

Perspective of Small Medium Enterprises in West Nusa Tenggara on export plans

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ABSTRACT

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Purpose — *The purpose of this study is to investigate how Small Medium Enterprises (SMEs) react to their plans to engage in export activities, particularly in the province of West Nusa Tenggara (NTB).*

Research method — *The method used in this research is descriptive quantitative by distributing questionnaires to respondents containing multiple choice and open-ended questions.*

Result — *This study found that the majority of SMEs have been export-oriented. They want to export for a variety of reasons, including expansion of their business network, international market demand, increased company revenues, and availability of suitable raw materials. Lack of extensive overseas markets/networks, lack of understanding of export procedures, and lack of adequate Human Resources seem to be one of the reasons given by SMEs who say NO or do not want to carry out export activities (HR).*

Significance/contribution/recommendation — *In terms of the issues covered, this study differs from others. The majority of research focuses solely on the impact of SMEs and their export prospects. Meanwhile, the focus of this research is on SMEs' responses when it comes to organizing their product export efforts.*

Keywords: *SMEs, export, West Nusa Tenggara*



BACKGROUND

In recent decades, international trade has become a contentious issue in the economic world. International trade occurs as a result of several variables, including technological advancements in manufacturing, transportation, and communication, as well as a country's political structure. In a global economy, businesses will encounter international competition sooner or later. Furthermore, international trade is vital to a country's economy since it can boost the country's foreign exchange reserves and help the country overcome its trade deficit and balance of payments deficit. Economic paths now reach practically every corner of the globe, and international trade is now carried out not just by large corporations, but also by small and medium businesses (SMEs).

Small and medium-sized businesses (SME) empowerment is an important aspect of national development that aspires to create a successful society. Since they can still contribute to GDP and reduce unemployment, SMEs have been shown to withstand the economic crisis and save the Indonesian economy in particular. SMEs provide 61.9 percent of GDP or Rp. 8.6 trillion, to the national economy (Supiandi et al., 2022). In addition, Indonesian SMEs will contribute 15.69 percent of non-oil and gas exports in 2021 (Supiandi et al., 2022). The importance of SMEs in this export is a testimonial to their skill and competitiveness in a free market, as well as a potential that must be preserved to sustain international trade continuity and generate more foreign cash.

It is considered essential to create a grand strategy of growth through the empowerment of SMEs after considering the opportunities and contributions as well as the current reality regarding the role of SMEs in the Indonesian economy. With the hope that SMEs could become a new source of growth for the Indonesian economy in terms of improving community welfare, opening up employment opportunities, means of equitable development, media in reducing the flow of urbanization, foreign exchange earners, and increased income that can be exported in the future (Supiandi et al., 2022).

The authors are concentrating on SMEs' perceptions about exporting commodities in West Nusa Tenggara. The success of SMEs in the international trade process is influenced by several factors such as products that have quality, design, features, and packaging following the needs, preferences, and trends of foreign consumers. This research is expected to provide results that can be used as a reference in developing policies related to exports. To increase exports to MSMEs, it is also necessary to have a good awareness of overseas markets and the ability to form networks with foreign parties, including customers, producers, and the government.

SME export performance has improved dramatically in the province of NTB over the previous two years. Coffee, vanilla, moringa tea, fresh fish, lobster, pearls, *ketak* crafts, bamboo straw crafts, and swallow's nests are among the top nine non-mining items exported. However, this achievement represents only 10% of the province of NTB's overall potential.

So far, research on exports and SMEs in West Nusa Tenggara has been limited to quantitative studies, such as Alfarizy (2020) examination of the contribution of West Nusa Tenggara's fisheries and export industries. Bayu Saputra et al. (2020) also investigated the impact of exports on NTB's economic growth. Rauf (2020) also contributes to NTB's export sector; in his study, Rauf looks at maize producers' ability to sell their products worldwide. Meanwhile, Supiandi (2022), who researched SMEs' awareness of export procedures, conducted the most recent research on exports in West Nusa Tenggara.

In light of this, it is regarded essential to research West Nusa Tenggara (NTB) SME export actors to seek policy breakthroughs as a new engine of growth for the NTB economy via the export side, which will eventually raise overall exports in the future. As a result, the focus of this study will be on the perspectives of Small and Medium Enterprises (SMEs) with the ability to export in comparison to plans for international trade.

LITERATURE REVIEW

The growth of SMEs in Indonesia is beneficial to the country, with one of the benefits being tied to international trade, specifically exports, and imports. Small and medium-sized enterprises (SMEs) are recognized to boost the value of Indonesia's exports. In addition, increasing the value of exports can reduce the number of people who rely on imports. With the many items produced by Indonesian SMEs and the government's encouragement of young people's inventiveness, Indonesia will be able to meet domestic demands while reducing imports. The various products or goods created by SMEs that are exported might subsequently boost the market or purchasing power of local products, making them more competitive. As a result, there is a positive association between SMEs' growth and exports, as well as a negative relationship between SMEs' growth and imports.

Small and medium-sized enterprises (SMEs) have been examined extensively over the last few decades, including Arteaga-Ortiz & Fernández-Ortiz (2010); Leonidou (2004); Leonidou et al. (2002); Mpunga (2016). Breckova (2018) examined the barriers and stimuli that MSME exporters face. Jones & Coviello (2005), on the other hand, investigated the primary factors, underlying processes, and impacts on MSMEs' performance when they decided to expand internationally. According to the findings of all of these studies, several factors contribute to the low level of SME exports in both developing and developed countries, including a lack of funding sources, limited knowledge and information about exports, a lack of networks, and procedural and institutional barriers.

RESEARCH METHOD

This study was carried out in West Nusa Tenggara (NTB). To achieve the following study aims, the author focuses on SMEs that meet export-oriented criteria: SMEs with a history of exporting, export potential, and international networks are eligible. We prepared a list of respondents for this study using information from the NTB Provincial Trade Office, Mataram Class 1A Agricultural Quarantine Center, Fish Quarantine Center, Mataram Fishery Product Quality and Safety Control, Mataram Customs Office, and Mataram Post Office.

From the list of export-based SMEs, the author found at least 73 responders who might be included in this study. The Questionnaire filling process was conducted in an organized manner at the SME business site. Each respondent is estimated to fill out the questionnaire in about 10 minutes on average. Because the implementation comprises gathering, analysis, and interpretation of the meaning and data gathered, this study employs the descriptive research technique. This study is structured as an inductive study, which means that it will seek and gather data in the field with the goal of learning about the factors, form elements, and nature of occurrences in society (Sugiyono, 2014). This study employs a questionnaire, with a list of questions organized into multiple choice and open questions. This strategy is used to collect information from respondents regarding their opinions on interior design.

RESULT AND DISCUSSION

The percentage of Small and Medium Enterprises (SMEs) planning to engage in export activities is depicted in graph 1. The majority of respondents (57 percent) have intentions or have already taken out export activities, according to the findings of distributing questionnaires to 73 respondents. Meanwhile, 41% of SMEs do not intend to engage in export activity while the rest did not give a response. Every SME presents thorough arguments for their plans for export activity, and this is not without cause.

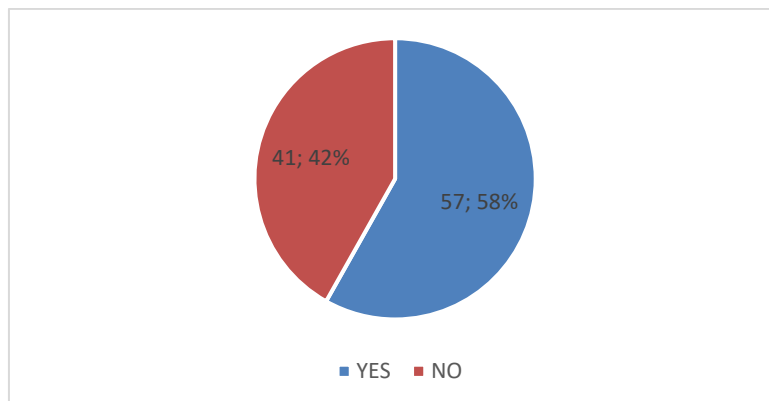


Figure 1. SMEs' Response to Export
Source: processed data (2022)

The author can conclude that there are at least four reasons for SMEs who say YES or have intentions to export, including expanding business networks, market demand from abroad, increasing firm income, and the availability of adequate raw materials.

Meanwhile, company units that answered 'NO' were separated into several categories, including lacking a broad foreign market/network, lacking knowledge of export procedures, and lacking suitable Human Resources (HR).

The items mentioned by SMEs who said no are extremely significant in export activity. According to Rasbin's (2019) technical understanding and mastery associated with export activities include things like standardization in production, technology mastery, procedures and words understanding, and payment methods.

Furthermore, carrying out product export activities is more than just purchasing and selling; it is also carrying out trade operations that pass through the customs area. A customs area is a country's whole national territory where import and export charges are charged on all items that pass its borders, except for specific places that are expressly designated as territories outside the customs area by law (Nurhakim & Satar, 2015; Supiandi et al., 2022).

According to prior research, there are at least a few barriers to the SME sector's expansion into the worldwide arena (Rasbin, 2019). An important step is to increase the capacity and competition of SME businesses. According to Supiandi et al. (2022), 83 percent of Indonesian entrepreneurs have completed elementary school (SD). As a result, the Human Resources issue has ramifications for SME management. As a consequence, the Indonesian SME group focuses solely on the domestic market. This is due to a lack of understanding and information about foreign market access (Ginting, 2011)

Furthermore, constraints such as standard, design, and product quality continue to stymie Indonesian SMEs. This is due to conventional manufacturing methods, a lack of awareness and technical mastery of standard implementation in production, technological limits, lax production standards oversight, and the fact that local consumers do not place a premium on high product standards. Finally, SMEs confront marketing challenges. The key challenges faced by Indonesian SMEs include packaging quality, promotion, innovation, pricing, and mastery of technology as a promotional medium (Ivada et al., 2014).

CONCLUSION

The benefits of the high growth of SMEs cannot be underestimated. The large contribution of SMEs to Indonesia's national income demonstrates this. However, it appears that the government has not given this industry more attention. Government action in regulating efforts to increase SMEs' role as a pillar of the country's economy is required. As a result, the purpose of this study is to investigate how SMEs react to their plans to engage in export activities,

particularly in the province of West Nusa Tenggara (NTB). The NTB Provincial Trade Office, Mataram Class 1A Agricultural Quarantine Center, NTB Fish Quarantine Center, Mataram Quality Control, and Mataram Customs and Post Office provided the author with a list of 73 potential SMEs with export-related prospects. The method used in this research is descriptive quantitative by distributing questionnaires to respondents containing multiple choice and open-ended questions.

The majority of SMEs, according to this report, are export-oriented. They wish to export for a variety of reasons, including the expansion of their business networks, international market demand, increased company revenue, and the availability of suitable raw materials. The lack of extensive overseas markets/networks, lack of understanding of export procedures, and lack of sufficient Human Resources appeared to be among the reasons given by SMEs who said NO or do not want to engage in export activities (HR).

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