

## MSMe EXPORT FINANCE GO INTERNASIONAL

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### ABSTRACT

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*The aim is to find out the obstacles that occur to MSMEs that go International in the payment of Kendang Djimbe's export finances and their settlement. Descriptive qualitative research method. This research wants to explore something new, which is not widely known by the public, so it wants to be studied more deeply. With the aim of describing the ongoing phenomenon when the research was carried out and examining the causes and effects of constrained export finance payments. The analytical tool used is fishbone analysis (Fishbone Diagram). Research sites on SMEs "Kendang Djimbe" as a Creative Industry in Blitar. Ten respondents interviewed related to the export of "Kendang Djimbe" to foreign countries. The key informant is the exporter of "Kendang Djimbe" to China. The result of the source of the problem that is an obstacle for Kendang Djimbe MSMEs in Blitar, is the lack of understanding of knowledge about export finance towards Go International. MSMEs in solving problems in financial transactions for exports of Djimbe Kendang Crafts, knowing and having good knowledge of the payment system, choosing a goods delivery system according to the agreement, being able to calculate the export selling price correctly, knowledge of their export permits and finding the right buyer. The originality of previous researchers examining trade barriers in exports, this study explores investigating the*

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*challenges felt by MSME exporters in Blitar and their responses and attitudes to the financial constraints of Go International Kendang Djimbe's exports. The limitations of this research are only on the export finance sector for MSMEs to go international, not including the need for the government's role in facilitating exports and controlling brokers. It is necessary to form an association by the government as a forum for micro-enterprises that do not have an official business license, and standardize quality products.*

**KEYWORDS**

Export Finance, Internationalization of SMEs, Kendang Djimbe, Fishbone



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**INTRODUCTION**

Many researchers have independently studied trade barriers in exports, which plays an important role for businesses and policy makers in formulating policies to promote exports (Kahiya, 2018). This exploratory research investigates the challenges felt by MSME exporters in Blitar and their responses and attitudes to the financial constraints of Go International Kendang Djimbe's exports.

Senra Kendang Djimbe is produced in Blitar with the characteristic of Mahogany wood, specially designed to produce a loud sound. Initially as a product of Blitar souvenirs, which were sold as souvenirs around the Tomb of Bung Karno, the Proclaimer of Indonesia. These Djimbe drums were brought to Bali and traded there and received a positive response from Zimbabwean travelers, then they continued into buying and selling transactions and exporting Djimbe drums to various countries including China. Exports of Kendang Djimbe from 1997 to 2022 are currently, despite the pandemic in 2019 - 2020, they are still exports even though the export volume has decreased from 50 containers to 15 containers every month, as stated by the chairman of the ASSUMI association (Micro Business Association) in Blitar City.

To be able to survive as an exporter of Kendang Djimbe, MSMEs in Blitar need export finance knowledge to go International. There are many obstacles that occur for exporters of Kendang Djimbe in Blitar, who experience ups and downs in their business until they go out of business. This is caused by a lack of knowledge about export procedures, especially in export finance in transactions with importers (overseas buyers) (Hopewell, 2021). When the knowledge of export finance by MSMEs is very low, the bargaining position of exporters becomes weak (Ahn, 2021). This is the topic of the current research with the following Research Question (RQ): What are the obstacles to MSMEs in export financial transactions in the Djimbe Kendang Craft Industry? How do they solve problems in export financial transactions in Djimbe's Kendang Craft Industry?

The purpose of this research is to find out the obstacles that occur in MSMEs that go International in the payment of Kendang Djimbe's export finance and their settlement.

**RESEARCH METHOD**

This type of research is qualitative exploratory research (Swedberg, 2020). This research focuses on solving problems that exist in the present and on actual problems

(Zhou, Jia, Peng, Zhang, & Liu, 2018). The data collected was first compiled, explained, and then analyzed (Castleberry & Nolen, 2018). The analysis tool uses Fishbone Diagram. Fishbone Diagram function as Cause and Effect (cause and effect).

Fishbone Diagram was introduced by a Japanese scientist in the 60's named Dr. Kaoru Ishikawa, born 1915 in Tokyo Japan. Ishikawa as a chemical engineering alumnus of the University of Tokyo. The Ishikawa diagram is to identify and organize the possible causes of a specific effect and then separate the root causes. Fishbone analysis is used to categorize various potential causes of a problem or issue in a way that is easy to understand and neat (Otsuka et al., 2020).

With this fishbone diagram, it is very useful to help companies, not only can solve problems to the root but can also identify a problem within the company and find the cause of the problem using the fishbone diagram. How to make Fishbone Diagram Ishikawa (1989) as follows (Stefanovic, Kiss, Stanojevic, & Janjic, 2014). In terms of doing Fishbone Diagram analysis, there are several stages that must be done, namely:

1. Prepare a fishbone analysis session.
2. Identify the result or problem
3. Identify various categories of main causes.
4. Find potential causes by brainstorming.
5. Review each category of main causes
6. Reach agreement on the most probable causes

In compiling a Fishbone diagram in order to identify the factors or causes of an unexpected situation, the steps are as follows:

1. Start with a statement of the main problem that is important and very urgent to be solved.
2. Write the problem statement on the fish's head, which is the result.
3. Write on the right side of the paper (fish head), then draw the spine from left to right and place the problem statement in the box.
4. Write down the main factors or causes that affect the problem of payment for export financial transactions as a big bone, also placed in the box. The causal factors or main categories can be developed using stratification into groupings of factors or causes: payment systems, delivery systems, relations with banks, export correspondence, specifications and product quantities ordered, etc. The causal factors or categories can be developed through brainstorming.
5. Write down the secondary causes that affect the main causes (large bones), and the secondary causes are stated as medium-sized bones.
6. Write down the tertiary causes that affect the secondary causes or medium-sized bones, and the tertiary causes are expressed as small bones.
7. Determine the important items of each factor and also mark certain important factors that can have a significant impact on export finance.

The advantage of Fishbone diagrams is that they can describe every problem that occurs and everyone involved in it and can contribute suggestions that may be the cause of the problem.

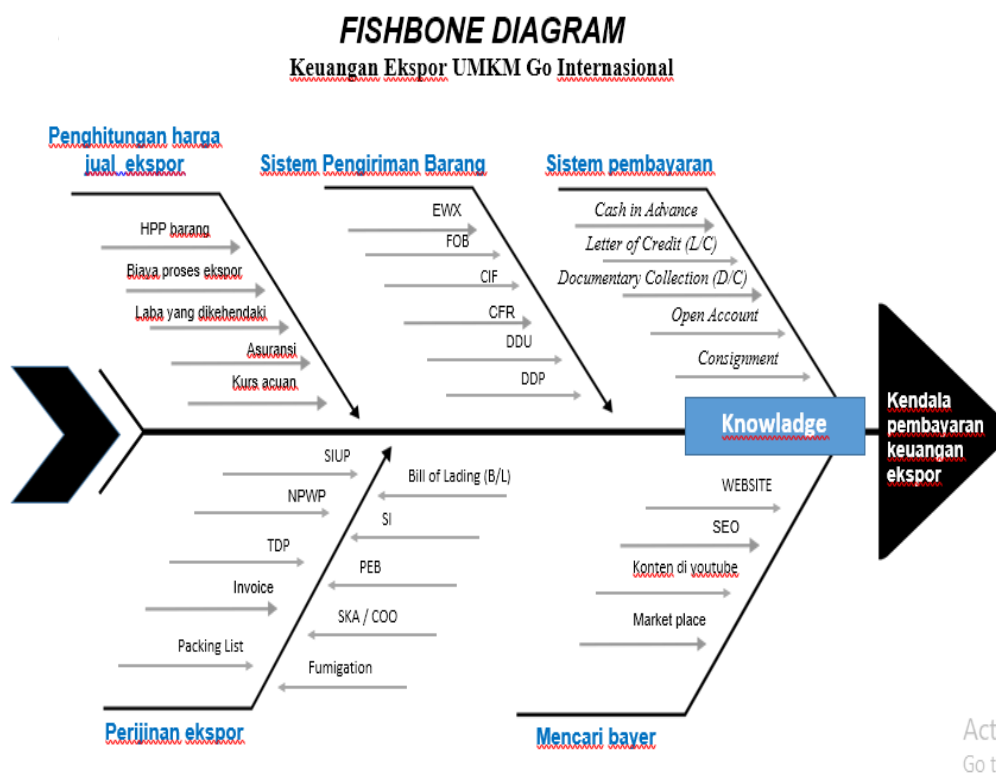
The method of determining the research location is carried out purposively, namely the determination of the research object intentionally based on certain considerations in accordance with the research objectives (field visits to MSMEs that go International by the State University of Malang with University Putra Malaysia), with the object of research being the creative industry MSMEs in Blitar in the field of craft "Drimbe Drum". The

research object was chosen according to the research focus on export finance on MSMEs that went international (Schwab, Gold, & Reiner, 2019). This MSME has gone international by exporting “Kendang Djimbe” to China.

The method of determining the problem is obtained by interviewing respondents using the help of interview guidelines (Weller et al., 2018). Determination of respondents is done by snowball (Leighton, Kardong-Edgren, Schneidereith, & Foisy-Doll, 2021). Initially, respondents were selected by asking the Chairman of the Association of Micro Business (ASUMI) and exporters of “Kendang Djimbe” in Blitar both in the Regency and Municipality. The selected respondents are respondents who have exported "Kendang Djimbe" abroad, so they know correctly the problems faced in financial payment transactions for export goods. Respondents were obtained by 10 respondents on the grounds that they represented the information needed and there were no more variations in the answers (saturated). The interview guide used contains questions that are basic and developed in the interview (Roulston & Choi, 2018). According to (Harisuddin, 2021). key informants can provide opinions and views in identifying all considerations why the problem occurs. The function of this interview guide is to remind of what aspects should be discussed or asked during the interview so that the interview does not deviate from the research objectives (Yeong, Ismail, Ismail, & Hamzah, 2018).

## RESULT AND DISCUSSION

- The constraints of MSMEs in export payments in the "Kendang Djimbe" handicraft industry are as follows:



Lack of knowledge in export payments will be an obstacle for MSMEs to run their business towards Go International (Chandra, Paul, & Chavan, 2020). These obstacles

include knowledge of the payment system, delivery system of goods, calculation of export selling prices, export licensing and finding buyers abroad. This is an obstacle for MSMEs "Kendang Djimbe" towards Go International.

- Problem solving in export payments for the "Kendang Djimbe" handicraft industry requires knowledge to be smooth for exports to foreign countries.

Knowledge as the root of the problem of export financial payment constraints for MSMEs, lack of knowledge about payment systems, delivery systems, calculation of export selling prices, export permits and how to find potential buyers abroad, which is a failure in the MSME business towards Go International. The knowledge required is more or less as follows;

1. Payment System

- a. Cash in Advance

Advance payment is made by prepayment transactions, before the goods are sent by the seller or exporter. Payment can be in full or in part. The advantages of prepayment are relatively low transaction costs and shorter document filing than the letter of credit method. In addition, exporters can get some money and can prepare their export goods in advance. However, for the importer, there is a risk of failure or delay in the delivery of the goods, or the quality of the goods and the quantity not in accordance with the initial agreement.

- b. Letter of Credit (L/C)

This method is a bank guarantee on behalf of the importer that payment will be made to the exporter if all conditions are met.

- c. Documentary Collection (D/C)

This payment method requires the exporter to submit documents related to the delivery of goods to the exporter's bank to be forwarded to the importer's bank to make a payment order.

- d. Open Account

This payment method is the opposite of an upfront payment. This means that the goods are sent first by the exporter and payment transactions are made after receiving the goods. Here, the advantage is more inclined to the importer, namely receiving the goods first. Meanwhile, the risk is borne by the exporter, be it the risk of late payment or not being paid at all.

- e. Consignment

This method requires the exporter to ship the goods in advance and payment will be made by the importer if and only the goods are sold. Due to the limitations of exporters in the promotion and sale of goods, it is possible to pay for export goods on consignment. That is, the seller entrusts the goods to be sold by the importer.

## 2. Export Goods Delivery System



Incoterms or International Commercial Terms are terms (a set of three letter codes) used in international trade to regulate that there is no misinterpretation in the making of contracts, in these incoterms the conditions that must be met in the delivery or delivery of goods are regulated.

**EXW (Ex Works)**

The seller delivers the goods that have not obtained an export permit at his residence or at another specified place, usually at the factory site.

**FOB (Free on Board)**

The seller delivers the goods through the ship's fence at the specified shipping port, the goods are clear for export

**CFR (Cost and Freight)**

The seller submits the goods through the ship's fence at the specified shipping port, the goods are clear for export and the cost of transportation to the destination port is borne by the seller by determining the port.

**CIF (Cost, Insurance and Freight)**

Same as CFR but the seller covers the insurance and pays the premium.

**DDU (Delivered Duty Unpaid)**

The seller submits the goods for which the import permit has not been taken care of and has not been unloaded at the destination which is the buyer's authority, uncleared for import by stating the name of the destination.

**DDP (Delivered Duty Paid)**

Same as DDU but import formalities are taken care of.

## 3. Calculation of Export Selling Price

It is very important to understand the effective calculation of export costs and prices. With careful calculations and considerations, MSMEs can be successful in exporting. Knowledge required in calculating export selling prices, among others; HPP (Cost of Production).

HPP is calculated based on production costs plus factory operating costs. The two HPP components include;

- Production cost:

The total cost of production raw materials, production support materials, as well as the salaries of workers used to produce goods.

- Factory Operating Costs:

The costs incurred in the factory that produce the goods. Examples include electricity, oil, gas, engine oil, maintenance costs for machinery & equipment, and also

includes depreciation costs for machinery & equipment. After knowing the total cost of production plus factory operating costs, the sum of the total costs is divided by the number of goods produced or the total weight of the goods produced (usually in kg).

#### Product Packaging Fee

The cost calculated here starts from the cost of sorting / sorting goods, which is caused by goods from suppliers or non-uniform production itself. Then calculated the cost of purchasing packaging, packaging fees, to the cost of printing packaging. The total of all these activities is the packaging cost.

#### Bank Payment Fee (Bank Charge)

This fee occurs when using the export payment method with bank services. The methods commonly used in export transactions are T/T (Telegraphic Transfer), L/C (Letter of Credit), and CAD (Cash Against Documents). Payment using the T/T method, usually charged USD 5-10 per transfer from abroad. As for L/C and CAD, the charges usually range from USD 75-150 per one-time payment process. This fee can vary depending on the country of origin, the bank used by the importer, and the bank used by the exporter in Indonesia.

#### Transportation Costs from Warehouse to Port (Trucking)

In the export business, transportation from the warehouse to the port is routine for every transaction. Therefore, this cost component needs to be calculated and monitored.

#### Forwarder Fee

Forwarder services that can assist in managing transportation from the warehouse to the port, and in managing the required export documents, as well as in coordinating the delivery of goods from the port to the destination country. This fee usually ranges from IDR 250,000 - IDR 1,000,000 for one service, regardless of the number of items sent. These costs do not include the cost of processing export documents and transportation costs (trucking) from the warehouse to the port. But most forwarders also offer all-inclusive prices.

#### Export Document Management Fee

This fee depends on what documents are processed based on the needs or requirements in the export destination country, whether it is primary or additional. The cost of these export documents is insignificant except for certificates that require laboratory examination.

#### Terminal Handling Charge (THC) fee

This fee is paid to the port authority (PT Pelindo) for handling goods at the port. Usually the THC fee for shipping with a 20ft full container is around USD 95. But this THC fee is calculated based on per kg of our goods. For example, in one 20 ft container can be loaded 10,000 kg of our product, then the THC fee charged per kg is USD 0.0095/kg.

#### Exit Duty Fee

Export Duty is a state levy imposed on several categories of exported goods, especially unprocessed goods. The amount of this fee is in the form of a percentage of the total value of the export sales invoice. Payment of Export Duty must be made before or at the latest when the PEB (Notice on Export of Goods) is submitted.

Some of the goods that are subject to export duty are:

Leather: 15 - 25% invoice value

Wood that has been processed (at least into rafters): 2 - 5% invoice value

Cocoa beans: 0 - 15% invoice value, except cocoa that is processed (minimum fermented) is duty-free

Palm Oil (CPO) and its derivatives: 0 - USD 245/MT

Metal mineral processing: 0 - 10% invoice value

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The amount of this export duty depends on the processing of the goods. So the more processed the product, the smaller the export duty will be.

### **Sales Agent (Broker) Commission Fee**

This fee is calculated when a third party/agent/broker, both at home and abroad, helps to get an export sales agreement or contract with the importer. The amount of the agent's commission depends on the previous agreement, which usually ranges from 2 - 5% of the total export sales value.

### **Shipping Cost (Freight)**

This is a fee charged for shipping export products from ports in Indonesia to ports in the destination country. The amount of this fee depends on the distance of the destination country and the way the goods are delivered.

There are several ways to ship export goods:

- **Couriers:**

It is carried out with the weight of export goods in the range of 1 kg. Shipping costs around USD 50 - 100/kg by DHL, UPS, Fedex, or TNT. In fact, there is a cheaper way to use EMS, which is around IDR 200,000 - 350,000/kg.

- **Air Cargo:**

It is carried out with a minimum export weight of 45 kg, by using an airplane. Shipping costs using air cargo range from USD 0.7 - 18/kg.

- **Sea Cargo LCL (Less Container Load):**

It is carried out with a minimum export weight of 1 MT or at some destinations a minimum of 0.5 MT, using ships. LCL shipping means that the exported goods are not full in one container, so the goods are combined with goods from other exporters in one container. Usually, LCL shipping costs range from IDR 500 - 5,000 per kg.

- **Sea Cargo FCL (Full Container Load):**

This is done with a minimum export weight of 1 container, using a ship. So, FCL shipments mean that the exported goods are not combined with other exporters' goods. This delivery is the least expensive. For example to Singapore it is only USD 80 per 1 20 ft container. There are several choices of containers such as 20 ft, 40 ft, or 40 ft High Cube. For export goods that require cold temperatures, reefer containers can also be used, with higher costs.

### **Insurance fee**

Insurance costs include shipping insurance and payment insurance. However, what is included in the CIF incoterm is only shipping insurance. The cost of this insurance premium is usually 0.1 - 0.5% of the total value of the CFR price.

Most export transactions do not use shipping insurance. Thus, the more widely used incoterm is CFR than CIF.

### **Warehousing Cost**

The warehouse is the main facility in the export business that needs to be costed. If an SME friend rents a warehouse, then the cost is calculated from the cost of renting the warehouse. However, if the warehouse is owned by yourself, then the cost is calculated from the depreciation cost per month. Keep in mind to calculate the operational and maintenance costs of the warehouse.

### **Other Operating Expenses**

In exports, the costs incurred routinely for office operations must also be taken into account, but not those related to the production process at the factory. Some components of operational costs are office rental costs, electricity, telephone, internet, employee salaries, including promotion and marketing costs and depreciation costs.

### **Interest Fees and Taxes**



MSMEs also need to take into account interest costs if they have a loan from a bank. Calculating other tax costs that must be paid each year. By taking into account all the above cost components, we can accurately target the gross profit and net profit from the selling price of our exports. An overview of the price offered for each incoterm, with a target gross profit obtained.

CV. Maharani Abadi is an exporter of Kendang Djimbe located in Blitar who has a sales contract with importers in China in the amount of 200 cartons (1 carton = 5 kg). Thus, the total weight of the exported goods is 1,000 kg. Cost data and assumptions required:

The price of Kendang Djimbe from a manufacturer in Blitar is IDR 10,000/kg with free shipping from the supplier.

Packed with PE plastic and cardboard boxes at a price of Rp. 5,500/pcs. The content per pack is 10 kg of Kendang Djimbe.

Using a forwarder service with an all-in price (including trucking from warehouse to port, THC, PEB, B/L, and customs) of IDR 2,000,000.

SKA or COO export documents are required with a processing fee of IDR 200,000.

Payment by T/T, with a bank fee of USD 40.

Using LCL Sea-Cargo shipping. The shipping fee charged from Surabaya to China is USD 30 per 1 CBM (cubic meter). Assume 1 kg of product is equivalent to 0.0072 CBM.

Insurance premium is 0.1% of the CFR price.

There is no Export Duty for this product.

The exchange rate used is the buying rate of USD 1 = IDR 14,000 and the selling rate of USD 1 = IDR 14,300.

The price that can be offered is per kg for each of the EXW, FOB, CFR and CIF incoterms. The targeted gross profit target is IDR 1,000/kg.

Table 1. Simulation of the calculation of the export selling price

Component	Component	Description
Cost of goods sold	Rp. 10,000/kg	-
Product Packaging Fee	Rp. 1,100/kg	Rp. 5,500/kg : 5kg
Bank Payment Fee by T/T	Rp. 572/kg	(USD 40:1000kg) x Buying Rate Rp. 14,300.
Cost of Goods Sold EXW	Rp. 11,672/kg	HPP+Packaging+Bank Payment Fee
Targeted gross profit	Rp. 1,000/kg	-
EXW Offer Price	Rp. 12,672/kg = USD 0.905/kg	Selling rate Rp. 14,000
Transportation Costs from Warehouse to Port	-	Including forwarder service fee
Forwarder Service Fee	Rp. 2,000/kg Rp. 200/kg	Rp. 2,000,000 : 1,000 kg Rp. 200,000 : 1,000 kg
SKA or COO Ekspor Export Document Fees	0%	-
THC fee	-	-
Exit Duty	Rp. 14,872/kg = USD 1.062/kg	Selling rate Rp. 14,000
Sales Agent Commission Fee	USD 0.216/kg	0.0072 CMB x USD 30/CMB
Price Offer FOB	USD 1.278/kg	-
LCL Sea-Cargo Shipping Fees	USD 0.001278/kg	0.1% x USD 1,278/kg
CFR Penawaran Offer Price	USD 1.279/kg	-

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From the calculation above, the total invoice value for export sales of 200 cartons (1,000 kg) is:

EXW Blitar USD 905

FOB Surabaya USD 1.062

CFR China USD 1,278

CIF China USD 1,279

### **4. Export Permit**

Knowledge to become an exporter for MSMEs requires export permits, including, SIUP, NPWP, TDP, INVOICE, Packing List, B/L, PEB, SI, COO/SKA, Fumigation. Can be explained as follows;

**SIUP.**

Trading Business License (SIUP) is an operational permit for companies or entities that carry out business activities in the trade sector, namely in the form of buying and selling goods/services.

**NPWP**

NPWP is an abbreviation of Taxpayer Identification Number. TIN is usually used to make transactions related to taxation, to fulfill tax rights and obligations. NPWP must be owned by Indonesian citizens and foreigners who become taxpayers, both individuals and business entities. NPWP is required for the processing of a Trading Business Permit (SIUP).

**TDP**

Company Registration Certificate or TDP is a document that certifies that a company or business entity has registered its business entity and is carrying out its obligations. Taking care of the company's TDP, business owners also have to take care of various other types of documents. Starting from the deed of establishment, company NPWP, and business licenses, such as SIUP for trading business or IUI for industry.

**INVOICE**

Invoice, or referred to as an invoice or memorandum, is a document that serves as a proof of transaction or billing, made by the exporter for the importer. The invoice must include the following elements: invoice number & date, item name, price per unit item & total price, exporter's name & address, importer's name & address, and payment account description. Invoices are made on the letterhead of the exporting company if required.

Invoices in export can be of three types:

- **Proforma Invoice:**

An offer from an exporter to a potential importer. PI is created to place a request order from the importer so that the exporter can get an import permit from the destination country. This invoice states the terms of sale and purchase and the price of the goods. After the importer approves the order, there will be a contract between the exporter and the importer as stipulated in the PI.

- **Commercial Invoices:**

A letter requesting payment to the importer when the exporter has finished preparing or producing the ordered goods. The name and address are as stated in the Letter of Credit (L/C). Then, the original invoice is given to the bank as proof of payment to be forwarded to the importer.

- **Consular Invoice:**

Invoice issued by the embassy or consulate. This aims to check the selling price compared to the prevailing market price so as to ensure that there is no dumping. This

invoice is signed by the consulate of the importing country. It can also be made and signed by the consulate of a friendly country from the importing country.

#### Packing List

Packing list is a document containing detailed specifications of exported goods according to the invoice. It is made by the exporter or the company that does the direct packaging of the goods. The function of the Packing List is to make it easier to find out the contents of the goods in the container if there is an inspection. This document is almost similar to the 'travel letter' used when shipping goods within Indonesia. The Packing List contains the following information: a) the name of the goods, the number and date of the packing list; b) the number of packages, in units such as packs, pieces, bundles, cans, cartons, sacks, etc.; c) net weight; d) gross weight.

#### Bill of Lading (B/L) or Air Waybill

Bill of Lading (B/L) is proof of delivery of goods or a receipt made by the Shipping Company for exporters. B/L is issued after the ship departs from Indonesia. This document can also be used as ownership of the goods, the exporter holding the B/L is the owner of the goods mentioned in the document. Thus, B/L are securities that need to be kept carefully by exporters.

#### PEB (Notice on Export of Goods)

PEB is a notification letter made by the exporter to the Customs and Excise office, before each export shipment. The PEB can be made by the exporter himself or represented by the forwarder. Then, PEB can be sent online to the Customs and Excise office through the Electronic Data Interchange (EDI) system. The information that needs to be filled in this PEB includes the name & address of the exporter, name & address of the importer, invoice value, HS Code of the product, port of origin, and port of destination.

Register PEB no later than 7 (seven) days before the estimated date of export delivery and no later than before the exported goods enter the Customs Area. This registration is accompanied by a Company Identification Number (NIPER) and equipped with complementary documents including Invoice, Packing List, Proof of Payment of PNBP (Non-Tax State Income), Proof of Paying Export Duties (for export goods subject to Export Duties), and other documents from relevant technical agencies (for export goods subject to prohibition or restriction provisions).

Paying the export tax settlement if the exported goods are subject to export tax. Officer Customs and Excise use this PEB as the basis for checking the suitability of exported goods, so that they can be given approval and loading of goods into transportation facilities.

#### Shipping Instructions (SI)

SI is a document that is made and given by the exporter to the forwarder or shipping company to make a booking on the container and space on the ship/airplane, and contains data as the basis for making a bill of lading. This document can usually be sent by e-mail. Certificate of Origin (COO) or Certificate of Origin (SKA)

COO or SKA is a document that certifies that the exported goods originate from Indonesia. This document is prepared and issued by the Regency/City/Provincial Department of Industry and Trade (Disperindag). This document can serve for importers to get relief from import duties in their country, even up to 0% depending on the policy for the product. This benefit can be applied to countries that have entered into a trade cooperation agreement with Indonesia in an FTA (Free Trade Agreement). Note that it is necessary to know which products get relief from import duties from each FTA agreement.

The cost of making COO or SKA documents only ranges from Rp. 15,000 - Rp. 20,000 per document as PNBP (non-tax state revenue). This fee only applies if it is handled by Disperindag yourself. SMEs do not need to bother anymore to take care of it because

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COO or SKA management can be done online which is known as E-SKA through the website <https://e-ska.kemendag.go.id>. However, SME players are still required to come to the Disperindag office to take a printout of the original SKA document. In addition to the management carried out by yourself, the management of COO or SKA can also be represented by a forwarder company, with additional fees charged for forwarder services.

### **Fumigation Certificate**

A fumigation certificate is issued by a fumigation company to explain that the export goods in question have been fumigated in accordance with established standards. The fumigation process serves to secure the goods to be exported to the destination country from pests or termites during the shipping period.

## **5. How to Find Potential Buyers Abroad.**

The buyer is the spearhead of an export process. Exporters can optimize the internet as a forum to reach overseas buyers such as optimizing;  
**WEBSITE**

How to find overseas buyers by creating a company blog/website. The website functions as an online storefront where buyers from abroad can view products and company-related information. It is recommended to use English and focus on the target market. The website is one of the tools for research references for buyers from abroad in searching for superior products from Indonesia.

### **SEO (search engine optimization)**

How to find buyers from abroad can be done by creating SEO-based content. This is the cheapest way to help websites and online stores occupy the top positions on search engines like Google and Bing. You can start by creating articles with the right SEO selection. In addition to SEO optimization, creating targeted, attractive, and selling promotional strategies. Promotions don't have to be paid, as long as we have the right target and keywords, it's better than many keywords that are finally considered spam by search engines.

### **Creating Content on Youtube**

Youtube marketing is now increasingly popular among advertisers and businesses. Youtube is a search engine that is very popular with most internet users. Basically, people tend to like watching information, not reading information that is quite long and boring. Youtube can be one of the most effective marketing strategies. By making videos that are as attractive as possible in showing the products offered, they can attract the attention of potential consumers.

Uploading video testimonials of satisfied users with the products offered can build customer trust in the products they have. The recommendations and positive reviews given can increase the trust of other customers. With customer or buyer trust in a good reputation for a product, MSMEs can use the advertising feature from Youtube which can attract customers' interest more quickly. Ads can be shown on the sidelines when people want to watch Youtube videos. Thus, potential consumers will see the products being sold so that they become interested in buying them.

### **Register on the market place**

Marketplace as a gathering place for online shops to sell their products easily. Here, buyers gather to get various kinds of products they need. So the main function of the marketplace is as a liaison between buyers and sellers online.

## Discussion

Answering the first research question, the obstacle for SMEs in export financial transactions in the Kendang Djimbe Handicraft Industry is due to a lack of knowledge in export financial payment transactions. This knowledge is needed for business continuity so that it can develop and continue to exist in exporting goods abroad, having a different position when transacting with foreign parties and gaining the trust of foreign buyers. These obstacles involve lack of knowledge in payment systems, delivery systems, calculation of export selling prices, export permits, and looking for buyers.

Answering the second research question, solving problems in payment for the export of the handicraft industry "Kendang Djimbe" requires knowledge to be smooth for exports abroad. Knowledge in solving problems in export financial transactions by considering the following matters;

1. Pay attention to the transaction fees and interest of each payment method
2. The win-win position is that the importer pays the down payment by Telegraphic Transfer (T/T) and the remainder is a Letter of Credit (L/C) at sight.
3. Goods delivery system in accordance with the agreement with the buyer.
4. Determine the selling price of export products in the payment of export finance to foreign countries.
5. The importance of finding overseas buyers in various ways.

## CONCLUSION

Knowledge of export payments needs to be disseminated to MSMEs so that they understand the terms and when they receive cash during export transactions. With adequate knowledge of export finance, MSMEs will have strong bargaining with buyers.

The limitations of this research are only in the export financial sector for MSMEs to go International, not including the need for the government's role to control MSMEs and facilitate one-stop exports abroad so that brokers do not mess around with MSMEs directly, this causes price competition and suppresses profits greatly. There is a thin line between Kendang Djimbe craftsmen in Blitar which causes unhealthy competition. The need for an association of MSMEs to bridge exporters abroad for micro and small business industries that want to join for export. As well as the need for clear and transparent product standardization provided by buyers to jimbe drum producers for the desired uniformity and quality.

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