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# STRATEGIC CHOICES FOR STAKEHOLDERS TO UNDERSTAND ASEAN FRAMEWORK AGREEMENT ON SERVICES (AFAS) AS AN ENTRY MODE OF CHOICE IN INTERNATIONALIZATION IN SCHEDULE OF COMMITMENT (SOC): EVIDENCE FROM THE SERVICES INDUSTRY

**Herlitah**
Faculty of Economics and Business, Universitas Negeri Jakarta
Email: herlitah@unj.ac.id (Correspondent Author)
**Darma Rika Swaramarinda**
Faculty of Economics and Business, Universitas Negeri Jakarta
Email: darmarikas@gmail.com
**Nadia Afrilliana**
Universitas Muhammadiyah Palembang
Email: nadia_afriliana@um-palembang.ac.id

## ABSTRACT

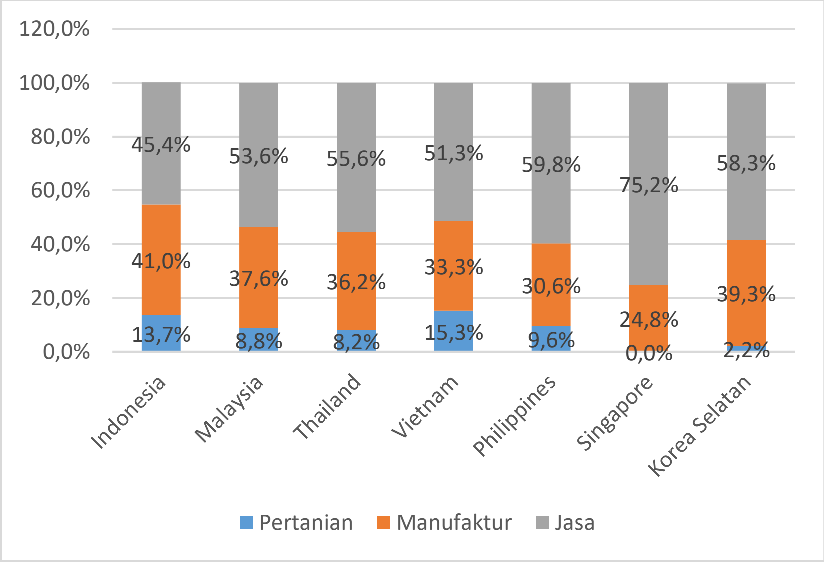
*In this services trade cooperation, each country will commit to open cooperation in the twelve service sectors with different levels of openness in each country and stated in the Schedule of Specific Commitment. The level of openness is divided into three levels, namely: fully opened without any restrictions, none which means it is opened with restrictions, and unbound which means it has not been opened. This will have an impact on the choice of entry mode that business actors will make, but until now in Indonesia it has not been utilized, especially with the results of bilateral, regional and multilateral trade cooperation negotiations. For this reason, understanding the entry mode will determine the choice of type of entry mode that will be carried out by business actors, the support or facilities that will be provided by the Government, and what activities the Association can carry out so that the restaurant internationalization process can run well. The method used in this research is descriptive analysis by understanding how to read the ASEAN Framework Agreement on Services (AFAS) cooperation in the restaurant service industry sector. For this reason, the author explains how to understand the existing regulations AFAS countries in ASEAN, as well as investment options that comply with destination country regulations.*

***Keywords****: Internationalization, Entry Mode, Restaurant Services Industry, ASEAN Framework Agreement on Services (AFAS)*

## INTRODUCTION

The current global economic challenges confront every country looking for other sources of income, internationalization of Small and Medium Enterprises (SMEs) is one of the fundamental components that can increase a country's Gross Domestic Product (GDP) (Hessels & van Stel, 2011; Kuada, 2013; Chandra et al., 2020). Internationalization in the service sector is currently receiving special attention, because if we look at the composition of sales of goods and services in Gross Domestic Product (GDP), the service sector is in first place compared to the manufacturing and agricultural sectors. This can be seen in figure 1 below.

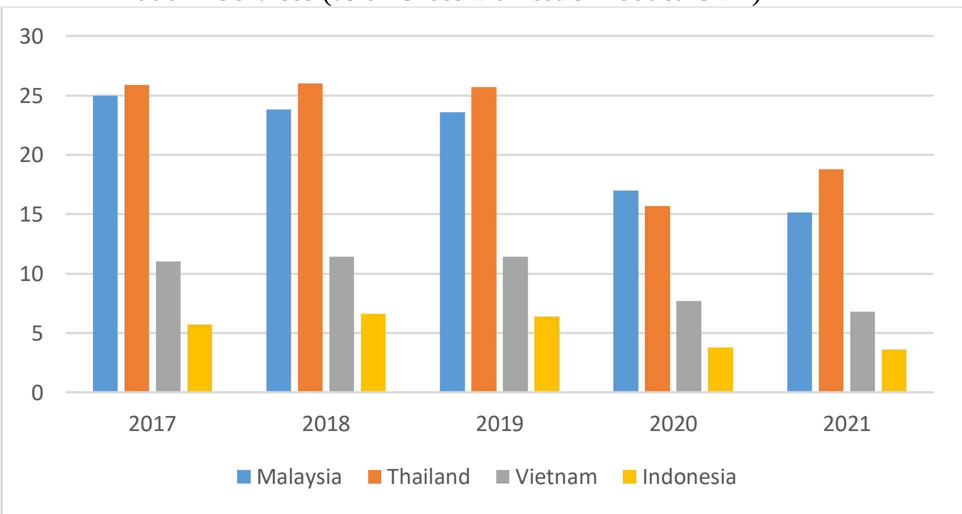
Figure 1
Composition of GDP by sector in 6 ASEAN countries and South Korea (2017)




Source: https://www.cia.gov/

Based on Figure 1, the GDP composition of each country based on its sector shows that the service sector has the highest composition, an average of over 50% in each country compared to the agricultural and manufacturing sectors. In Indonesia itself, the service sector is close to 50% and slightly higher than the manufacturing sector, leaving behind the agricultural sector which only contributes 13.7% to GDP. This indicates that countries in the world, especially ASEAN, have shifted from agriculture and manufacturing to the service sector. For this reason, the service sector is currently the focus of every country. Apart from that, if you look further, the service sector is able to make a large contribution to international trade (Figure 2). From Figure 2, you can see the contribution of international trade in the services sector to GDP in several countries in ASEAN. From a comparison of 4, namely Malaysia, Thailand, Vietnam and Indonesia, the data shows that the contribution of Indonesia's services sector ranks lowest among other countries, even below Vietnam with an average of under 7% per year.

Figure 2
Contribution of international trade in the services sector in Thailand, Malaysia, Indonesia, Vietnam-Trade in Services (% of Gross Domestic Product-GDP)




Source: https://tradingeconomics.com

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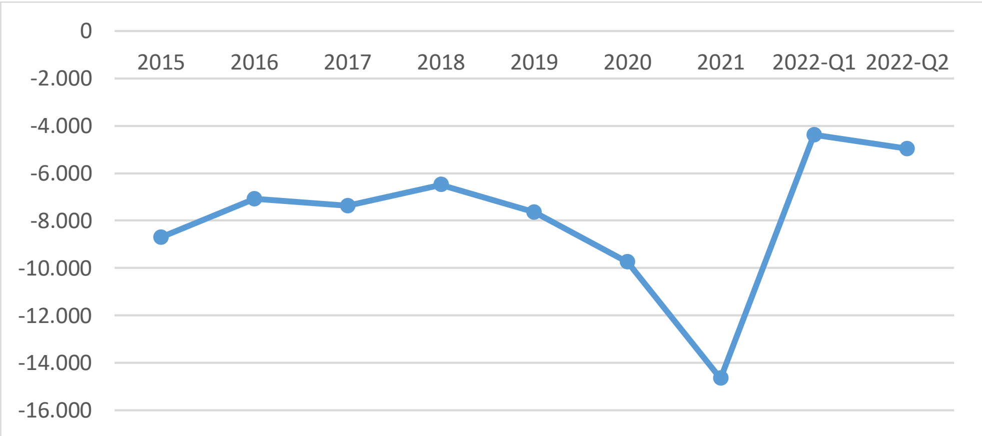
In international trade, restaurant internationalization is a service sector as stated in the General Agreement on Trade in Services (GATS) which came into effect in 1995 and Law Number 7 of 2014 concerning Trade (Indonesia, 2014), there are 4 types of cross-border supply (Mode ) namely: Mode 1: Cross border trade, Mode 2: Consumption abroad, Mode 3: Commercial presence, and Mode 4: Human movement (presence of natural persons). And the twelve service sectors in GATS are: 1. Business services, 2. Communication services, 3. Construction services, 4. Distribution services, 5. Education services, 6. Environmental services, 7. Financial services, 8. Health and social services, 9. Tourism and travel services (Hotels and Restaurants), 10. Recreational, cultural and sports services, 11. Transportation services, and 12. Other services (WTO, 1991). There are various forms of internationalization according to Ball et al., (2012) which are generally divided into 2, namely: equity and non-equity. Non-equity internationalization in the form of exports, Turnkey Projects, licensing, franchising, management contracts and contract manufacturing. Meanwhile, there are several types of internationalization with equity, namely Wholly Owned Subsidiaries, Joint Ventures, and Strategic Alliances.

In this services trade cooperation, each country will commit to open cooperation in the twelve service sectors with different levels of openness in each country and stated in the Schedule of Specific Commitment. The level of openness is divided into three levels, namely: fully open without any restrictions, none which means opened with restrictions, and unbound which means not yet opened (WTO, 1994). This will have an impact on the choice of entry mode that business actors will make, but until now in Indonesia it has not been utilized, especially in relation to the results of bilateral, regional and multilateral trade cooperation negotiations. Meanwhile, this collaboration provides an opportunity for service providers to export their services. Meanwhile, the internationalization of Indonesian restaurants is a form of Indonesian service export that can be an alternative to improve Indonesia's balance of payments, which is always in deficit (Figure 3) (Bank Indonesia, 2022).

Figure 3
Indonesia's Balance of Payments in the Services Sector (In Million USD)




Source: (Bank Indonesia, 2022)

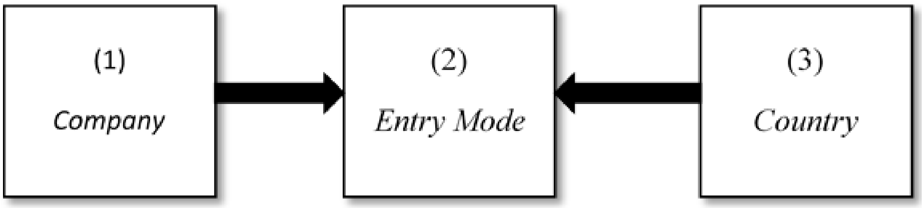
The current importance of internationalization of Indonesian restaurants in the economy can be a driver of the negative balance of payments in Indonesia recorded in Indonesia's balance of payments. This condition is certainly caused by more service imports compared to service exports. Based on Figure 3, it is necessary to increase service exports in Indonesia so that they can reduce the negative balance of payments. For this reason, it is important to carry out this research so that business actors can understand investment regulations in the destination country by understanding the entry mode through the AFAS agreement.

## LITERATURE REVIEW

When a company decides to enter an international market, there are many things that must be thought about and considered carefully as well as the right strategy for entering the international market (Herrmann & Datta, 2002) to reduce the occurrence of risks that arise both internally and externally and will affect the company's control over foreign operations and investment risks (Zhao et al., 2004). Decisions on market entry modes have strategic implications in the deployment of company resources, marketing programs, and competitive position in international markets (Erramilli & Rao, 1993) (Sharma & Erramilli, 2004). In addition, world competition is currently very dynamic due to the spread of globalization, developments in information technology, and the wide availability of information for customers (Sharma & Erramilli, 2004). Many researchers see that the choice in determining the market entry mode strategy is very decisive for the company (Rhee, 2008) (Ballegooijen, 2009) (León-Darder et al., 2011) (Ivanova & Ivanov, 2014) (Hoffman, Munemo, et al., 2016) (Jabeen, 2019).

Root (1983, 1994) in Sharma & Erramilli, (2004) defines entry modes as ways of institutional arrangements that allow for the entry of a company's products, technology, human skills, management or other resources into foreign countries. The definition includes the production and marketing modes of the host country as well as, export, contracts and foreign investment modes. All of this is considered the basis of the definition of entry modes (figure 4) where the entry mode is in the middle between the company and the foreign market (Dakora & Bytheway, 2014).

Figure 4
Entry mode position as a determinant




Source: (Dakora & Bytheway, 2014)

## RESEARCH METHOD

The methodology used in this research is a qualitative method which focuses on analyzing the Schedule of Commitments (SOC) documents in AFAS cooperation between ASEAN countries, with the object of study being investment in the restaurant service industry. A qualitative approach is a research procedure that produces descriptive data.

## RESULT AND DISCUSSION

a) How to understand the Schedule of Commitments (SOC) of each country on the AFAS agreement

Entry mode is a way of institutional arrangement that allows the entry of a company's products, technology, human skills, management or other resources into a foreign country. The entry of companies into foreign countries is a market openness that has been the focus of the WTO for some time. The WTO is a world organization that initiates the creation of world trade to become more open, so that trade flows can develop and reduce tariff and non-tariff barriers. One of the aspects covered by the WTO is trade in services which is regulated in the General Agreement on Trade in Services (GATS) which is one of the annexes to the Agreement on the Establishment of the WTO along with the Schedule of Commitments (SOC) which contains a list of countries' commitments in nature. specific and explaining which sectors and transactions in the service sector are open to foreign parties as well as the special conditions required.

Commitment is a legal definition used to describe a state's obligations to the General Agreement on Trade in Services (GATS) by looking at certain service sectors (WTO General Agreement on Trade in Services (GATS), 2006). Almost all existing commitments are specific to certain sectors or sub-sectors. The schedule is a list of service sectors/subsectors offered or committed to during negotiations and conforms to GATS rules (WTO General Agreement on Trade in Services (GATS), 2006). Based on this definition, the SOC is a list of service sectors/subsectors offered or committed to in trade negotiations and its structure must refer to GATS rules.

Figure 5
Form of Schedule of Commitment Based on Document S/L/92

| |
|---|
| Mode of supply: 1) Cross-border supply; 2) Consumption abroad; 3) Commercial presence; 4) Presence of natural person |

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| Sector or subsector | Limitation on market accsess | Limitation on national treatment | Additional commitment |
|---|---|---|---|
| I. HORIZONTAL COMMITMENTS | | | |
| | 1)<br>2)<br>3)<br>4) | 1)<br>2)<br>3)<br>4) | |
| II. SECTOR-SPECIFIC COMMITMENTS | | | |
| | 1)<br>2)<br>3)<br>4) | 1)<br>2)<br>3)<br>4) | |

Source: WTO

Based on table 5, there are 4 types of cross-border supply (Mode), namely: Mode 1: Cross-border trade, Mode 2: Consumption abroad, Mode 3: Commercial presence, and Mode 4: Human movement (presence of natural persons). Mode 1 is the result of services sold from one country to another and does not require the direct presence of the service owner. For example, an animator who sends his work via electronic mail to buyers abroad. Mode 2 is a service provided by a country for consumption by consumers of other countries, for example foreign tourists visiting tourist destinations in other countries such as Bali. Mode 3 is a service provided through the presence of a business entity in another country, for example establishing restaurants abroad and financial institutions operating abroad. Mode 4 is the existence of services through the movement of people in other countries, for example Indonesian programmers who work in the United States (Fawaiq, 2014).

In Figure 5 you can see that the SOC consists of two parts. The first part is a horizontal commitment, and the second part is a specific commitment to a specific sector. Horizontal commitments explain economy-wide limitations that must be applied in all sectors in the SOC and specific sector commitments must refer to the limitations written in the horizontal commitments. Existing limitations on horizontal commitments apply to all sectors, unless there is a statement stating that they are excluded. Meanwhile, specific sector commitment explains the level of liberalization of a sector or sub-sector. Apart from that, there are three columns, namely limitations on market access (restrictions on market access), limitation on national treatment (restrictions on national treatment), and Additional commitment (additional commitment). The market access restrictions column explains restrictions, for example restrictions on the total value of transactions or assets, the number of quantities and services that can operate, the number of natural persons, or restrictions on foreign capital participation (WTO, 2001).

The restrictions column on national treatment explains the discrimination experienced by foreign nationals who want to set up a business in the local country due to subsidy policies and other financial measures available to citizens or permanent residents, in addition to requirements related to licensing, technology transfer requirements, prohibitions on land or property ownership, local content requirements, and other policies (WTO, 2001). Additional columns are columns that are not always filled in by member countries, because they are not mandatory and contain additional commitments that include other actions outside of existing agreements. These actions can take the form of qualifications, licensing requirements or procedures, technical standards, or other domestic regulations (WTO, 2001). The commitments written in the SOC are based on WTO documents, namely: full commitment (none), open with restrictions (limitation), and not committed (unbound). Full commitment means that a country opens its service sector or sub-sector without placing restrictions but must still refer to horizontal commitment. A country provides restrictions, which means opening a sector or subsector but still providing restrictions in accordance with the regulations in force in that country. And finally, unbound, which means that the country is still closing its service sector or subsector to other countries (WTO, 2001).

Regarding research regarding the presence of restaurants abroad, mode 3 will be used, namely the direct presence of restaurants in the destination country. Table 1 will present SOC Mode 3 of the ASEAN Framework Agreement on Services (AFAS) related to regulating investment entry for foreign restaurants in ASEAN countries.

Table 1
Schedule of Commitments for ASEAN Countries

| No | Country | Limitation on Market Access | Limitation on National Treatment |
|---|---|---|---|
| 1 | Vietnam | None | None |
| 2 | Thailand | As indicated in 3.3 of the horizontal section (3.3 a. Foreign equity participation must not exceed 49 per cent of registered capita; and 3.3 b. The number of foreign shareholders must be less than half of the total number of shareholders of the company concerned) | None |
| 3 | Singapore | None | None |
| 4 | Philippines | None | None |
| 5 | Malaysia | Joint-venture corporation with Malaysian individuals or Malaysian controlled corporations or both and aggregate foreign shareholding in the joint-venture corporation shall not exceed 70 per cent foreign equity | None |
| 6 | Myanmar | None | Entitled to enjoy the exemptions under the Myanmar Investment Law 2016 Chapter XVIII (if it is permitted by the Myanmar Investment Commissions. Foreign experts and technicians shall have the right to pay income tax payable to the State in Foreign Currency at the rates applicable to the citizens residing within the country) |
| 7 | Laos | None | None |
| 8 | Cambodia | Permit is granted taking into account characteristics on the area (The main criteria are: the number of and impact on existing restaurants, historical and artistic characteristics of the location, geographic spread, impact on traffic conditions and creation of new employment. | Unbound |
| 9 | Brunei Darussalam | Joint venture corporation with Bruneian individuals or Bruneian controlled corporations or both the aggregate foreign shareholding in the joint venture corporation shall not exceed 70% foreign equity. | None |

Source: SOC AFAS 10, ASEAN Secretariat

From table 1 Vietnam, Singapore, the Philippines and Laos provide full commitment to market access to foreign owners, which means that these countries are open to foreign restaurants entering their country without any regulatory restrictions or limits on incoming capital. Likewise, there are no regulatory restrictions or discrimination between local restaurants and foreign restaurants carried out on a national scale.

The country of Myanmar provides the same thing as the four countries above regarding full commitment to market access, but this full commitment is not fully supported by policies implemented on a national scale. It is written in the national treatment restrictions column that foreign restaurants can set up in Myanmar if they have received permission from the Myanmar Investment Commission, which means that each region in Myanmar has the right to decide whether the foreign restaurant can operate in its part of the region. In addition, it is explained that foreign experts and technicians must pay income tax owed to the State in Foreign Currency at the rates applicable to citizens living in that country.

Apart from that, Thailand has different policies from the other four countries as explained above. Regarding market access, Thailand only allows capital ownership or shares of foreign parties in restaurant establishments of no more than 49%, which means that if you want to internationalize Indonesian restaurants to Thailand, you cannot implement full capital ownership but must collaborate with local residents in terms of capital ownership. . In terms of national regulations and policies, Thailand does not differentiate between local restaurants and restaurants that collaborate with foreign ownership.

Malaysia and Brunei Darussalam have regulations that are almost the same as Thailand, but foreign capital or share ownership in restaurants can be greater, namely a maximum of 70%, which means it can be greater than local ownership and does not differentiate between regulations and policies applied on a national scale.

The country of Cambodia has different regulations from other countries, such as free opening or limiting the capital involved. There are no restrictions on the amount of capital, which means full capital ownership can come from the country of origin. In written market access, Cambodia places restrictions on foreign restaurants. If they want to set up in Cambodia, they must comply with the rules as written in the agreement, namely: permits to set up foreign restaurants will be granted but taking into account the characteristics of the area (the main criteria are: the number and impact on the restaurants existing, historical and artistic characteristics of the location, geographical distribution, impact on traffic conditions and the creation of new jobs). Apart from that, in the description of national scale restrictions, Cambodia differentiates between the regulations applied to local restaurants and foreign restaurants.

b). Study and determine the right investment choices in accordance with the regulations of the destination country.

After carrying out the first and second conceptual model activities, business actors must start studying and determining the right investment choices in the destination country. Based on the SOC explained above, investment options for each country can be seen in table 2.

Table 2
Entry Mode in ASEAN countries

| **No** | **Country** | **Entry Mode** | **Information** |
|---|---|---|---|
| 1 | Vietnam | 1. Franchise<br>2. Joint Venture<br>3. Wholly owned | May have 100% (Wholly owned) foreign share ownership with the condition that the company must be established as a legal entity in Vietnam, not a branch office in the country of origin. |
| 2 | Thailand | 1. Franchise<br>2. Joint Venture | Joint ventures, foreign ownership does not exceed 49%.<br>· The number of foreign shareholders must be less than half the number of local shareholders of the company.<br>· Legal entities owned or controlled by foreigners must meet the requirements as determined by laws and regulations concerning foreign investment. |
| 3 | Singapore | 1. Franchise<br>2. Joint Venture<br>3. Wholly owned | There are no exceptions |

| | | | |
|---|---|---|---|
| 4 | Philippines | 1. Franchise<br>2. Joint Venture<br>3. Wholly owned | There are no exceptions |
| 5 | Malaysia | 1. Franchise<br>2. Joint Venture | Joint venture, foreign ownership, cannot exceed 70%. |
| 6 | Myanmar | 1. Franchise<br>2. Joint Venture<br>3. Wholly owned | There are no exceptions |
| 7 | Laos | 1. Franchise<br>2. Joint Venture<br>3. Wholly owned | The presence of foreign ownership must comply with sectoral laws, government regulations regarding foreign investment permits |
| 8 | Cambodia | 1. Franchise<br>2. Joint venture<br>3. Wholly owned | · Permits are granted considering regional characteristics. The main criteria are the number and impact on existing restaurants, the historical and artistic characteristics of the location, geographical distribution, impact on traffic conditions and the creation of new jobs.<br>· Carry out the obligation to provide and deliver consistent training to Cambodian employees |
| 9 | Brunei Darussalam | 1. Franchise<br>2. Joint Venture | Joint venture, foreign ownership, cannot exceed 70%. |

Source: (SOC AFAS), (Researcher, 2023)

Entry mode is one of the company's most important strategic choices, because it will affect the company's resource commitment, investment risk, level of control, and profit sharing (Baena & Cervino, 2012). The entry mode presented in Table 2 is the result of analysis in the AFAS SOC in table 2, if it says None then the country has opened a commitment with other ASEAN member countries. However, it is necessary to look at further information on the horizontal commitment sheet issued by each country because if some terms or conditions regulate foreign share ownership with a maximum percentage, then business actors cannot choose wholly owned investments but only franchises and joint ventures. If it says unbound, then the country is not making any commitments to other countries. In the AFAS collaboration, all ASEAN member countries have agreed to open cooperation in investment in the restaurant sector, which can be seen in the table that all countries wrote None, although in the horizontal commitment several countries wrote special requirements. As for entry mode, if it is related to investment in restaurants, it depends on the choice of non-export investment mode, namely wholly owned, franchise, or joint venture to enter foreign markets (Ekeledo & Sivakumar, 1998). This is because restaurants fall into the soft service classification which has different characteristics from hard service and manufactured goods (Agarwal & Ramaswami, 1992) which require the direct presence of the service provider between the provider and consumer (Erramilli & Rao, 1993).

Based on table 2, the countries that are fully committed to investment in the restaurant sector are Singapore, the Philippines, and Myanmar, which do not provide any conditions to foreign investors. Foreign investors are free to choose to invest by franchise, joint venture or wholly owned in opening a restaurant in that country. In contrast to Vietnam, Laos, and Cambodia, although they provide freedom to invest, they still provide requirements for foreign investors. Vietnam requires foreign investors to establish a company with a legal entity in Vietnam, not a branch office in their country of origin. Like Vietnam, the Lao government requires that if foreign investors want to invest in Laos, they must comply with sectoral laws and government regulations regarding foreign investment permits. Different things are required by Cambodia, permits to invest and set up restaurants in Vietnam will be given by the Government considering the characteristics of the target area. The main criteria are the number and impact on existing restaurants, historical and artistic characteristics of the location, geographical distribution, impact on traffic conditions and the creation of new jobs. In addition, foreign investors must carry out their obligations to provide and deliver consistent training to Cambodian employees.

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Apart from full commitment, there are countries that open commitments but place restrictions on foreign investors. Countries that apply restrictions on foreign capital ownership are Thailand, Malaysia and Brunei Darussalam. The only investment options in this country are franchises and joint ventures, which cannot be wholly owned due to restrictions on foreign capital ownership. The amount of foreign capital ownership may not exceed 49% in Thailand and may not exceed 70% in Malaysia and Brunei Darussalam.

In table 2 in each country the investment option is generally written, namely franchise. This is what makes businesspeople prefer franchising because every country opens up opportunities for foreigners to franchise in their country. The regulations that apply to each country for franchises also do not have terms or conditions that limit the cooperation contract so that restaurant entrepreneurs can easily provide franchises in the destination country. In recent decades, franchising has become an important strategy for business growth, job creation, and economic development, and has become an effective method for companies to enter foreign markets or expand internationally (Dant & Grünhagen, 2014; González-Márquez et al., 2023).

The investment strategy through franchising is the preferred entry method for SMEs in emerging markets (Altinay et al., 2014) because companies can use partners to access local resources and align themselves with local institutions (Meyer et al., 2008) (González- Márquez et al., 2023). For example, restaurant business actors in Malaysia (Abd Aziz et al., 2021) and South Korea (Moon et al., 2021) because they can be an initial approach in starting overseas expansion. In addition, franchising is an option because the transaction costs incurred are lower, allowing for faster expansion with smaller capital expenditures and lower risks for the company (Sashi & Karuppur, 2002) because most of the costs and risks of market entry will be borne by franchisees who have ownership shares in local franchises (Lanfranchi et al., 2020). Entry mode through franchising is designed as a short-term strategy to gain market knowledge and have access to socio-political contacts (Baena & Cervino, 2012) and can reduce the risk and uncertainty of market entry associated with cultural and market differences, through the use of local franchisees who have knowledge, such as in-depth knowledge of the local institutional environment, cultural customs, and business practices of the area (Hoffman, Watson, et al., 2016).

Franchising is also the right choice for business actors who want to expand but do not have the capital to open branches abroad, because the main capital for business actors is the trademark and system given to the master franchise in the destination country (Hoffman, Watson, et al., 2016). However, internationalization through franchising, according to restaurant owners A and D, based on the results of interviews, explained that the success or failure of a franchise in the destination country really depends on choosing the right franchise master. A master franchise in the destination country is the key to successful restaurant internationalization for business actors who choose to invest through a franchise because the running and development of a restaurant depends on the leadership and management of the master franchise. Apart from that, according to González-Márquez et al., (2023), business actors must choose investment partners who understand the target country's market.

The quality of the partnership between the franchisor and franchisee determines the success of collaboration in the franchise system (Sanny et al., 2017). According to Cumberland & Githens, (2014) the franchisee and franchisor relationship will be interdependent because each partner relies on and influences the other, such as for marketing, operational activities, finance, human resources and governance. However, in the case of a franchise, there is the possibility of inter-group conflict among members because the franchise owner and the franchise recipient have different views in finding a solution to a problem (Cumberland & Githens, 2014). In addition, there is an imbalance of power that favors the franchise owner because the franchise owner has the rights to the brand and determines the terms written in the contract (Dant et al., 2011).

In the joint venture entry mode, the level of involvement of business actors is higher than in franchises (Akhter & Friedman, 1989) and is one way to enter new markets more quickly (Hollensen, 2014). The entry mode through a joint venture is the choice of business players due to foreign ownership restrictions in the destination country (Hollensen, 2014). In addition, businesspeople usually choose joint ventures abroad, especially SMEs, because of financial and managerial constraints so that they can represent strategic opportunities to cross national borders with lower risks (Debellis & Pinelli, 2020). Joint ventures also allow companies to partner by combining their strategic assets without losing independence and without incurring acquisition costs to integrate two different organizational structures (Reuer & Koza, 2000).

In the wholly owned mode, business actors have full authority over businesses operating abroad. Wholly owned investment is the most important and challenging decision for every company that wants to enter foreign markets (Cui & Jiang, 2009). Companies that choose the wholly owned mode usually have stronger R&D capabilities to establish wholly owned branches abroad (Chen & Hennart, 2002).

For government institutions, understanding the market entry modes of countries in the world is important because it is part of the market information that the government must provide as a form of support for business actors. Apart from that, the choice of entry mode for restaurant business actors will influence the programs and support that must be provided by the Government. The choice of franchise and joint venture investments for business actors makes government support for restaurant internationalization relatively easier because the Government, through the ITPC, Trade Attaché and the Indonesian Consulate General in the destination country, can help bring together Indonesian restaurant business actors with master franchises and hold international scale exhibitions to bring together capital owners (Restaurant D, Association A). The wholly owned option requires slightly more in-depth support because business actors need comprehensive market information which is the task of the ITPC and Trade Attaché as well as assistance in foreign investment carried out by the Indonesian Consulate General. The Indonesian government can emulate what the South Korean government has done, namely by providing consultations and negotiating with the master franchise of the destination country and determining the location (www.reuters.com). Likewise, the Thai Government provides support to business actors who choose the franchise entry mode by providing a team tasked with supervising the training program for each new Thai Express franchisee (https://thaiexpressfranchise.com).

In the Association, understanding the market entry modes of countries in the world is important because it is part of market information that can help association members in determining the country's goals for expansion. In addition, the choice of entry mode can help map work programs according to member needs so that the Association can determine the right collaboration so that member goals are achieved. For example, Association A has collaborated with the Ministry of Trade, but in this collaboration, it has not been determined which countries will be targeted so that both parties are still looking for countries that are easy to enter.

## CONCLUSION

Understanding entry modes in the internationalization of Indonesian restaurants needs to be carried out by every party such as business actors, the government and 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. Understanding the entry mode will determine the type of entry mode that the business actor will use, the support or facilities that will be provided by the Government, and what activities the Association can carry out so that the restaurant internationalization process can run well. For this reason, the author explains how to understand the existing regulations in AFAS for countries in ASEAN, as well as investment options that are in accordance with the regulations of the destination country.

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