

# Intercultural Business Communication for Micro, Small and Medium Enterprises in Surabaya towards Global Market

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**Abstract**—The formal establishment of ASEAN Economic Community in 2015 has marked a distinctive change of how business runs in the region. Within free movements of goods, services, and investments, as well as freer flow of capital and skills, The Micro Small and Medium Enterprises in Surabaya, are forced to adjusting itself in order to survive the competition. One of the challenges in the adjustment is the intercultural business communication. The Micro Small and Medium Enterprises in Surabaya have to equip themselves with soft skills needed to be able to market their products and services abroad. Of course this could not be done solely, a lot of sectors should be contributing in making this goal achieved. This paper aims to identify which sectors could contribute in improving the intercultural business communication skills needed for Micro Small and Medium Enterprises in Surabaya. Based on qualitative data collected, we concluded that the government, private sector, higher education, and civil society could contribute more in improving the intercultural business communication skills for Micro Small and Medium Enterprises in Surabaya under Quadruple Helix Model.

**Keywords**—*intercultural business communication; international entrepreneurship; MSMEs; quadruple helix model*

## I. INTRODUCTION

Beginning to be implemented at the end of 2015, the ASEAN Economic Community (AEC) has made real changes in Indonesia. Various improvements in public facilities, infrastructures, and readiness of Human Resources (HR) in Indonesia were addressed to face the opening of internationalization in the region of the Association of South East Asian Nations (ASEAN).

At the state level, the Indonesian government which coordinates with the State-Owned Enterprises under it, has standardized services within which all refer to the demands of modernity. Facilities that act as entry gateways into Indonesia such as airports and ports are addressed and moderated. Infrastructure that supports the running of business in Indonesia, such as railway systems, toll roads, and the banking system also get a touch of improvement. All this is due to the challenges of the ASEAN Economic Community, where if Indonesia is not ready to open its access to 9 other ASEAN

Countries, by system, human resources and facilities, then Indonesia will not benefit much from this AEC.

At the Surabaya city level, the City Government of Surabaya under the leadership of Mrs. Tri Rismaharini for 2 periods (2010-2020) has prepared the city of Surabaya in facing the AEC era. Various policies from the Surabaya City Government aimed at building the city's economy, such as facilitating the management of business licenses with the construction of the One-Stop Integrated Service Unit (UPTSA) located in the Siola Street Jalan Tunjungan building [1,2]. The Surabaya City Government also established the Surabaya Language House in the Youth Complex Building where Surabaya residents can learn various foreign languages and also various skill courses offered there for free [3]. That includes the establishment of Surabaya MSME goods display center at the strategic points of Surabaya by the name Surabaya Square [4].

All of the efforts from the external party; The Indonesian government, the East Java provincial government, and the Surabaya City Government, will certainly not increase the competitiveness of MSMEs in Surabaya effectively if the internal MSMEs Surabaya itself does not participate in increasing its capacity.

Referring to data from ASEAN [5], MSMEs in ASEAN member countries contribute significantly to the total employment in these countries. MSMEs in ASEAN in the number ranged from 88.8% to 99.9% of the total companies in ASEAN countries, and have absorbed a total workforce of 51.7% to 97.2%. This significant contribution results in 30% to 53% of Gross Domestic Product (GDP) in each country in ASEAN and contributes to an export value of between 10% and 29.9% [5]. In the ASEAN region, MSMEs have become the backbone of the country's economy, and also as a tool to strengthen economic stability in rural and urban areas. Looking at the numbers above, it is not surprising that MSMEs in Indonesia, especially in Surabaya, are expected to advance, and successfully reach the market at the global level, at least in the ASEAN region.

One of the Skills or abilities that must be owned by each MSMEs in Surabaya is to be able to successfully penetrate the foreign market. This skill certainly consists of many things to master. The ability to articulate the objectives of expanding market abroad, the ability to build alliances, the ability to create supply chains, and the ability to organize multinationally are the basis of skills that a global entrepreneur must possess [6]. From these capabilities, the ability to communicate across cultures is needed in relation to the success of business at the global level.

## II. METHOD

The research method used in this study is a qualitative descriptive method. It is observing and analyzing the Intercultural Business Communication owned by SMEs in Surabaya, as well as the readiness of SMEs in Surabaya in facing the MEA market in particular and the global market generally. This scientific work was developed using a literature study approach. The theory or concept approach is carried out by referring to several sources such as books, international journals, online news portals, and other scientific publications. All descriptions of existing ideas are combined in a single frame of mind.

## III. RESULTS AND DISCUSSION

Intercultural business communication is the basis of all forms of communication involving individuals from diverse backgrounds. Character, habits and behavior are some of the various aspects of concern in this intercultural communication [7].

In addition, this so-called culture in the form of values, attitudes, and language that is owned by parties in cross-country business must certainly be mastered in order to facilitate the achievement of goals in business [8].

Communication consisting of two parties; Message Recipients and Message Senders, of course each party already has information that has been obtained before. Both information in the form of personal background, and external information (see Figure 1). In cross-cultural business communication, these external information along with the personal and shared background between individual MSMEs in Surabaya and prospective customers from different cultures, both domestically and abroad need to be acknowledged.

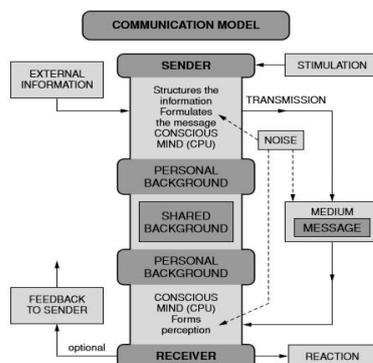


Fig. 1. Communication model [7].

The success of the company in managing intercultural communication within its organization can also deliver organizational success in developing corporate wings in more than one country [9].

### A. MSMEs in International Entrepreneurship

Micro Small and Medium Enterprises (MSMEs) as entrepreneurial actors, are expected to be able to develop out of the scope of their countries [10]. International Entrepreneurship underlies this thinking by emphasizing the search for business opportunities that cross national borders [11]. According to Mainela et al [11], International Entrepreneurship is a systemic view in which the community of entrepreneurs collectively seeks to find opportunities to expand the market on a global scale. So that is no longer an individual effort of a businessman.

Otero in Ana Belén Fernández-Souto et al [8], states that the reasons stated by entrepreneurs who internationalize in their business are as follows:

- Extend the product life cycle of an old-fashioned business in the domestic market, or undergo a phase of decline.
- Offsetting the rise of competition in the market today that makes business people have to look for markets in areas that are still few competitors.
- Maintain activities and diversify risks, especially in addressing the coming crisis in the future. This is possible for areas that are still untouched by the business products.
- Offsetting seasonal symptoms of demand and supply, avoiding shocks from the phenomenon of demand and supply.
- Obtain greater economies of scale, while reducing costs.
- Obtain competitive advantage by selling business products abroad
- Increase prestige in the eyes of consumers, suppliers, etc.
- Gaining knowledge and experience, starting a business in foreign markets, foreign consumers, and different consumption trends.

Research that has been done to see the advantages and disadvantages of intercultural communication [12], shows that amidst the presence of modern technology, intercultural communication in the international business environment is increasingly facing challenges in creating efficient business. Thus continuous and coordinated innovation is needed in order to perpetuate the internationalization of entrepreneurship efforts [13].

### B. The Quadruple Helix Collaborative Approach

Research on the Helix Model has been done in several countries [14-17]. This Helix Discussion Model is about interactions between actors who play a role in innovation and development, which are in an uninterrupted communication

and coordination series. The presence of two helix actors [15], three helix actors [14], up to four helix actors [16,18], being the development of the significant type of helix collaboration in the present.

The development of this quadruple helix collaboration is expected to produce innovation for the development of intercultural business communication among MSMEs in Surabaya. Innovations according to Schumpeter in Zawislak et al [19], not only intended in the field of technology and products, but also in processes, organizational systems and material resources.

In addition, in research on entrepreneurial innovation [16], this model of collaboration among entrepreneurial actors is included in the Quadruple Innovation Helix Framework. Carayannis et al [16], emphasizes the coordination of various spirals; first is the Academia / University spiral, the second is Academia / University, the third is State / Government, and the fourth is Media-based and culture-based public, and civil society.

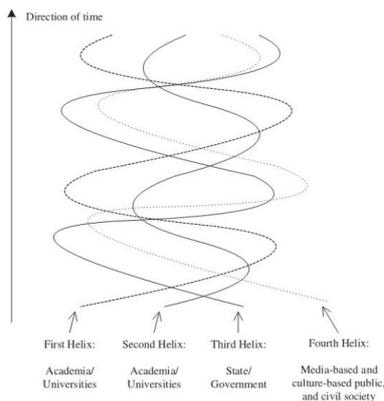


Fig. 2. Conceptualization of QIH framework [16].

The Quadruple Helix cooperation referred to in this study is the result of a combination of two Quadruple Helix models proposed by Carayannis et al [16], with the Quarto Helix model owned by Knowlex [20]. The reason is considering the combination of the two models can better explain the four helices needed in achieving the objectives of the Intercultural Business Communication innovation for MSMEs in Surabaya.



Fig. 3. Quarto helix model [20].

The first helix is from Higher Education. As an institution that accommodates academics with the results of their research, the University under its community service activities can provide solutions with cultural / language learning programs for MSMEs in Surabaya. This will certainly accelerate the language skills of SMEs and introduce MSMEs with a culture that is owned by the target foreign market.

The second helix is held by the Public Sector. The Surabaya / public city government sector comes with regulations, infrastructure, and facilities that will help MSMEs in Surabaya to prepare reliable intercultural business communication capabilities in the face of global market competition.

The third Helix is from the Private Sector / Industry. Together with trade in each industry, under the association of similar-area businessmen, they will improve intercultural business communication for MSMEs in Surabaya. This is what will create the next innovation in improving communication skills / abilities from entrepreneurs. The industry along with its Corporate Entrepreneurship, will help MSMEs entrepreneurs to aim better their global target [21].

While the fourth Helix comes from the Civil Society. The existence of civil society that can come from Non-Governmental Organizations, as well as the media-based society, or culture-based society, or transnational diaspora [22], will encourage the presence of shared services created to facilitate intercultural communication in the field.

These four helices in Cunningham et al [18], actually bound by the presence of Simmelian Ties in the form of the Principle Investigators in his research. However, Simmelian Ties in the collaboration model for Intercultural Business Communication MSMEs in Surabaya is not yet held by a specific institution. Thus, continuous helix cooperation from the efforts of the four actors is only limited by the presence of a charismatic Surabaya city leader, Mrs. Tri Rismaharini.

This synergic cooperation under Quadruple Helix Model for Intercultural Business Communication the MSMEs in Surabaya eventually aimed to improving the entrepreneurship activity in Surabaya. As a country with lower-middle income status, Surabaya as one of the cities in Indonesia, must also aware of the possibility for environmental degradation that entailed by this entrepreneurship progress [23].

#### IV. CONCLUSION

Communication as a media in a business must absolutely be well mastered by the perpetrators. This is because with good communication, business goals can be more easily achieved. Likewise with intercultural business communication, this is absolutely necessary if MSMEs in Surabaya want their businesses to be able to successfully expand across national borders.

The Quadruple Helix collaboration is here to help create synergic coordination between actors within it. They can play a role in innovative changes in intercultural business communication for MSMEs in Surabaya.

With continuous coordination in these four helices interactions; It is expected that MSMEs in Surabaya can be more agile in expanding their business across national borders, and can be more responsive to the demands of the global market.

#### ACKNOWLEDGMENT

This research was supported by Faculty of Social and Political Sciences, Universitas Hang Tuah, Indonesia. The author is immensely grateful to Dr. Ir. Sudirman S.E., M.AP. as Rector of Universitas Hang Tuah for his full support thus making this paper could be presented in ICIIR 2018 in Bali, Indonesia.

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