International Journal of Business and Quality Research

https://e-journal.citakonsultindo.or.id/index.php/IJBQR
E-ISSN: 2985-9468

The Global-Local Strategy For Lumajang Batik Smes: Synergy Of Adaptive Innovation Rooted In Local Wisdom And Diaspora Networks For Business Internationalization

Sumiati [1], Sudarmiatin [2], Heri Pratikto [3]

[1,2,3] Faculty of Economics and Business, Universitas Negeri Malang, Indonesia

Corresponding e-mail; sumiati.2504139@students.um.ac.id , sudarmiatin.fe@um.ac.id
heri.pratikno.fe@um.ac.id

Abstract

This study aims to examine glocalization strategies among Micro, Small, and Medium Enterprises (MSMEs) in the Batik Lumajang sector through the integration of adaptive innovation and the empowerment of diaspora networks. Amid increasingly intense global competition, MSME actors are required to adopt a global mindset to adapt to a dynamic cross-border business environment (Kossowska & Rosinski, 2020). Using a qualitative approach, this study analyzes how local cultural identity, embodied in distinctive motifs such as Pisang Agung and Kuda Kencak, is preserved as a unique resource advantage (Sumiati et al., 2024). Beyond cultural heritage, this research highlights the importance of global tools such as digital platforms in facilitating knowledge-sharing and consumer education in international markets (Hu et al., 2024). The utilization of diaspora networks is identified as a key strategy for overcoming the challenges of foreign markets through the leveraging of specific ecosystem advantages (Li et al., 2019). The presence of the diaspora offers strategic advantages due to their deep understanding of both the culture of the home country and the host country (Williams & Dvoulety, 2025). Research findings indicate that the success of market expansion heavily depends on the maturity of network competencies and mutual trust in digital interactions (Augustie et al., 2025; Wziatek-Stasko & Pobiedzinska, 2022). The implementation of open innovation through external collaboration has proven capable of accelerating internationalization efforts while strengthening business resilience (TanTai et al., 2024). The conclusion of this study affirms that the synergy between adaptive local wisdom and smart international support instruments creates a resilient and sustainable business model for SMEs on the global stage

Copyright to the author of some rights reserved This work is licensed under aCreative Commons Attribution-ShareAlike 4.0 International License.

International Journal of Business and Quality Research

https://e-journal.citakonsultindo.or.id/index.php/IJBQR
E-ISSN: 2985-9468

Keywords: Glocalization, Lumajang Batik SMEs, Adaptive Innovation, Diaspora Networks, Internationalization

INTRODUCTION

The rapidly evolving era of globalization demands that every business owner continuously adapt in order to survive and grow sustainably. For the Micro, Small, and Medium Enterprises (MSMEs) sector in Indonesia, today's business competition no longer has geographical boundaries limited to the domestic market. Locally made products now face direct competition and must compete head-to-head with various multinational products that enter the market freely. Therefore, MSME operators urgently need to implement precise and measurable business strategies. One strategic approach considered highly relevant in this situation is the concept of glocalization—a principle where businesses think globally while acting and grounding their operations in local values. The core idea of this concept is how MSMEs can maintain their authentic local cultural identity while intelligently leveraging global tools to effectively penetrate international markets.

In the real-world context, Lumajang Batik SMEs are currently facing significant challenges in their efforts to sustain their business operations amidst the global fashion industry's modernization trends. Based on an in-depth study conducted by Sumiati et al. (2024) in a document titled "Locally-Based Adaptive Innovation as a Survival Strategy for Lumajang Batik SMEs," innovations deeply rooted in noble cultural values are a crucial element for responding to dynamic shifts in market trends. Through the implementation of such innovations, these SMEs have proven capable of surviving and optimally leveraging the region's distinctive motifs—such as Pisang Agung and Kuda Kencak—as high-value competitive assets. The cultural characteristics embedded in these motifs create a unique identity that ultimately serves as a key strength, as they are extremely difficult for competitors from other regions to replicate.

However, local innovation alone is, in reality, insufficient to propel these products to achieve international market penetration. Additional synergy is required in the form of robust business network capabilities and the effective utilization of adequate digital technology channels. In this regard, Hu et al. (2024) emphasize that digital platforms hold significant potential in helping SMEs enter foreign markets, particularly because this technology facilitates knowledge transfer and serves as an effective educational tool for global consumers. Furthermore, the substantial potential represented by the presence of Indonesian diaspora communities across the globe can indeed be leveraged as promising strategic connecting agents. A study by Williams and Dvoulety (2025) clearly states that the active involvement of diaspora networks provides tangible benefits as well as tactical solutions in overcoming

Copyright to the author of some rights reserved This work is licensed under aCreative Commons Attribution-ShareAlike 4.0 International License.

International Journal of Business and Quality Research
https://e-journal.citakonsultindo.or.id/index.php/IJBQR
E-ISSN: 2985-9468

various barriers when first entering foreign market ecosystems. Based on these phenomena, this article aims to critically examine how the integration process between the local adaptive innovation of Lumajang Batik and the strength of the diaspora network can give rise to a robust business internationalization strategy

LITERATURE REVIEW

Adaptive Innovation and Local Wisdom

The concept of open innovation enables SMEs to transcend their traditional boundaries and collaborate with external parties to accelerate their business growth. A comprehensive study conducted by TanTai et al. (2024) found that significant innovations often originate from beyond a company's internal boundaries and are highly dependent on extensive interactions with the surrounding business ecosystem. Batik entrepreneurs in Lumajang innovate by adapting their designs to align with the tastes of modern consumers worldwide. This strategic process is carried out with great care without eliminating the original cultural identity elements of the work, which play a very important role (Sumiati et al., 2024). In other words, local wisdom is considered the primary foundation that is continuously strengthened through innovation so that its artistic value can be accepted and appreciated by communities worldwide. This adaptive strategy aligns closely with the comprehensive concept outlined in the academic book *Digital Internationalization of Firms* by Witek-Hajduk et al. (2022). The book emphasizes that within the modern economic ecosystem, the internationalization process requires companies of all scales—including SMEs—to integrate network-based and technological approaches into their strategies. The use of digital tools is absolutely necessary for business entities to efficiently bring local product innovations across geographical boundaries into global markets.

Global Mindset and Belief in Digitalization

The process of internationalization fundamentally requires a substantial shift in the perspective of business actors. Through an in-depth analysis in their book *Global Mindset and International Business*, Kossowska and Rosinski (2020) explain that possessing a global mindset is crucial to a business's ability to grow and adapt in a multinational environment characterized by constant change. Entrepreneurs with a global outlook will be far more mentally flexible, which in turn will help them navigate various regulations and cultural differences in foreign markets. The book also underscores the importance of entrepreneurs' active involvement in building cross-border relationships and continuously developing international operational knowledge to foster long-term success. Trust is a vital component of this structural support alongside a shift in mindset. Mutual trust among

Copyright to the author of some rights reserved This work is licensed under aCreative Commons Attribution-ShareAlike 4.0 International License.

International Journal of Business and Quality Research
https://e-journal.citakonsultindo.or.id/index.php/IJBQR
E-ISSN: 2985-9468

business partners is absolutely essential in the modern era dominated by the wave of digitalization, as extensively examined in the book *Digitization, Trust, and SMEs* by Wziatek-Stasko and Pobiedzinska (2022). This literature examines the phenomenon that trust in the digital space is a crucial instrument that touches on various dimensions, ranging from interpersonal interactions to managerial confidence in information technology itself. Ultimately, it is this foundation of trust in the virtual space that directly determines the operational smoothness and security of international trade transactions.

Diaspora Networks and Network Capabilities

Very limited knowledge of local market dynamics is one of the biggest challenges for SMEs when they begin operating abroad. Li et al. (2019) suggest that to address the issue of entrepreneurs' isolation in the target country, specific advantages of the business ecosystem must be deliberately built through the power of external networks. This approach serves as a tactical response to the structural barriers that frequently arise in the field. Diaspora communities serve as highly strategic catalysts at this critical juncture. The diaspora effectively helps pave shortcuts and gain direct access to local market hubs in foreign territories. The dual cultural understanding naturally possessed by diaspora groups greatly assists local entrepreneurs in overcoming rigid institutional barriers, according to Williams and Dvoulety (2025). In the reality of cross-border trade, the involvement of these supportive communities also facilitates SMEs in responding to e-consumer behavior and breaking down the complexities of international trade regulations, as further analyzed in the literature by Witek-Hajduk et al. (2022). Augustie et al. (2025) subsequently found robust empirical evidence that strongly reinforces this argument. They conclude that as SMEs attempt to navigate the fierce waves of global competition, mastering strong collaborative network competencies and possessing accurate market knowledge will significantly double their export resilience.

METHOD

Research Methodology

Research Approach and Type

This article is a comprehensive study employing a qualitative research approach that focuses on a literature review and an in-depth, critical analysis of case studies. This descriptive-analytical qualitative approach was chosen because it is considered the most appropriate methodological tool for gaining a more complete understanding of business dynamics at the local level, which are currently projected toward a global scale. Through this

Copyright to the author of some rights reserved This work is licensed under aCreative Commons Attribution-ShareAlike 4.0 International License.

International Journal of Business and Quality Research
https://e-journal.citakonsultindo.or.id/index.php/IJBQR
E-ISSN: 2985-9468

approach, the phenomenon of business internationalization can be studied comprehensively, from its cultural roots to the implementation of its strategies in the field.

Research Focus and Subject

The primary focus of this study is specifically directed at the Batik Lumajang Micro, Small, and Medium Enterprise (MSME). This subject was not chosen at random but is based on the consideration that these business entities have empirically demonstrated their capabilities in the field. Batik Lumajang has successfully implemented a series of adaptive innovation strategies that are highly relevant to the demands of the modern era without losing its regional identity.

Data Sources

All primary data used in this study are sourced from academic literature. The main reference serving as the backbone of this study is the document titled "Local-Based Adaptive Innovation as a Survival Strategy for Lumajang Batik MSMEs" written by Sumiati et al. (2024).

To strengthen the arguments and serve as an analytical tool, this study also explores the latest literature from various reputable journals and academic books that provide in-depth analysis of international business dynamics, trade digitalization, and the concept of leveraging transnational diaspora networks.

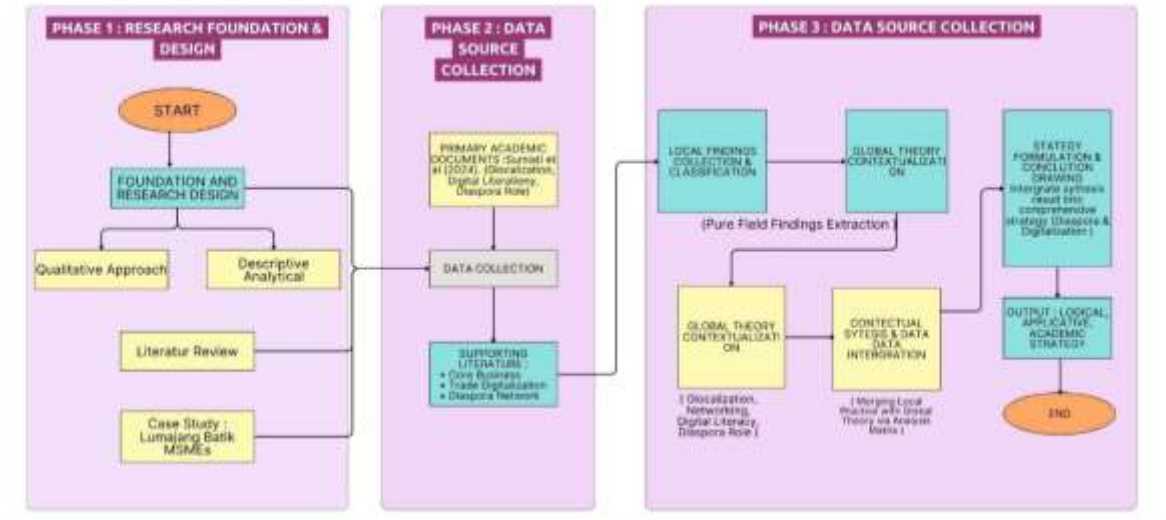


Figure 1. Research Flowchart

Copyright to the author of some rights reserved This work is licensed under aCreative Commons Attribution-ShareAlike 4.0 International License.

International Journal of Business and Quality Research
https://e-journal.citakonsultindo.or.id/index.php/IJBQR
E-ISSN: 2985-9468

Stages and Steps of Data Analysis

The data analysis process is then carried out through a careful synthesis phase to establish a systematic and coherent line of reasoning. To ensure the process is conducted in a scientific and measurable manner, the researcher implements the following sequential operational steps:

Phase 1: Research Foundation & Design

This phase constitutes the initial stage of preparation and the establishment of the research framework.

- Start: The research begins.
- Research Foundation and Design: Determining the direction of the research, supported by several foundational elements:

o Approach: Employing a Qualitative Approach using the Descriptive Analytical method.

o Primary Sources: Supported by a Literature Review and focused on a Case Study of Lumajang Batik MSMEs.

o All these foundational elements lead to the data collection phase.

Phase 2: Data Source Collection (Data Source Collection)

This phase focuses on how data and literature are collected to support the research.

- Primary Academic Documents: Referring to the work of Sumiati et al. (2024), which discusses Glocalization, Digital Literacy, and the Role of the Diaspora. This document serves as the primary input for the Data Collection process.
- Supporting Literature: From the data collection process, the researcher also extracts supporting literature covering: Core Business, Trade Digitalization, and Diaspora Network. This process then proceeds to the third phase.

Phase 3: Data Analysis & Strategy Formulation

This phase involves processing field data in combination with theory to generate strategies.

- Local Findings Collection & Classification: The process moves into the stage of collecting and classifying local findings.
- Global Theory Contextualization: These local findings are contextualized within global theory. This stage is referred to as Pure Field Findings Extraction.
- The process then proceeds to an advanced stage of Global Theory Contextualization that specifically addresses Glocalization, Networks, Digital Literacy, and the Role of the Diaspora.
- Contextual Synthesis & Data Integration: Integrating local practices with global theory through an analytical matrix.
- Strategy Formulation & Conclusion Drawing: Integrating the synthesis results into a comprehensive strategy focused on the Diaspora and Digitalization.

Copyright to the author of some rights reserved This work is licensed under aCreative Commons Attribution-ShareAlike 4.0 International License.

International Journal of Business and Quality Research
https://e-journal.citakonsultindo.or.id/index.php/IJBQR
E-ISSN: 2985-9468

• Output: Producing an output in the form of a Logical and Applicable Academic Strategy.
• End: Research completed

RESULT AND DISCUSSION

The Synergy of Local Cultural Values and Digital Expansion

An essential step—and the most critical phase—in the early stages of executing a glocal strategy is to absolutely ensure that the product portfolio offered possesses a uniquely strong character and proven authenticity. This authenticity is not merely a one-sided marketing claim but an identity that must be deeply rooted in the historical and socio-ocultural values of the region of origin. In practical implementation, the Batik Lumajang SME entity has proven its success in blending the richness of natural resources with the charm of local cultural wisdom into a manifestation of high-value artistic works. The success of this fusion of values is clearly reflected in both the visual aesthetic beauty and the depth of meaning in the creation of the Pisang Agung motif.

This phenomenon aligns with the detailed and comprehensive analysis described by Sumiati et al. (2024) in their study. This regionally rooted motif, rich in philosophy, serves as the core attraction that distinctly sets Lumajang's SME product portfolio apart from the sea of competitors dominating the modern fashion industry. This constitutes an absolute advantage, given that the global fashion industry often gets trapped in mass production with designs that tend to be homogeneous and lose their personal value.

When projected more broadly into the context of the international marketing arena, the uniqueness of these traditional decorative motifs undergoes a highly strategic functional transformation. This local aesthetic value takes on a new form as a cultural identity commodity possessing exceptional bargaining power and exclusive market value in the eyes of foreign consumers. Global consumers in the modern era no longer merely seek ready-to-use goods but exhibit a psychological tendency to engage with narratives and appreciate the value of traditional heritage embedded within handmade products.

The immense potential of commodifying these local values then gains accelerated momentum through the adoption of technological tools. Witek-Hajduk et al. (2022) specifically note in their academic analysis that the process of internationalization, driven by the acceleration of digital technological advancements, ultimately provides a massive global stage for companies with relatively small capacities. Here, technology acts as a balancing mechanism that dismantles market monopolies held by giant corporations. Through the utilization of this virtual space architecture, SME operators now have the full capacity to showcase all visual distinctiveness while narrating the depth of the historical story behind the creation of their products. This comprehensive access to information can be channeled directly to

Copyright to the author of some rights reserved This work is licensed under aCreative Commons Attribution-ShareAlike 4.0 International License.

International Journal of Business and Quality Research
https://e-journal.citakonsultindo.or.id/index.php/IJBQR
E-ISSN: 2985-9468

millions of potential buyers spread across various parts of the globe, no longer hindered by national border restrictions or the complexities of conventional trade distribution chains.

The Diaspora as a Catalyst for Export Success

Strategic efforts to break into the global market are, in reality, often met with highly complex structural barriers. The primary obstacles most frequently encountered by small businesses include a lack of access to accurate market information and fundamental weaknesses in establishing international distribution networks. Amid this structural impasse, the presence of the Indonesian diaspora network across the globe has proven capable of assuming a crucial role as a tactical solution to various expansion challenges. This community of citizens residing abroad not only positions itself as a primary buyer group with a high level of loyalty but also acts proactively as cultural ambassadors who continuously promote products that embody national identity. Referring to the in-depth analysis presented by Williams and Dvoulety (2025), diaspora groups fundamentally possess a unique and distinct advantage not typically found in commercial business entities. This advantage lies in their exceptional capacity to simultaneously deeply understand the cultural roots of their home country while fully grasping the social characteristics and consumption preferences of the country where they currently reside. Through interactions and mediation by these diaspora actors, Batik Lumajang entrepreneurs can consistently obtain highly accurate market intelligence and design insights. This valuable information includes shifts in color trends or adaptations of clothing styles currently in vogue among the general public in the export destination country.

Beyond merely serving as a bridge for information circulation, this cross-national collaborative network will automatically make a significant contribution to strengthening the overall resilience of SME businesses. In line with this premise, Augustie et al. (2025) assert that operational maturity in managing external network competencies enables an SME entity to consistently demonstrate robust performance. This operational resilience serves as a key asset when they must directly confront various unexpected market dynamics or economic fluctuations in the global marketplace. Through concrete initiatives to establish sustainable strategic partnerships with this SME diaspora community, they are effectively laying the foundation for a solid collaborative business ecosystem, as outlined in the ideal framework concept previously described by Li et al. (2019). It is this collaborative ecosystem, fundamentally grounded in the principle of mutual benefit, that ultimately transforms into the strongest protective shield for local entrepreneurs. The protection provided by this social capital has proven essential in shielding SMEs from the looming threat of managerial or

Copyright to the author of some rights reserved This work is licensed under aCreative Commons Attribution-ShareAlike 4.0 International License.

International Journal of Business and Quality Research
https://e-journal.citakonsultindo.or.id/index.php/IJBQR
E-ISSN: 2985-9468

financial failure when taking their first steps into export markets in a completely new environment.

Building Trust Through Consumer Education

In addition to a heavy reliance on the power of human networks, the role of technological infrastructure is equally vital in supporting the success of efforts to penetrate foreign markets. The use of commercial digital platforms such as online marketplaces or e-commerce is considered highly ideal as a proactive communication medium for businesses. This digital medium effectively serves to educate international consumers about the historical narratives and profound philosophical meanings that are always carefully preserved behind every piece of batik fabric crafted by local artisans. In line with this framework, Hu et al. (2024) discovered an empirical fact proving that consumer education initiatives executed in a structured manner and consistently communicated through digital platforms can significantly increase the chances of success for SME products in adapting to global competition.

Although technology facilitates access, all these massive marketing and information dissemination efforts must absolutely be accompanied by a very solid foundation of business integrity. Drawing inspiration from the analytical and critical perspectives presented by Wziatek-Staśko and Pobiedzinska (2022), trust is essentially the most valuable psychological asset a business entity can hold as it operates within the harsh dynamics of the digital marketplace. International customers who have absolutely no opportunity to interact with or physically touch the product will only be willing to process financial transactions if they feel absolutely certain. This certainty must be built on the quality assurance of the artistic works offered as well as on the level of operational integrity demonstrated by SME operators.

In its analytical conclusion, the highly harmonious integration of creating innovative works of high local value, the comprehensive utilization of diaspora networks, and the mastery of a competent level of digital literacy serves as tangible proof of the formation of a global mindset that has reached a point of maturity. The alignment of these three fundamental strategic pillars proves that even small-scale entrepreneurs are indeed capable of responding to the relentless tide of modernization without having to sacrifice the traditional roots that nurtured them. As clearly stated in the research postulate by Kossowska and Rosinski (2020), it is precisely this kind of broad-minded collective consciousness that will become the most crucial driving force in the future. This driving force is urgently needed to accelerate the progress of SME businesses, enabling them to move confidently toward the gateway of achieving long-lasting managerial success that continues to grow sustainably across the boundaries of time.

Copyright to the author of some rights reserved This work is licensed under aCreative Commons Attribution-ShareAlike 4.0 International License.

International Journal of Business and Quality Research
https://e-journal.citakonsultindo.or.id/index.php/IJBQR
E-ISSN: 2985-9468

CONCLUSION AND SUGGESTION

The glocalization strategy has ultimately proven itself to be the most rational and resilient business strategy for the sustainability of Lumajang Batik SMEs. Through strategic steps to weave adaptive innovations deeply rooted in local wisdom—which were then synergized with the strategic strength of the business entity's diaspora network—the company has proven capable of breaking through the thick walls of geographical barriers. The richness of local cultural motifs has been fully preserved as a highly authentic comparative advantage in the eyes of the world. At the same time, the diaspora community has executed its vital role exceptionally well as a bridge of economic diplomacy, directly connecting local products with the global consumer ecosystem. The foundational strength of network competencies, harmoniously integrated with digital maturity, has proven capable of further solidifying the position of local SMEs to stand firm amidst the fierce competition of the cross-border business arena.

Recommendations

SME practitioners are strongly encouraged to take the initiative early and be proactive in establishing intensive communication with various Indonesian diaspora communities abroad. Meanwhile, local governments are also expected to play a tangible role by designing structured business incubation programs specifically aimed at facilitating meetings between local artisans and diaspora business networks. Meanwhile, for the purpose of expanding future academic research, the scope of the study can be directed more precisely toward efforts to measure the growth rate of batik SME exports using quantitative methods. This empirical measurement is essential to clearly and measurably assess the extent of the tangible impact on sales performance after an SME receives direct intervention and mentoring from diaspora networks in international markets..

REFERENCES

Augustie, C., Bengana, I., Mili, K., dan Benmoussa, M. S. (2025). Leveraging network competence and market knowledge for export resilience: A resource-based perspective on Indonesian SMEs in global markets. International Journal of Innovative Research and Scientific Studies, 8(2), 2091-2104.

Hervé, A., Schmitt, C., dan Baldegger, R. (2020). Digitalization, Entrepreneurial Orientation and Internationalization of Micro, Small, and Medium Sized Enterprises. Technology Innovation Management Review, 10(4), 5-17.

Hu, L., Filipescu, D. A., dan Pergelova, A. (2024). Understanding SMEs internationalization through digital platforms: The role of knowledge sharing and consumer education.

Copyright to the author of some rights reserved This work is licensed under aCreative Commons Attribution-ShareAlike 4.0 International License.

International Marketing Review, 41(5), 1044-1073.
Joensuu-Salo, S., Sorama, K., Viljamaa, A., dan Varamäki, E. (2018). Firm Performance among Internationalized SMEs: The Interplay of Market Orientation, Marketing Capability and Digitalization. Administrative Sciences, 8(3), 31.
Kossowska, M., dan Rosiński, J. (2020). Global Mindset and International Business: Driving Process Outsourcing Organizations. Routledge.
Li, J., Chen, L., Yi, J., Mao, J., dan Liao, J. (2019). Ecosystem-specific advantages in international digital commerce. Journal of International Business Studies, 50, 1448-1463.
Pérez-Orozco, A., Leiva, J. C., dan Mora-Esquivel, R. (2024). The mediating role of marketing management in the relationship between online presence and product innovation among SMEs. Journal of Economics, Finance and Administrative Science, 29(58), 246-262.
Raya, A. B., Andiani, R., Siregar, A. P., Prasada, I. Y., Indana, F., Simbolon, T. G. Y., Kinasih, A. T., dan Nugroho, A. D. (2021). Challenges, open innovation, and engagement theory at craft SMEs: Evidence from Indonesian batik. Journal of Open Innovation: Technology, Market, and Complexity, 7(2), 121.
Rumanti, A. A., Prambudia, Y., Pulungan, M. A., dan Achmad, F. (2023). Open Innovation in Cleaner Production of Indonesian Traditional Batik SMEs: A Causal Loop Analysis Perspective. Industrial Engineering and Applications, 55-66.
Sumiati, Sudarmiatin, Suharsono, N., dan Handayati, P. (2024). Inovasi Adaptif Berbasis Lokal sebagai Strategi Bertahan UMKM Batik Lumajang. Universitas Negeri Malang.
TanTai, B., Senik, Z. C., Isa, R. M., dan Muhamad, N. S. (2024). Open innovation and internationalization of SMEs: a systematic literature review. Multinational Business Review.
Williams, A. O., dan Dvouletý, O. (2025). Leveraging the diaspora advantage: A systematic review of qualitative insights into policy measures and factors influencing diaspora direct investment. Ekonomska Misao i Praksa.
Witek-Hajduk, M. K., Grginović, M. G., dan Targański, B. (2022). Digital Internationalisation of Firms: Strategies, Challenges and Legal Aspects. Routledge.
Wziątek-Staśko, A., dan Pobiedzińska, K. (2022). Digitization, Trust and SMEs. Routledge.

Copyright to the author of some rights reserved This work is licensed under aCreative Commons Attribution-ShareAlike 4.0 International License.