

# CHAPTER I

## INTRODUCTION

### 1.1 Background

The era of globalization makes a country dependent on each other and cannot stand alone without relations with other countries. One of them is to meet the needs of goods and countries in each of these countries. Just as human needs are endless and have no limits, where the current resources are so limited that it has become the same problem in a country. To overcome this situation, in this era of globalization it is very necessary to have international trade. In general, the international trade process consists of two activities, namely export and import. International trade causes the exchange rate (exchange rate), especially developing countries to decline. This is because exports are still very limited to primary goods, while imports are in the form of manufactured goods (Nopirin, 1990).

A country's exports play an important role in boosting growth economy. Exports can supply the state budget through income and foreign currency which can be used to improve infrastructure and create a favorable investment climate interesting (Mohsen, 2015). In addition, exports also have an important role in develop the domestic product market. The role is to increase competition that encourage a country to increase production and use new technologies in the production process.

Export is a transportation process goods or commodity from a country to another country. This process is often used by company with small to medium-sized businesses as the main strategy to compete at the global level international. Sellers or parties who send goods abroad are called exporters or exporters while recipients of goods from abroad are called importers and the process is called import.

The export strategy is used because the risk is lower, the capital is smaller and it is easier when compared to other strategies. Other strategies for example *franchise* and acquisition. In Indonesia, export activities are regulated in Law Number 17 of 2006 concerning Amendments to Law no. 10 of 1995 concerning

Customs and Law no. 39 of 2007 concerning Amendments to Law no. 11 of 1995 concerning Excise.

Countries that export will have comparative advantages, competitive advantages and independence in managing natural resources, progress in industrialization specialization and prime workers (2010). The advantages that can be seen from the value of the country's exports and imports can be seen in the balance of payments. According to Dewi and Ayu (2015) if the export value is higher than the import value, it shows the progress of a country's economy in terms of international trade activities, and vice versa if the export value is lower, it indicates the country's economy is low.

Bengkalis Regency is one of the regencies in Riau Province, Indonesia. It is a very strategic place because it is traversed by international shipping which makes it easier for the Bengkalis community to trade exports to other countries, export and import activities or international trade in Bengkalis are mostly carried out by business actors, both individuals and CV. One of them is the export of shrimp paste or belacan products. managed by the Bengkalis community itself. Exporting shrimp paste or belacan in powder form which will then be repackaged when it reaches the exported country or destination country.

**Table 1. 1 Profile MSMEs**

No	Commodity Type	Company Name	Address	Company of Destination
1.	Terasi praktis Bengkalis	MSMEs Dapur Ima	Kec. Bengkalis	France

*Source :Processed Data, 2022*

Micro, small and medium enterprise system general in the world economy which refers to effort economy productive owned by individuals or business entity according to the criteria set by Constitution No. 20 of 2008. MSMEs can mean business run individual, house hold, or a small business entity. The classification of MSMEs is based on boundaries turn over in come per year, total wealth asset, as well as the amount employee. Meanwhile, those that are not included in the MSMEs category or are included in the calculation of large businesses, namely

productive economic businesses run by business entities with a total net worth or annual sales results are greater than medium-sized businesses.

Self-made There are also micro, small and medium enterprises that export abroad. In the current era of globalization, MSMEs are also growing and competing in the market and can even export abroad and prove that MSMEs are an advanced business. Like this Kitchen Ima MSMEs, which exports shrimp paste type commodities with the destination country to France to export that does not use its own label, but when there it will be packaged with the destination country label.

In international trade there are many obstacles or problems that can be an obstacle to the creation of international trade from one country to another. These factors come from internal and external factors. Barriers to internal factors in the form of management within the company, documents and others that are requirements for export-import activities in addition to technical preparation, ability and understanding of foreign transactions, financing, imperfections in preparation of goods, and policies in the implementation of exports and imports.

Exporting and importing is certainly not easy, of course there are many obstacles faced in getting customers and also marketing, especially in activities between countries. Although Bengkalis is a strategic area for exporting, of course there are also many obstacles faced in documents, costs and also the flow in exporting to other countries. In Bengkalis itself, of course, there are many competent human resources as business actors who get agents or buyers in international trade. Based on this background, the author is interested in conducting research with the title "Analysis Export Activities of Terasi Praktis Bengkalis"

## **1.2 Formulation of the Problem**

From the background that has been made above, the problems that can be taken as a study in this research are as follows.

1. How do micro, small and medium businesses in Bengkalis Practicing Terasi know the flow in international trade?
2. How do micro, small and medium businesses in Bengkalis Practicing Terasi to find out the costs in international trade?
3. How do micro, small and medium enterprises in Bengkalis Practical Terasi

to obtain documents in international trade?

### **1.3 Purpose of Study**

In accordance with the problems described above, the objectives to be achieved in this study are as follows:

1. To find out the flow of micro, small and medium business actors in Bengkalis Practical Terasi in international trade.
2. To find out the cost of international trade for micro, small and medium enterprises in Bengkalis Practical Terasi in international trade.
3. To find out the document of international trade for micro, small and medium enterprises in Bengkalis Practical Terasi in international trade.

### **1.4 Significance of the Study**

Each research is carried out to obtain benefits that are beneficial for all interested parties. The benefits that are expected by the author in conducting this research include the following:

#### **1. For Author**

This research is expected to train the author's knowledge so that the author can continue to explore knowledge and information about things that the author has never known, both theoretically to be studied and in good writing and through this research can also be a graduation requirement to graduate and get a degree undergraduate (one) at the writer's campus.

#### **2. For International Business Administration Study Program**

The research that the author has done is expected to become a useful library in the study program which one day will be achieved for academic purposes.

#### **3. For the industry, this research can be a channel of knowledge or media for improvement for the industry it self, besides that it will be a means of improving the industry**

### **1.5 Scope and Limitation of the Problem**

Based on the background of the various problems that have been described, the author can identify the scope and limitations of the research problem, namely only doing research Conduct research on how a business actor in the Practical

Bengkalis Terasi MSMEs can obtain and find out the flow, costs of international trade and how to obtain international trade documents. This research was only conducted in Bengkalis Regency.

### **1.6 Systematics of Writing**

In order for the writing of this thesis report to be systematic and neatly structured, a systematic report writing is required. The following is the systematics of thesis report writing:

**CHAPTER I: INTRODUCTION**

This chapter describes the background of the problem, the formulation of the problem, the research objectives, the benefits of the research, the scope and limitations of the research as well as the systematics of thesis writing.

**CHAPTER II: LITERATURE REVIEW**

This chapter clearly describes the theory that generates ideas and underlines the chosen topic or thesis title, where the literature review contains previous research, theoretical foundations, and frameworks of thought.

**CHAPTER III : SETTLEMENT METHODOLOGI AND PROCESS**

This chapter describes in detail the steps taken to complete the chosen thesis topic. Where in the Methodology and Completion Process contains the location, time and object of research, Types and Data Sources, Population and Samples, Sampling Techniques, Data collection Techniques, Data Processing Techniques, Scale Measurements, Validity and Reability Testers, Data Analysys Mthods, Research Types, Conceptual and Operational Definition Of Variables and Research Schedule and Budgets.

**CHAPTER IV: RESULTS AND DISCUSSION**

This chapter contains test results, discussion and limitations of research results. The results of the thesis are made in the form of table, graphs, photos/pictures or other forms so that it

is easier to follow the description of the discussion. The discussion of the results obtained is made in the form of theoretical explanations, either qualitatively, quantitatively or statistically.

#### CHAPTER V: CONCLUSION AND SUGESSTION

Containts conclusions and suggestions from thas has been carried out.