

# CHAPTER I

## INTRODUCTION

### 1.1. Background of the Study

Export is one of the main keys in expanding and increasing the profit of the company. However, there are some trade barriers that each companies needs to pay attention such as the regulations, tariffs, licenses, tax, and etc. Therefore, these problems can influence export performance of the company.

Barriers to entry are obstacles that make it hard to enter a specific market. Therefore, in the theories of competition in economics, barrier to entry is a fixed cost that must be incurred by a new firm or entrant which that the incumbents do not have to incur. These hindrances may include government regulation, technology challenges, start-up costs, or education and licensing requirements.

Export Performance can be defined as the rates of the export of the company in the overseas. It can also be defined the firm's international sales in its products and services. Then, export performance of each firms is objective terms such as sales, profits, or marketing measures in selling locally- produced goods and services in the other nations.

Therefore, some of the problems happen in the exporting process are when the barriers become the boundaries for the company. Most of the companies do exporting because of expanding markets and products globally. There will be the rising of taxes and declining of the quotas' rates in the host country. Some of these factors can cause the company to become more slowly in developing and has a difficulty on surviving in the market.

Because of this, each firms must know how to cope with the regulatory barriers. These barriers can affect the firms' progress become slower. Therefore, by learning how to export with a really tight regulation, the company can know when the time to export or not. Besides that, the company can also know how to do mass- exporting when the taxes is low

and the quota is more available in the other countries. PT Mestika Makmur Persada Jaya is one of the companies that focused on the office stationery products. Bino has been established since 1986 and acquired license to produce high-quality products with Bantex's brands. Initially, these products have been developed in Copenhagen, Denmark in 1961. It is the first company to create friendly- environment products. After that, Bantex has been one of the most famous office stationery products in Europe and given the licenses to distribute its products in more than 70 countries including Indonesia.

PT Mestika Makmur Persada Jaya also distributes Bantex, Elba, APLI, Linex, Xyron, and any other famous brands for the office equipment. The head and distribution office which is located on the Sentul's industry center can elevate the service in captivating the customers' satisfaction.

One of their famous products is the filing products which is the products that can save file or paper with the process. With its affordable price and better quality, many companies will prefer choosing Bantex's products rather than their competitor. Now, PT Mestika Makmur Persada Jaya has focused more in expanding its markets or segments wider than before.

**Table 1. 1 Sale of PT Mestika Makmur Persada Jaya**

Year	Sales	Percentage Change
2014	Rp. 3,385,254,604	-
2015	Rp. 5,433,166,292	60.50%
2016	Rp. 6,827,672,936	25.67%
2017	Rp. 7,100,861,342	4.00%
2018	Rp. 6,962,981,738	-1.94%

Source: PT Mestika Makmur Persada Jaya (2019)

From the table above, it shows that the sales of PT Mestika Makmur Persada Jaya is increasing positively from year to year. The sales increases from the beginning of the company until 2016. However, the nominal increases smaller from 2016 to 2017 dropped until 20%. Then, from 2017 to 2018, the company's profit also dropped until 5 percent. Therefore, from this statistic, the company needs to do exporting more so it can earn more profits in the future.

## **1.2. Problem Limitation**

Based on the background of the study that has been mentioned above, the writer will have a limited time in doing the research. The research will begin at PT Mestika Makmur Persada Jaya by giving questionnaires to the employees and doing interview with the head director of the company from 1<sup>st</sup> April until 30<sup>th</sup> April 2019. The questionnaires of the research project will be more focused on the barriers to entry affecting export's activities.

Due to the limitation of the time and budget, the writer would like to limit the research to trade barriers as independent variables and its relation to the export performance as the dependent variable at PT Mestika Makmur Persada Jaya.

## **1.3. Problem Formulation**

The following is the research questions of the paper

1. What are the trade barriers that can affect the export performance at PT Mestika Makmur Persada Jaya?
2. What are the ways to cope with the trade barriers that influence the export performance at PT Mestika Makmur Persada Jaya?
3. What is the impact of the export performance with or without the trade barriers at PT Mestika Makmur Persada Jaya?

## **1.4. Objectives of the Research**

The following is the research objectives of the paper:

1. To identify the barriers that can affect the export performance at PT Mestika Makmur Persada Jaya
2. To cope with the trade barriers that influence the company's export performance at PT Mestika Makmur Persada Jaya.
3. To know the impact of the export performance with or without trade barriers at PT Mestika Makmur Persada Jaya.

## **1.5. Benefits of the Research**

### **1.5.1. Theoretical Benefit**

The result of the research would expand knowledge in academic area, especially on trade barriers and export performance.

### **1.5.2. Practical Benefit**

1. For the writer, the research will know and add knowledge about trade barriers and export performance.
2. For the company, the research will give recommendation for the company to improve the export performance based on each countries' trade barriers.
3. For the researcher, the research will be a reference on similar area.

## **1.6. System of Writing**

The following is the systems of writing in this paper:

### **Chapter I Introduction**

This chapter explains about the Background of the Study, Problem Limitation, Problem Formulation, Objective of the Research, Benefit of the Research, Theoretical Benefit, Practical Benefit, Systems of Writing

### **Chapter II Literature Review and Hypothesis Development**

This chapter explains about Theoretical Background, Previous Research, Hypothesis Development, Research Model, Framework of Thinking

### **Chapter III Research Methodology**

This chapter explains about Research Design, Population and Sample, Data Collection Model, Operation Variable Definition and Variable Measurement, Data Analysis Method

**Chapter IV Data Analysis and Discussion**

This chapter explains about General View of “Research Object”, Data Analysis, Descriptive Statistic, Result of Data Quality Testing, Result of Hypothesis Testing, Discussion

**Chapter V Conclusion**

This chapter explains about Conclusion, Implication, Recommendation

