

## Making a Footprint in the MSME International Market: Case Study of UD. Andi Welder West Nusa Tenggara, Indonesia

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**ABSTRACT:** *This research reveals the strategies Metal and Machinery MSMEs used in West Nusa Tenggara to compete and expand their products to the international market. The method used in this study is research with a case study method and an interview at Trading Business Andi Welder, who processes metal and produces machinery tools. Trading Business Andi Welder uses the Canva analysis strategy to innovate his product, which aims to see what product market response consumers most seek. Then, the product is refined to be accepted by the international market. This study cannot only limit product innovation strategies that consumers can accept, but also develop other strategies for future research such as brand strategy and product quality. This research is a case study research that raises the strategy of metal and machinery MSMEs to enter the international markets.*

Penelitian ini mengungkap strategi yang digunakan UMKM Logam dan Mesin di Nusa Tenggara Barat dalam bersaing dan memperluas produknya ke pasar internasional. Metode yang digunakan dalam penelitian ini adalah penelitian dengan metode studi kasus dengan wawancara pada Usaha Dagang Andi Welder yang mengolah logam dan memproduksi peralatan mesin. Bisnis Dagang Andi Welder menggunakan strategi analisis Canva dalam inovasi produknya yang bertujuan untuk melihat respon pasar produk apa yang paling banyak dicari konsumen. Kemudian, produk tersebut disempurnakan agar dapat diterima pasar internasional. Penelitian ini tidak bisa hanya membatasi strategi inovasi produk yang dapat diterima oleh konsumen, maka untuk penelitian selanjutnya dapat mengembangkan strategi lain seperti strategi merek dan kualitas produk. Penelitian ini merupakan penelitian studi kasus yang mengangkat strategi UMKM logam dan mesin untuk memasuki kancah pasar internasional secara luas.

**Keywords:** *MSMEs Metal and Machinery, Product Innovation Strategy.*

### I. INTRODUCTION

The growth of metal and machinery MSMEs in Indonesia has been impressive. Despite competing with large companies, MSMEs have found market gaps and utilized technology to improve their products' quality. MSMEs have provided competitive and innovative solutions, from manufacturing automotive parts to industrial equipment, metal and

machinery. According to the Central Statistics Agency (BPS), the number of micro and small enterprises (MSMEs) in Indonesia in 2023 was 4,209,817 businesses, while in NTB there were 104,588 MSMEs with various businesses. Through the Department of Industry and Trade, the West Lombok Regency Government fostered 110 MSMEs in the metal and machinery sector (Najaf, 2023).

The key to the success of Indonesian metal and machinery MSMEs in international expansion is a combination of traditional expertise, adaptation to new technologies, and a focus on quality (Hardy, 2020). These MSMEs often utilize digital technology to improve production processes and increase efficiency. They also actively develop networks and collaborate with local and international stakeholders (Putrie et al., 2023).

In addition, support from the government and financial institutions has become an essential factor in facilitating the growth of these MSMEs. Assistance and training programs and easier access to financing have helped Indonesian metal and machinery MSMEs develop and compete in the global market (Sedyastuti, 2018).

Despite the success that has been achieved, Indonesian metal and machinery MSMEs in general and in West Nusa Tenggara still need to overcome various challenges in international expansion. One of the main challenges is in terms of product certification and meeting international standards. However, with the support of the government and relevant institutions, many MSMEs have managed to overcome these obstacles by obtaining the necessary certifications.

In addition, competition with manufacturers from other countries is also a real challenge. However, Indonesian MSMEs, particularly in West Nusa Tenggara, have learned to take advantage of their competitive advantages, such as lower production costs and flexibility in meeting customer demands.

## II. METHOD

This research uses the case study method. Research with case studies is a method that seeks to explain a series of decisions: why the decision was made, how the decision was implemented and what consequences arise from the decision. In addition, case study research is also focused on understanding the current dynamics of an event or occurrence being analyzed.

This research raises the case of Metal and Permesianan MSMEs in West Nusa Tenggara, especially UD MSMEs. Andi Welder Roster of Terong Tawah Village, Lapuapi District, West Lombok Regency, West Nusa Tenggara Province. In this study, data and information were obtained directly from CV. Emperor Coffee Roster is then processed and adjusted to the literature.

The method is to interview MSME actors directly as UD MSME owners. Andi Welder related to Kaiser Kopi Roster products and interviewed the West Lombok Regency Prindustrian Office and the West Nusa Tenggara Regional Research Agency (BRIDA). In-depth interviews have several stages in the data collection process; these stages are: a) Preliminary preparation: In the initial preparation stage, the researcher makes an appointment with the informant, namely to determine the location and time of the

interview in order to obtain accurate and accountable data. Before determining the location and time of the interview, the first step is to conduct a survey and interview with UD. Andi Welder, as a maker of machine tools. b) Interview process: At this stage, the researcher conveys the problem and the research topic. Then, the researcher gives the intention of coming as an opening to start the interview process regarding some key questions that have been prepared in advance to facilitate the researcher in the interview process. An interview is a meeting of two people to exchange information and ideas through questions and answers to construct meaning on a particular topic (Lohmander, 2021). The interview in this study was an interview with an informant. c) Documentation: According to Hermawan, documents are records of past events. In addition to interviews, the process surveys several customers regarding their responses regarding the products ordered, with indicators of price, product quality and distribution channels.

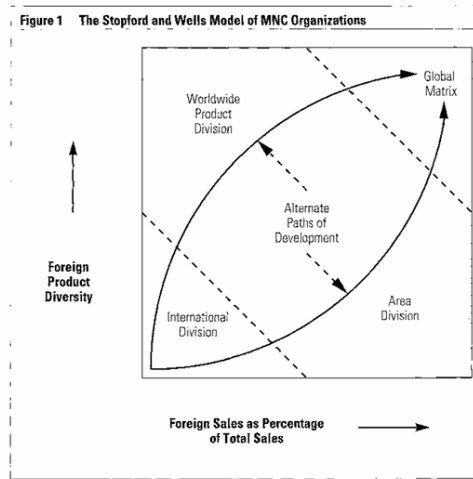
Types of research data, primary data in the form of interviews with UD owners. Andi Welder and customer impression survey in West Lombok Regency area. Secondary Data: The secondary data in this study is in the form of UD activity growth reports. Andi Welder taken from UD performance report. Andi Welder. Place and time of study: This research was conducted at UD. Andi Welder, a Metal and Machinery MSME Actor, is located in Terong Tawah village, Labuapi District, West Lombok Regency, West Nusa Tenggara, from March 2024 until completion.

Data collection methods with observation: Hermawan states that observation is the basis of all knowledge. The observations in this study are observations at UD. Andi Welder, Terong Tawah village, Labuapi District, West Lombok Regency, and the West Nusa Tenggara Regional Research Agency (BRIDA NTB). Test data credibility and source triangulation: Researchers compare and re-examine the level of trust an informant gains through different times and tools in qualitative research (Ikhwan, 2020b).

### III. RESULT AND DISCUSSION

#### Process Theory of Internationalization

Stopford and Wells first put forward the theory of internationalizationinternationalization outlined in their book *Managing The Multinational Enterprise*. This theory is better known as the International Structural Stages Model. Specifically, this theory explains the evolutionary process of a company entering the internationalization phase by referring to the organizational structure. The variables used are the diversity of foreign products and the level of foreign sales from the total percentage of assets. The model developed by Stopford and Wells is shown in Figure 1 as follows:



**Figure 1.** Theory of the Stages of the Internationalization Process (Pla-Barber, 2002)

According to SME Observatory, the primary motivation behind the internationalization of MSMEs is the desire to increase the competitiveness of their companies, especially by gaining access to new, larger markets. This motivation can come from a variety of factors. One key aspect, as highlighted by many theoretical approaches, is the assumption that the internationalization process of firms is driven by a desire for business growth (Carboni & Medda, 2021).

### The Internationalization Process of MSMEs in Indonesia

Internationalization of MSMEs in Indonesia must be accompanied by the development of human resource (HR) competencies. The capabilities that must be possessed in human resource development include managerial and technical capabilities for MSME owners through training, technical guidance, and unique assistance that have been carried out in Indonesia similar to the implementation in the region, especially for aspects of financing, providing information, and competency development (Hegar Harini et al., 2024). For some export training in Indonesia, obtaining a certificate to recognize the expertise that has been obtained is also possible. The implementation of MSME internationalization in Indonesia is strengthened by several government policies that strongly support the growth and internationalization process of MSMEs (Ikhwan, 2020a); (Róžański, 2021).

### Process of Innovation and Exploration of Metal MSME Products in NTB

#### Strategy Canvas

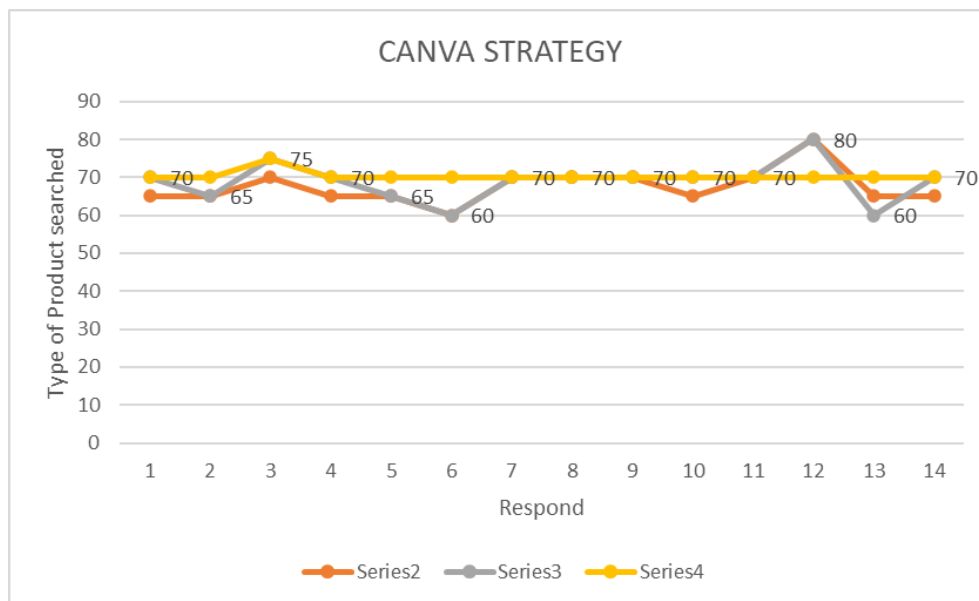
Product innovation development strategy canvas analysis is a graphical depiction of the company's relative performance concerning product innovation factors received by customers. Strategy canvas on UD MSMEs. Andi Welder shows that Andi Welder's MSME products that are most in demand by customers are displayed in the following Table 1:

The value in the table is a scale of 1 to 100 product acceptance that is most in demand by customers.

**Table 1. Table of Products Most Ordered by Customers**

Respondents	Product type		
	Palm sugar machine	Garbage processing machine	Coffee roasting machine
1	65	70	70
2	65	65	70
3	70	75	75
4	65	70	70
5	65	65	70
6	60	60	70
7	70	70	70
8	70	70	70
9	70	70	70
10	65	70	70
11	70	70	70
12	80	80	70
13	65	60	70
14	65	70	70
	67.5	68,93	70,36

Primary Data Source: data processed in 2024



**Figure 2. Most ordered Product Canvas**

Based on Table 2 and Figure 2, it can be seen that customers ordered the most coffee roasting machine products. Coffee Roasting Machine manufactured by UD. Andi Welder was branded Kaiser Roasting Coffee. After seeing the market response, MSME players

increased their product innovation by adding exhaust gas filters to make products more environmentally friendly.

Innovations made by UD. In making environmentally friendly coffee roasting machines, Welder got a response from a Korean company that ordered 12 (twelve) machines per month. To support this order UD. Andi Welder collaborates with Metal MSMEs in West Nusa Tenggara, including Mataram Teknik and Andika Teknik.

### ***West Nusa Tenggara Government Support***

West Nusa Tenggara Province, through the Regional Research Agency (BRIDA NTB), intervenes in fostering Metal and Machinery MSMEs by providing incubation programs and business guidance so that metal MSMEs and West Nusa Tenggara MSMEs can expand products abroad. West Nusa Tenggara Province initiated an industrialization program to foster MSMEs in West Nusa Tenggara. This industrialization program began by creating a business incubation centre, providing business assistance, designing and packaging assistance, and providing access to capital through regional banking.

### ***MSME Metal and Machinery Product Certification***

Metal and Machinery MSMEs, under the guidance of the West Nusa Tenggara Industrial Office, carry out product certification by cooperating with the National Standard Agency (BSN). Obtaining SNI is essential for manufacturers because it indicates that their products have met the standards set by the Indonesian National Standardization Agency (BSN). The following is the general process that must be passed to obtain SNI: Identification of Standard Needs, Understanding of SNI Requirements, Documentation Preparation, Product Testing, Certification Registration, Audit and Evaluation, Audit and Evaluation, and Certification Maintenance.

Obtaining SNI requires commitment and patience from manufacturers to ensure that their products meet the National Standards Agency (BSN) standards. By having SNI certification, manufacturers can increase consumer confidence and product competitiveness and expand their markets at home and abroad.

Metal and machinery MSMEs of West Nusa Tenggara provide assistance and facilitation in the process of obtaining Indonesian National Standards. The SNI process for Metal and West Nusa Tenggara MSME products will be carried out in 2022. Through this SNI process, UD. Andi Welder gained consumer trust, as evidenced by the many orders from home and abroad.

### ***Overseas Sales Development Strategy***

UD. Andi Welder, as the owner of the Kaisar Roasting Coffee brand, consistently innovates in product development. One of the innovations made in Coffee Roasting equipment products is to make environmentally friendly tools. Coffee Roasting Tools commonly circulated on the market are roasting tools that use LPG gas as fuel to cook coffee beans so that they can produce CO<sub>2</sub> gas, so products like this are less in demand in the international market. Coffee Roasting Tool with Emperor Roasting Coffee Brand develops the concept of Green or pollution-free.

Innovations made by UD. Andi Welder, by adding a filter tool that processes exhaust gas, is not directly wasted into nature but converted into O<sub>2</sub> gas, which is safe for human breathing. This product development innovation strategy received the attention of overseas consumers by ending in a business memorandum of agreement with a product order agreement of 12 (twelve) units per month.

### ***Product Quality Maintenance and Development Strategy***

Maintaining and developing product quality is a must for every company, especially MSMEs that want to succeed in a competitive market at home and abroad. The main thing is to focus on understanding customer needs. UD. Andi Welder consistently innovates and continues to develop its products. In addition, applying high-quality standards will always involve participating directly in controlling the products made.

UD. Andi Welder also conducts strict production process control, team member training, or HR development by providing time for employees to improve themselves through various trainings so that employees can use technology and always make continuous improvements. So UD. Andi Welder can ensure that their products remain relevant and competitive and satisfy customers in the long run.

## **IV. CONCLUSION**

UD. Andi Welder, whose address is in Terong Tawah village, Labuapi District, West Nusa Tenggara, is engaged in metal processing and machinery by producing coffee processing equipment, waste processing machines, sugar processing machines and other processing machines. An environmentally friendly coffee roasting machine is the best-selling product and can penetrate the international market. The strategies to penetrate the international market are (a) consistently innovating and developing products: products that can enter the international market are environmentally friendly, so the best innovation strategy is to make environmentally friendly coffee processing products. (b) Doing National Standardization: The Indonesian National Standard (SNI) is carried out to gain consumer trust. (c) Coaching employees: constantly collaborating with the government and providing opportunities to improve themselves so that employees are technologically literate and the production process will continuously improve. (d) Maintaining and continually improving product quality: UD leader. Andi Welder always checks and participates in the production process based on existing standards so that the quality of the product can be maintained. This is what increases customer trust. Emperor Roasting Coffee products can penetrate the international market by producing environmentally friendly coffee roasting equipment. The improvement for the following research is more in-depth research with cutative methods, especially lifting the strategy of Metal and Machinery MSMEs to compete in the global market.

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