

Go International's Strategy On East Java Handicraft MSMEs: A Case Study In The Creative Industry

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Abstract

This study aims to analyze the strategy of going international in Micro, Small, and Medium Enterprises (MSMEs) in the handicraft sector in East Java with a case study approach on Written Batik MSMEs "Sumber Rejeki" in Sidoarjo Regency. The background of this research is based on the increasing demands of globalization and international market opportunities for the local creative industry, but still faced with limited capacity, market access, and digital literacy. The research method uses a qualitative approach with data collection techniques through in-depth interviews, observations, and documentation. Data analysis was carried out descriptively with the theoretical framework of internationalization strategy and resource-based view (RBV). The results of the study show that the go international strategy implemented includes: (1) the use of global digital and e-commerce platforms as a means of penetrating the international market, (2) strengthening branding based on local wisdom through storytelling of batik products, (3) participation in international exhibitions and government programs such as trade expos, and (4) collaboration with export partners and aggregators. However, MSMEs still face various challenges, such as limited production capacity, international quality standards, logistical constraints, and export regulations. This research implies that the success of the internationalization of MSMEs is not only determined by internal resources, but also by ecosystem support, including governments, digital platforms, and global business networks.

Keywords: MSMEs, Go International, Creative Industry, Internationalization Strategy, Digital Marketing.

1. Introduction

Economic globalization has driven significant changes in business competition patterns, including for Micro, Small, and Medium Enterprises (MSMEs). No longer only operating in the domestic market, MSMEs are now required to be able to penetrate the international market to increase competitiveness and business sustainability. The internationalization of MSMEs is an important strategy in expanding the market, increasing product added value, and strengthening their position in the global value chain. In the context of Indonesia, especially East Java, the creative industry sector, such as handicrafts, has great potential to go international. Local culture-based products such as batik, carvings, and handicrafts made from natural materials have uniqueness and high differentiation value that are in demand by the global market. However, the reality on the ground shows that not all MSMEs can take advantage of these opportunities optimally. This is due to limited resources, access to market information, and low managerial capabilities in managing international expansion. The



literature shows that the process of internationalization of MSMEs is not only influenced by external factors, but also by internal capabilities such as product innovation, marketing capabilities, and mastery of global market information. Research by various studies shows that the competitive advantage of MSMEs is largely determined by the ability to manage innovation, pricing strategies, and effective marketing communication in an international context (Civelek et al., 2024; Technological Forecasting and Social Change, 2020).

In addition, the development of digital technology has opened up new opportunities for MSMEs to enter the global market without having a large physical infrastructure. Digital marketing and e-commerce are strategic instruments in expanding the reach of the international market. A study by Mala et al. (2024) shows that the use of digital media significantly increases the visibility and competitiveness of MSMEs in the global market, as well as accelerates the internationalization process through a technology-based approach. However, the process of going international is inseparable from various obstacles. Recent research by Suwarni et al. (2026) identified several main obstacles faced by Indonesian MSMEs, including the complexity of export documents, tariff barriers, and limitations in understanding international regulations. In addition, limited production capacity and quality standards are also serious challenges in meeting global market demand. On the other hand, theory-based approaches such as the Resource-Based View (RBV) and dynamic capabilities emphasize that the success of internationalization is highly dependent on the ability of MSMEs to utilize their unique resources and their ability to adapt to changes in the global environment. International market knowledge, business networks, and the ability to build strategic alliances are key factors in accelerating the global expansion process of MSMEs (Zahoor et al., 2023; Kwartati et al., 2024). Case studies on handicraft MSMEs in East Java are relevant to be studied more deeply because this sector has distinctive characteristics, namely based on creativity, local culture, and high aesthetic value.

Previous research on the creative industry has shown that the internationalization strategy of MSMEs is not generic, but contextual, depending on product characteristics, target markets, and organizational capacity (Meldona et al., 2022). Based on this description, this study focuses on the analysis of the go international strategy for handicraft MSMEs in East Java through a case study approach. This research is important to provide an empirical understanding of how MSMEs develop internationalization strategies in a practical way, as well as identify supporting and inhibiting factors in the process. In addition, the results of the research are expected to make a theoretical contribution to the development of the study of the internationalization of MSMEs, as well as practical contributions for business actors and policymakers.

Problem Formulation

Based on the background that has been described, the formulation of the problem in this study is as follows:

- 1) What is the go international strategy implemented by handicraft MSMEs in East Java in entering the global market?
- 2) What are the internal and external factors that affect the success of the internationalization of handicraft MSMEs?
- 3) What are the obstacles faced by MSMEs in the process of expanding into the international market?
- 4) What is the role of digitalization and business networks in supporting the internationalization strategy of MSMEs?

- 5) What are the implications of the go international strategy on increasing the competitiveness and sustainability of MSMEs in the creative industry sector?

2. Methods

This research uses a qualitative approach with a case study design, which aims to deeply understand the strategy of going international in handicraft MSMEs in East Java. This approach was chosen because it is able to explore phenomena contextually and holistically, especially related to the internationalization process, which is influenced by various internal and external factors (Yin, 2021; Creswell, 2020). The case study is focused on one research object, namely the "Sumber Rejeki" Batik Tulis MSMEs in Sidoarjo Regency, which has carried out marketing activities in the international market.

2.1. Data Types and Sources

This study uses two types of data, namely primary data and secondary data. Primary data is obtained directly through in-depth interviews with MSME owners, employees, and related parties such as business partners or distributors. In addition, field observations are carried out to understand the production process, marketing strategies, and export activities carried out by MSMEs. Meanwhile, secondary data was obtained from supporting documents such as sales reports, export data, social media, official MSME websites, and scientific literature relevant to the research topic. The use of secondary data aims to reinforce the validity of research findings and provide a broader context (Sekaran & Bougie, 2020).

2.2. Technical Data Collection

The data collection techniques in this study include:

- 1) In-depth interviews were conducted in a semi-structured manner to explore information related to internationalization strategies, challenges, and experiences of MSME actors in entering the global market.
- 2) Observation is carried out directly at the business location to observe the production process, product quality, and implementation of marketing strategies.
- 3) Documentation, in the form of collecting documents, archives, photos, and digital data that are relevant to MSME business and export activities.

Triangulation techniques are used to ensure the validity of data by comparing the results of interviews, observations, and documentation (Miles et al., 2020).

2.3. Data Analysis Techniques

The data analysis in this study uses an interactive model from Miles, Huberman, and Saldaña (2020), which consists of three stages, namely:

- 1) Data reduction, which is the process of selecting, focusing, and simplifying data that is relevant to the research objectives.
- 2) Data presentation (data display), which is the preparation of data in the form of descriptive narratives, tables, or diagrams to facilitate understanding.
- 3) Conclusion drawing and verification, which is the process of interpreting data to find patterns, relationships, and meanings of the phenomenon being studied.

The analysis was carried out by referring to the theoretical framework of internationalization strategy, Resource-Based View (RBV), and dynamic capabilities to identify strategies and determinants of the success of the internationalization of MSMEs (Zahoor et al., 2023; Kwartati et al., 2024).

2.4. Data Validity and Reliability

To ensure the validity of the data, this study uses several techniques, namely:

- 1) Triangulation of sources and methods, by comparing data from various informants and data collection techniques.
- 2) Member check, which is confirming the results of the interview with the informant to ensure the accuracy of the information.
- 3) Trail audit, which is the systematic recording of the entire research process so that it can be traced back.

2.5. Research Location and Time

This research was conducted in Sidoarjo Regency, East Java, which is one of the centers of the creative industry of batik crafts. The research time was carried out for a period of 1-2 months, starting from the data collection stage to the analysis and preparation of research reports.

2.6. Unit of Analysis

The unit of analysis in this study is MSME organizations, with a focus on business strategies, internationalization processes, and interaction with the external environment. The research informants were selected using purposive sampling techniques, which are based on certain criteria such as experience in export activities, involvement in strategic decision-making, and understanding of business operations.

3. Results and Discussion

3.1. Go International Strategy for Batik MSMEs to Write "Source of Fortune" in Sidoarjo Regency

The go international strategy implemented by the "Sumber Rejeki" Batik Tulis MSMEs in Sidoarjo Regency shows an adaptive approach based on a combination of internal capabilities and the use of external opportunities. In this context, internationalization is not only interpreted as an export activity but also as a strategic process that involves marketing transformation, product innovation, and strengthening global networks. First, Batik Tulis MSMEs "Sumber Rejeki" relies on digitalization as the main strategy for international market penetration. The use of social media such as Instagram and global marketplaces is an effective means to reach overseas consumers without having a physical presence in the destination market. This strategy is in line with the findings of Rosyidah et al. (2023), who stated that digitalization is able to accelerate the internationalization of MSMEs through increasing market access and global visibility. In addition, the use of visual content that highlights the traditional batik-making process is an added value in attracting the interest of international consumers who appreciate the authenticity and cultural aspects.

Second, glocalization-based product innovation strategies are key to maintaining competitiveness. These MSMEs not only produce batik with traditional Sidoarjo motifs, but also adjust the design, color, and type of products according to global market preferences, such as modern fashion products (scarves, outerwear, and accessories). This approach is in accordance with research by Fitriyani et al. (2024), which emphasizes that product innovation that is adaptive to international market tastes can increase the competitiveness of MSMEs. Thus, Batik Tulis "Sumber Rejeki" can maintain local identity while meeting global demands. Third, in the aspect of business networking, these MSMEs collaborate with various parties, such as distributors and international resellers, and participate in government programs such as trade expos. This approach reflects the concept of network theory in internationalization, where business relationships play an important role in opening up global market access.

Zefanya et al. (2025) stated that business networks can reduce barriers to international market entry and increase export opportunities. For Batik Tulis "Sumber Rejeki", involvement in international exhibitions is an important momentum in building trust and expanding the market. Fourth, a branding strategy based on cultural values (cultural branding) is the main competitive advantage. Batik products are not only positioned as consumer goods, but also as a representation of Indonesia's local culture. These MSMEs develop product storytelling that emphasizes the philosophy of batik motifs, handmade production processes, and sustainability values. This is in line with the study of Mala et al. (2024), which shows that cultural narrative-based branding can increase the attractiveness of products in the global market. This strategy is effective in targeting premium market segments that value ethnic products and sustainable fashion.

Fifth, Batik Tulis MSMEs "Sumber Rejeki" also utilizes the support of the government ecosystem and supporting institutions in the internationalization process. Participation in export training, certification facilitation, and access to MSME development programs are important factors in increasing export readiness. Ariyani (2022) emphasized that policy and ecosystem support are the main determinants of the success of the internationalization of MSMEs, especially in the face of the complexity of global regulations and standards. However, there are several challenges that are still faced, such as limited production capacity due to the long process of written batik, as well as the need to meet international quality standards consistently. In addition, the limitation of human resources in mastering digital technology and export management is also an obstacle, as revealed by Wisaka (2025). Overall, the go international strategy implemented by Batik Tulis MSMEs "Sumber Rejeki" shows that the success of internationalization is determined by the integration between digitalization, product innovation, business networking, and cultural branding. This approach reflects the implementation of the Resource-Based View (RBV) theory, where competitive advantage is built from the use of unique resources in the form of local wisdom, as well as dynamic capabilities in responding to changes in the global market.

3.2. What Internal and External Factors Affect the Success of MSME Internationalization

The success of the internationalization of handicraft MSMEs is determined by the interaction between internal and external factors that reinforce each other. From the internal side, the main factor lies in product innovation capabilities, where MSMEs are required to be able to develop product design, quality, and differentiation in accordance with global market preferences without losing local identity. In addition, the ability to utilize digital technologies, such as social media-based marketing and e-commerce platforms, is a crucial element in expanding the reach of the international market. The quality of human resources (HR) also plays an important role, especially in managerial aspects, understanding the global market, and adaptability to the dynamics of the international business environment. In addition, production capacity and resource management are decisive factors in consistently meeting global market demand. This is in line with the Resource-Based View (RBV) perspective, which emphasizes that competitive advantage comes from the ability of MSMEs to manage unique and valuable resources (Barney, 2021; Zahoor et al., 2023).

Meanwhile, from the external side, the success of internationalization is greatly influenced by the support of the business ecosystem and government policies, such as export facilitation, training, and access to international financing and certification. In addition, the existence of business networks (networking) with global partners, distributors, and export aggregators is an important factor in opening market access and reducing uncertainty in international trade. The development of technology and digital infrastructure also helps

accelerate the internationalization process by providing a platform that enables efficient cross-border transactions. On the other hand, global market trends and demands, such as the increasing interest in handmade, ethnic, and sustainable products, provide strategic opportunities for handicraft MSMEs to compete in the international market. Thus, the success of the internationalization of MSMEs does not only depend on internal strength, but also on the ability to utilize external opportunities strategically and adaptively (Ariyani, 2022; Mala et al., 2024; Johanson & Vahlne, 2020).

3.3. Obstacles Faced by MSMEs in the Process of Expansion to the International Market

The obstacles faced by MSMEs in the process of expansion into the international market are generally multidimensional, including internal and external aspects that are interrelated. One of the main obstacles is the limitation of production capacity and the consistency of product quality. In the handicraft sector, such as written batik, the production process that is still manual and based on individual skills makes it difficult to meet demand on a large scale sustainably. This condition has an impact on the low ability of MSMEs to maintain supply reliability, which is an important factor in international trade. In addition, limited human resources (HR) are also significant obstacles, especially in terms of mastery of foreign languages, understanding of export procedures, and global business negotiation skills. Wisaka (2025) emphasized that low export and digital literacy are among the main obstacles to the internationalization of MSMEs. On the other hand, regulatory and regulatory obstacles to exports are often a complex challenge for MSMEs. The administrative process that involves various documents, such as product certification, international quality standards, and customs clearance requirements, requires a technical understanding that is not simple. Suwarni et al. (2026) stated that the complexity of this regulation often makes MSMEs reluctant to penetrate the global market. In addition, logistical constraints and international distribution costs are also significant inhibiting factors. High shipping costs, limited access to global logistics services, and the risk of product damage during delivery can reduce the price competitiveness of MSMEs in the international market.

Another obstacle is limited access to financing. Expansion into the global market requires a lot of investment, ranging from international promotion costs, product development, to export certification and legality. However, many MSMEs still rely on limited internal capital, making it difficult to expand aggressively. In addition, the low global marketing capabilities are also a challenge, especially in building branding that suits the preferences of international consumers. This is reinforced by the findings of Mala et al. (2024), which state that the lack of an effective digital marketing strategy can hinder global market penetration. Overall, the obstacles to the internationalization of MSMEs do not only stem from internal limitations, but also from the complexity of the external environment. Therefore, synergy is needed between increasing the internal capacity of MSMEs and ecosystem support, such as government policies, access to financing, and strengthening global business networks, so that MSMEs can compete sustainably in the international market.

3.4. The Role of Digitalization and Business Networks in Supporting MSME Internationalization Strategies

The role of digitalization and business networking is crucial in supporting the internationalization strategy of MSMEs, as both serve as the main enablers in overcoming resource limitations and geographical barriers. Digitalization allows MSMEs to access the global market more efficiently and affordably through the use of e-commerce platforms, social media, and digital marketing technology. With digitalization, MSMEs can promote products in real-time, build brand awareness in the international market, and reach consumers across countries without having a physical presence. In addition, digital technologies such as data analytics and customer insight tools help MSMEs understand global consumer preferences, so that they can adjust marketing strategies and product development more on target. Rosyidah et al. (2023) and Mala et al. (2024) emphasized that digitalization not only expands market access but also increases operational efficiency and competitiveness of MSMEs in a global context.

On the other hand, business networking plays a strategic role as a mechanism in accelerating the internationalization process through access to external resources. Through business networks, MSMEs can collaborate with international distributors, export agents, resellers, and other strategic partners who have an understanding of the global market. This network also helps reduce uncertainty in entering new markets, especially related to market information, regulations, and consumer preferences. From the perspective of network theory and the Uppsala model, internationalization is seen as a gradual learning process that is strongly influenced by the business relationships (Johanson & Vahlne, 2020). Research by Zefanya et al. (2025) shows that MSMEs with strong business networks tend to be faster and more successful in international expansion.

Furthermore, the synergy between digitalization and business networks creates a significant competitive advantage. Digitalization expands market reach, while business networks strengthen credibility and distribution access in international markets. For example, MSMEs can leverage digital platforms to attract the attention of global consumers, then leverage distributor networks to ensure products can be distributed effectively. Thus, the integration between digital capabilities and network power is a key factor in building a sustainable internationalization strategy. This shows that the success of MSMEs in penetrating the global market does not only depend on technology, but also on the ability to build and manage business relationships strategically.

3.5. Implications of the Go International Strategy on Increasing the Competitiveness and Sustainability of MSMEs in the Creative Industry Sector

The implications of the go international strategy on increasing the competitiveness and sustainability of MSMEs in the creative industry sector are significant and multidimensional, including economic, strategic, and organizational capabilities. From a competitiveness perspective, internationalization encourages MSMEs to improve product quality standards, production efficiency, and sustainable innovation in order to meet the demands of the global market. This process indirectly forces MSMEs to transform from a local orientation to a global orientation, thereby creating a stronger competitive advantage. In line with this, Civelek et al. (2024) show that the involvement of MSMEs in the international market increases their ability to innovate and adapt to global competition dynamics. In addition, the go international strategy also strengthens product differentiation based on cultural values and creativity, which are key characteristics of the creative industry. MSMEs that are able to package local uniqueness as a global selling point will have a superior position compared to mass products.

In this context, the globalization approach becomes important, where the product maintains a local identity but is adapted to the preferences of the international market. Research by Mala et al. (2024) confirms that the integration between digital-based global innovation and marketing is able to increase the attractiveness of MSME products in the international market. In terms of business sustainability, internationalization provides market diversification opportunities that can reduce dependence on the domestic market. By having access to various markets, MSMEs become more resilient to local economic fluctuations. In addition, increasing income from the international market allows MSMEs to reinvest in business development, such as increasing production capacity, technology adoption, and human resource development. The Resource-Based View (RBV) perspective explains that the accumulation and management of these strategic resources will strengthen the long-term sustainability of MSMEs (Barney, 2021).

Furthermore, the go international strategy also encourages MSMEs to adopt more professional business practices and international standards, including in aspects of management, quality, and environmental sustainability practices. This is especially important in the creative industry, where global consumers are increasingly paying attention to the aspects of ethics, sustainability, and eco-friendly production. Ariyani (2022) emphasized that the integration of MSMEs in the global value chain will improve operational standards while opening up wider collaboration opportunities. However, these positive implications can only be achieved if MSMEs can manage the challenges that arise, such as increased operational complexity and greater investment needs. Therefore, the success of the go international strategy depends not only on the ability to expand the market but also on the internal readiness and support of the ecosystem. Overall, this strategy contributes to increasing competitiveness through innovation and differentiation, as well as strengthening the sustainability of MSMEs through market diversification and strengthening organizational capacity.

4. Conclusion

Based on the results of the discussion, it can be concluded that the go international strategy is a strategic step that can increase the competitiveness and sustainability of handicraft MSMEs, especially in Batik Tulis "Sumber Rejeki" in Sidoarjo Regency. The success of internationalization is determined by the integration between internal factors, such as product innovation, digital capabilities, quality of human resources, and production capacity, with external factors in the form of policy support, business networks, as well as technological developments and global market trends. Digitalization and business networking have proven to be key factors in expanding international market access and increasing the visibility of products based on local wisdom. However, MSMEs still face various obstacles, such as limited production capacity, complexity of export regulations, logistical constraints, and limited financing and digital literacy. Therefore, the internationalization strategy requires not only market expansion capabilities but also internal readiness and adaptation to global dynamics.

Based on this conclusion, it is recommended that handicraft MSMEs increase their innovation capacity and product quality in a sustainable manner, as well as strengthen the use of digital technology in global marketing. In addition, MSME actors need to build and expand international business networks through collaboration with export partners, distributors, and global platforms. In terms of policy, the government and stakeholders are expected to strengthen the supporting ecosystem through simplifying export regulations, increasing access to financing, and providing training related to digital literacy and export management. With the synergy between increasing internal capabilities and external support, MSMEs are expected to be able to optimize global market opportunities sustainably and contribute more to the national economy.

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