

# INTERNATIONALIZATION STRATEGY THROUGH MARKET ENTRY MODE: A STUDY OF THE RESTAURANT BUSINESS

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## Abstract

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The low level of internationalization of Indonesian restaurants reflects the many internal obstacles, such as weak motivation of business actors, limited competence of human resources (HR), market access, and capital. This study aims to formulate an internationalization strategy for Indonesian restaurants through a market entry mode approach based on the Uppsala and eclectic models, and supported by the principle of collaborative governance (CG). This study uses soft system methodology (SSM) to understand the complex and unstructured human activity system (Checkland, 2000). The Uppsala model explains that the internationalization process is gradual and based on the accumulation of knowledge and increased market commitment (Johanson & Vahlne, 1977), while the eclectic model is used to analyze ownership, location, and internalization factors in determining the entry mode. The results of the study indicate that increasing the motivation and competence of HR, strengthening business networks, and cross-sector collaboration are key strategies. The government and business associations play a strategic role in providing information, facilitating training, and opening access to capital. In conclusion, an effective internationalization strategy must involve business actors, the government, and associations synergistically. These findings provide theoretical and practical contributions to the development of internationalization strategies for the service sector, especially restaurants, in developing countries such as Indonesia.

**Keywords:** Internationalization, Strategic Management, Market Entry Model, Uppsala Model, Eclectic Paradigm, Strategic Collaboration in Governance

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## 1. INTRODUCTION

The company's internationalization process is one of the core topics of global strategy, where the current process has changed the way business is viewed (Vahlne, 2020) and how internationalization strategy has become very important (Barroso et al., 2011).

Internationalization is the process of a company moving from only operating in the domestic market to the international market (O'Farrell & Wood, 1998) and refers to increasing the company's involvement in international markets (Ipsmiller & Dikova, 2021). In addition, internationalization refers to the expansion of a company through the sale of its goods or

services across global, regional, and country boundaries to different geographic locations or markets (Kumar et al., 2020). The internationalization of companies will bring a country's economy into globalization (Anand, 2015). According to Puscaciu et al. (2014), globalization itself represents a process where geographic distance becomes a less important factor in the formation and development of cross-border relations originating from economic, political, and sociocultural origins.

From a business perspective, internationalization can be an indicator of company growth, namely by expanding into international markets (Dunning & Lundan, 2008). In addition, internationalization provides many benefits for companies, such as growth opportunities, new knowledge, access to new resources, and long-term profitability growth (Bany-Arifin et al., 2016; Hazarbassanova, 2016; Zhang et al., 2016; Anwar et al., 2018), and this is the most important strategic decision for national companies and developing small and medium-sized enterprises (SMEs) (Adomako et al., 2017).

One sector that has great opportunities in the internationalization of SMEs currently is the service sector, especially restaurant services (Li et al., 2021; González-Márquez et al., 2023). Opportunities in the restaurant industry have long been exploited by countries in the world; for example, countries closest to Indonesia, such as Japan, South Korea, Thailand, and Malaysia, have increased the internationalization of restaurants from year to year. For Thailand, there are now more than 20,000 Thai restaurants throughout the world, Japanese restaurants reached 156,200 in 2019, and South Korea had as many as 40,000 in 2020 (White, 2024).

With increasingly massive international competition, accelerated internationalization is becoming an increasingly important aspect for competitive advantage for international companies (Lin & Si, 2018). Companies wishing to participate in international business are currently increasing (Johanson & Kalinic, 2016), with the hope that a faster internationalization strategy will facilitate companies to gain new opportunities, enter potential global markets, and build advantages (Joy et al., 2014). The speed of firms' internationalization, a key aspect of international strategic decision-making, has become an important issue for expanding international markets (Cheng et al., 2020).

To overcome the obstacles faced by Indonesian restaurant internationalization business actors, of course, there needs to be cooperation and support from various parties so that the aim of formulating a strategy for the internationalization of Indonesian restaurants through market entry mode can be achieved.

The main research questions are:

*RQ1: What are the main obstacles in the internationalization of Indonesian restaurants?*

*RQ2: How can the market entry strategy be formulated by involving business actors, government, and associations?*

The conceptual framework of this research is to combine the gradual Uppsala approach, the entry fashion selection approach from the eclectic paradigm, and the collaborative approach of collaborative governance (CG) to respond to the unique characteristics of the Indonesian restaurant sector in dealing with the international market. And the scope of this research is divided into four, namely the role of business actors,

the role of government, the role of business associations, and fashion entering the market. This was done after the formulation of the problem in this study. Based on previous research, like Bany-Arifin et al. (2016), Hazarbassanova (2016), Zhang et al. (2016), Anwar et al. (2018), Lin and Si (2018), Joy et al. (2014), and Cheng et al. (2020), there is a gap in this study. There is a research gap because in previous studies, there was no in-depth discussion regarding the role of internationalization of business actors related to regulations, market information, entry modes, and management. Some models that have been developed and used by previous researchers about internationalization have not answered the needs of this research, because the existing internationalization model does not specifically discuss internationalization, especially restaurants that have different characteristics from other business sectors, and there is no role for the government and business associations in the previous model. Most of the literature on internationalization of SMEs, such as in the study of Dunning (2000), Johanson and Vahlne (2009), Pahrizal et al. (2024), Liça and Gashi (2024), Bi et al. (2024), and Appiah et al. (2025), and TanTai et al. (2024), is still focused on the manufacturing sector and has not examined much of the service sector, especially restaurants, as well as ignoring cross-sectoral collaboration with the government and business associations. This research is significant because it fills gaps in the service business internationalization literature, offers an integrative approach across actors, and produces relevant contextual strategies for developing countries such as Indonesia.

The contribution of this study includes:

- The development of the internationalization model of the service sector is based on the hybrid approach (Uppsala, eclectic, and CG).

- Provision of strategic recommendations based on field practice for business people, government, and restaurant industry associations.

The soft system methodology (SSM) approach was chosen because it was suitable for handling complex and unstructured human activity systems, such as the internationalization process of the restaurant sector involving various actors and interests.

Thus, this study not only attempts to fill the conceptual gap in the restaurant internationalization literature but also presents an implemented strategy based on field realities and cross-sector collaboration. To that end, this study uses the SSM approach to formulate a contextual and adaptive internationalization strategy.

The structure of this paper is as follows. Section 2 reviews the relevant literature, theories, and definitions. Section 3 analyses the methodology that has been used to conduct empirical research on restaurant internationalization, Section 4 presents the results and discussion of this study, and the last Section 5 provides the conclusion.

## 2. LITERATURE REVIEW

Research on the internationalization of service businesses, especially the restaurant sector, continues to grow by highlighting more contextual challenges and strategies. In the context of theoretical models, Pahrizal et al. (2024) revisit the Uppsala model and emphasize the importance

of incremental learning and increasing market commitment as the main foundations of internationalization strategies relevant to service companies such as restaurants. This approach is considered suitable for companies from developing countries because it considers the psychological aspects and risks faced by business actors. Liça and Gashi (2024) focus on the case of Albanian companies operating in the fashion industry and examine the significance of the “Made in Albania” label in their internationalization efforts. This study seeks to analyse the challenges and opportunities faced by these companies during the internationalization process, as well as highlight the dynamics of the global fashion market. Using a qualitative research approach, this study aims to provide an understanding of the factors that influence the internationalization efforts of these companies.

Bi et al. (2024) explore the new situation of internationalization in a practical sense and provide examples and research methods for Chinese SMEs to develop internationalization routes with some reference values. Furthermore, Appiah et al. (2025) systematically presented how antecedents related to digitalization affect the process and outcomes of early internationalization companies. This is reinforced by TanTai et al. (2024), who show that the adoption of open innovation can accelerate the internationalization process of SMEs through external collaboration and cross-country knowledge exchange. This is important in the context of Indonesian restaurants that want to enter the international market with limited but flexible resources through strategic cooperation.

## 2.1. Theory and models of internationalization

Internationalization theory was first conceptualized by Buckley and Casson (1976), who came from several studies, namely Coase (1937), Hymer (1976), and Buller and McManus (1972). Coase (1937) explained market conditions by analysing transaction costs that influence movement, and it is hoped that the costs of organizing movements within the company will be lower, and there will be more focus on the costs and benefits of this internalization. The point is that companies must maximize profits by increasing knowledge and experience, which can be realized through technology, production knowledge, patents, and brand reputation (Verbeke & Kano, 2013).

The models used in this research are the Eclectic model and the Uppsala model. These two models are used because these models can be the basis for the company's internationalization and cover the company's basic needs. The other model is a development of the two models (Peng, 2019).

Model Eclectic, in Internationalization theory there are still several shortcomings to overcome Dunning (1977, 1980, 1988, 2000) and Dunning and McQueen (1981) developed the eclectic model, eclectic theory of international production that tries to provide an overall framework to explain why companies choose foreign direct investment (FDI) rather than engaging directly in foreign markets through various alternatives such as exporting, management contracts, joint ventures, or strategic alliances (Ball & Ball, 2013). The Eclectic paradigm has several advantages (Dunning, 1980, 1988), namely: 1) ownership specific, 2) location specific, and 3) internationalisation.

The application of the Eclectic model when it comes to restaurant internationalization requires several adjustments. This is because the characteristics of restaurant services are different from the characteristics of goods that have been explained by Dunning (2000). In the eclectic model, the focus is on exports; this does not apply to restaurant services. Restaurant services cannot be exported but must be done through commercial presence or be directly in the destination country. For example, in the Eclectic model, if transaction costs are low, fees are high, and non-tariff measures (NTMs) are high, then goods companies will choose FDI, or if transportation costs are low, tariffs are low, and NTMs are low, then goods companies will choose exports. However, it is different for restaurant service companies. If transportation costs are low, tariffs are low, and NTMs are low, then the restaurant service company will internationalize the restaurant or establish a restaurant directly in the destination country, but if transportation costs are high, tariffs are high, and NTMs are high, then the restaurant service company will choose a franchise.

The Uppsala Model has become one of the internationalization frameworks in international business studies (Caputo et al., 2016; Machado et al., 2016). The Uppsala model, developed by Johanson and Vahlne (1977), is related to knowledge acquisition through learning. How an organization can learn and how the results of this learning can influence its behaviour in determining investment choices (Johanson & Vahlne, 1977). These models generally focus on gradual knowledge acquisition, integration, use of knowledge about foreign markets and operations, and gradually increasing commitment to foreign markets. Specifically, to increase individual involvement in a foreign country (Johanson & Vahlne, 1977). They have also observed how the stages of establishing international operations are similar in new countries.

The conclusion was that the time sequence of the founding process seemed to be related to the psychological distance between the country of origin and the destination countries (Johanson & Wiedersheim-Paul, 1975). Psychic distance is defined by researchers as several factors that can inhibit the flow of information to and from the market. Examples include differences in language, education, culture, business practices, and industrial developments in the destination country.

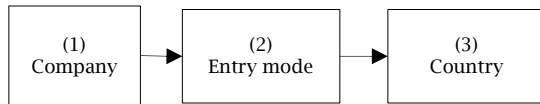
## 2.2. Definition

### 2.2.1. Market entry mode

Root (1983, 1994, as cited in Sharma & Erramilli, 2004) defines entry mode as a way of institutional arrangement that allows for the entry of a company's products, technology, human skills, management, or other resources into a foreign country. The definition includes the production and marketing modes of the host country, as well as export, contract, and foreign investment modes. All this is considered the basis of the definition of entry mode (Figure 1), where entry mode is in the middle between the company and foreign markets (Dakora & Bytheway, 2014). Factor entry mode can be divided into two, namely internal and external factors (Charles, 2007). Internal factors are related to product factors, human resources (HR), and

commitment, such as risk management, international experience, and motivation to increase profits. The external factors are the destination country's market, the destination country's environment, the destination country's production factors, and the convenience of the country of origin. As for this research, researchers used both factors in determining entry mode for business actors.

**Figure 1.** Position entry mode as a decider



Source: Author's elaboration based on Dakora and Bytheway (2014).

### 2.2.2. Collaborative governance

Moore and Hartley (2008) recognize that collaboration between organizations with stakeholders or society is important in producing practical services. In addition, it is said that collaboration must start from the beginning of policymaking, not only when implementing new policies, projects, or programs (Crosby et al., 2017). Collaboration is known as cooperation between actors, organizations, or institutions in the process of achieving common goals that cannot be achieved or carried out individually (Sabaruddin, 2017; Saleh et al., 2021) and must work across boundaries in multi-sector relationships (O'Leary & Vij, 2012). According to O'Leary and Vij (2012), definitions of collaboration vary greatly, but in general, experts define

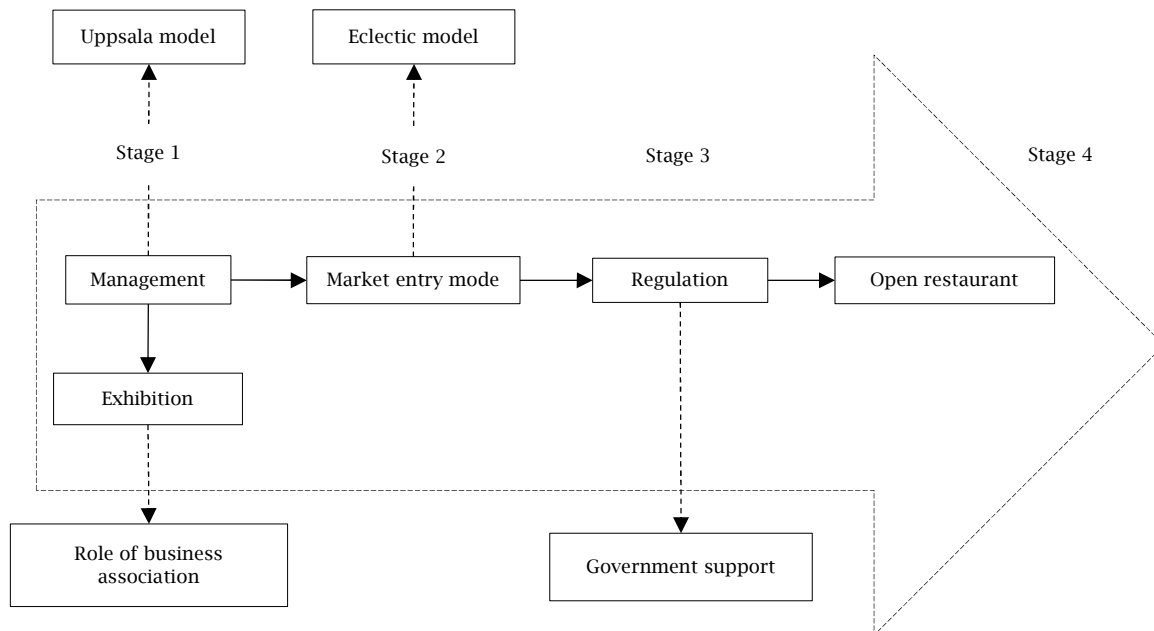
collaboration as a process, and some experts add to the definition as a structure. Ansell and Gash (2008) define the collaboration process through three stages, namely problem setting (determination of obstacles), direction setting (goal setting), and implementation.

A collaborative approach to making policies is one of the recommended solutions to bridge the communication gap between government and citizens (Biancone et al., 2023). These approaches enable government units to overcome organizational fragmentation, thereby providing public services to citizens and other stakeholders more efficiently (Batory & Svensson, 2019). Among the various approaches to policymaking, there is CG (Biancone et al., 2023). The definition proposed by Ansell and Gash (2007) emphasizes six important criteria: 1) the forum is initiated by a public body or institution, 2) participants in the forum include non-state actors, 3) participants are directly involved in decision making and not just "consulting" with public institutions, 4) the forum is formally organized and meets collectively, 5) the forum aims to make decisions based on consensus (although in practice consensus is not achieved), and 6) the focus of the collaboration is on public policy or public management.

### 2.3. Framework

The flow of research in this study can be seen in Figure 2, which is depicted based on two points of view, namely, first, the real-world or everything that happened during the research.

**Figure 2.** Research framework



Source: Author's elaboration.

In this research, the real-world issues that will be written about are the obstacles currently faced by business actors in restaurant internationalization, the role of the government in making policies and programs related to restaurant internationalization, the role of business associations in supporting the restaurant internationalization process, and determining entry mode which is right for

restaurant business actors. Second, systems thinking, namely where researchers conduct research to be studied and analysed based on the thoughts of stakeholders, theories, and previous research related to the theme of this research, through identifying obstacles that will compare the current situation with what is expected, so that it can be compiled into a conceptual model.

### 3. RESEARCH METHODOLOGY

#### 3.1. Unit of analysis and research subjects

In this study, there are five interrelated steps in the qualitative data collection process (Creswell, 2012):

1) identifying participants as research samples involved to be studied in understanding the phenomenon in order to answer the research questions;

2) obtaining access permission to conduct interviews;

3) considering the type of information that is appropriate and not limiting the views of participants, so that the research questions can be answered;

4) designing procedures that can help the process of collecting and recording information;

5) managing data collection procedures to avoid potential ethical problems that may arise during face-to-face meetings in qualitative data collection.

The unit of analysis for this research is Indonesian-owned restaurants that were founded in Indonesia and have the potential or have already open branches abroad. The selection of informants in this research was carried out by a random purposive sample (intentionally)

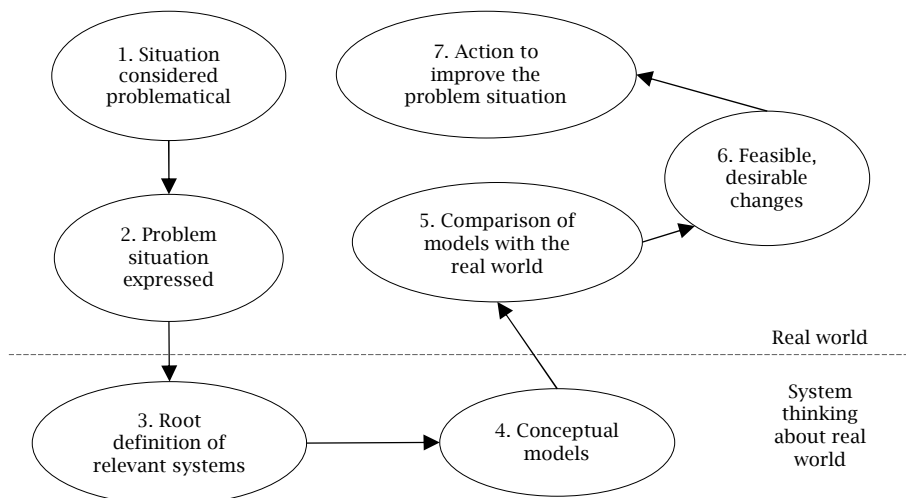
considering the informant's understanding of the internationalization of Indonesian restaurants. The informants in this research were divided into three categories, namely: a) restaurant business actors, b) government institutions, and c) business associations. In this research, primary data was obtained from the field, which was conducted by conducting in-depth interviews with the help of a tool recorder via video and Zoom meetings.

#### 3.2. Data analysis method

This research aims to find out what obstacles there are for Indonesian restaurant service businesses in carrying out restaurant internationalization and what the government's role is in supporting the internationalization of Indonesian restaurants so that they can increase the number of Indonesian restaurants abroad. SSM is used to analyse obstacles that have high complexity, complexity, and unstructured human activities (Checkland, 2000). The use of SSM aims to produce a structured model and can help understand what happens in the real world.

There are seven stages of representation of SSM as a learning system with a seven-stage cycle (Mann, 2004), which was developed in 1981 in systems thinking and is still used today.

**Figure 3.** The soft system methodology's approach in the implementation of the study



Source: based on Checkland (2000) and Mann (2004).

There are seven stages in the SSM method to identify and analyze problems:

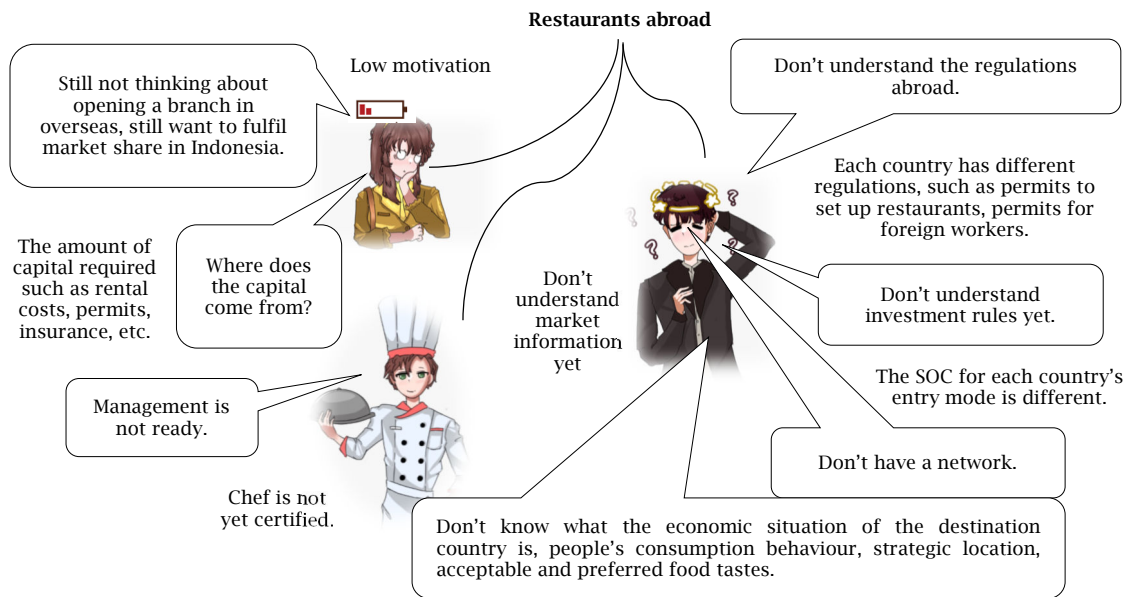
- 1) the problem situation is unstructured;
- 2) the problem situation expressed;
- 3) root definition of relevant systems;
- 4) conceptual models;
- 5) comparison of models with the real world;
- 6) can be done, desired changes (feasible, desirable changes);
- 7) action to improve the problem situation.

If all these stages have been completed, then this can be done repeatedly or repeated to solve other problems or to improve strategies in the organization (Checkland, 2000).

### 4. RESULT AND DISCUSSION

#### 4.1. Analysis of barriers to internationalization of Indonesian restaurant business actors

In answering *RQ1* regarding the obstacles faced by Indonesian restaurant business actors in restaurant internationalization, the results of the analysis based on in-depth interviews with business actors are depicted through rich pictures to show that the obstacles faced by business actors can be seen in Figure 4.

**Figure 4.** Rich picture from the internationalization of Indonesian restaurant business actors

Source: Author's elaboration.

The obstacles faced in the restaurant internationalization process are:

1) Not yet motivated to carry out internationalization because they still want to develop business domestically.

2) Management resources are not ready, so they feel they are not yet able to carry out internationalization.

3) Not having networking, so there is no information or description regarding the destination country.

4) Don't understand yet the market entry mode, such as the economic condition of the destination country, consumption behaviour of local people, strategic location, tastes that are acceptable to local people, where to get supplies, and do not understand the investment regulations of the destination country, so that business actors cannot determine the right investment choices for the entry mode.

5) Capital is not sufficient because of the large amount of capital required to open a restaurant in the destination country.

6) Not yet understanding the regulations that must be met to open a restaurant abroad for foreign citizens.

7) Domestic labour permit regulations are too complicated, making it difficult to employ workers from Indonesia in the destination country.

In the internationalization of restaurants, there are various obstacles for business actors. Some of these obstacles are divided into two types, namely internal obstacles and external obstacles. Internal obstacles can be in the form of capital, HR, networks, knowledge of the market, and promotion. Meanwhile, external obstacles include regulations regarding labour permits in the country of origin, regulations in the destination country, such as permits to open a business and investment permits for citizens, economic conditions in the destination country, cultural differences, and political conditions in the destination country.

Based on the formulation root definition above, the human activity system is defined on the root definition. This research is contained in Table 1.

**Table 1.** Root definition study

Name of root definition	Human activity system	Root definition
Increased motivation and HR competency	Systems owned by business actors in order to increase motivation and competence (P) through active participation in the association, establishing communication with government institutions, seeking information related to internationalization, and attending training (Q) to grow the interest and competence of restaurant business actors in internationalization (R).	RD1

Source: Author's elaboration.

#### 4.2. CATWOE analysis and 3E criteria

After formulating the root definition in Table 1, the next stage root definition needs to be tested and refined with tools, using Customers, Actors, Transformation, World View, Owner, Environmental Constraints (CATWOE) analysis, and 3E criteria (efficacy, efficiency, and effectiveness). This analysis is carried out and then formulated in the form of

a conceptual model. Apart from that, it can be used as a helpful tool to remind researchers to root the definition created that truly describes a system of relevant human activities in a study using SSM (Basden & Wood-Harper, 2006). As for CATWOE and 3E on root definition, restaurant business actors are root definition one (RD1) for business actors in the form of increasing motivation and competency of HR, as described in Table 1.

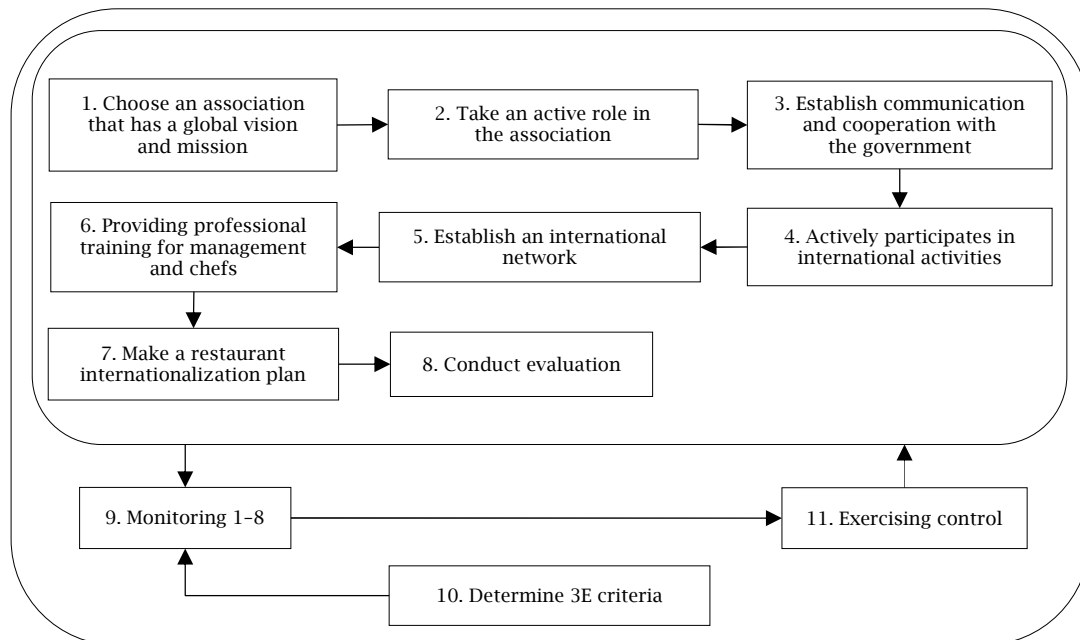
**Table 2.** CATWOE and 3E in root definition

<i>Customers</i>	<i>Restaurant owner and management</i>
Actor	Restaurant business actors.
Transformation	Increased motivation and HR competency.
World View	High motivation can arise from active participation in associations and increasing HR competencies that support internationalization, and establishing communication with the government. This will really help businesspeople to increase enthusiasm for restaurants' internationalization.
Owner	Restaurant business actors.
Environment	The motivation of restaurant business actors and HR competency is still low because business actors only focus on the domestic market, feel comfortable in the country, and there is no training in improving HR competency.
Efficacy	There is a desire to increase HR motivation and competency in internationalization.
Efficiency	Using minimum resources (financial and time).
Effectiveness	Have a planned goal and desire to internationalize the restaurant.

Source: Author's elaboration.

The next stage after getting root definitions, conducting CATWOE analysis, and applying the 3E criteria in this research is determining a conceptual model that aims to build a framework on how to increase HR motivation and competence. In implementing steps 1 to 8, monitoring is required using the 3E criteria, namely the desire to increase the motivation and competence of HR in

internationalization, using minimum resources (financial and time), and having planned goals and desires to carry out restaurant internationalization, which will then be controlled over its implementation. The steps in the System 1 conceptual model are based on logic and experiences made by resource persons from restaurant players who have successfully opened branches abroad.

**Figure 5.** System conceptual model

Source: Author's elaboration.

In the conceptual model, activities are carried out in Figure 5. To overcome the root definition of business actors, the model used is the Uppsala model because it is evolutionary, attached to individual behaviour, and depends on the decision-making system and individual characteristics (Johanson & Vahlne, 2009; Vahlne & Johanson, 2017). The explanation of the seven activities is as follows:

1) The first conceptual model activity states that restaurant business actors should join business associations related to restaurant activities and have a global vision and mission, because, based on the experience of business actors who have succeeded in internationalization, this is one way to obtain information, knowledge, and commitment in internationalization is by joining a business association that has a global vision and mission.

2) The second conceptual model activity states that business actors must play an active role in business associations. This is a continuation of the first conceptual model; business actors are required not only to join business associations but also to play an active role in business association activities. Research findings from in-depth interviews show that there are still business actors who are not active in business associations, so they do not obtain information and do not contribute to business associations.

3) The third conceptual model activity states that business actors must establish communication and cooperation with the government. Business actors are expected not only to wait for information provided by the government, but business actors actively seek information from government institutions through communication and collaboration with related parties.

4) The fourth conceptual model activity states that business actors must actively participate in international activities. This must be done by business actors to gain knowledge, experience, and networks from abroad. In international activities, business actors will meet many participants from various countries, so it becomes an opportunity to get to know and establish communication with other participants.

5) The fifth conceptual model activity states that business actors must map the competency needs of HR in restaurants, this is to find out the competencies that restaurant employees must have and improve to support the internationalization process.

6) The sixth conceptual model activity states that business actors must provide professional training for management and chefs. Activities at this stage are related to the fifth activity. After mapping HR competency needs, business actors must facilitate professional training for management and chefs from the restaurant. This must be done considering that the HR who will be placed in the destination country are professional HR, usually indicated by a certificate from a certain institution.

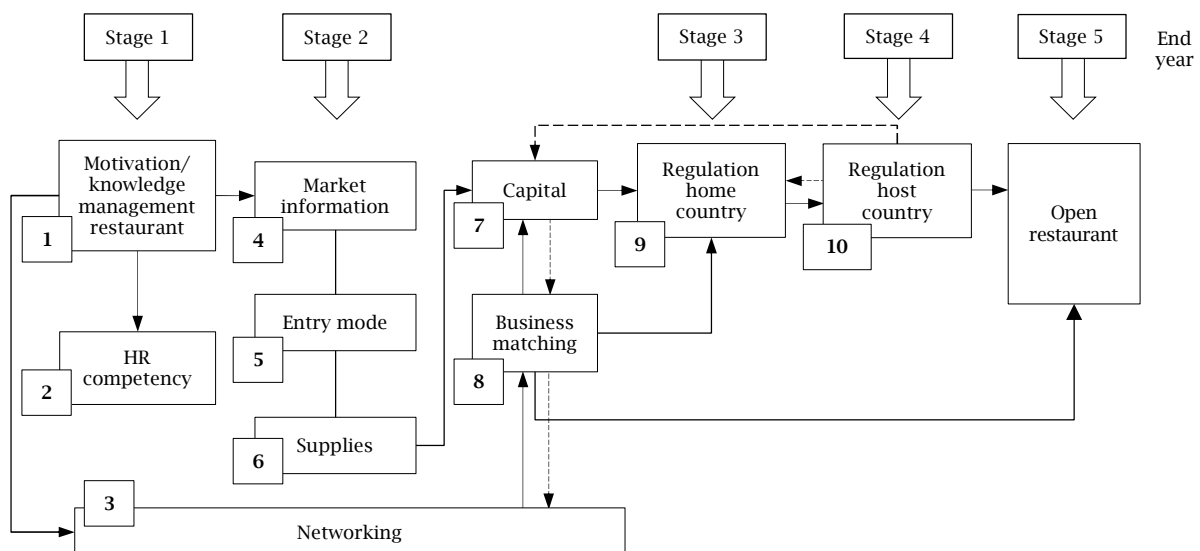
7) The seventh conceptual model activity states that after carrying out the first to sixth series of activities, it is hoped that business actors will start making plans for restaurant internationalization, both for long-term planning and short-term planning. This is very important for business actors to do so that every decision and activity carried out in the restaurant will lead to supporting the restaurant's internationalization process.

Next, we will thoroughly discuss strategies that can be implemented by business actors, the government, and business associations to formulate strategies for the internationalization of Indonesian restaurants.

#### 4.3. Strategy for internationalization of Indonesian restaurants through market entry mode

Based on the results of the analysis explained above, the formulation of an internationalization strategy for Indonesian restaurants can be described in five stages, as in Figure 6 below.

**Figure 6.** Internationalization strategy for Indonesian restaurants through market entry mode



Note: Numbers 1, 2, 3, 6, 9: Activities carried out by business actors. Numbers 10, 11: Activities carried out by business actors or investors/local partners/diaspora. Numbers 4, 5, 7, 8: Activities that can be carried out by business actors, government, business associations, and local partner/investor/diaspora.  
Source: Author's elaboration.

In Figure 6, it is written that there are five stages that business actors must go through in internationalizing restaurants, with several steps. These steps include:

- 1) motivation or increasing management knowledge;
- 2) HR competence;
- 3) networking;
- 4) market information
- 5) entry mode;
- 6) raw materials;
- 7) capital;
- 8) business matching;
- 9) origin country regulations;
- 10) destination country regulations;
- 11) restaurant opening.

The resulting internationalization strategy is that business actors must have a commitment

to increasing motivation internally and externally, which is implemented by mapping the competencies of their HR, as well as building formal and informal networking both at home and abroad. Apart from that, business actors must understand the market entry mode to determine the destination country and prepare capital that can be obtained through business matching with investors, banks, or other financial institutions. Furthermore, business actors must understand and comply with existing regulations in the country and the destination country so that the internationalization process can be carried out up to the stage of opening a restaurant in the destination country.

This Indonesian restaurant's internationalization strategy provides steps for the three-market options entry mode, which is the franchise, joint venture, and wholly-owned in any destination country.



The steps taken by business actors in the internationalization process can range from 1 to 11 steps if they choose the wholly owned entry mode. However, business actors can skip several steps if they choose an entry mode of franchise or joint venture. Such as passing numbers 4, 5, 6, and 10 if collaborating with diaspora or local partners for an entry mode franchise, because steps 4, 5, 6, and 10 will be performed by a master franchise in the destination country. The task of business actors is to achieve business matching and prepare a good system. In a choice of entry mode, joint venture, the steps taken can be by completely carrying out steps 1 to 11 but can also be as follows: franchise, when finding an investor who has understood the market of the destination country, so that the entrepreneur does not need to learn market information, entry mode, and where to get it supplies.

The stages that business actors go through can return to the previous stage if there is failure or failure to achieve this stage. For example, when doing business matching, at this stage, business actors are not necessarily successful in reaching agreements with potential investors from local partners or the diaspora. So, business actors must look for and establish networking with other parties again so that they can find the right party to do business matching. Apart from that, there is support from the government and business associations in the form of information, market intelligence, seminar activities, mentoring, business matching, international training, or programs carried out by the government and business associations can shorten the steps and time that business actors must go through in undergoing the internationalization process of Indonesian restaurants.

The relationship between the Uppsala model, eclectic model, and CG model in the formulation of the Indonesian restaurant internationalization strategy is explained in the theoretical implications of the results of this research are in strengthen the conceptual model for business actors, government, and business associations, as well as the market entry mode, thus creating an empirical restaurant internationalization strategy in Indonesia.

- The results of this research complement the Uppsala model, namely suggesting the addition of important concepts, such as entry mode, networking, Business matching, and capital needed in the internationalization process of the restaurant business.

- The results of this research complement the Eclectic model, namely proposing motivation or increasing knowledge to generate the commitment needed in the internationalization process of the restaurant business.

- The results of this study complement the model of CG, namely to propose networking, market information, entry mode, Business matching, and host regulation as an activity or stage in a strategy that requires CG between government agencies, business associations, and business actors in the internationalization process of Indonesian restaurants.

The results of this study, which formulate the internationalization strategy of Indonesian restaurants in 11 strategic stages, are strongly supported by various recent literature. Pahrizal et al. (2024) emphasized that the Uppsala model remains relevant in the context of service companies, especially in developing countries, because it emphasizes a gradual learning process and

increasing market commitment. This is in line with the findings of this study, which places motivation and increasing HR competencies as crucial initial stages. In addition, the strategy that emphasizes the importance of building networks and conducting business matching with local or diaspora partners is reinforced by the findings of TanTai et al. (2024), which show that the adoption of open innovation and cross-country collaboration can accelerate the internationalization process of SMEs. This approach allows restaurant business actors to overcome resource limitations by utilizing strategic cooperation.

Further support comes from Bi et al. (2024), who emphasize the importance of understanding the local context and a practical approach in designing an appropriate internationalization path for SMEs. This is in line with the findings of the study, which emphasizes the need for government and business association involvement in the form of regulatory support, market information, and facilitation of capital access. Furthermore, Liça and Gashi's (2024) study on the Albanian fashion industry highlights the importance of local cultural identity as a strength in internationalization. This finding indicates that Indonesian restaurants can adopt a similar approach by making the richness of Indonesian cuisine an attraction for the global market, which is relevant to the market understanding stage and entry mode selection in the proposed strategy. Furthermore, Appiah et al. (2025) and Mirzaye and Mohiuddin (2025) stated that digitalization plays an important role in accelerating the initial internationalization process, especially in terms of promotion, network management, and cross-country operational efficiency. Although digitalization has not been a major component in the results of this study, the findings open up opportunities for developing a more holistic strategy by including elements of digital technology as a lever for accelerating internationalization. Thus, the latest literature not only strengthens the validity of the internationalization model developed in this study but also enriches the perspective and offers a more adaptive direction for strengthening current global dynamics.

## 5. CONCLUSION

This study highlights the importance of internationalization strategies for the service sector, especially Indonesian restaurants, through an integrative approach that combines the Uppsala model, Eclectic paradigm, and CG. Based on the results of the analysis using the SSM, it was found that the main obstacles in the internationalization of Indonesian restaurants include weak motivation, limited HR competency, minimal international business networks, low understanding of market entry modes, and challenges in accessing capital and understanding the regulations of the destination country.

To answer these challenges, this study offers a comprehensive internationalization strategy through five key stages, starting from increasing HR motivation and competency, strengthening networks, understanding the market and entry modes, to adjusting to regulations and financing support. This strategy not only emphasizes the role of business actors but also the importance of active synergy with the government and business associations.

Based on the results of data analysis using SSM and the discussion that has been described in the previous chapters, the conclusions that authors can put forward are as follows. For business actors, the obstacles faced in the restaurant internationalization process are:

- 1) The firms have not yet been motivated to pursue internationalization, as their primary focus remains on strengthening and expanding their operations within the domestic market.
- 2) The inadequacy of managerial resources hinders their readiness, leading to the perception that they are not yet capable of undertaking international expansion.
- 3) The absence of sufficient networking restricts access to relevant information and insights regarding potential host countries.
- 4) There is a lack of comprehensive understanding of market entry modes, including the economic conditions of the host country, local consumer behavior, strategic location, cultural preferences, sources of supply, and investment regulations. Consequently, business actors are unable to identify the most appropriate mode of entry and investment strategy.
- 5) Financial capital is insufficient, given the substantial amount of investment required to establish a restaurant in the target country.
- 6) There is limited knowledge concerning the regulatory requirements that foreign nationals must comply with to legally establish a restaurant abroad.
- 7) The complexity of domestic labor permit regulations poses significant challenges for business actors to employ and transfer workers from Indonesia to the host country.

Supporting the internationalization of Indonesian restaurants requires the role of various parties, such as government institutions and business associations, especially the restaurant service industry. The government's role in supporting the internationalization of Indonesian restaurants is by bridging business actors to obtain capital, providing assistance in business matching, building networking for business actors by inviting and informing business actors to take part in international-scale exhibition activities, providing support in providing spices through spice exports, and negotiating bilateral and multilateral cooperation agreements in investment in restaurant services. The role of business associations in encouraging business actors to internationalize restaurants is to create networking for business actors by inviting members of business associations to take part in international-scale training and exhibition activities and bridging the interests of business actors with external parties, such as the government and other business associations.

Understanding of market entry mode and the internationalization of Indonesian restaurants needs to be carried out by every party, such as business actors, the government, and business associations. This needs to be done because to determine the destination country for internationalization, each party must understand the investment regulations applied by that country, so that they are in accordance with the investment choices of restaurant business actors. In addition, all parties must understand market information from the destination country, such as: the economic situation of a country, the tastes of local people,

regulations that must be implemented, and other information. Understanding of market entry mode will determine the choice of entry mode type, what business actors will do, what support or facilities the government will provide, and what activities business associations can carry out so that the restaurant internationalization process can run well.

Based on the obstacles faced by business actors, the role of the government and business associations, and market entry mode, this internationalization strategy emphasizes the commitment of business actors as a prerequisite for successful internationalization. Commitment is needed to increase motivation internally and externally, which is implemented by mapping HR competencies, as well as building formal and informal networking, especially abroad. Only after that, business actors understand the market entry mode to determine the destination country and prepare capital that can be obtained through business matching with investors, banks, or other financial institutions. Business actors are also required to comply with the regulations in the destination country so that the internationalization process can be carried out up to the stage of opening a restaurant in the destination country.

The results of this study provide important contributions to the development of literature on the internationalization of service businesses, especially in the context of developing countries. First, this study strengthens the Uppsala model by adding important elements such as networking, business matching, and target market regulations. These additions enrich the understanding of how the internationalization process occurs gradually, especially when business actors come from countries with limited capacity and resources. Second, this study refines the Eclectic paradigm by placing HR motivation and competence as key elements in the entry mode selection process. This approach makes the model more adaptive to the characteristics of the service sector, such as restaurants that cannot rely on the export approach, as is common for goods. Third, this study strengthens the CG framework by emphasizing that an effective internationalization strategy must involve collaboration across actors, both from the government and business associations. This collaboration is needed to overcome the fragmentation of information and resources that are often the main obstacles for business actors in penetrating the international market.

This study also provides implementation guidelines that can be utilized by various stakeholders in encouraging the internationalization of Indonesian restaurants. For restaurant business actors, the findings of this study can be the basis for developing a more structured internationalization strategy, taking into account internal readiness, such as HR competency and managerial readiness, as well as utilizing external opportunities such as market access and strategic partnerships in the destination country. Meanwhile, for the government, the results of this study provide input for designing policies that can facilitate the internationalization of the service sector, especially by opening up international market access, providing financing support, and drafting bilateral regulations that support investment in the restaurant sector. As for business associations, this study emphasizes

the importance of their role as the main facilitator in strengthening cross-border business networks and developing the capacity of their members through training, international exposure, and strategic connections with global stakeholders.

Although this study provides a significant strategic contribution to the development of the Indonesian restaurant internationalization model, there are several limitations that need to be considered. First, the geographical limitations and the number of respondents used in this study, which only included selected business actors through a purposive approach, mean that the findings do not fully represent the diversity of characteristics of Indonesian restaurants in various regions. Second, this research approach is still qualitative and does not involve quantitative data, so the validity of the proposed model is still conceptual and has not been tested statistically. Third, limitations in terms of time and resources mean that several important

aspects, such as global consumer preferences for Indonesian cuisine and cross-country comparative analysis, have not been explored in depth.

As a follow-up, future research can be directed at several development focuses. First, an empirical test is carried out on the internationalization model that has been formulated in this study using a quantitative approach, such as structural equation modelling or partial least squares, to measure the relationship between variables more accurately. Second, cross-country comparative studies need to be conducted to understand the success factors of Indonesian restaurant internationalization in various cultural, social, and regulatory contexts. Third, it is important to explore more deeply the role of the Indonesian diaspora as a strategic agent in the development of franchise or joint venture models in international markets, given their potential in building local connections and accelerating the process of business culture adaptation.

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