

# PHENOMENOLOGICAL STUDY OF EXPORT SMEs FOREIGN PROMOTION PARTICIPANTS GAYENG UMKM PROGRAM

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## ABSTRACT

*This study aims to analyze the obstacles and challenges faced by MSMEs that are members of the Central Java Gayeng MSME program in exporting their products. The main focus of this study is to identify factors that inhibit exports and the strategies implemented to overcome them. The method used in this study is a qualitative approach with a case study, with data collection through in-depth interviews with informants who are MSME actors who have participated in the Gayeng MSME program and have export experience. The data analysis methods used include data reduction, categorization, and data display. Conclusions are drawn using a descriptive narrative approach. The results of the study indicate that the main obstacles in exporting Gayeng MSME products include internal constraints such as limited production and managerial capacity, as well as external constraints such as lack of infrastructure and complex regulations. In addition, this study also identifies various strategies implemented by MSMEs to facilitate exports, including increasing branding, production efficiency, and using consultant services. This study contributes to understanding the challenges of MSME exports in Central Java and provides policy recommendations to improve the export performance of the MSME sector in the future.*

**Keywords:** *Obstacles, Challenges, Gayeng UMKM, Export, Policy*

## INTRODUCTION

In this era of globalization, Small and Medium Enterprises (SMEs) have the potential to expand their business reach to the international market. One of the means often used by SMEs to market their products in foreign markets is through participation in various promotional events, exhibitions, or festivals that support the growth of the SME sector. In addition to the ability of SMEs to survive, the contribution of SMEs to several indicators of economic growth is still quite significant. The contribution of SMEs to gross domestic product (GDP) reached 61.07%, while the number of SMEs and contributions to the labor market reached 96.92 percent of the total number of SMEs which reached 65.5 million (119.56 million workers) (Ministry of Cooperatives and SMEs, 2022). The amount of non-oil and gas exports reached 15.65 percent (Rp339,190.5 billion), and the SME credit ratio reached 19.7 percent (Bank Indonesia, 2023). Non-oil and gas export data in Central Java in the third quarter of 2022 (July-August) decreased to 13.33% (yoy) from the second quarter of 22.94% (yoy). This decline originated from a decrease in exports of TPT, footwear, and furniture. The cause of the decline was due to the low purchasing power of trading partner countries which decreased due to increasing inflation in those countries. The impact of increasing inflation has caused the trend of

world commodity prices to increase. This condition is also caused by constraints on the global supply chain accompanied by global demand that remains high. This condition has caused several TPT industries in Central Java to reduce employee working hours due to decreasing production (Bank Indonesia, 2023). Looking at the data, the contribution of SMEs as contributors to non-oil and gas exports is very low. This shows that goods from large business industries still dominate exports.

The dominance of exports by large business sectors indicates the obstacles experienced by the SME sector. There are at least two reasons why SMEs do not have the ability to carry out exports without intermediaries, namely export trading problems and financial problems. Export trading problems are caused by obstacles related to export activities, including the risk of payment and delivery of goods, slow payments, and high export costs. While financial problems, namely the lack of support for SMEs from financing institutions and export guarantees (Yani, 2009). In addition, there are also classic problems that hinder SME exports, namely obstacles related to low quality human resources, lack of business management, lack of access to markets and sources of financing, and lack of technology and information (Hardono, 2004).

According to Mohapatra, (2022) Some other obstacles that prevent SMEs from exporting are poor business management issues. These include low SME responsibility to meet local and foreign client needs in

a timely manner, the lack of SME management systems, especially those related to administrative processes, production processes, and finance, and the lack of infrastructure owned by SMEs to meet customer demand.

In addition to internal problems, there are also external problems that are obstacles for SMEs in carrying out export activities, such as; First, the cost of raw materials and supporting components is still unstable in availability, Second, high requirements from buyers, such as product quality, environmentally friendly issues, labor, and competitive prices. Third, it is possible to hinder SME exports because there are still unfavorable government regulations. Fourth, SMEs lack access to the market, which includes things like demand for products, competitive prices, product quality standards, and accuracy of delivery duration. Fifth, there are still costs outside the proper procedures such as levies in the process of processing customs documents, and during delivery (Mohapatra, 2022).

Although many studies have discussed the constraints faced by SMEs in international trade, there is still a gap in studies that focus on the evaluation and strategies to overcome export constraints for SMEs involved in capacity building programs, such as the Gayeng UMKM program launched by Bank Indonesia. Most studies focus more on analyzing more general constraints without examining the specific context of SMEs that have participated in export capacity building programs. Previous studies are also still limited in providing strategic recommendations based on empirical data that can be applied to SMEs in improving their export competitiveness in the international market. Therefore, a more in-depth study is still needed to evaluate the export inhibiting factors faced by participants in the Gayeng UMKM program, as well as analyzing effective strategies to facilitate the export of their products.

The novelty of the research focuses more on exploring the obstacles faced by SMEs participating in the Gayeng UMKM program in expanding their export market reach, as well as identifying strategies that can be applied to overcome these obstacles. By using an empirical approach, this study is expected to provide new insights into how capacity building programs such as Gayeng UMKM can contribute to the development of SME exports, as well as provide

practical recommendations that can be used by the government, financing institutions, and SME actors themselves.

## FORMULATION OF THE PROBLEM

Considering the background of the research, the problem in the research is that SMEs participating in the Gayeng UMKM program still face various obstacles to product exports. Therefore, it is necessary to examine these obstacles along with strategies to overcome them.

## RESEARCH QUESTIONS

From the formulation of the problem, various research questions that arise are:

1. What are the inhibiting factors for exporting products from Gayeng UMKM participants?
2. What is the strategy to facilitate exports in the Gayeng UMKM program?

## LITERATURE REVIEW

### Theory of Comparative Advantage

According to Ricardo (1815) introduced the concept of comparative advantage theory written in his work entitled "On the Principles of Political Economy and Taxation" in 1817, especially in chapter 7 which discusses Foreign Trade. This theory emerged as a response to the weaknesses in the theory of absolute advantage as proposed by Adam Smith (1723-1790) in his work "An Inquiry into the Nature and Causes of the Wealth of Nations" in 1776, which is often referred to as "The Wealth of Nations". Ricardo critically reviewed the theory of absolute advantage which stated that only countries that have an absolute advantage in the production of a particular commodity can engage in international trade, or only by countries that can gain an absolute advantage through their production process.

Due to these shortcomings, David Ricardo introduced a concept in the context of global trade, namely the theory of comparative advantage. Based on Ricardo's view in 1817, a country that does not have an absolute advantage can still participate in profitable global trade, as long as the country in question can specialize in the production of goods that have a comparative advantage in terms of cost or produce at a lower cost than other countries. This is because a country that is able to produce goods at a relatively lower cost and a relatively cheaper price than other countries will have a comparative advantage.

### Competitive Advantage Theory

Competitive advantage refers to the capability of a company or organization to achieve superior work performance and have better capabilities than competitors in the same industry or market. Every company is determined to meet the needs and desires of its customers well. Competitive advantage comes from the added value provided by the company to its buyers, greater than the costs charged by the company when creating the product.(Porter, 2002).

A company's unique value strategy is not easily duplicated by competitors and other currents. Competitive advantage refers to the organization's capability to perform in a way that is difficult for competitors to imitate, both now and in the future. This is because competitive advantage comes from the unique added value offered by the company to customers, so that the products or services provided are different from those offered by competitors.(Porter, 2002). Sustainable competitive advantage can be achieved when resources are allocated to create added value for customers, which in turn results in superior performance. To create and produce this added value, careful planning and strategy are needed, including effective management. This value or benefit is what customers appreciate in return for the products or services provided by the company, because the level of customer satisfaction greatly affects the success of the company (W. Tsao, 2014). According to(Porter, 2002)argues that competitive advantage is a strategic goal and then becomes a dependent variable, because good performance is closely related to achieving competitive advantage. Competitive advantage is a key factor in achieving superior performance in a competitive market.

### Export

According to(Ricardo, 1817)in theory comparative advantage states that a country should focus on producing products with lower opportunity costs when compared to other countries, not just based on absolute advantage. It can be concluded that global trade can be implemented when a country is able to produce products at more attractive prices and more efficiently when compared to other countries that produce similar goods.The benefits of comparative advantage from international trade when each country's focus is directed at producing products and services that have a relatively lower cost advantage, and conducting trade to obtain other goods or services. In addition to comparative advantage in international trade must also pay

attention to the competitive advantages that are owned.

### Barriers to SME Exports

Export barriers are obstacles or barriers that arise in selling products to the global market. The obstacles that arise can be classified into two groups, namely tariff-related and non-tariff barriers. Tariff-related barriers are the consequences of tariffs that arise when a product enters a country. This is done for the reason of increasing the income of the destination country and in order to protect local products produced by the destination country. While non-tariff-related barriers are consequences that arise in addition to tariff-related barriers to products, such as quotas, dumping, standards/compliance, and technical barriers in trade.

## RESEARCH METHODS

### Research Design

The analysis method uses an approach qualitative in the form of phenomenology, which uses interview techniques to obtain a more accurate description of the experiences of research respondents in more detail to obtain an illustration of the obstacles which emerged when exporting products to overseas markets in SMEs registered in the Gayeng UMKM program in Central Java.

### Types and Sources of Research Data

#### a. Primary data sources

Primary data comes from resource persons who are owners or actors of Small and Medium Enterprises (SMEs) that have registered in the Gayeng UMKM program in Central Java. Through this interaction, researchers seek to obtain the necessary information regarding various aspects relevant to the research topic.

#### b. Secondary data sources

The researcher obtained secondary data sources from documentation such as reports associated with Gayeng UMKM in Central Java.

### Research Sources

The resource persons were determined from SMEs that had participated in overseas promotions in the Gayeng UMKM program which had been implemented by the Central Java Bank Indonesia Representative Office since 2019, but still had obstacles in exporting their products. In addition, the resource persons selected were SMEs representing each commodity in the Gayeng UMKM program, namely craft and homedeco, and agro.

## Method of collecting data

### 1. Interview

The interview method is used to explore data on factors that influence the development and success of the MSME export promotion program in Central Java, as well as the challenges faced by program participants in expanding international markets. This interview will be conducted with 10 sources who are directly involved in the implementation of the Central Java Gayeng MSME program, as well as MSME actors who are participants in overseas promotions.

### 2. Documentation

The documentation method is used to obtain secondary data related to the implementation of the UMKM Gayeng Central Java program, especially in terms of overseas export promotion. The data to be collected includes related documents, such as annual program reports, evaluation reports from the organizers, and promotional activity archives.

## Data Analysis Techniques

According to (Patton, 2015) In qualitative data analysis, the approach used involves a more flexible, reflective, and interpretive process. For this, a method of reviewing data in depth is used, namely by examining each piece of data in detail to understand the context, patterns, and themes that emerge. The data analysis process by collecting relevant information through several data sources, then organizing, grouping, and interpreting it to find patterns or meanings that emerge. This involves the use of techniques such as categorization, application of theoretical concepts, and identification of significant trends or differences. With the help of Sofwhare NVIVO 14.

## RESEARCH RESULT

### Research Results and Discussion

This sub-chapter presents the research results obtained from interviews with purposively selected informants. Interviews were conducted on 10 MSMEs that participated in the Gayeng MSME program and have exported to several continents. The results of the interview data analysis used NVIVO 14 software.

The results of this study identify inhibiting factors, dynamics of problem solving (solutions), and strategies to facilitate exports. Export inhibiting factors are categorized based on 3 (three) aspects of constraints, namely main constraints, internal constraints, and external constraints. The dynamics of problem solving (solutions) are categorized based on 2 (two) aspects of policy, namely internal policies and

external policies. While strategies to facilitate exports are categorized into 3 (three) aspects, namely participation in events, activity facilities obtained, and benefits obtained.

The findings of this study are expected to provide significant contributions to the understanding of inhibiting factors, dynamics of resolution, and strategies to facilitate exports in the context of developing Gayeng MSMEs. These findings also provide recommendations to the Government and organizers of the Gayeng MSME program in making policies that can help overcome export barriers from Gayeng MSMEs.

### Export Inhibiting Factors

Micro, Small, and Medium Enterprises (MSMEs) in Gayeng are an important pillar in the local economy. Despite having great potential to grow and contribute to the economy, Gayeng MSMEs face various obstacles that hinder their exports. Based on the interview results, it was found that these obstacles include main obstacles, internal obstacles, and external obstacles.

### Main Constraining Factors

Based on the results of interviews with SMEs in the craft, homedeco, and agro sectors that participated in the Gayeng UMKM program, the main obstacle they faced was that regulation was the main obstacle as stated by informant 4, informant 2, namely:

*"One of the biggest obstacles for us is the regulations that often change. For example, the document requirements for exports vary in each destination country. The process is complicated and takes quite a long time, especially if our documents are returned because there are errors. In addition, domestic regulations also sometimes feel burdensome, especially when there are adjustments to tax policies or export tariffs." (Informant 4)*

*"Regulatory issues are a major obstacle, especially in terms of product standardization. There are some countries that require certain certifications that we do not yet have, so we have to take care of additional paperwork that costs money. Meanwhile, geopolitical tensions also make it difficult for us to establish relationships with overseas distributors, because they prefer to work with more stable countries." (Informant 2)*

This shows that MSMEs are very much affected by complex and confusing regulations in

the export process. These obstacles include permits, required documents, and changing trade policies. Geopolitical tensions are the next obstacle, where there are 3 references stating that political tensions from the destination country of exports cause disruption to exports. The next obstacles are product quality standards, tight competition, cultural differences, and changing currency exchange rates.

Changes in export regulations, such as the implementation of the In-Frame Business Instrument (IUDR), have a significant impact on Micro, Small, and Medium Enterprises (MSMEs). These new regulations require business actors to adapt quickly to remain competitive in the global market.

### **Internal Export Constraints**

Based on interviews conducted regarding internal constraints faced by SMEs in the craft, homedeco, and agro sectors participating in the Gayeng UMKM program, internal constraints that are inhibiting factors for exports faced by SMEs in the Gayeng program include raw materials, product capabilities, HR capabilities, production systems, legality, product capacity, and financial management. The dominant internal constraints are resource capabilities with 10 references, and raw materials with 7 references. This means that the internal constraints faced by SMEs that must be resolved immediately are HR and raw materials. As stated by informant 1 and informant 7:

"One of the main obstacles faced by us as business actors is the ability of human resources (HR), especially carvers. The cause is the less than optimal recruitment of workers, where only a few vocational high school graduates can be absorbed. So to meet the needs of the international market, workers are taken from junior high school graduates and the risk is to teach them from the beginning and do it gradually, which has an impact on the failure of the production process. Meanwhile, the obstacles are related to raw materials, namely the difficulty of obtaining raw materials that are in accordance with the wishes of the buyer and fluctuating prices". (Informant 1)

"Our human resource capability is still a major constraint. Many employees are not yet accustomed to using modern technology, such as production management software or digital marketing, so we are less efficient in

managing export orders. In addition, our production capacity is limited. When there is a large demand, we often have difficulty meeting it due to the lack of skilled workers and adequate equipment. In addition to human resources, another problem is the unstable supply of raw materials, both in terms of quality and quantity, so we have difficulty fulfilling orders from buyers." (Informant 7).

### **External Constraints on Exports**

From the results of interviews conducted regarding external constraints faced by SMEs in the craft, homedeco, and agro sectors participating in the Gayeng UMKM program, tariff policy is a factor with the highest number of references, namely 7, indicating that tariff policies from export destination countries have a significant impact on the conditions analyzed. Changes in exchange rates and political conditions with 5 references each, indicating that changes in exchange rates and political conditions in destination countries are factors inhibiting exports. Likewise with the availability of infrastructure with a fairly high number of references (4), this factor shows the importance of adequate infrastructure in each export destination country for smooth operations. With the availability of good infrastructure, it can increase the efficiency of UMKM. Next is cultural differences with a number of references of 3, indicating that cultural differences, especially language differences, are one of the obstacles faced by UMKM. The last external obstacle is access to information related to exports, namely 2 references. This indicates that access to relevant information is very important for making the right decisions by UMKM actors. The dominant external obstacles faced by business actors are tariff policies, changes in exchange rates, and political conditions. As conveyed by informant 4, informant 3 as follows:

"Tariff policies in several destination countries are a major obstacle for us. High import tariffs make it difficult for our products to compete in the international market. In addition, changes in currency exchange rates often reduce our profits. For example, when the rupiah exchange rate weakens, the cost of procuring materials and shipping becomes more expensive. On the other hand, geopolitical tensions also affect shipping times because logistics routes are hampered." (Informant 4)

"We often have difficulties due to changing government regulations, both domestically and in the destination countries. This adds to the complexity of the export process. In addition, fluctuations in currency exchange rates make it difficult for us to predict production costs and selling prices. Geopolitical tensions also affect the smoothness of shipping, especially when there are bans or restrictions on entry in the destination country." (Informant 3)

### **Dynamics of Solving Export Inhibiting Problems**

Micro, Small, and Medium Enterprises (MSMEs) have a very important role in the economy, including in the context of exports. However, Gayeng MSMEs face various challenges that hinder their ability to penetrate the international market. From the interview results, it was found that the dynamics of resolving problems inhibiting MSME exports in the Gayeng MSME program include internal and external policies. To analyze the data obtained from informants using the help of NVIVO 14 software.

#### **Internal Policy**

Information obtained based on the results of interviews regarding internal policies taken by SME actors in the Gayeng UMKM program that branding is a factor that gets the highest number of references, namely 5. This shows that branding is very important for the success of a product or service. Increasing brand awareness and positive image can have a significant impact on sales and customer loyalty. While the second factor is expanding the network by having significant references, namely 4, indicating that a wide network is very important for expanding the market and increasing collaboration. Good connections can help in getting new information and opportunities. Next is production efficiency, use of consulting services, product certification, and forming an international research team, with each reference being 1. Efficiency in the production process is a crucial aspect to increase productivity and reduce costs. Utilization of business consultant services to improve performance through professional assistance.

Branding and expanding networks are internal policies with the highest references, as stated by informant 9 and informant 5 as follows:

"We realize that branding is very important to compete in the global market. Currently, we are focusing on improving the quality of packaging and creating a strong brand identity to make

our products more attractive to foreign buyers. In addition, we are also actively expanding our network through international events, such as trade shows. This helps us establish direct relationships with potential buyers and understand their needs." (Informant 9)

"To increase competitiveness, we utilize digital platforms such as international marketplaces for product promotion. Branding is also our priority, for example by telling the uniqueness of products based on local culture. In addition, we formed a small team for overseas market research so that our promotional strategy is more focused. We also utilize networks with exporter associations to obtain new information and opportunities." (Informant 5).

#### **External Policy**

Based on the results of interviews regarding external policies taken from SME actors in the Gayeng UMKM program, the graph below shows the results of query coding that identifies the number of references related to external policies, emphasizing the importance of program facilities and government policies in supporting business actors who are members of the Gayeng UMKM. Adequate facilities and supportive policies can increase the effectiveness of the program, while the benefits generated are aspects of assessing the success of the policy to support the resolution of export problems. This can be seen from the statement of informant 6.

"The main obstacles we face in exporting our SME products actually lie in external factors, which are mainly related to government policies and facilities provided in the program. We really appreciate the government's efforts in supporting SME development, especially through the Central Java Gayeng UMKM program. However, there are several things that we think need to be improved."

**Government Policy:** The policies implemented by the government are quite helpful, but sometimes there are regulations that feel less flexible, especially related to export procedures that are quite complicated and lengthy. For example, processing export permits and documents takes quite a long time. There should be a policy that makes the

process easier, or perhaps a faster mechanism so that SMEs can immediately start exporting their products without prolonged administrative obstacles (Informant 6).

### **Strategy to Facilitate Exports in the Gayeng UMKM Program**

Small and Medium Enterprises (SMEs) play an important role in growing the nation's economy, especially SMEs that have exported such as SMEs that are members of the Gayeng UMKM program. To facilitate SME export activities, training and development are needed so that SME capabilities continue to develop. In addition, the role of government and private institutions is needed to facilitate activities required by SMEs, especially those that have joined the Gayeng UMKM program. From the results of the interview, it was found that the strategy used by the government to facilitate exports, especially in the Gayeng UMKM program, was to carry out various training and development activities. These activities are grouped into 3 (three) categories, namely SME participation in events, activity facilities, and benefits obtained from activities. Data analysis from informants was carried out using the help of NVIVO 14 software.

### **UKM Participation in the Gayeng UMKM Program**

Based on the results of interviews regarding participation in the Gayeng UMKM event taken from UMKM actors in the Gayeng UMKM program. The graph below shows the results of query coding that identifies the number of references related to participation in the Gayeng UMKM program, explaining that UMKM participation in the Gayeng UMKM program is in 2019 with 5 references, 2020 with 4 references, 2021 with 1 reference.

### **Activity Facilities in the Gayeng UMKM Program**

Based on the interview results regarding the activity facilities obtained by SMEs at the Gayeng UMKM event, the graph below explains the results of query coding that identifies the number of references related to activity facilities obtained at the Gayeng UMKM event shows the number of references related to support factors or activity facilities obtained at the Gayeng UMKM event, which are identified from qualitative data. The activity facility category regarding product promotion has the highest number of references, namely 3. This shows that many informants mention product promotion as one of the activity facilities obtained at the Gayeng UMKM event that plays a role in supporting exports. Product

promotion through various channels such as international exhibitions and digital platforms with the aim of helping SMEs expand their international markets. The Market Regulation Information and Mentoring category includes guidance or consultation provided to SMEs such as training or technical support, also has a significant number of references with 2 references each. This shows that access to information about regulations and requirements in the international market and mentoring is very much needed by SMEs. Meanwhile, the activity facilities regarding logistics support, business matching, and international business communication have their own references. 1. The category of product promotion activity facilities, international market regulation information, and mentoring are facilities that are widely obtained by SMEs in the Gayeng UMKM program, as stated by informants 4, 8, and 10, as follows:

"We were given facilities to participate in international exhibitions. Our products were displayed directly at the booth provided by the event organizer. There was assistance in creating promotional materials, such as digital catalogs and product videos, which greatly helped us in attracting buyers' attention. Our products were also promoted through online platforms, so we could reach potential buyers abroad more widely." (Informant 4)

"We received very relevant market data, such as a list of potential buyers and market trends in a particular country. There were discussion sessions about market regulations in the destination country, such as quality standards, import tariffs, and required permits. The organizers also provided analysis of overseas consumer needs, so we could adjust the product to market demand." (Informant 10, and Informant 8)

### **Benefits of Organizing the Gayeng UMKM Program**

Based on the interview results regarding the benefits obtained by SMEs from the Gayeng UMKM program, the graph below explains the results of query coding that identifies the number of references related to the benefits obtained by SMEs in the Gayeng UMKM program shows the results of the Matrix Coding Query that identifies the benefits obtained from the Gayeng UMKM program. Opportunity to expand the market (4 References) this category has the highest

references, indicating that many informants consider the Gayeng UMKM program to provide a great opportunity to expand the market. SMEs can reach the international market through participation in exhibitions, business matching, and product promotion abroad, so that their products are better known by potential buyers. Increasing Competitiveness (2 References) several informants mentioned that this event helps increase the competitiveness of SMEs. Facilities such as export strategy training, technical guidance, and access to international market data enable SMEs to compete with global players in the international market. New Knowledge (2 References) Informants also emphasized that this program provides a lot of new knowledge, such as information on international market regulations, business communication training, and assistance in the certification process. As stated by informants 2, 4, 5, 6, 8, 9, and informant 10, as follows:

With the Gayeng UMKM program, we are given the opportunity to introduce our products to international buyers. The business matching that was held really helped us get potential partners abroad. Likewise, the exhibition of superior products abroad opened up opportunities for us to reach a wider market, especially in countries that have been difficult to reach. In addition, access to international market data provided by the organizers is very useful for determining our marketing strategy. We are more confident in facing the global market. We also get support for product promotion on international platforms, so that our products are better known by foreign consumers." (Informant 2, informant 4, informant 6, and informant 9)

"With this program, we benefit from the training provided on export strategies and international business communication. This knowledge helps us improve the competitiveness of our products in the global market. In addition, with the assistance we get, such as product certification, we can ensure that our products meet international standards, so that they are more competitive in the overseas market." (Informant 6 and informant 8)

"We got a lot of new information about international market regulations. This

really helped us understand the rules that must be followed to enter a particular market. And the international business communication training provided during the event was very useful to improve our ability to negotiate with foreign buyers. In addition, we also got new knowledge about product innovation according to foreign markets." (informant 5 and informant 10).

The Gayeng UMKM program provides significant benefits for participating SMEs, especially in expanding the market, increasing competitiveness, and adding new knowledge relevant to export strategies. The facilities provided greatly support SMEs to be able to compete in the international market.

## CONCLUSION

This study concludes several important things related to the inhibiting factors for exporting Gayeng UMKM participants' products and strategies that can be applied to facilitate their export activities. The findings of this study were obtained through in-depth analysis of data collected from various sources, including interviews with sources from various commodities involved in the Gayeng UMKM program, such as craft and homedeco.

Interviews with informants who are MSME actors who have participated in the Gayeng MSME program provide important information about the obstacles faced in exports, both internally and externally. From the interviews, several main inhibiting factors were identified which were divided into 3 categories, namely main obstacles, internal obstacles, and external obstacles.

In addition, this study also identified various policies that have been implemented to support the export of SME products, such as internal policies and external policies.

The strategies that can be applied to facilitate export activities include involving SMEs in international events, facilities provided by the Gayeng UMKM program in supporting exports, and the benefits obtained from organizing the event. Overall, the findings of this study provide a comprehensive picture of the challenges faced by Gayeng UMKM participants in exporting and how existing policies and strategies can help facilitate their product export activities.

## RESEARCH LIMITATIONS

This study has several limitations that need to be acknowledged and considered in interpreting its findings.



1. Focus only on the Gayeng UMKM program in Central Java

This study is limited to participants of the Gayeng UMKM program in Central Java, which may not represent the conditions of UMKM in other regions in Indonesia. Therefore, the findings may not be fully generalizable to UMKM outside Central Java.

2. Limited Data Sources

The research data was mostly obtained through interviews with certain sources, which can affect the objectivity and representativeness of the results. The use of more diverse samples and broader data will increase the validity of the research findings.

3. Expansion of SME Sector Coverage

This study focuses more on certain sectors involved in the Gayeng UMKM program. Further research should expand the scope of other sectors to get a more comprehensive picture of the challenges and policies faced by various types of UMKM throughout Indonesia.

## PRACTICAL IMPLICATIONS

Based on the results of research and interviews with sources, several policy implications were found that need to be considered to encourage sustainable exports for participants in the Gayeng UMKM program.

1. Increasing Support for SMEs

Policies should focus on strengthening internal aspects of SMEs such as branding, production efficiency, and international network development. This will help SMEs strengthen their competitiveness and ability to meet export standards required by the global market.

2. Provision of Government Incentives and Facilities

The government needs to continue to increase incentives and facilities that can make it easier for SMEs to deal with export constraints, such as logistics cost subsidies, reduced export tax rates, and low-interest export financing.

3. Improving Export Supporting Infrastructure

The development and strengthening of infrastructure, especially in the logistics and transportation sectors, will help reduce the cost and time of shipping SME products to overseas markets, facilitating access to export ports and distribution.

4. Simplification of Regulations and Licensing Processes

The government must simplify the export licensing process, including legal documents,

so that it does not become an obstacle for SMEs. This can create a more conducive climate for SMEs in developing their businesses in the international market.

## FUTURE RESEARCH AGENDA

Based on the findings and conclusions of this study, here are some future research agendas that can be carried out:

1. Further Analysis of SME Export Barriers Outside Central Java

Future research could expand the geographical scope to include SMEs outside Central Java, to see whether the export barriers identified in this study are general or specific to a particular region. This would provide a broader picture of the challenges faced by SMEs across Indonesia.

2. Comparative Study of SME Sector

Further research could compare export barriers across different SME sectors (e.g. fashion, food and beverage, crafts, and agro) to understand more specific characteristics and challenges within each sector. This would also help in designing more targeted policies.

3. Evaluation of the Effectiveness of Government Export Policy

Conduct further research to evaluate the extent to which government policies that have been implemented, such as incentives and facilities for SMEs, have succeeded in improving existing export constraints. This research could include an analysis of the impact of these policies on SME export performance in the long term.

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