



# Exploring The Foreign Market Entry Strategy from Ornamental Plant SME in Batu City

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## Abstract

This research examines the importance of exploring foreign market entry strategies for Small and Medium Enterprises (SMEs) by a case study of “Creative Kokedama”, an SME that developed product innovations from ordinary flowering plants into ornamental plant “kokedama” and successfully penetrated the Japanese market, the country origin of kokedama. The research findings indicate that the main motivation for “Creative Kokedama” to expand into the international market is intrinsic motivation. The owner reasoned that kokedama plant crafts originated from Japan, so she wanted to bring kokedama back to Japan. She has his own satisfaction when she is able to bring kokedama to the Japanese market. That motivation can related to psychological factors, such as the desire for self-development and global recognition, as well as ethnocentrism, which is pride in local cultural values reflected in the kokedama products. The entry mode chosen is direct exporting, which does not go through an intermediary, but directly to foreign buyer. Japan was chosen as the export destination country because Japan is the origin country of kokedama. Although previously it had also exported to Malaysia, Brunei Darussalam, and Singapore. Selection of export destination country can be related to pull factor theory in internationalization, Japan as the country of origin for kokedama, may have a high appreciation for products with unique approaches or modifications. This research contributes to the literature on SME internationalization strategies by offering insights into the importance of the combination of product innovation and intrinsic motivation especially psychological factors in achieving export success. Moreover, these findings can also serve as practical guidance for other SMEs looking to enter the global market through innovation and locally value-based strategies.

*Keywords:* SME, direct exporting, ethnocentrism, pull factor theory, internationalization, psychological factors

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## 1. Introduction

Small and Medium Entities (SME) have an important role on the development of national economy and to enhance the world economy. SMEs account for a substantial portion of global employment and GDP, acting as the backbone of many economies (Popadić et al., 2022). SME also have a role in the global economy and potential contribution to the Sustainable Development Goals (SDGs) (Lessidrenska, 2019). SME development has the potential for wide reaching impacts on the SDGs globally, including SDG 1 (end poverty), SDG 2 (zero hunger), SDG 3 (good health and well-being), SDG 5 (gender equality), SDG 8 (promote inclusive and sustainable economic growth, employment and decent work), and SDG 9 (improve sustainable industrialization and fostering innovation)’ (Fakhriyyah et al., 2023). To create SME contributions to the SDGs, SMEs can expand their businesses by entering the global market.

The internationalization of SMEs has become increasingly significant in today's globalized economy (Zen & Mukhlis, 2022). Many SMEs are exploring opportunities beyond their domestic borders to achieve growth and long-term sustainability. SMEs, with all their functions, have been growing rapidly in foreign markets by investing in developing their own brands, thus being deemed worthy of entering the global market (Meldona et al., 2022). The international market has always been the goal and desire of all small and medium enterprises, certainly not only the domestic market, but also the enterprise will perform a variety of ways to be able to expand the marketing of their products. However, entering foreign markets presents its own challenges, especially for SMEs that may lack resources and expertise compared to large corporations. Unlike large multinational corporations, SMEs often face resource constraints, making it important for them to adopt well-considered strategies to enter and succeed in international markets. Thus, identifying effective foreign market entry strategies for SMEs has become a focus area of research in international business.

Entering foreign markets and engaging in export activities is crucial for SMEs as it opens up new revenue streams, enhances competitiveness, and enables long-term growth. For SMEs, especially those in specialized sectors like ornamental plants, foreign markets often provide a much larger customer base than the domestic market, where demand can be limited or saturated. By expanding internationally, SMEs can tap into markets where consumers may be willing to pay higher prices, particularly for unique or niche products, thereby increasing profitability. Additionally, the process of entering foreign markets encourages SMEs to improve product quality, adapt to international standards, and enhance their operational efficiency, which can strengthen their position both at home and abroad. Exporting also exposes SMEs to global trends, fostering innovation and resilience as they learn to navigate diverse market conditions and consumer preferences. Furthermore, successful international expansion not only contributes to the growth of individual SMEs but also bolsters the national economy by increasing foreign exchange earnings, creating jobs, and promoting sectoral development.

The internationalization of SMEs is driven by several factors, including market saturation in domestic markets, the desire for prestige, and the pursuit of growth opportunities (Nurfarida, 2022). Engaging in international markets allows SMEs to diversify their customer base, reduce dependency on local markets, and enhance their competitiveness through exposure to new skills and technologies. Furthermore, entering foreign markets can help SMEs mitigate risks associated with economic fluctuations in their home country by spreading operations across diverse geographical areas.

Foreign market entry strategy is critical for SMEs as it determines their initial approach, adaptation, and survival in new environments. Foreign market entry mode (FMEM) decisions, including either initial choices or subsequent changes, are key for firm internationalisation (Stoian, 2024). For SMEs, the choice of entry mode—be it exporting, forming alliances, licensing, or joint ventures—depends on various factors, including resource availability, target market characteristics, and the SME's overall internationalization objectives. The strategic choice of entry mode allows SMEs to minimize risks while optimizing resource use, ensuring they can establish a foothold in competitive foreign markets without overextending their capacities. In addition, entry strategy decisions are often influenced by the need to comply with foreign regulations, understand local customer preferences, and manage logistical challenges that can impact the SME's success abroad.

Entering a foreign market is not without its difficulties, the changing nature of international markets and regulatory frameworks makes it even more difficult for SMEs to enter foreign markets. For instance, SMEs in industries like manufacturing, technology, and agriculture encounter unique difficulties while trying to comply with trade laws, satisfy international standards, and handle international customs procedures. Additionally, SMEs must significantly modify their products and strategies due to variations in consumer behavior, business processes, and cultural conventions. For SMEs to successfully address these issues and take advantage of opportunities in global markets, they must comprehend the function of institutional support, such as trade networks, industry groups, and government export aid programs.

Given their small size, however, SMEs are more vulnerable to barriers that may prevent their growth prospects, mainly on international markets where SMEs face several liabilities due to smallness and inexperience, as compared to their larger counterparts. In particular, they face stronger financial constraints to invest in activities related to internationalization, are more affected by the uncertainty surrounding foreign markets and have weaker competences to carry out international activities successfully

According to complexities, research that examines customized entry strategies and the additional mechanisms required for SMEs to succeed in international markets is urgently needed. Such studies can give SMEs important information on how to manage cross-border operations, choose target markets, and determine the most practical entrance strategies. Furthermore, it can help institutions and policymakers create programs that cater to the particular needs of SMEs in internationalization, creating an environment that is more conducive to their expansion. Therefore, it is essential to comprehend foreign market entry methods for SMEs in order to support both individual business success and the larger economic growth fueled by SME contributions to innovation, export expansion, and job creation.

Batu City, East Java Province, has abundant natural resource potential as flowers and plants sectors. Many flower farmers earn their main income from trading flowers. To be able to increase market share and provide value added to products, product innovation is needed. Flower farmers or entrepreneurs can create ornamental plants that have more added value. One type of ornamental plant that can be produced by flower plant entrepreneurs is Kokedama. Kokedama, which translates to "moss ball" in Japanese, is a unique planting technique that originated in Japan. This method involves creating a ball of soil that is wrapped in moss, allowing plants to grow without the use of traditional pots. The term "kokedama" combines the words koke (meaning moss) and dama (meaning ball). One of the kokedama product from Batu is "Creative Kokedama" which has managed to penetrate the export market by modifying kokedama not using moss but using cocofiber and fern roots. We can conclude that the ornamental plant sector in Batu City, East Java Province, presents a unique opportunity for small and medium enterprises (SMEs) to explore foreign market entry strategies. Creative Kokedama has secured an exclusive contract with a Japanese buyer, Bond Syoji Co Ltd to sell its kokedama products to Japan. Therefore, it is very important to study the foreign market entry strategy from the success of SME "Creative Kokedama" to be able to provide experience for the development of knowledge and learning for other SMEs who want to internationalize.

The purpose of this study is to explore the motivation of SME to entry foreign market for internationalization, the foreign market entry strategy chosen, and challenges and barrier to entry foreign market, which is can be related to existing theory. Using the case study method for SMEs' foreign market entry strategies combines in-depth, practical knowledge with the potential to develop new, relevant theories tailored to the SME context. This approach enhances the understanding of SME internationalization and informs more effective strategies and policies to support these businesses.

## 2. Literature Review

### 2.1. Internationalization

Internationalization can be describe as entering into foreign market and developing the international operations by the firms. Internationalization suggests that a company's foreign operations should be treated differently from its domestic operations. Organization theory, marketing, strategic management, international management, and small business management are just a few of the perspectives that have been extensively studied in relation to the phenomenon of internationalization. Small and medium-sized enterprises have been the subject of studies on topics like international decision-making and management, the growth of foreign activities, and variables that support or hinder internationalization (Lakshman et al., 2023).

There are some theories about internationalization process, such as:

#### A. Uppsala model theory

The Uppsala model is the most well-known model in internationalization studies, developed by Johanson & Wiedersheim-Paul (1975) and theorized by Johanson & Vahlne (1977), which is derived from the behavioral and growth theory of the firm. This theory explains that companies tend to enter foreign markets in stages, starting with markets that are geographically and culturally close, before expanding to more distant markets. Based on this model, internationalization is incremental process.

There are two aspects at Uppsala model, namely the static aspect and the change aspect. First, the company analyzes the latest global developments, such as resources used in the market and the level of commitment, as well as its experiential knowledge, before selecting a new target, namely the market and the level of commitment. After that, the evaluation of the success of the expansion can be done through a retrospective analysis of the decisions made, which allows the development of new experiential knowledge. The step-by-step approach is particularly relevant for SMEs because the experience gained helps reduce risks and optimize international resources in the long term.

The Uppsala model consists of four interrelated stages. First, the company analyzes the latest global developments, such as resources used in the market and the level of commitment, as well as its experiential knowledge, before selecting a new target, namely the market and the level of commitment. After that, the evaluation of the success of the expansion can be done through a retrospective analysis of the decisions made, which allows the development of new experiential knowledge. The step-by-step approach is particularly relevant for SMEs because the experience gained helps reduce risks and optimize international resources in the long term.

This Uppsala model was later revised to become "Revised Uppsala Model". this model has undergone several revisions to adapt to changing business environments and theoretical advancements. In 2009, Johanson and Vahlne revised their model by added network role. There three keys revision:

- Network Perspective: The revised model replaced the notion of country markets with a focus on business networks. This shift acknowledges that firms operate within complex networks of relationships that influence their internationalization strategies. Business networks play an important role in helping companies reduce the influence of psychological distance that often becomes an obstacle in the internationalization process. Through networks, companies can more easily access relevant information, find new business opportunities, and build long-term, mutually beneficial relationships, thereby reducing uncertainty and risk in the international market.
- Liability of Outsidership: Instead of merely addressing the liability of foreignness, the revised model introduced the concept of "outsidership," emphasizing that firms must build relationships within networks to succeed in foreign markets. This concept refers to the difficulties faced by companies that are not part of a strong business network in the international market. If companies are outside of an established business network in a foreign country, they will face greater challenges in achieving successful international expansion.
- Entrepreneurial Process: The updated model framed internationalization as an entrepreneurial process where firms leverage opportunities within their networks rather than just mitigating risks associated with foreign markets. The process of internationalization of a company through business networks involves several stages. These stages include determining the company's position in the network, utilizing opportunities to gain knowledge from the network, commitment to the relationships built, and learning and developing trust between the company and business partners. These stages play an important role in strengthening the company's involvement in the international market and increasing the success of expansion.

#### B. Innovation theory

The innovation model considers internationalization as a long, sequential, and gradual process, which each new step is an organizational innovation for the company. This approach compares internationalization with various sequences for the adoption of new products or new technologies. The development through various stages with

organizational learning mechanisms that allow the company to integrate new knowledge derived from innovation. Based on Dominguez (2018), there are three stage, namely pre commitment, initial commitment, and advance commitment.

Then, there is an revision of innovation theory. To achieve global status, SMEs need to have exclusive technology and a strong international network. The process of corporate globalization is a slow and complex journey, in which human capital, technology, and business relationships play a major role.

Human capital and the company's technological innovation capacity are critical in determining the success of SME internationalization. Innovation enables SMEs to compete in foreign markets, especially in sectors with high technology intensity.

In the literature presented by Dominguez (2018), there is a development of the internationalization process of manufacturing SMEs in four stages: domestic, young exporters, advanced exporters, and global companies. Each stage is driven by factors such as labor productivity, innovation capacity, and relationships with foreign markets.

## 2.2. Foreign Market Entry Strategy

Entry mode or entry strategy can defined as a institutional agreements that companies establish to advertise their business operations and functions abroad (Chen et al., 2023). Suitable entry strategies enable a business to transfer their products, and other resources to foreign markets.

For companies that want to internationalize, it is necessary to choose a strategy to entry the international/ foreign market. Stoian (2024) stated that foreign market entry mode (FMEM) decisions are key for international activity. The choice of entry mode is a significant strategic decision in the internationalization of multinational enterprises (MNEs) (Zhang et al., 2022). The entry mode selection has a significant influence on MNEs' internationalization performance and behavior. MSMEs that decide to enter foreign markets are not only related to entrepreneurial behavior but also related to strategic decisions because they involve the availability of resources (Petrou et al., 2020).

There are some of foreign market entry strategies, such as:

### A. Direct Export

Direct exporting involves selling products directly to foreign markets without intermediaries. This strategy can be effective for SMEs looking to establish a presence abroad. Key considerations include market research (understanding target markets' preferences and regulations is essential), logistics management (efficient supply chain management ensures timely delivery of products), building relationships (establishing partnerships with local distributors can enhance market entry success). SMEs can take advantage of direct or indirect export strategies, which allow them to enter foreign markets with lower risk and investment (Divrik, 2023)

### B. Joint Venture

A joint venture is a business arrangement in which two or more parties agree to pool their resources for a specific task or project. This collaboration can involve sharing profits, losses, and control over the enterprise. Joint ventures are often formed to enter new markets, share risks, or leverage complementary strengths. Each party retains its distinct legal status while collaborating on the venture. Forming joint ventures with local firms in target markets allows SMEs to leverage existing distribution networks and market knowledge. This strategy offers several advantages such as shared resource and risk, and also partnering with local firms provides insights into consumer behavior and regulatory compliance.

### C. Franchising

Franchising is a method of distributing goods or services that involves a franchisor granting the rights to use its trademark or trade name and business model to a franchisee. The franchisee pays an initial fee and ongoing royalties to the franchisor in exchange for support, training, and the right to operate under the franchisor's established brand. This arrangement allows for rapid expansion while maintaining brand consistency across different locations.

Franchising allows SMEs to expand their brand presence without bearing the full costs of opening new locations. This strategy can be particularly effective in markets with high demand product. The advantage is Provides a lower-risk entry method leveraging established business models and product rights.

### D. E-commerce platform

An e-commerce platform for internationalization refers to a digital framework that enables businesses to sell products or services across international borders. This type of platform is designed to support various aspects of global trade, including localization, payment processing, and compliance with different regulatory environments.

Utilizing e-commerce platforms enables SMEs to reach broader audiences without significant upfront investments in physical stores. This strategy includes online marketing and customer engagement.

### E. Wholly Owned Subsidiaries

A wholly owned subsidiary is a company whose entire stock is owned by another company, known as the parent company. This structure allows the parent company to control all aspects of the subsidiary's operations while limiting liability. Wholly owned subsidiaries are often used by corporations to enter new markets or manage specific product lines while keeping them separate from the parent company's main operations.

### 3. Materials and Methods

#### 3.1. Materials

The subject of this research is ornamental plant SMEs in Batu City who have exported their product into foreign markets, namely "Creative Kokedama". The research location is in Batu City, East Java Province.

#### 3.2. Methods

This study employs a qualitative research especially case study approach. Collection data method using semi-structured interviews with owners of SME. The interviews focused on their motivations, foreign market entry strategies, challenges and barriers, and support received during the process. Additionally, secondary data on internet articles about "Creative Kokedama".

### 4. Result and Discussion

Ornamental plant SMEs are one part of the creative economy that is currently on the rise. One of the ornamental plant SMEs that has succeeded in exporting its products is the "CK" SME located in Batu City. The product produced is an ornamental plant especially "kokedama". Kokedama is a combination of the words "koke" and "dama". Koke means moss, while dama means ball. So, Kokedama literally means "moss ball". The growing medium used is moss and generally the plants are placed on a plate (saucer) or hung.

The internationalization process of CK SMEs is not long, it has only been carried out in the last year., such as the results of interviews described by owner of "CK" as follows:

*"we signed an exclusive agreement with Japanese company at 2023, it plans to send more than 20 thousand Kokedama products to the Japanese market. "We first started exporting in 2023, and we continue it in 2024, because we see a very promising potential market," she said."*

She estimates that in 2024 the contract value with the Japanese company will reach IDR 800 million, involving an exclusive contract for around 20 thousand Kokedama products. This shows that the owner is optimistic about the product sales at foreign markets.

In SMEs, top managers, who are frequently the founders and/or owners of the business, are commonly the sole decisionmakers for strategic decisions. As a result, key decisions, such as those related to FMEM, are generally taken by these managers according to their understanding of the situation. For consistency purposes, the term "manager" is used hereafter (Stoian, 2024).

#### 4.1 Motivations for Foreign Market Entry

The motivations for foreign expansion play direct and important roles in driving firms' innovation behaviors, especially for R&D site selections (Du et al., 2023). Motivation of owner Creative Kokedama to internationalize their business by export their product as follows:

*"I know that kokedama comes from Japan, so I have a dream to bring kokedama back to Japan but with the uniqueness of Indonesia. Incidentally, my business is flower plants, so I want to innovate products in the form of flower plants that can have added value". The kokedama we produce is not a pure one like the ones from Japan, which use moss media, but we use coconut fibre and fern roots media that are only found in Indonesia rather than in Japan. We want Japanese buyers to remain attached to our products by using raw materials that can only be obtained in Indonesia."*

Based on interview results, the primary motivation of "Creative Kokedama" to enter foreign markets is intrinsic motivation. She reasoned that kokedama plant crafts originated from Japan, so she wanted to bring kokedama back to Japan. She has his own satisfaction when she is able to bring kokedama to the Japanese market. Another motivation is to increased demand for kokedama as a unique plant. Interviewed owner noted that foreign customers are often willing to pay a premium for unique plant varieties, which is particularly beneficial given the limited purchasing power in local markets. Foreigners are usually interested in collecting something unique, like a kokedama. Sometimes a foreign market has a bigger potential customer than a domestic market. In addition, the saturation of the domestic market has encouraged "CK to seek expansion opportunities abroad.

Owner of Creative Kokedama is also able to read opportunities in Niche Market. Many countries have specific needs that can be met by SME products. For example, craft products, processed foods, or fashion that carry local culture often have a unique appeal in foreign markets.

The interview's results can be connected to the existing theories as follows:

##### - Psychological Motivation and Ethnocentric Sentiment

SME owners often have an emotional attachment to the products they create, such as kokedama, which originated in Japan. This attachment creates a psychological urge to "return" the product to its country of origin. This reflects the theory of psychological motivation, which sentiment towards the origin of the product influences the decision to enter the international market. Psychological motivation can drive to get desire of achievement as stated by Ismail (2022), many SME owners are driven by a strong desire to achieve personal and professional success. This motivation often

translates into a willingness to explore new markets, including exporting to their origin country, as a means of validating their business capabilities and enhancing their reputation in the industry.

In addition, the interview result can be seen as part of ethnocentrism, which is the owners feel that their products are better or more authentic when marketed in their home country. In this case, the kokedama produced by Creative Kokedama is an ethnocentric product, which is a product designed to be the focus of a specific group of people is called an ethnocentric product (Sumner, 1906). Ethnicity sometimes is the best strategy for mobilizing ethnic groups to achieve organizational goals by ethnocentric product advantage. Ethnocentrism product advantage is the ability of a business to attract customers with the goal of becoming the centre of attention for a specific ethnic or community group by using products that are unique, different, and distinctive. The ethnocentric product advantage's state of the art can be combined with the marketing mix idea, the competitive advantage concept, and the ethnocentric consumer concept (Hanfan et al., 2019).

#### - Unique Resource Theory (Resource-Based View)

The RBV originated with the study of Penrose (1959) where the internal and external growth of organizations was attributed to the nature of resource deployment. The Resource-Based View (RBV) theory emphasizes that competitive advantage can be obtained through the utilization of unique resources possessed by the company. One of key concept of RBV is unique resources which suggests that firms can outperform competitors by utilizing resources that are valuable, rare, inimitable, and non-substitutable which is established by Barney (1991). These resources can be tangible or intangible .

In this context, Indonesia's unique raw materials can add value in the Japanese market. RBV states that companies must leverage rare and hard-to-imitate resources to achieve competitive advantage (Nayak et al., 2023). By utilizing the uniqueness of Indonesian raw materials, SMEs can supply the demands of the Japanese market, which values product variety and quality.

#### - International Market Orientation Theory

Based on the interview results which stated that when they first started producing kokedama, the main aim was to export to Japan, which is the country of origin of kokedama, it can be concluded that the owner does have an international market orientation. Owners show an international market orientation by understanding that their products have unique qualities in the Japanese market.

International Market Orientation (IMO) is a strategic framework that emphasizes the importance of understanding and responding to the needs and preferences of consumers in global/ international markets (Farha et al., 2024). This theory builds upon the broader concept of market orientation, which prioritizes customer needs in product development and marketing strategies. In an international context, firms must navigate diverse cultural, economic, and regulatory environments, making IMO crucial for successful international operations.

This theory states that entrepreneurs with a global perspective are often motivated to seek opportunities abroad, especially if their products have the potential to be accepted in countries with closely related cultures. This is especially important for Small and Medium Enterprises (SMEs) aiming to succeed in foreign markets. This is very suitable to be connected with the motivation of the Creative Kokedama owner who is targeting the Japanese market.

## 4.2 Foreign Market Selection and Entry Modes

The owner of kokedama said that the kokedama business started in 2017 which was indeed export-oriented with its own efforts, then in the 3rd year it collaborated with the government to facilitate internationalization. Before exporting to Japan, it had already shipped to Malaysia, Brunei Darussalam, and Singapore.

The reason Japan was chosen as the export destination was because Japan is the country of origin of kokedama and also has an interest in the creative industry of ornamental plants from Indonesia. Because it is very difficult to penetrate the Japanese market which has stricter requirements, it was decided to export to neighboring countries which are easier to penetrate, such as Malaysia, Brunei Darussalam, and Singapore.

#### - Pull Factor Theory in Internationalization

The pull factor theory in the context of internationalization refers to the positive attributes or advantages that attract businesses to enter foreign markets. This theory is part of a broader framework that includes push factors, which are the negative conditions that force companies to seek opportunities outside their home countries. Pull factors related to the management's proactive vision. Even if the business can keep expanding in its home market, they believe that internationalization is necessary to take advantage of new prospects overseas (Blat et al., 2021).

Japan, as the country of origin for kokedama, may have a high appreciation for products with unique approaches or modifications. This creates a pull factor that attracts SMEs to enter the Japanese market. The strong demand from Japanese consumers for innovative and different products can be a major driving force for SMEs to pursue international expansion.

Seen from the entry market mode/ strategy, Creative Kokedama chose to use export strategy, especially direct export. Direct exporting refers to selling products directly to a foreign customer. They chose direct export because they had been introduced to foreign buyers by the government.

*"In the fifth year, we started participating in exhibitions organized by the government, the last one was the Indonesia Trade Center in Tokyo in 2023, finally we got an exclusive contract with a buyer from Japan, namely Bond Soji Co, Ltd."*

Differ from others SME, mostly often rely on indirect exporting using intermediaries such as export agent, who facilitate market entry by handling logistic and distribution. "Creative Kokedama" has a direct relationship with foreign buyers, namely Bond Syoji Co. Ltd because "Creative Kokedama" is an MSME fostered by the Batu City Government and Customs Office (Bea Cukai). In this case, the Batu City Government plays a role in establishing cooperation with foreign buyers through exhibition activities, likewise, Customs office plays a role by opening an export clinic for MSMEs who want to export to foreign markets. "Creative Kokedama" also diligently participates in exhibition activities that bring together sellers/entrepreneurs with potential buyers both from domestic market and foreign market. It cannot be denied that exhibitions organized by the government often provide opportunities for entrepreneurs to meet potential buyers from abroad. This is one of the roles of the government.

#### 4.3 Internationalization of SME

International development is one of the main growth strategies for companies and also for SME. Internationalization process of business is a dynamic process, not static process, that can be explained by two major theoretical model, usually is uppsala model (sequential) and innovation model (Dominguez, 2018b). It should be recognised that the organisation should foster an international culture at all levels, beginning with the management, and that international strategy is a component of the company's corporate strategy (Kraus et al., 2018). In order to succeed in the internationalization process, company or SME must have a key factors, the first is competitive advantage. A company should provide greater perceived value than its rivals; differentiation or cost leadership are two ways to do this (Vahlne & Johanson, 2017). Creative Kokedama

In the case of "Creative Kokedama", which has undergone the process of internationalization by implementing a differentiation strategy. They produce kokedama that originally used moss as the raw material, changing it to use coconut fiber and fern roots which are only found in Indonesia and cannot be found in Japan. This becomes a unique advantage in the Japanese market. Therefore, they were finally able to sign an exclusive contract with a Japanese company to sell the kokedama.

The results of this case study can be concluded that CK is a company of the Born Again Global type. Born-Again Global as a company that initially focused on the domestic market but suddenly underwent rapid internationalization after significant events such as ownership changes, management buy-outs (MBOs), or acquisitions. The internationalization of born-again globals is often triggered by external events that force them to switch to international markets quickly, unlike born globals who are proactive from the start (Ida, 2024).

The owner of Creative Kokedama actually had a flower plant business before, but in the domestic market. Then, they innovated the product by creating kokedama, which originated from Japan, utilizing the existing flower plant inventory, reimagined into kokedama using coconut fiber and fern roots to add value to the product, with the ambition of exporting the product to Japan. Creative kokedama successfully became Born Again Global by selling kokedama abroad.

A business can become a successful born again global if it is supported by the owner's motivation and leadership style that lead to international oriented. Kraus et al., (2018) prove that the way leadership is implemented also affects the speed of the company's internationalization.

#### 4.4 Challenges and Barriers

Usually, ornamental plant SMEs face significant obstacles when entering foreign markets, including compliance with complex phytosanitary regulations, high logistics costs, and currency exchange risks. Additionally, SMEs expressed difficulty in gathering accurate market intelligence, which hinders effective decision-making. Inadequate knowledge of international plant health requirements was a common barrier, as these regulations differ significantly across countries.

But, based on interview results with the owner, it was stated that they did not have any significant difficulties/barriers because they had been prepared from the start to entry international market. They learn what needs to be done so that their products can be exported abroad, besides that they already understand the advantages of their products which have their own unique characteristics. It can be concluded that whatever difficulties we encounter in carrying out internationalization can be overcome if the leaders are aware of the needs that must be prepared.

#### 4.5 Support Mechanisms and Government Role

Since the beginning of producing kokedama, the owner has been export-oriented, which has finally been able to export to Malaysia, Brunei Darussalam, and Singapore with his own efforts. However, to get an exclusive contract with Bond Syoji Co., Ltd to export to Japan, Creative Kokedama managed to get it since becoming an UMKM fostered by the Batu City government and the Malang Customs Office Export Clinic.

Government has a significant role to internationalization of "Creative Kokedama". Interviewed noted that the government held various MSME exhibitions such as the 2023 Indonesian Trade Center exhibition in Tokyo, which finally brought together Creative Kokedama and Bond Syoji Co., Ltd. Government help to promote "Creative Kokedama" and also provide additional assistance in areas like export compliance, certification processes, and international marketing could substantially ease their market entry efforts. Collaboration with government trade agencies and participation in export programs are identified as crucial to mitigating entry barriers and fostering sustainable internationalization.

This is in accordance with Lobo et al., (2020) that states SME requires support from various government institutions, and the SME that get support from the government will develop better. And also, the implementation of SME internationalization in Indonesia is strengthened by several government policies that strongly support the growth and internationalization process of MSMEs (Zainuddin et al., 2024).

## 5. Conclusion

Creative Kokedama is one of the creative industry especially ornamental plants SME at Batu City, which is international SME who exported their product to foreign market. Creative Kokedama has succeeded in becoming an international SME that exports their product because its owner is export-oriented, able to understand niche market opportunities, able to innovate products to gain competitive advantage in the Japanese market, and able to bind buyers by providing products that use raw materials that can only be obtained in Indonesia.

The purpose of this study is to explore the foreign market entry strategy form Creative Kokedama by using qualitative method. Their motivation is to be able to return kokedama products to their country of origin, namely Japan, but with original Indonesian raw materials to be able to attract foreign buyers. This motivation can be related to psychological motivation which sentiment towards the origin of the product influences the decision to enter the international market, and also ethnocentric sentiment, which is the owners feel that their products are better or more authentic when marketed in their origin country. In addition, this motivation can be related to resources based theory because Creative Kokedama has an unique resource while innovating their product, namely they used coconut fibre and fern roots instead of moss in making kokedama.

The entry mode selection used is direct export to foreign buyers who are met when participating in exhibitions organized by the government. The main foreign target market is Japan, but stricter requirements mean it has to choose to export to neighboring countries first before successfully exporting to Japan. This selection method can be related to pull factor theory in internationalization that refers to the positive attributes or advantages that attract businesses to enter foreign markets. The internationalization process of SME is appropriate with Innovation Model. Creative Kokedama became a “born again global” because already have a domestic flower plant business which then carries out product innovation to become a value-added product whose aim is to export.

There are no barriers/ difficulties to export Creative Kokedama Product because they had been prepared from the start to entry international market. This is can be related to the international mindset of leaders. In addition, there is a role for the government in helping SMEs to penetrate the target export market, in this case Japan, by holding SME product exhibitions abroad and providing export clinic assistance by Customs Office.

This research result can contribute to psychological motivation, ethnocentric, and resource based theory while discuss about motivation to entry foreign market. In addition while choose the target country, using a pull factor theory in internationalization. This research also contributes practically to SMEs who want to internationalize by first understanding the uniqueness of their products, using the market entry strategy that best suits their capabilities, and choosing a destination country that can be linked to the uniqueness of their products.

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