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Export Improvement Strategy in West Nusa Tenggara: Policy Stakeholder Perspective

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Abstract: The purpose of this study is to examine export policies in West Nusa Tenggara Province from the standpoint of each stakeholder. The authors conducted extensive interviews with respondents using a qualitative approach. Bank Indonesia representatives from West Nusa Tenggara, Mataram Fish and Agriculture Quarantine Center, Bappeda NTB, and Mataram Customs and Excise were among those who participated in this study. Furthermore, the author employs a literature review approach to investigate the role of the central government in regulating export policy in greater depth. They have all taken steps to improve export services, it can be concluded. Each party's actions range from policy development to training, guidance, and assistance in improving services. Furthermore, all stakeholders play an important role in assisting export-based business actors from the pre-production stage to the end of post-production.

Keywords: Export; Policy; NTB

JEL Classification: F13; F42

Introduction

The topic of international competition is a complex one, especially when it comes to developing an effective international export strategy. In general, companies compete in international markets by taking into account various types of strategies and their impact on company operations (Ju et al. 2014). The company operates in a dynamic and turbulent environment, as evidenced by intense competition, volatile market conditions, and rapid technological changes. Because of this, the factors that influence the success of products on the international market are critical to the company's survival and growth. Exporters face a difficult task in developing new commodities or products that are effective and meet market demands. According to previous research, determining the best strategy is the primary determinant of commodity or product innovation success or failure (Hajipour & Gholamzadeh, 2010). According to some researchers, regardless of why companies enter foreign markets, increasing export performance is a major concern (Stoian et al. 2012). As global competition on the market expands, the company can adjust its strategy and change the organizational structure to improve competitiveness.

The performance of exports is a fundamental issue in strategic management and international marketing research (Morgan et al., 2011). The export performance concept problem necessitates an accurate and

effective understanding of the significance of international strategies and export performance in the face of increasingly global world markets. International marketing research is essential for explaining the phenomenon of exporters and non-exporters, as well as related performance (Jelodarloo et al. 2013). Performance is required in today's complex business world for every company to analyze success rates, both domestically and internationally. Performance as a level of the company's objectives, both economically and strategically, in exporting its products to foreign markets, as attained through export strategy planning and implementation. According to Fuchs and Köstner (2015), in the current state of global business activities performance is a guide used by companies to analyze their level of success in both the domestic and international environments. The company's export performance reflects its specific behavior in effectively utilizing and managing resources and capabilities in the context of international competition. A comprehensive and specific empirical study of performance as a phenomenon examines the factors associated with improving performance. Several previous studies have been conducted in order to provide a better understanding of the company factors that influence the success of company exports.

Makhmutova and Mustafin (2017) propose five key management actions that can be used to minimize barriers to international trade, including (1) embodying; (2) superior in management (superior management) in this case the development of strategic alliances; and (3) customizing, developing features or values that have the highest benefits so that customers will pay a higher price. (4) Technology, utilizing communication and computer technology; and (5) Micromarketing, utilizing government regulations to overcome export barriers. The success of export activities, as measured by export performance, is inextricably linked to the factors that influence performance. Carneiro et al. (2011) attempt to divide factors influencing export performance into two categories: internal factors and external factors, with resource theory serving as an internal factor and organizational theory serving as an external factor. While industry organization theory contends that external factors influence strategy, there is logically an external environment in which each company must be able to adjust in order to survive.

As the most competitive organization while meeting global efficiency goals, this is an urgent problem. When the company's objectives of global efficiency and local response are met simultaneously, this is the company's most competitive challenge. Export performance can be measured by export revenues, revenue growth, and export profitability (Carneiro et al. 2011). According to Carneiro et al. (2011), economic, market, and performance strategy factors influence export performance. Companies' challenges in competing in the international market are determined by factors other than export performance; competitiveness is also an important determinant of the company. Various service and non-service companies have widely adopted the concept of competing strategies (Voola & O'Cass, 2010). This strategy should be used not only by large companies with a good reputation, but also by small and medium-sized businesses. However, the industry is always dynamic and evolving.

Future uncertainties, as well as various potential threats and challenges expanding business climate (Hitt et al. 2015). When a company develops or acquires attributes (or

performs actions) that allow it to outperform its competitors, it gains a competitive advantage. The development of theories aids in explaining the competitive advantage that has become a management concern. Organizational capability is an important internal factor in managing the resources that the organization already has in order for the company to achieve a competitive advantage. When an organization's capabilities are strong, resource management is improved, especially when the organization's resources are strong and capable of achieving a competitive advantage. According to Rajnoha and Lorincova (2015), organizational capability is defined as an organization's ability to carry out its tasks or activities in a coordinated manner in order to achieve its objectives. According to Rajnoha and Lorincova (2015), organizational capability is the primary source of achieving good corporate performance, and whether or not capabilities depend on available resources (Giniuniene & Jurksiene, 2015). Because the company's resources are poor, the company will struggle to manage them, and its capabilities will suffer as a result. The company's performance will improve as it gains the ability to manage all of its resources. This is supported by the statements of several researchers who stated that when a company is able to identify, develop, use, and maintain resources that are distinct from its competitors, the company will be able to retain ownership of its competitive advantage.

The importance of company capability as an antecedent of competitive advantage, which is the creator of organizational performance, is possible because capability has two connotative meanings (Banerjee et al. 2018), namely (1) intentionality, where capability is defined as managers' ability to use existing means to achieve company goals, and (2) opportunism, where capability is defined as the ability of managers to use existing means to achieve company goals. The definition of capability intentionality is more as the manager's ability to integrate; (2) reliability, where capability is defined as managers' ability to use their capabilities more than once: managers' ability to manage routine tasks required to produce quality products in accordance with market desires. Technological advancements, economic restructuring, and public demand for better products and services have compelled businesses to rethink their business strategies in order to achieve long-term competitive advantage (Alzawahreh & Khasawneh, 2011). The overall change in the business world causes competitiveness to be a major factor in the company's survival (Hemmatfar et al., 2010). Companies must consistently use different types and levels of strategies to be more competitive and profitable in order to survive and thrive in a rapidly changing environment (Teeratansirikool et al. 2013).

Companies generally expand product lines as part of their competitiveness strategy by standardizing and sharing technology (Mohsenzadeh & Ahmadian, 2016). According to Pulaj et al. (2015)'s research, the types of Porter generic strategies and cost leadership strategies have an impact on improving performance. According to the study of Asdemir et al. (2013), companies have a high value if they implement differentiation strategies rather than cost leadership strategies.

However, this research aims to investigate the factors influencing export performance and the role of company capability in achieving competitive advantage. While previous studies have examined the relationship between export strategies and performance, this

research focuses on the specific role of company capability as an antecedent of competitive advantage. The study also takes into account the dynamic and evolving nature of the business environment and explores how companies can adapt their strategies to remain competitive in a rapidly changing landscape. Furthermore, the research provides a comprehensive analysis of the strategies implemented by different policy makers in a specific region to increase exports, offering practical insights for both large and small businesses. In this study, the authors chose the Province of West Nusa Tenggara to be reviewed in terms of the strategy to increase exports. The author will describe the strategies carried out by each of the policy makers including Bank Indonesia, the Mataram City Agricultural and Fish Quarantine Center, Mataram Customs, and the West Nusa Tenggara Regional Development Planning Agency.

This research makes several contributions to the existing body of knowledge. Firstly, it expands our understanding of the factors influencing export performance by highlighting the significance of company capability as a key determinant of competitive advantage. By investigating the intentionality and reliability aspects of capability, the study sheds light on how managers can effectively utilize existing means to achieve company goals. Secondly, the research emphasizes the importance of adapting strategies in response to the dynamic business environment, providing valuable insights for companies seeking to enhance their competitiveness. Lastly, by examining the strategies implemented by policy makers in a specific region, the research offers practical implications for both government entities and businesses in formulating effective export strategies and fostering economic growth.

Research Method

The author collected information from the Province of NTB, the Mataram Class 1A Agricultural Quarantine Center, the Mataram Fish Quarantine Center, the Mataram Customs Office, Bank Indonesia NTB, and the NTB Development Planning Agency. The selection of research objects, including the Province of NTB, the Mataram Class 1A Agricultural Quarantine Center, the Mataram Fish Quarantine Center, the Mataram Customs Office, Bank Indonesia NTB, and the NTB Development Planning Agency, is justified for several reasons. These objects are directly relevant to the study's focus on increasing exports in the Province of NTB, representing key stakeholders involved in export-related activities. Examining these entities allows for a comprehensive understanding of the dimensions influencing export activities, including quality assurance, customs procedures, financial aspects, and regional development strategies. Moreover, these research objects provide access to valuable data through in-depth interviews and literature study, enabling the research to gather firsthand information and gain insights into practical challenges and national-level initiatives shaping export performance.

The author conducts in-depth interviews with each respondent and lasts about 15 minutes on average. During the interview procedure, respondents were given full autonomy. To ensure research ethics, respondents are welcome to stop the interview process if there are questions they do not wish to answer. The conversations between the

researcher and the respondents were recorded using a voice recorder during the interview procedure. Prior to the coding and data presentation stage, the results of the interviews will be summarized in the form of a conversation transcript.

To review the central government's policy, in this case the Indonesian Ministry of Agriculture, the author employs a literature study approach in which the author searches for sources related to Indonesian government policies.

Result and Discussion

The Indonesian Ministry of Agriculture performs five stages: First, in order to increase export volume, the Ministry of Agriculture collaborates with village governments to make breakthroughs and innovations in export policies; second, the Ministry of Agriculture encourages the formation of new export-oriented entrepreneurs; third, the Indonesian Ministry of Agriculture encourages exports in processed form, in collaboration with local governments to explore their export potential; and fourth, accelerate export services in order to instill confidence in the export sector.



Figure 1 Ministry of Agriculture's Export Strategy
Source: Minister of Agriculture Regulation No.19 of 2019

Based on interviews with Bank Indonesia for the West Nusa Tenggara Region, several strategies have been implemented to support export development. The Regional Representative Office of Bank Indonesia NTB Province assists in the end-to-end process of developing export-oriented micro, small, and medium-sized enterprises (MSMEs). They

provide training, support from experts/consultants, guidance on production/cultivation processes to enhance product quality and added value, certification facilitation, assistance with digital platforms and e-commerce integration, and support for international product sample delivery. Through the Bank Indonesia Social Program (PSBI), assistance is provided in the form of production facilities, infrastructure, and tools to improve MSMEs' capacity and product quality. Bank Indonesia NTB also facilitates trade promotions for potential MSME exporters, including virtual meetings, coordination with buyers, participation in exhibitions abroad, and buyer visits to business locations. In addition, the Agricultural Quarantine Center in NTB Province has implemented the GRATIEKS program, specifically at the Class IA Mataram Agricultural Quarantine Center. This program focuses on providing on-the-ground assistance and guidance to exporters and prospective entrepreneurs involved in the export sector.

The implementation of GRATIEKS encompasses three key aspects: on-farm, downstream, and border. In the on-farm aspect, attention is given to various stages such as production and cultivation, ensuring adherence to quality standards and Good Agriculture Practice (GAP), efficient post-harvest handling, maintaining product continuity, and meeting necessary requirements. Downstream activities focus on handling processed products, compliance with Good Manufacturing Practice (GMP), and optimizing the roles of stakeholders involved in the process. At the border, emphasis is placed on facilitating services, adhering to export protocols, conducting in-line inspections, issuing export certifications, and utilizing e-certificates to streamline processes.

In supporting the acceleration of exports in the Province of NTB, the Mataram Regional Fish Quarantine Center also has a high commitment to increasing the volume and value of exports from the Province of NTB. This commitment is demonstrated by providing fast service to service users, especially in the export of fishery commodities. The following is the flow of services provided:

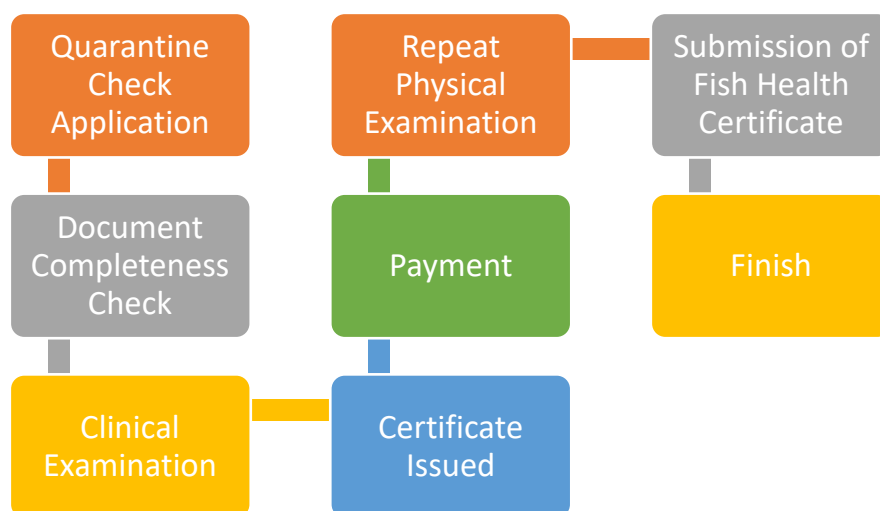


Figure 2 MP/HP Certification Service Process

Source: BKIPM

Figure two outlines the procedures involved in the Quarantine Examination (PPK) process. Firstly, applications are received, recorded, and inputted into Sisterkaroline, either online or manually. Competent quarantine officers are then tasked with conducting carrier media analysis and/or evaluation of Fishery Products. Subsequently, reports are generated based on the analysis results. If the documents are deemed complete and valid, a warrant is issued to verify the contents and conduct clinical examinations of the products. Following this, the results are reported to the relevant authorities for disposition. Upon confirmation of health and quality standards, instructions are given to collect PNBP (Non-tax revenue) fees. Once received, the administrator is informed to print the Health Certificate for Fish and Fishery Products, which is then signed by the Head of the UPT or appointed official. The Health Certificate number is communicated to the service users or their representatives. Finally, the signed Health Certificate is supervised by quarantine officers and handed over to the service users or their representatives at the cargo loading area..

To support the export acceleration team, Mataram Customs has a program, namely an export clinic. The export clinic aims to encourage domestic business actors to be able to develop their potential in order to carry out exports. Some of its activities are helping business actors, especially MSMEs, in finding export opportunities, related to export regulations and customs clearance.

BAPPEDA, as a representative of the NTB Provincial Government, will give priority to export acceleration activities in the NTB Province. To expedite exports, we will mobilize all relevant OPD (Regional Apparatus Organizations). "The Department of Agriculture and Plantation, for example, will maximize assistance-training to improve the quality of agricultural commodity exports, while the Department of Marine Affairs and Fisheries will provide programs to improve the quality of production in the marine and fisheries sectors"

Conclusion

In conclusion, this research emphasizes the importance of international competition and the development of effective export strategies for companies operating in dynamic and competitive global markets. The success of export activities is crucial for a company's survival and growth, and it is influenced by various internal and external factors.

The study highlights the significance of company capability as a key determinant of competitive advantage, with intentionality and reliability being the two connotative meanings of capability. Managers' ability to effectively utilize existing means to achieve company goals and manage routine tasks are essential aspects of capability. Organizational capability is crucial in managing resources and achieving good corporate performance, which ultimately contributes to export performance.

The research also emphasizes the need for companies to adapt their strategies to the changing business environment to remain competitive. Strategies such as product line

expansion, standardization, and differentiation can enhance competitiveness and improve export performance. Additionally, the study examines the strategies implemented by policy makers, such as the Indonesian Ministry of Agriculture and Bank Indonesia, to support export development and increase export volume.

The research contributes to the existing body of knowledge by expanding our understanding of the factors influencing export performance, highlighting the role of company capability as an antecedent of competitive advantage. It also provides insights into the dynamic nature of the business environment and practical implications for companies and government entities in formulating effective export strategies and fostering economic growth.

The methodology of the research includes in-depth interviews with relevant stakeholders and a literature study to gather firsthand information and insights. The research objects chosen, including government entities and key stakeholders involved in export-related activities, provide comprehensive perspectives on the dimensions influencing export activities.

Overall, this research provides valuable insights into the factors influencing export performance and the role of company capability in achieving competitive advantage. It underscores the importance of adapting strategies and collaborating with policy makers to enhance competitiveness and support export development.

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