

Internationalization is the Best Effort in Maximizing Profits for SMEs (?)

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ABSTRACT

That maximizing profits does not depend on the size of exports made by the UKM. The aim of this study is to describe how the strategy maximizes the profits of the coffee business in determining the selection of domestic and/or international markets. The paradigm used in this study is non-positivism with a qualitative approach to Arbilest's sales strategy both domestically and internationally in order to maximize profits. This type of research is a case study where the researcher will discredit the case to be developed and analyzed through in-depth interviews on a particular context of the case. That having consumers in the international market is quite important, but in fact not all export sales will provide a huge profit. Entrepreneurs must be able to make decisions to maximize profits. Arbilest Coffee only meets export demand for the best quality coffee because in the international market this type of coffee is valued more expensive than in the domestic market.

Keywords: domestic market, internationalization of SMEs, maximizing profits

INTRODUCTION

The paradigm shift in the company's objectives has become one of the most considered factors in the management of corporate wealth. The old paradigm more

influenced by the capitalist understanding that the primary goal of a company is to obtain as much profit as possible or commonly referred to as profit maximization has shifted towards value creation or value of the company. The value of the company itself is assessed more guaranteeing profit maximization will be formed on its own and more giving prospects for future profits and the company's sustainability because of the long-term view.

One of the basic principles of creating value creation is to dominate the market and maximize profits. Profit maximization and value creation are two things that cannot be separated. Both of these objectives will be attached to an effort side by side. SMEs should be able to follow the development of the business world by strengthening the brand, understanding sales patterns and market interest in their products so that they can analyze and create sales flows and maintain product quality [1]. As done by the coffee farmer group Arabica Lestari, since 2016 it has begun cultivating coffee plants and made it one of the flagship plants for

Resapombo farmers. Aris Setiono, is a young man who pioneered the cultivation of coffee in his garden that is on the slopes of the mountain Buthak by providing learning independently and independently. Over time, the Arabica Lestari farm group managed by Aris became a strong community with a commitment to being able to produce good quality coffee.

The efforts by Arbilest Coffee are now increasingly focused on strengthening assets so that they can support the sustainability of the business. Making the minimum possible expenses to maximize profits is a financial management principle that is applied by many entrepreneurs [2][3]. Certainly to be able to have a large asset, Arbilest coffee tries to add capital by maximizing business profits. Arbilest Coffee continues its efforts to expand the market in the hope of providing several options to maximize its business profit. In addition to having a domestic market like in West Java, Arbilest Coffee has also reached the international market.

Being able to enter the international market is something that will be proud of any enterprise where this achievement hopes to provide greater opportunities and profits. However, according to Arbilest Coffee, sales to the international market do not always provide a huge profit. In addition, Aris also stated that the domestic market can actually provide greater profits than the international market. From the observations that have been made on Arbilest Coffee there is a theoretical gap in this study, referring to the Parnadi (2018) that the increasing demand for the amount of Indonesian coffee exports to overseas markets shows evidence of the success of Indonesia's coffee products in penetrating the international market and being able to compete with coffee products from other

countries so that it can affect the rate of economic growth of Indonesia as well as be able to improve the level of income welfare for coffee farmers [4]. That maximizing profits does not depend on the size of exports made by the UKM. The aim of this study is to describe how the strategy maximizes the profits of the coffee business in determining the selection of domestic and/or international markets.

MATERIALS & METHODS

The paradigm used in this study is non-positivism with a qualitative approach to Arbilest's sales strategy both domestically and internationally in order to maximize profits. This is why it encourages researchers to analyze how strategies maximize profits in leveraging the internationalization of coffee products carried out by Arbilest. This type of research is a case study where the researcher will discredit the case to be developed and analyzed through in-depth interviews on a particular context of the case. This research has the purpose of evaluating on other similar efforts. The key of research with a qualitative approach to case studies will produce a description of a case and will be further identified so that the researcher will find the focus of the problem on the case [5]. The case study research will end with a conclusion made by the researcher on the meaning of the whole case and the topic analyzed in depth.

The research phase will be divided into three stages, among others (1) the stage of identification of the problem, (2) the researcher will delineate the purpose of the research and (3) determine the method of research. The data collection was carried out through in-depth interviews where each researcher made a visit to Arbilest Coffee interacted in a conversation as familiar as

possible. This research was conducted on Arbilest Coffee which is a UKM group and is active in the field of coffee business. The subject of the research is the owner of the business, which is Aris. The study was conducted from October 2022 to March 2023.

The next step is the presentation of data in the form of tables and descriptions of interviews so that they can be analyzed well structured. In the presentation of data must ensure that the data obtained by the researcher is valid and reliable. In post-positivism research, valid and reliable cannot be quantified so it can only be measured by taste [6]. The validity test uses

time triangulation by comparing data obtained from uneven time. In the interactions carried out by researchers with informants, researchers repeatedly ask questions that have the same meaning to ensure that the answers from informants can be declared valid.

RESULT

The subject of this research was Arbilest Coffee, a business that operates in the field of coffee-producing farming. It has been conducted in-depth interviews by researchers against informants located at Arbilest Coffee. The data in this study is in Table 1.

Information	
Community name	: Arabika Lestari, Resapombo, Blitar, Indonesia
Brand of product	: Arbilest Coffee
Category of Business	: Coffee
Informant	: Aris Setiono
Type of product	: Robusta Coffee, Arabica Coffee, Luwak Coffee and coffee fermentation

Testing of data. The research data was collected over a five-month period through in-depth story-telling interviews between researchers and business owners. Every researcher comes to visit Arbilest Coffee, repeatedly the researchers ask questions that have the same meaning to the informant and get the same answers. Several times the visits made by the researchers can be seen in Table 2.

No.	Time of visit and interview
1	23 October 2022
2	11 March 2023
3	15 March 2023

Data discovery and analysis. From the involvement during the data collection process, some of the results of the interview (October 2022 - March 2023) that were key points of this study include:

Researchers : When did this coffee business start?

Informant : I first grown coffee in 2016, initially I was less fully supported by family and environment, I really struggled from 0 (zero). I followed coffee introductory activities and other activities about coffee, from there I learned a lot about coffee.

Researchers : Start growing and developing in what year? Is it possible to directly build and support a service or associated institution?

Informant : Yes, we can build from the Bank of Indonesia starting in 2019 and finally develop as we do now.

Researchers : What is the contribution or construction of the Bank of Indonesia?

Informant : A lot, starting from comparative studies and studying to Jember. The group is already large and has also been exported. Helping the cooking machine, frying machine to the packing machine.

Researchers : Which country is currently the export target?

Informer : We exported to Japan and America.

Researchers : How does the assistance of the Bank of Indonesia relate to exports?

Informer : The Indonesian Bank has always offered assistance for export needs, yes because it is important that he can export it to increase the currency of the country. Export costs will be borne by BI. I just don't want to go out, I choose, of course.

Researchers : What kind of choices? Isn't it a good idea for SMEs to have a large demand for exports?

Informer : Yes, not if I do, because exports don't always bring big profits. As if the export demand is a product of standard quality, the export price is cheaper than I sell at home. So I think exports are not always profitable. Some SMEs are proud and rely on exports than domestic markets, they do not know that in fact in the demand for certain types of coffee is actually beneficial to the domestic Market, the demand is also large and the price is even more expensive and we do not crack the administration like exports. If you prioritize exports, the money is also not as long as the domestic market while I would have to use that money for the next operation.

DISCUSSION

Profit optimization remains one of the most important considerations in decision making.

Optimization of a company's value can be achieved through the implementation of financial management functions, in which one financial decision is made will affect other financial decisions and affect the company's value [7]. As the informant has done, the most considered thing in choosing a market in selling its products is which market gives the most profit. The intended

benefit is not only limited to the higher price, but the informant considers many things, including time and quantity. One is when there is a demand for coffee from abroad of a certain type, but the demanded price is cheaper than the usual that is sold in the domestic market then the export will not give an advantage to Arbilest Coffee. In addition to the cheaper price, the other thing is that in the export transaction money will not be immediately earned so Arbilest Coffee does not immediately earn income at the time too and this will affect other operational such as cash supply, coffee spending to farmers as well as the addition of assets.

Some of the above things are considered important for Arbilest coffee because maximizing profits will have a great impact on all aspects of business management such as payment fulfillment (liquidity) and this will interfere with the maximization of business profits. It must be done by all efforts that liquidity greatly affects the profitability of an enterprise, with a sufficiently good liquidity value can directly give a positive impact on any business strategy decision in maximizing profit [8].

Having a market abroad is important, but not the main one.

The informant feels that if viewed from the market side, Arbilest coffee already has a fairly large market and with good quality so it is not necessary to pursue the international market too wide, just because there are also other factors that are limited to the amount of certain products desired by international markets. Aris argues that it should not be forgotten the goal of the business itself is to increase income and profit and then prioritize export sales that do not give maximum profit. Having consumers in the international market is quite important, but

in fact not all export sales will provide a huge profit. Entrepreneurs must be able to make decisions to maximize profits. Arbilest Coffee only meets export demand for the best quality coffee because in the international market this type of coffee is valued more expensive than in the domestic market.

The addition of tangible and intangible assets as a form of strengthening the position of the business.

The focus of Arbilest Coffee today is to build a separate business place from a private home so that in the management of its future business can be done maximally. Therefore, for Arbilest Coffee to be able to create company value, then what must be achieved is to maximize profit because this is the capital of the company that creates value. In addition, there is also a need for quality intangible assets such as human resources that will support the improvement of the quality and quantity of coffee products. Similarly, previous research stated that the addition of intangible assets, i.e. human resources, is a mistake that affects the expansion of the market, that is, internationalization or export sales [9].

Risk Management.

As has been revealed by the informant that the decision to export will definitely put the risk on his business so from here Arbilest Coffee learns from experience and minimizes the possible risks that arise. The various risks that may be faced are a sufficiently long cash turnover because the payment process in the international market will surely take place long enough that this will later hinder the operation of Arbilest Coffee. This is similar to research findings that in studying the risks are not only of

formal knowledge in education but will be more of non-formal knowledge [10].

CONCLUSION

The most considered thing in choosing a market in selling its products is which market gives the most profit. The intended benefit is not only limited to the higher price, but the informant considers many things, including time and quantity. One is when there is a demand for coffee from abroad of a certain type, but the demanded price is cheaper than the usual that is sold in the domestic market then the export will not give an advantage to Arbilest Coffee. That having consumers in the international market is quite important, but in fact not all export sales will provide a huge profit. Entrepreneurs must be able to make decisions to maximize profits. Arbilest Coffee only meets export demand for the best quality coffee because in the international market this type of coffee is valued more expensive than in the domestic market.

Declaration by Authors

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