

# **Analysis of the Relationship Between Economic Policy Package Volume 15 to Service Quality and Custom Clearance in the Furniture Industry in Indonesia**

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DOI:10.55683/jobma.v4i2.411

**Keywords** : The economic policy package volumes XV, Custom Clearance, Service Quality, descriptive analysis, furniture industry

**Abstract** : *The economic policy package volumes XV set out coupled with export and import activities in Indonesia. This research aims to analyze the effect of the economic policy package volumes XV committed by the Government against the Service Quality and Custom Clearance on the furniture industry companies in Indonesia. The data collected through interviews. Analysis of the method used is descriptive analysis method. The respondents in this study are the manager of forwarding company in Indonesia, owner of furniture company, and operational staff from customs. The result of the research shows that the economic policy package volumes XV undertaken by the Government have an impact on the Service Quality provided as well as Custom Clearance process within the scope of the furniture industry in Indonesia. (JRP,AQAS, TAS, TJ).*

## **1 INTRODUCTION**

The economic growth of a country can increase by several factors. In line with what was stated by Kavoussi (1984) regarding the effect of exports, economic growth is influenced, by the production function. The results of the study found that an increase in exports made a positive contribution to a country's economic growth (Dar, Banja, Samantaraya, & Tiwari, 2013).

Then, Salvator (1990) emphasized that exports are one of the engines driving economic growth. Research conducted shows that exports are one of the main factors for developing countries to be able to increase economic growth. Increasing exports and investment made by developing countries can boost output and economic growth. So that the increase in exports can generate foreign exchange which will be used to finance imports of raw materials and capital goods needed in the production process that will form added value. (Ginting, 2017)

In Indonesia, international trade is a concern for every company and government in improving the economy for both companies and the Indonesian state. Indonesia's trade balance fluctuated from year to year, in 2012 it was recorded that the trade balance experienced a deficit of 1.7 billion US dollars. The deficit in the trade balance lasted until 2014. It was only in 2015 that Indonesia's international trade balance experienced a surplus of 7.7 billion US dollars, until 2016. The surplus in 2015 and 2016 was not without reason, this was due to various import restrictions imposed carried out by the government, as mentioned by the Minister of Trade Enggartiaso Lukita (Source: Liputan6, 2017) Various regulations issued regarding import restrictions in Indonesia can be seen in the Regulation of the Minister of Trade of the Republic of Indonesia Number 48/M-Dag/Per/7/2015 regarding general provisions in the import sector. This shows that regulation has an important role in determining the level of imports from a country.

In addition to government regulations regarding imports, several deregulation regulations were carried out on international trade regulations in Indonesia. This is due to the Deregulation Package and the government's debureaucratization which simplifies various export regulations. In this case the government "complicates" imports, but accompanies it by facilitating exports. The government hereby hopes to increase exports, and maintain the level of imports. thus creating a surplus in the trade balance in Indonesia. Various export facilities carried out through the Economic Policy Package set by the Government are contained in the deregulation and debureaucratization package of the Ministry of Trade covering exports and imports with the aim of increasing competitiveness in the industrial sector which includes procurement of imports of raw materials for industrial purposes and the smooth flow of goods, as well as opening up opportunities. broader business.

The deregulation package is expected to be able to create supply chain efficiency so that it will solve the shortage of goods in various regions, reduce the disparity in the price of goods and reduce inflation, and will open up more fields or job opportunities in Indonesia compared to previous data. Therefore, the authors conducted research on the Economic Policy Package (Phase XV) regarding Business Development and Competitiveness of National Logistics Service Providers such as eliminating and issuing various ministerial regulations (12 Ministerial Regulations, 2 Circulars, 1 Letter of the Coordinating Minister for the Economy) which can encourage expansion business and increase the competitiveness of national logistics service providers in building and developing the National Logistics System. Simplifying INSW (Indonesia National Single Window) by revising 3 Presidential Regulations into 1 Presidential Regulation in order to accelerate the development and implementation of automation services for international trade, customs, and ports.

Conducted interviews with three competent sources, namely a general manager who has eight years of work experience at a large forwarder company in Indonesia, a furniture business owner who has ten years of experience in the field, and a customs officer who does not want to be informed. , so that researchers can find out all the information needed in this study. After looking at the sources described above, there are still problems that occur related to deregulation which are continuously evaluated by the government to determine the most effective regulations for the State of Indonesia accompanied by quality of service and Custom Clearance management which continues to be addressed by using a system that has been established. by the government, so that the researchers raised the title "Analysis of the Relationship Between Economic Policy Packages".

### **Identification of problems**

Based on the description of the background above, the identification of the problems to be studied are as follows:

1. How will the impact of the economic policy package volume 15 set by the government on Service Quality and Custom Clearance in the furniture industry in Indonesia?
2. What is the impact of the government's determination of the economic policy package volume 15 on furniture entrepreneurs, import-export players, forwarders and customs?
3. What is the long-term impact of the government's determination of the economic policy package volume 15, service quality and Custom Clearance on furniture entrepreneurs, Import Export Players, Forwarders and Customs?

### **RESEARCH PURPOSE**

The objectives of this research are:

1. To find out the impact that will occur with the economic policy package volume 15 set by the government on Service Quality and Custom Clearance in the furniture industry in Indonesia.
2. To find out whether there is an impact felt by furniture entrepreneurs, Import Export Players, Forwarders, and Customs with the enactment of the economic policy package volume 15 by the government.
3. To find out the perceived long-term effects of the economic policy package volume 15 set by the government, service quality and Custom Clearance for Furniture Entrepreneurs, Import Export Players, Forwarders and Customs.

## **2 METHODOLOGY**

The type of research used is descriptive. The research method used is descriptive qualitative method The time horizon used in this study is cross-sectional. The unit of analysis in this study is PT Yodea Chandra Makmur, using data on imports of company goods from 2015 to 2017. The type of data used is qualitative, while the data

source is primary data. The data collection technique used is primary data in the form of interviews. The data analysis method used is data triangulation.

### 3 FINDINGS AND DISCUSSION

#### RESULT AND DISCUSSION

##### Source Person 1 [Forwarder]

##### 1.1 The 15th Economic Policy Package

-Ineffective. Documents that must be taken care of in carrying out the export and import process (80%) must comply with the provisions where if one does not complete one of the required documents, the export or import process cannot be continued and forces the forwarder to return the goods to the country of origin and the customer is harmed because they have to pay the warehouse rental fee (20%) as long as the document is processed.

Interview Quote:	"It must have an effect because in the regulation there are some customers who cannot provide the documents, for example, if for example, goods abroad must have an SNI label, it takes a long time to process it, while here too what is the name with rent? the warehouse is piling up, like it or not if he can't complete the SNI and can't do anything, fulfill other documents, like it or not, the goods are returned to the country of origin." – (I1, 18122017, L3)
Interview:	Sendy Prasetya, Export Manager
Interpretation	Proving that the existing regulations force the customer to be able to prepare all complete documents to be able to carry out export and import activities.
Code:	ineffective

Source: Interview Processing Results

-Increased exports. In this case, the government supports economic development in Indonesia by helping the process of export activities so that forwarders and entrepreneurs can increase export activities (100%) in Indonesia and help the government in increasing the home industry (40%) in Indonesia with the quota imports so that products in Indonesia are better known by foreign countries.

Interview Quote:	<p><i>"For exports, what is available is only wood and gold goods, that requires documents that we have to take care of at the forestry department, because exports are made easier by the current government, export movement is planned, always exports, now. when the import is new, it is difficult, there must be complementary documents depending on the item, what the item is." – (I1, 18122017, L3)</i></p> <p><i>"For exports, right, there's no regulation what's called, it's too complicated, if it's for imports, it benefits home industry traders, like that, it's profitable from the home industry side, because goods coming in from abroad need a lot what's the name, ck, e, the documents that must be completed from the Indonesian."- (I1, 18122017, L4)</i></p> <p><i>"For exports, for exports, it is already good, because there are no regulations that are detrimental from the perspective of companies in Indonesia, because there is no regulatory regulation that the company cannot fulfill. For imports, I think it must be maintained. With so many regulations, it's because it's to promote Indonesian companies, so it's like that." – (I1, 18122017, L12)</i></p>
Interview:	Sendy Prasetya, Export Manager

Interpretation	Proving that regulatory changes for export activities are for the better because the procedure for shipping goods is not complicated unless there are special regulations for some goods and imports are made more difficult due to import quotas and tightened document complexity with the aim of increasing the home industry in Indonesia
Code:	Export upgrading

Source: Interview Processing Results

### 1.2 Service Quality

- Efficient (100%). With the changes in regulations set by the government through the economic policy package volume 15, it helps exporters and importers because the system established by the government is so that all export and import processes are directly linked to Customs and Excise.

Interview Quote:	<i>"When it comes to importing Custom Clearance, the quality has started to be good, because all the systems have links, everything from customs, from the trade department or whatever, they have links, that's it." (I1, 18122017, L4).</i>
Interview:	Sendy Prasetya, Export Manager
Interpretation	Proving that there are efforts made by the government to speed up the custom clearance process by using a system that has been created by the government so that it can be directly linked with customs and other departments that have something to do with the export and import process
Code:	Efficient

Source: Interview Processing Results

-Imports are complicated. Since the enactment of the economic policy package volume 15, import activities have become longer and more difficult, so that this makes customers and forwarders feel served by a long process by the government, especially since the import quota was set in order to increase the home industry in Indonesia.

Interview Quote:	<i>"In terms of the forwarder, it's detrimental because we have to take a long time to process it, it's not fast, it's different from ordinary goods without, what without a lot of regulations, what's more, it's faster, so it's only time, time, it's time." (I1, 18122017, L5).</i>  <i>"If it's for imports, it's difficult." (I1, 18122017, L10)</i>  <i>"Yes, it's because to promote the home industry here, imports are made difficult, so that Indonesian entrepreneurs can export abroad, Indonesian goods are better known abroad, that's why imports are more difficult than exports, exports are not Yes, what is the name of the regulation that is too difficult for the customer, the Shipper to fulfill." (I1, 18122017, L10).</i>
Interview:	Sendy Prasetya, Export Manager
Interpretation	Proving that there are obstacles experienced by forwarders and importers when they want to take goods from other countries and take care of the documents needed in import activities since the import quota is set.
Code:	Import difficulties

Source: Interview Processing Results

### 1.3 Custom Clearance

-not effective (100%). The change in policy set by the government creates obstacles in processing documents from the beginning of the incoming document until the document is approved by the government, it takes quite a long time because there are still customers who do not know in detail about export and import procedures, thus hampering the custom clearance process.

Interview Quote:	<p><i>"As for the impact, it might be that the profit will decrease, because the shipper hasn't been able to provide the regulation, for example, like the documents or he's lazy to take care of it or something, maybe that's going to make MSA's profit go down, customer- so we don't use it anymore, so we don't use MSA, and the item is returned to the country of origin, returned to the country of origin, yes, MSA can't make a profit for the expenditure of the item, so it's like that, maybe the profit decreases with many regulations. "</i> (I1, 18122017, L8).</p> <p><i>"Yes, that's because to promote the home industry here, imports are made difficult, so that Indonesian entrepreneurs can export abroad, Indonesian goods are better known abroad, that's why imports are more difficult than exports, exports are not Yes, what is the name of the regulation that is too difficult for the customer, the Shipper to fulfill."</i> (I1, 18122017, L10).</p>
Interview:	Sendy Prasetya, Export Manager
Interpretation	Proving that there is a time delay in processing existing documents in exporting and importing because there are still shippers who do not fully understand the document procedures required for export and import, thereby harming forwarders and customs and hindering custom clearance.
Code:	Ineffective

Source: Interview Processing Results

## Source Person 2 [Furniture Businessman]

### 2.1 The 15th Economic Policy Package

-Ineffective. Documents that must be taken care of in carrying out the export and import process (80%) must comply with the provisions where if one of the required documents does not complete the export or import process cannot be continued and forces traders to incur more costs and takes more time. more so that it is not effective.

Interview Quote:	<p><i>"As for problems, eeeee, for the past few years, we have had problems with the document process, there is a legal case, we have to complete surveyor documents if we want to send rattan furniture, like that." "</i>(I2,18122017,L17)</p> <p><i>"As for what kind of wood, it is difficult to regulate it, at least if we open it, open wood goods from rattan, wood from rattan, because that must complete the surveyor's report which we have to submit to scuvindo as what is the name, eee as the surveyor of the wood. it takes a long time, a week while, there are customers who want to buy fast, two or three days to arrive."</i> (I2,18122017,L17)</p> <p><i>"In terms of merchants, the impact is bad, that's why I said earlier, if there are urgent shipments, we can't meet the customer, we have to, what's the deadline, because we have to take care of these permits. "</i> (I2,18122017,L18)</p>
Interview:	Johan, Furniture businessman

Interpretation	Proving that the existing regulations force traders to be able to prepare all complete documents to be able to carry out export and import activities so that it takes quite a long time.
Code:	Ineffective

Source: Interview Processing Results

-Difficult: Based on the results of the interviews that we have provided, it turns out that changing regulations in this economic policy package is difficult for furniture entrepreneurs. The difficulty here is that it is difficult in the process of taking goods or importing the wood so that it makes it difficult for the furniture entrepreneur.

Interview Quote:	<i>"Eee. From that point of view, exports are booming, especially in furniture, that's all, I regret the government, why are there too many regulations in the wood sector, or maybe the wood is protected by the government because it's actually planting trees, cutting down choose all kinds of things, what must be done, be selective, if I'm not mistaken, if we cut wood we have to plant it again, and it takes a long time, maybe the government is making it difficult for us." (I2,18122017,L18).</i>
Interview:	Johan, Furniture businessman
Interpretation	Proving that the existence of regulations from this economic policy package volume 15 makes it difficult for furniture traders to get their raw materials.
Code:	difficult

Source: Interview Processing Results

## 2.2 Service Quality

-Not Satisfied: Based on the results of the interviews that we have provided, the furniture entrepreneur is dissatisfied because the document processing process is slower than usual. It can be seen that the entrepreneur used to say that 3 years ago, the process took 3 days but now it has become slower, so they feel dissatisfied in terms of time.

Interview Quote:	<i>"Ooh, when for example this is a legal document where the new regulation has to make it illegal, it was a regulation 2 years ago, we submitted the document until the export process took us 3 days at most, we have finished it, now in the past few years, With this legal regulation, what should we call it submitting the legal document with a period of 1 week, so it's longer, we are 1 week longer, a few days longer, so that's what, maybe what is called time wasted according to me, because the customer needs it to be used in a hurry or something, at least that's all." (I2, 18122017, L22).</i>
Interview:	Johan, Furniture businessman
Interpretation	Proving that the existence of regulations from this economic policy package volume 15 makes furniture traders experience losses in terms of time so that they feel disappointed with the regulation.
Code:	Not satisfied

Source: Interview Processing Results

## 3.1 Source Person 3 [Custom staff]

### 3.1.1 The 15th Economic Policy Package

Profitable: With this deregulation, the customs and excise parties will benefit because competition between traders is increasing, so it can make them compete to export and increase the country's foreign exchange.

Interview Quote:	"Basically, it is quite profitable for the industrial side in Indonesia, especially for middle class entrepreneurs, with many deregulations, especially in the import sector. So middle class
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	entrepreneurs can compete in the Indonesian market and are able to sell their products abroad because the government has launched a program to facilitate exports so that domestic products can be exported. can be recognized in the eyes of the world and increase foreign exchange from exports." (I3, 19122017, L24)
Interview:	Mr.X, Custom Staff
Interpretation	Proving that the existence of regulations from the economic policy package volume 15 creates competition among middle class entrepreneurs so that they can increase their quality and increase exports again, so that they can increase the country's foreign exchange.
Code:	profitable

Source: Interview Processing Results

### 3.1.2 Custom Clearance

Profitable: With this deregulation, the customs and excise parties will benefit because competition between traders is increasing, so it can make them compete to export and increase the country's foreign exchange.

Interview Quote:	<i>"A significant influence is the length of the Custom Clearance process for these goods because consumers have to complete all permits that have been set by the government, as a result the goods accumulate in the airlines' warehouses" (I3, 19122017, L27)</i>
Interview:	Mr.X, Custom Staff
Interpretation	Proving the existence of the Economic Policy Package volume 15 makes it inefficient because it takes even more time.
Code:	Not Efficient

Source: Interview Processing Results

### 3.1.3 Service Quality

-Effective: Here the excise said that with the Economic Policy Package Volume 15, everything becomes more effective and less complicated.

Interview Quote:	<i>"Very helpful, especially since the system has now started to link all relevant ministries so it's only one click away." (I3, 19122017, L26)</i>
Interview:	Mr.X, Custom Staff
Interpretation	Proving that the existence of the Economic Policy Package volume 15 makes their system more effective because they only need to press a button.
Code:	Effective

Source: Interview Processing Results

-Inefficient: Here you can find evidence that with the 15th volume of the Economic policy package, the custom clearance process becomes inefficient because it becomes slow because you have to complete various permits from the department related to the product.

Interview Quote:	<i>"For that, it actually slows down the Custom Clearance process, especially since the owner of the goods must complete various kinds of permits from the department related to the product" (I3, 19122017, L26)</i>
Interview:	Mr.X, Custom Staff
Interpretation	Proving the existence of the Economic Policy Package volume 15 makes it inefficient because it takes even more time.
Code:	.

Source: Interview Processing Results

### Practical Implications

- The results of this study have implications for establishing effective regulations for the government, improving the quality of services maximized by the government, having an impact on

forwarders and also customers in processing custom clearance as well as export and import activities in Indonesia.

- Pay attention to and develop appropriate regulations in order to achieve the government's goal of increasing economic growth in Indonesia by increasing export and import activities so that the home industry in Indonesia can be recognized by other countries by realizing the regulations that have been established so that custom clearance is fast and the quality of service provided by the government is adequate.

- Customers and forwarders must take advantage of the education provided by the government such as information provided through websites that have been linked to the government so that the education provided by the government can assist customers and forwarders in accelerating export and import procedures that need to be fulfilled so that export and import activities can take place more efficiently fast.

## 5 CONCLUSION AND RECOMMENDATIONS

The effect of deregulation on Service Quality and Custom Clearance is to make the document processing process which was previously 7 working days to 2.5 working days by entering a link system in the document processing process so that the Service Quality increases. and also makes corruption activities in Custom Clearance decrease compared to before.

The effect of deregulation on Furniture Entrepreneurs, Export Import Forwarders and Customs Players. The effect of deregulation on Export Players is to make everything related to Exports easier, both in terms of document management, also in terms of government support and taxes, so that the profits that can be received by Export players increase. The effect of deregulation on import players is a negative effect because in this deregulation, the government imposes new restrictions on imports, and also adds new import quotas that make it difficult for import traders. And to import now, traders must have SIUP and API, whereas previously they didn't need this. This is intended to build a home industry that exists in Indonesia so that original products from Indonesia can be exported and seen in the eyes of the world.

The effect of the Economic Package volume 15 on furniture entrepreneurs is a negative influence. This is because the existence of this regulation makes it difficult for furniture traders to obtain raw materials because of the regulation regarding the addition of import quotas. And also for the export itself, it is also difficult and inefficient because the time used for export is also slow

The effect of deregulation on Customs and Excise is a positive effect because with the INSW system, the level of corruption that has long existed in document processing activities in Indonesia has decreased, and indirectly means that the money that goes to the Government/Customs will increase.

There are two effects of deregulation on forwarders, namely positive and negative effects. The positive effect is that document processing becomes more efficient, the meaning here is that document processing becomes less error-prone compared to the previous one. The negative effect is that the existence of this deregulation causes losses to the forwarder because the time used or used becomes slower. The long-term effect of government deregulation, service quality and Custom Clearance on import-export players, Furniture Entrepreneurs, Forwarders and Customs is that this deregulation, in the long run, makes the system in Indonesia cleaner and free from corruption. Also this system has the aim of cutting time which is still relatively slow in the document checking process.

In a study, a researcher must be able to provide something useful for the development of science, agencies or institutions as well as various parties related to this research. The suggestions that researchers give after researching this problem are: For research site need to continue to develop a regulatory system from deregulation carried out so that forwarders and customers can adjust the procedures established by the government in carrying out export and import activities in Indonesia. Forwarders and customers must continue to study the development of the system set by the government through Customs and Excise which can be viewed through the official website of Customs and Excise so that forwarders and customers can process Custom Clearance more quickly and Customs and Excise is facilitated in helping to process documents that enter the system so that export and import activities can be carried out more quickly and the country's economic development will increase. The quality of services provided by the government through Customs and Excise has been going well, but it is necessary to educate customers and forwarders, especially entrepreneurs who are new to the world of export and import so that the information provided by the government can help new entrepreneurs and other parties in adapting to government changes to the system. For the government, it is also better to carry out a deeper Trial



system, not only for 3 months, but also to have good communication with traders or international parties to get maximum results. For the government, if it is possible to pay bribes to make the document settlement process faster, why not just legalize it by using the Premium Package or the like, because like this Premium Package, it can speed up the document process much more.

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