEs.

V. CONCLUSIONS

From the results research that has conducted can be concluded that the process of internationalization and development of UD Aida Furniture MSME is:

First, the process of internationalization with the Upsala model done with serve and sell products on the domestic market, then continues to foreign markets. Besides it is also related with Resource Based Model, these SMEs also have the resources
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that enable them to achieve competitive advantage. Superiority this consequence mastery technology, resources man nor resource related with furniture raw materials found in Indonesia. More carry on UD Aida Furniture's MSMEs internationalization process is carried out by MSME owners who are also manager have superiority competitive that is mastery technology production, raw materials, marketing and organization, p this in accordance with an eclectic style Paradigm.

Second, the development of MSMEs related to UD Aida Furniture with internationalization is quote good. This can be seen with increasing international market sale through Singapore and Taiwan.

With thereby in in fact. Internationalization of UD Aida Furniture is capable compete with other MSMEs in foreign markets. Hal this show ability managerial, ability study as well as innovation experience improvement.

VI. SUGGESTION

For more could increase understanding about the internationalization process there is many approach (model) that is used. By because that step good need for other researchers did related research _ with various internationalization approach (model) carried out by MSMEs with Modern approach with different SMEs.

VII. RESEARCH LIMITATIONS

In study this ni discuss about the process of internationalization AIDA Furniture MSMEs In the district Pasuruan East Java Indonesia Limitations in study this is no discusses the process of internationalization in other furniture SMEs . By because that in study next could To do more studies deep for To do study about internationalism to other SMEs.

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16) resources base theory barney 1991


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