

## THE INFLUENCE OF PRODUCT PRICE, PRODUCTION VOLUME, AND EXCHANGE RATE TOWARD “NAGAI” EXPORT VOLUME IN PT BINA BUSANA INTERNUSA SEMARANG

Iga H. Hardina, Budi Prasetya\*, Taviyastuti

Business Administration Department, Politeknik Negeri Semarang, Semarang, Indonesia

### Abstract

*Export volume of spesific product is affected by many factors. Some of them are product price, production volume, and exchange rate. This research aims to find out the influence of product price, production volume, and exchange rate toward export volume of “Nagai” product in PT Bina Busana Internusa Semarang. This research used secondary data in the form of annual and monthly report of sales, production volume, and exchange rate used during transaction for the period of May 2015 – May 2018, so there are 37 samples for this research. Data analysis technique used in this research is multiple linear regression. The result shows that there is a simultaneous effect of product price, production volume, and exchange rate toward export volume of “Nagai”. Partially, product price has negatively effect on “Nagai” export volume. Production volume and exchange rate both give possitive effect on “Nagai” export volume. Production volume is the most influential independent variable compared to product price and exchange rate. Suggestion to increase the export volume of “Nagai” product in short term period is to give an extra attention to production factors and stock opname that will affect directly to production volume.*

**Keywords:** *exchange rate, export volume, product price, production volume*

## Introduction

Apparel is one of the basic needs for human beings. Along with the development of the era, the function of apparel is not only a fulfillment of needs but also as a fulfillment of lifestyle. Industrial needs from year to year increasing as the population continues to grow in the world. Unfortunately, none of countries are able to fulfill their citizen's needs of apparel with their own ability. Those problem became the basic reason of why international trade especially in garment comodities are needed among countries. Foreign trade often arises because of the differences in prices of goods in various countries (Nopirin, 2017:2).

PT Bina Busana Internusa Semarang is one of the largest garment manufacturer in Indonesia. Apparel products from "Nagai" brand become one of the highest ordered products every year.

A research conducted by Makatatita et.al (2016) in the coconut flour industry in North Sulawesi stated that the variable of exported product price does not significantly influence export volume. Her results are supported by another reserach conducted by Amirus et.al (2016), Maygirtasari (2015), and Ayuningtyas (2015) who also said that price does not have significant influence toward export volume even have negative influence on export volume.

However, research results from Anindita and Syaputra (2017), Natassia and Utami (2016), and Sugesti et.al (2017) say the opposite. The results of their research states that product prices affect positively and significantly to export volume. The differences in the results of this study are also found in other variables, namely production volume and exchange rate. The results of research Makatita et al (2016) said that the volume of production has a positive and significant effect on export volume. Meanwhile, according to Anindita and Syaputra (2017) the volume of production does not give a significant effect on export volume. The exchange rate variable was said to have a positive and significant influence on

the research of Sugesti et.al (2017) and Pramana & Saskara (2017). But the results of research Makatita et al (2016) and Anindita & Syaputra (2017) said that exchange rate variable does not give effect to export volume.

Based on the research gap above, the researcher is highly motivated to compose an undergraduate thesis entitled "The Influence of Product Price, Production Volume, and Exchange Rate toward "Nagai" Export Volume in PT Bina Busana Internusa Semarang".

## Purpose of The Study

The purpose of this study are identified as follows:

- 1) To find out the influence of product price toward "Nagai" export volume in PT Bina Busana Semarang.
- 2) To find out the influence of production volume toward "Nagai" export volume in PT Bina Busana Semarang.
- 3) To find out the influence of exchange rate toward "Nagai" export volume in PT Bina Busana Semarang.
- 4) To find out the influence of product price, production volume, and exchange rate simultaneously toward "Nagai" export volume in PT Bina Busana Semarang.

## Advantage of The Study

The results of this research are expected to give contributions as follows:

- a) For Author/Research  
This research is a tool to researcherforapplying knowledge and provide additional insight especially in the application of international trade theory as well as to be one of the requirements to get the undergraduate degree of applied science in Semarang State Polytechnic.
- b) For Semarang State Polytechnic  
This research could be used as reference materials for the preparation of thesis in the following years especially for

- students of Business Administration Department with International Business Management study program.
- c) For PT Bina Busana Internusa Semarang  
The findings of this research can give reference to the company to increase export volume by considering the price variable of "Nagai" product, production volume, and exchange rate
- 3) The exchange rate that will determine the amount of domestic currency needed to buy foreign currency.
  - 4) Consumer income in the country and abroad.
  - 5) The cost for bringing goods from one country to another country.
  - 6) Government policies on international trade

#### Literature Review

In principle, trade between two countries arises because of differences in demand and supply (Nopirin, 2017: 26). According to Sukirno (2015:76) the demand of goods are determined by:

- 1) The price of good itself
- 2) The prices of related goods
- 3) Household income and community average income
- 4) Income distribution in community
- 5) Community taste
- 6) Population
- 7) Forecast about future situation

While factors affecting supply are:

- 1) Own price
- 2) The price of related goods
- 3) Production cost
- 4) Company operational goals
- 5) Technology

Based on the Decree of the Minister of Industry and Trade No.146 / MPP / IV / 99 dated April 24, concerning General Provisions in the Export Sector, it is understood that export is the activity of sending goods from customs areas according to the prevailing laws and regulations. Mankiw in Ekananda (2015:92) states that Export is domestically produced goods and services that can be sold widely abroad. Mankiw in Ekananda (2015: 92) also says that there are several factors affecting net export:

- 1) Consumer tastes of goods produced in their own country and abroad.
- 2) Prices of goods in the country or abroad.

According to Amirus et.al (2016) in business, prices are determined by sellers or producers. Price becomes the influential factor in purchasing and becomes one of the important elements in determining the market share and the level of corporate profits. Pricing strategy is very significant in giving value to consumers and affect product image and consumer decision to buy. Salvator in Amirus et.al (2016) states that exchange rates can be used in business activities between two countries or in an international trade. Meanwhile, Soekarwati in (Amirus et.al, 2016) stated that the exchange rate is one of the factors that can affect the export.

#### The Influence of Product Price toward Export Volume

The price and quantity of a commodity demand is negatively related. This means that the higher the price of a commodity then the amount of demand for the commodity will decrease, *ceteris paribus*. According to Sukirno in Sugesti (2017:32) price has positive relation with offer. The higher the price the more quantity of the commodity being offered.

#### The Influence of Production Volume toward Export Volume

Zakariya et.al (2017: 140) says that production is a factor affecting supply. The production rate will be directly proportional to the supply level. The increase in production will increase the volume of exports, and the decline in production will lower the volume of exports. The same statement also

expressed by Lindert in Aditama et.al (2015: 6) which explains the effect of productive conditions in different countries, if domestic production is high then the country will test more exports.

#### The Influence of Exchange Rate toward Export Volume

Ekananda (2015:93) states that from demand side, exports are influenced by exchange rate, world revenues and foreign trade policies of importing and devaluing countries in exporting countries. The results of research conducted by Makatita et.al (2016) states that partially exchange rate does not affect the export volume. While Pramana & Saskara (2017) stated that exchange rate variable has positive and significant influence on export volume.

#### Hypothesis of The Research

Martono (2010:57) says that hypothesis can be defined as a temporary answer which the truth must be tested or it also defined as a summary of theoretical conclusions obtained through literature review.

### Research Method

Data that will be tested in this research is secondary data obtained from PT Bina Busana Internusa Semarang for the period of May 2015- May 2018. The collection of data is using observation and documentary study techniques. In this study, the independent variables are Product Price Price (X1), Production Volume (X2) and Exchange Rate of Rupiah against Dollar (X3). While the dependent variable (Y) is the export volume of "Nagai" product in PT Bina Busana Internusa Semarang.

Analysis Technique used in this research are multiple linier regression and multiple linear assumption. Multiple linear regression analysis techniques were developed to estimate or predict the value of the dependent

variable by using one or more independent variables (Erwan and Dyah, 2011: 188). IBM SPSS Statistic 20 software will be a tool to simplify the data processing in this research. This research has a model of multiple linear regression as follows:

$$EV = \alpha + \beta_1 PP + \beta_2 ER + \beta_3 PV + e$$

Note:

EV	= Export Volume
	= Constant
	= Coefficient Regression
PP	= Product Price
ER	= Exchange Rate
PV	= Production Volume
e	= Error

This model is used to view randomly and simultaneously variable of product price "Nagai", production volume and rupiah exchange rate to US dollar toward export product volume "Nagai" at PT. Bina Busana Internusa Semarang positively and negatively. Classical assumption test will also be tested to know whether the data that used contains irregularities or disease. There are five classic assumptions test instruments that are multicollinearity, autocorrelation, heteroscedasticity, normality, and linearity.

### Result and Discussion

#### Classical Assumption Test

Based on the results of classical test (multicollinearity, autocorrelation, heteroscedasticity, normality, and linearity) it can be concluded that there is no disease happen in the data.

#### Multiple Linear Regression

The table 1 of multiple linear regression result.

Tabel 1 Multiple Linear Regression Result

No	Variabel	Significance
1	Price	0,037
2	Production	0,000
3	Exchange Rate	0,003
R Square value		,602
F value		16,605

Source: Secondary Data Processed(August,2018)

Based on the result, we can concluded that:

1. Product Price toward Export Volume.  
In the partial test (t-test) obtained a significance value of 0.037. This value is smaller than the significance level of 0.05 ( $\alpha = 5\%$ ). From these results it can be concluded that product price variable have a negative and significant influence on "Nagai" export volume
2. Production Volume toward Export Volume  
In the partial test (t-test) obtained a significance value of 0,000. This significance value is smaller than the significance level set at 0.05. From this results it can be concluded that the variable production volume give a positive and significant influence to "Nagai" export volume
3. Exchange Rate toward Export Volume  
In the partial test (t-test) on the variable exchange rate obtained a significance value of 0.003. This value is smaller than the significance level of 5% (significance value  $< 0.05$ ). From these results it can be concluded that the exchange rate variable has a positive and significant effect on export volume
4. From the table 1, the calculated Fvalue is 16,605 while the Ftable value is 2,86. So it can be concluded that this model can be used to predict the export volume of "Nagai" or it can be said that product price, production volume, and exchange rate variables have significant effect on the export volume of "Nagai" product in PT Bina Busana Internusa Semarang.

#### Research Implication

From the results of the analysis, it can be implied that the management of PT Bina Busana Internusa Semarang must give more attention and consider about production because these variables are variable that have more dominant influence on the export volume of Nagai products. To produce the product, the company should consider about the stock opname they have in previous month, so the production can run effectively.

#### Conclusion and Recommendation

From the research on the influence of product prices, production volumes and exchange rates on the export volume of "Nagai" product at PT Bina Busana Internusa Semarang we can conclude that:

- 1) Product price variable has a negative and significant effect on the export volume of "Nagai" product at PT Bina Busana Internusa Semarang.
- 2) Variable production volume has a positive and significant effect on the export volume of "Nagai" product at PT Bina Busana Internusa Semarang. This variable have the most dominant effect on the export volume of "Nagai" products in PT Bina Busana Internusa Semarang with regression coefficient value of 0.817.
- 3) Exchange rate variable has a positive and significant effect on the export volume of "Nagai" products at PT Bina Busana Internusa Semarang.  
In addition, another variable that is rupiah exchange rate against USD needs to be

observed for changes in the company to be able to increase the volume of product exports. Product price variable also need to be considered well in order to have a competitive price. These efforts need to be done in order to create a repeat purchase and increase the purchasing decisions of the Nagai PT Bina Busana Internusa Semarang product.

- 4) Variable product prices, production volumes, and exchange rates simultaneously effect the export volume of "Nagai" products significantly.

Based on the results of the study, we recommend the company to:

- 1) To increase export volume in short term period, companies can maximize the production to increase production volume. This increase can be achieved if the company is able to increase the efficiency of production factors such as the use of machinery and the use of human resources. In addition, the company could maximize their profit if the production is done right on time, so the company does not need to pay the penalty fee for the lateness.
- 2) To increase export volume in the term period, variable product prices and exchange rates must be considered. The price of a product that competes with competitors will certainly encourage an increase in export volume. The product prices can be lowered by reducing the production cost. This can be done by purchasing raw materials which contain more local elements but still has the same quality, so that the selling price of the product can be more competitive because of low production prices. In addition, the company must also keep watching on the rupiah exchange rate against the dollar to be able to predict future market conditions and develop strategies that can be carried out to increase the export volume of "Nagai" products.

## References

- Aditama, Lalan Gugus, dkk. 2015. *Pengaruh Produksi dan Nilai Tukar terhadap Volume Ekspor*. Jurnal Administrasi Bisnis (JAB) Vol.25 No.1.
- Anindita, Theresia dan Ari Apri Syaputra. 2017. *Analisis Pengaruh USD, Harga Batubara Acuan dan Volume Produksi terhadap Volume Ekspor pada PT Bukit Asam*. Jurnal Manajemen Industri dan Logistik Vol.1 No.2. ISSN 2598-5795.
- Ayuningtyas, Vera Pradani. 2015. *Pengaruh Nilai Tukar Rupiah dan Harga terhadap Ekspor Tekstil dan Produk Tekstil (TPT) di Provinsi Jawa Tengah*. (JOBS) Jurnal of Business Studies ISSN : 2461-0704 & e-ISSN : 2476-8790.
- Ekananda, Makhyus. 2015. *Ekonomi Internasional*. Jakarta : Erlangga.
- Erwan Agus dan Dyah Ratih. 2011. *Metode Penelitian Kuantitatif Untuk Administrasi Publik dan Masalah-Masalah Sosial*. Yogyakarta: Gava Media.
- Makatita, Julentina M.V. dkk. 2016. *Analisis Faktor-Faktor yang Mempengaruhi Ekspor Tepung Kelapa Sulawesi Utara*. ISSN 1907-4298 Vol.12 No.2A.
- Martono, Nanang. 2010. *Metode Penelitian Kuantitatif: Analisa Isi dan Analisis Data Sekunder*. Jakarta: Raja Grafindo Persada
- Maygirtasari, Tyanma, dkk. 2015. *Faktor-Faktor yang Mempengaruhi Volume Ekspor Crude Palm Oil (CPO) Indonesia*. Jurnal Administrasi Bisnis (JAB) Vol.25 No.2.
- Nopirin. 2017. *Ekonomi Internasional*. BPFE: Yogyakarta.
- Saleh, Amirus Mejaya. dkk. 2016. *Pengaruh Produksi, Harga Internasional, Dan Nilai Tukar Terhadap Volume Ekspor*. Jurnal Administrasi Bisnis (JAB). Volume 35 No.2 Juni 2016.
- Sukirno, Sadono. 2015. *Mikroekonomi Teori Pengantar Edisi Ketiga*. Jakarta: PT Raja Grafindo Persada.

Sugesti, A.E.P. 2017. *Pengaruh Harga Produk dan Kurs terhadap Volume Ekspor Produk Man Polo Shirt di PT Apparel One Indonesia.*

Zakariya, Muhammad Luqman, dkk. 2016. *Pengaruh Produksi, Harga, dan Nilai Tukar terhadap Volume Ekspor.* Jurnal Administrasi Bisnis (JAB) Vol.40 No.2.

