HANDLING PROCESS OF IMPORTATION BY SEA IN PERSPECTIVE OF FREIGHT FORWARDER (PT. DART AIR INDONESIA)

By
Ilham Ridwani Firmansyah
014201200083

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The Panel of Examiners declares that the skripsi entitled “Handling Process of Importation by Sea in Perspective of Freight Forwarder (PT. Dart Air Expressindo)” that was submitted by Ilham Ridwani Firmansyah majoring in Management from Faculty of Business was assessed and approved to have passed the Oral Examination on December 16th, 2016.

Grace Amin, S.Psi, M.Psi, Psikolog
Chair – Panel of Examiner

Ono Supriadi, Ph. D
Examiner 1

Filda Rahmiati, MBA
Examiner 2
SKRIPSI ADVISER
RECOMMENDATION LETTER

This skripsi entitled “Handling Process of Importation by Sea in Perspective of Freight Forwarder (PT. Dart Air Expressindo)” prepared and submitted by Ilham Ridwani Firmansyah in partial fulfillment of the requirements for the degree of Bachelor Degree in Faculty of Business has been reviewed and found out to have satisfied the requirements for a skripsi fit to be examined. I therefore recommend this skripsi for Oral Defense.

Cikarang, Indonesia, December 16th, 2016

Acknowledge by, Recommended by,

Dr. Dra. Genoveva, M.M Filda Rahmiati MBA
Head of Management Study Program Skripsi Advisor
DECLARATION OF ORIGINALITY

I declare that this skripsi, entitled “Handling Process of Importation by Sea in Perspective of Freight Forwarder (PT. Dart Air Expressindo)” is, to be the best of my knowledge and belief, an original piece of work that has not been submitted, either in whole or in part, to another university to obtain a degree.

Cikarang, Indonesia, December 16th, 2016

Ilham Ridwani Firmansyah
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Abstract

The subject of this thesis was oversea import from origin country by sea vessels from the forwarders point of view. This thesis clarified supply chain management in general outline from the beginning to the end. I collected and analyzed different existing information as desk research method. This thesis specified all main points considering forwarding. All these points are useful and necessary when working along with sea freight from Origin Country. There is a compilation of foreign trade procedure from Asia and Incoterms with all most important changes that occurred in 2010. There are also matters the main issue is the forwarding process. Forwarding process includes whole chain from the quotation to delivering goods to the final customer, including tracking, customs clearance and invoicing. There are also some special cases introduced that demand some special treatment. In customs clearance, there is not only main points disclosed but also some special procedures. Thesis can be assistance for a person who considers becoming a professional forwarder.

Keywords: Freight Forwarder, Logistics, Sea Freight, Supply Chain Management, Customs Clearance

1.1 Introduction

Logistical procedures such as transporting, warehousing and handling of goods are essential parts of supply chain management. Freight forwarders are needed because they are specialists in ensuring the smooth delivery of goods to any destination across the world. They are skilled in dealing with any freight related problem and ideal for any business that needs to send large shipments internationally on a regular basis. Importer uses their services to gain access to expert professional advice and logistical guidance. International Freight Forwarding can be confusing and it is important that all the correct paperwork is completed and submitted to the right authorities. Freight Forwarders will take care of all the necessary documentation and are well versed about all customs and international shipping laws so importer can be sure that the shipment will be delivered quickly and efficiently. Supply chain starts from request for quotation between supplier and customer. Based on that and on terms of trade the customer will select his forwarder. The price of ocean freight, promised delivery time and reliability of delivery will affected on selection of forwarder. Forwarding consists of different sectors which begin from locating the goods and contact between importer and his/her forwarder. Usually the importing section manages all the interaction between importer and forwarder, who will send the goods on the way depending on Incoterms. The work of import forwarder starts from embarkation of goods and stops to billing (Piutunen, 2013). Indonesia is a developing country that is doing to support the exportation and importation of all economic activity in the country. Indonesia had been doing export and import as much as $ 293,061.9 million (Indonesia, 2016) one of them in modern technology imported from overseas. Import technology from overseas is crucial to compete with other developing countries and national development. The phenomenon causes the level of global competition is getting tougher. In improving foreign exchange, expand employment opportunities, and the economy is getting better, the
the government implemented industrialization multidimensional strategy that takes advantage of comparative and competitive advantage in the global competition. Customs agency is the facilitator of the industry in Indonesia to issue export and import, by fulfilling and making the importation easier of certain goods will increase the competitiveness of trade which can boost the economy in Indonesia. Implementation of importation activities should follow the laws applicable in Indonesia, so that in the process there is the imposition of import duties on some imported goods that will become state revenue through the tax. There are some items that are banned by the Indonesian government to protect local products where native Indonesia.

As a part of the supply chain, freight forwarder is an entity that provides service and handle all of the entire importation and exportation activities through multimodal transportation, among others, land, air and or sea. Freight forwarder also provides a full of services such as trucking inland transportation, prepare the document for exportation and importation required, booking space for cargo, arrange the schedule with agent in destination, warehousing, communicate with customs agency, all of matters will handle by freight forwarder. Document in need, among others, House Air Way Bill, Master Air Way Bill, Bill of Lading, Seaway Bill, Letter of Credit, Certificate of Receipt, and etcetera (Altius, 2009). International trade has consequences for the transfer of goods from one country to another, either by air or sea. Interstate trade among countries in mainland Europe for a buffer made by land, in addition to passing the air or at sea. Nevertheless, international trade does not always run smoothly. Every country does not want the Trafficking deficit because the deficit will have a negative impact on economic growth of the country. Import policy is part of a trade policy that bordered the national interests of the various effects of the entry of goods imported from other countries. Its implementation refers to Law No.7 of 1994 on ratification of agreement on the establishment trafficking organizations worldwide contains signs that must be obeyed by all WTO member countries in formulating policies of international trade, including import policy. In addition to these signs, the WTO also provides potential opportunities are limited in nature, which can be used by each member country's national interests such as improving the welfare of farmers (Prof. Sasono, 2012).

A freight forwarder is usually a company that acts as a logistics provider to deal with shipments for other companies or even individuals. Nowadays, there are many third-party forwarders which are not carriers but agents that provide logistic services. Domestic and international freight forwarding is basically about providing logistical services. This involves coordinating with various cargo carriers and warehouses. It is about minimizing costs and finding the best possible routes. Although most freight forwarders merely serve as third-party agents, their tasks and responsibilities go beyond mere documentation and freight management. They also face other challenges such as legal or statutory regulations. These can include health-related issues, environmental issues, and political considerations. Some of the peculiar import-export laws are detrimental to small and medium enterprises.
1.2 Company Profile

Dart Air Expressindo founded in 1991 with 8 people in Bandung branch and airport office established. Dart Air Expressindo is a freight forwarder company which deliver customer’s goods by air and sea. Currently Dart Air Expressindo powered by 44 experienced employees and 4 branches in Indonesia. Dart Air Expressindo is awarded top 5 agent by Cathay Pacific, Garuda Indonesia, Singapore Airlines, Lufthansa Airlines, Royal Dutch Airlines. Indonesia is situated in Southeastern Asia and consists of a large archipelago between the Indian Ocean and the Pacific Ocean, with more than 17,000 islands. The largest islands are Java, Kalimantan (the southern part of the island Borneo), Sumatra, Sulawesi, and Papua (the western part of New Guinea) with total land area measures 1.9 million square kilometers (750,000 square miles). In recent decades, Indonesia has been viewed as one of Southeast Asia’s successful highly performing and newly industrializing economies, following the trail of the Asian tigers (Hong Kong, Singapore, South Korea, and Taiwan). In today's economic climate, with rapidly developing new markets, improved communications, and greater international mobility, businesses operate on an increasingly global scale. To improve customers’ performance in exportation and importation customers choose Dart Air Expressindo to provide a personal and confidential service while delivering the goods.

1.2.1 Vision and Mission

The vision of Dart Air Expressindo is

“To be one of the worlds reputed and reliable Logistic Organization”

The mission of Dart Air Expressindo is

“To provide consistent logistic solution and to integrate air, ocean and land capabilities at economical rates. Innovative system, world-wide network, team work & excellent customer service will be an added integration to our services in order to gain customer satisfaction.”

Dart Air Expressindo is committed to the timely and cost efficient use for satisfying customer, whenever customer requires professional delivery goods by sea and air.

1.2.2 Organizational Structure

Organizational structure consists of a number of people to achieve the same goal in one place, hence organizing in a company is important by putting the right people in the right position in order to achieve company goals.

PT. Dart Air Expressindo’s organizational structure has been developing many times. Currently, PT. Dart Air Expressindo has 6 directorate headed by director and 19 divisions headed by division head.
1.2.3 Need of Study

The purpose of this thesis is to describe import process from origin country to Indonesia by sea transportation in perspective of forwarder. This study includes researching operations of a forwarding company. The main focus of my study is to open up detailed description of importation process.

1.3 Problem Identification

Base on the above introduction freight forwarding is the ideal solution for any business which deals in stock and moving items from place to place. But as a freight forwarder, some issues or some problems will occur while handling some shipment for consignee. They will usually work closely with the customer for a fair price and provide the best all round service. When customers choose the right freight forwarder for their company they tend to choose a provider based on the speed and process at which they can deliver, whether or not they can store items for customer and based on the price they are able to offer. With this it is important for forwarders to be familiar with these local laws to prevent inconveniences on the part of customers and being able to take notice of customer’s needs individually and to know how to manage customer’s needs for mode of transportation and proper incoterm, thus it is also important for sea freight forwarder to know how to create all needed documents, knowledge of customs documents and how to compile them. Based on the above description, the researcher would like to discuss about importation in PT. Dart Air Expressindo with the title, HANDLING PROCESS OF IMPORTATION BY SEA IN PERSPECTIVE OF FREIGHT FORWARDER (PT. DART AIR INDONESIA)
1.4 Research Question

The formulation of the problem in this research is intended to be used as guidelines for authors to conduct research carefully and precisely in accordance with the principles of a research scientific. Formulation of the problem is expected to know objects studied, and aims to make writing and space descriptions research scope is limited and focused on things that exist relation to the problems examined.

To facilitate the discussion of issues and understanding, the author formulates the problems as follows:

1. How is the role of PT. Dart Air Expressindo as a company freight forwarding in the process of handling import?
2. What are the documents required in the completion process of imported goods? commit to user
3. What are the barriers faced by PT. Dart Air Expressindo as a freight forwarding company in the implementation of import activities?

1.5 Research Objectives

By looking at the background and formulation of the problems, then the purpose of the research is as follows:

1. To know how is the role of PT. Dart Air Expressindo as a freight forwarding company in the process of handling import.
2. To find out what documents are needed for finalization of the imported goods.
3. To find out that barriers faced by PT. Dart Air Expressindo as a freight forwarding company in implementation of import activities.

1.6 Research Benefit

The findings of this study have result to the benefit of freight forwarder industry considering that barriers of importation is the most critical business discipline as the business operation in freight forwarder is a long process and keep growing. Global expansion and sourcing, fluctuating and volatility in the exchange rate, and environmental concerns, each of these issues justify the need for handling process of importation. Thus, freight forwarder, in this case is PT. Dart Air Expressindo, that apply the recommended approach derived from the result of this study will be able to minimize and prevent the barriers in their handling process of importation. Company will be guided or what should be emphasized by their suppliers to reduce or minimize the barriers in their process. For the researcher, the study will help to uncover critical areas in the educational process that may have not been explored by others’ researcher. Thus, a new theory on handling process of importation may be arrived at.

1.7 Scope and Limitation

The research only investigates handling process of importation and evaluates the obstacles within PT. Dart Air Expressindo. The focus has been further upstream in the freight forwarding since this is the most critical process for PT. Dart Air Expressindo to maintain their operational performance and customer satisfaction.
The risks that are evaluated are limited to only aspects which result in supply shortage with large potential consequences for PT. Dart Air Expressindo, such as natural disasters, political instability, fires, labor strikes, major accidents in the manufacture etc. The focus is to mitigate the impact of the risk by making the supply chain risk management process more robust. The investigated organization is PT. Dart Air Expressindo and therefore the study will focus on its processes. Some process shortage situations and other findings explained in this research concern only in the case of importation for their current projects.

The overall discussion about the importance of the topic and how to assess obstacles in importation in general can also be applicable to other organizations. However, it needs to be modified before it can be used for other organization for different model.

2.1 Literature Review

Supply chain management is the coordination of production, inventory, location, and transportation among the participants in a supply chain to achieve the best mix of responsiveness and efficiency for the market being served (Hugos, 2010)

Logistics is the process of planning, implementing, and controlling procedures for the efficient and effective transportation and storage of goods including services, and related information form the point of origin to the point of consumption for the purpose of conforming to customer requirements. This definition includes inbound, outbound, internal, and external movements (Mangan, 2016)

Freight forwarders are logistical service providers acting as intermediaries for importers and exporters. Freight forwarders act as agents on behalf of their clients or principals in connection with the outbound shipment of goods. They facilitate shipping activity from pickup at the exporter’s facility to the delivery point specified by the client’s shipping and terms and assist in the preparation and communication of shipping documentation in compliance with local export regulations. (Lowden, 2013)

Importation is activities to take the goods into customs territory. All activities that entering and leaving the customs territory and the collection of import and export are defined as customs. There is some legal basis for importation: first customs laws No. 10/1995, as amended by customs law No. 17/2006; second Decree of Ministry of Finance No. 453/KMK. 04/2002 regarding customs procedure of import, as amended by Ministry of Finance No. 112/KMK. 04/2003; and the last is Decree of Director General of Customs and Excise No. KEP-07/BC/2003 regarding Implementation Guidelines on Customs Procedures of Import, as amended by Regulation of Directorate General of Customs and Excise No. P-42/BC/2008 (Cukai, 2013).

Import is to enter goods from abroad into the customs area of the country. If the ship entered the customs area, for example Indonesia- means the customs area is the territory of the Republic of Indonesia covering land, waters, and airspace above it and certain places in exclusive zones and landing continent- then all commodities
in the ship's hold sign into the category of imported goods. Therefore, captain of the ship or shipping company as an agent is required to notify the nearest customs office officials to submit documents to protect all commodities in the belly of the ship, the ship manifest / customs manifest. Except in circumstances of emergency captain of the ship can unload imported goods first, and then shall report it to the nearest customs office (Article 7 RI Law No.10 / 1995). (Prof. Sasono, 2012)

Based on the tax laws, which referred to import activities to supply taxable goods taxes from outside the customs area into a customs area. Understanding on the customs territory contained in article 1 of Law No. 18 of 2000 on value added tax and goods and services sales tax on luxury goods, as follows: "the customs area Indonesia is a republic territory, which covers land, waters, and airspace above as well as certain places in Exclusive Economic Zone and continental shelf in it apply. Law No. 10 of 1995 concerning customs ", in the case of import of taxable goods are also known to have two types of activities, namely:

1. Activities insert taxable goods from outside the customs area who directly performed by and for the benefit of importers concerned as an object of value-added tax is imports taxable goods.
2. Activities entering taxable goods carried by importer for the interests of others as the indenter. This activity called import pivot. As well as the handling of export, as the object of the tax in addition to activities such imports also delivery of agency services performed by the importer.

The import activities also performed agency service delivery by importers.

2.2 Research Gaps

Piutunen (2013) in the previous research of oversea import from South Korea by sea vessels from the forwarders point of view, his thesis clarified supply chain management in general outline from the beginning to the end, collected and analyzed different existing information as desk research method and specified all main points considering forwarding. All these points are useful and necessary when working along with sea freight from Asia. This is related to the researchers’ research, the research that all data gather is being supplement and provided by the company.

Prabhakar (2015) has conducted a research which is related to handling process of importation by sea vessels from freight forwarder perspective. The thesis clarified supply chain management in general outline, collected and analyzed different existing information as desk research method and specified all main points considering forwarding. All these points are useful and necessary when working along with sea freight.

Wang (2010) has conducted a research which is related to handling process of importation by sea vessels from freight forwarder perspective. In his research entitled “Analyzing and optimizing the order process at the freight forwarder”. The purpose of this research is discussed about the process optimizing of freight forwarder performance. All these points are useful and necessary when working along with sea freight.
The gaps between Piutunen research and this research is: Piutunen only discuss about the process of handling import, and this research discuss about the role of freight forwarder and the barriers. Second, the gaps between Prabhakar research and this research is: Prabhakar discuss the handling process of importation using quantitative method, and this research using qualitative method. The last one, the gaps between Wang research and this research is: Wang discuss about to optimize the forwarder performance, and this research discuss about the role of freight forwarder in handling process of import.

3.1 Research Methodology

The purpose of research is to discover answers to questions through the application of scientific procedures. The main aim of research is to find out the truth which is hidden and which has not been discovered as yet. There are two main research methods, quantitative and qualitative. Each research method has its own advantage and it depends on the researcher to choose between those two methods is appropriate. (Kothari, 2004) Qualitative research is an inquiry process of understanding based on distinct methodological traditions of inquiry that explore a social or human problem. The researcher builds a complex, holistic picture, analyzes words, reports detailed views of informants, and conducts the study in a natural setting (Creswell, 2007). In this thesis, the investigated the process of importation through third party logistics and obstacles can managed by PT. Dart Air Expressindo. Hence, the researcher sees it is appropriate to have qualitative method since PT. Dart Air Expressindo management have valuable experience of this research issue and there is no available data to analyze in a quantitative method. This subject is difficult to study outside PT. Dart Air Expressindo Importation Division, considering the need to study internal processes to obtain a satisfactory and valuable result. It also enables observations of current practices and accesses the internal documents. The case of this thesis is the importation division at PT. Dart Air Expressindo. It is common to combine different data sources such as archives, interviews, questionnaires, and observations. The main data sources in this thesis have been interviews, academic literature, and internal documents. According to (Blanche, 2007) there are three different ways in which types of research have been distinguished: exploratory, descriptive, and explanatory research. Exploratory studies are used to make preliminary investigations into relatively unknown areas of research. This is where a researcher has observed something and seeks to gain deep understanding about it. Exploratory case studies are helpful in conducting a complex and multi sight studies. Hence, the researcher uses exploratory research in this thesis and a case study of PT. Dart Air Expressindo.

3.2 Triangulation

In 2002, (Patton) suggests a related strategy, that of “triangulating analysts- that is, having two or more persons independently analyze the same qualitative data and compare their findings” (emphasis in original). Furthermore, triangulation refers to combining different sorts of data on the background of the theoretical perspectives,
which are applied to the data. As far as possible, these perspectives should be treated and applied on an equal footing and in an equally consequent way. At the same time, triangulation (of different methods or data sorts) should allow a principal surplus or knowledge (Flick, 2014). The use of these methods is called triangulation. Hence, the researcher uses triangulation as a technique to ensure the validity of the results and using interview, internal documents review, and fieldwork as the data triangulation.

3.2 Data Analysis

The researcher uses data analysis of (Miles, 2013), there are three data analysis there are three types of activities in qualitative data analysis; Data Reduction, Data Display / Data Model, and Conclusion Verification.

3.2.1 Data Reduction

The first step in data analysis is the reduction of data through coding and categorization, according to (Sekaran & Bougie, 2013). Data reduction also refers to the process of selecting, focusing, simplifying, and transforming raw data which is collected in data collection process. Coding is the analytic process of reducing the qualitative data that the researcher has gathered and integrated to form theory. The purpose is to help the researcher to draw meaningful conclusions about the data. Furthermore, by using this process, the researcher has to try and discard all irrelevant information, yet keep the access for future usage.

Qualitative data can be analyzed at many levels by selecting the coding unit as the first process. Coding units, for examples, are words, sentences, paragraphs, and themes. The data reduction process is constantly being used until final report is finished as the other function is aiming in choose, focus, and construct the data so the final conclusion can be described very well.

3.2.2 Model Data (Data Display)

The second major activity when analyzing the qualitative data according to (Miles, 2013) is data display. Taking the reduced data and displaying them in organized and condensed manner is what it called as data display. It refers to computer output of data to a user like charts, matrices, diagrams, graphs, frequently mentioned phrases, and/or drawings. This is critical to help the researcher to organize the data, to discover patterns, and relationships in the data so that the conclusions can be draw.

It depends on the questions and preferences to choose which strategies of data display the researcher want to use. The common strategies are Flow charts (mapping out critical processes and decisions) and data matrix (examining patterns and relationships). To create information in a good arrangement is the plan of the whole strategies so that the researcher could see what is happening and explain the conclusion that has been acceptable.
3.2.3 Conclusion Drawing & Verification

Conclusion drawing is the final step in the process of qualitative data analysis. This step is the essence of data analysis as it is the point where the researcher answers the research questions by determining what identified themes stand for, by thinking about explanations for observed patterns and relationships, and by making contrasts and comparisons (Sekaran & Bougie, 2013). Conclusion is really important since it impresses the audience at the part of the research. The effective conclusions should make the readers glad that they have read the research. To achieve such a thing, the researcher needs to eliminate the interesting story without any truth and purpose.

3.3 The SWOT analysis

It is the management technique which is often used when analyzing an external environment, an internal environment in case of management strategy working-out. The business opportunity which utilized the advantage of the company explores what it is and it reviews whether or not it is not possible to evade a menace by the advantage of the company. Also, the strategy which takes advantage of opportunity and converts a weak point into the advantage can be reviewed. Moreover, the menace and the weak point elaborate the plan to avoid the risk which becomes come across. In this way, in the management strategy working-out, the SWOT analysis is an indispensable technique when attempting the best utilization of the management resource to have supported a business environmental variation. (Fujii, 2013)

3.4 Research Instrument

The researcher uses research instrument such as article, journal, literature review, and interview as the tools to collect data. Theories in the literature review were gathered by reviewing books, literature from the internet, previous research, e-book which is downloaded from several sources, journal, and articles to support the description of research problem. Furthermore, interview is done by the researcher to gain better and deeper understanding on the research problem. In this research, the researcher interviewed several people who have sufficient experiences and expert on their position related to the research problem. And the secondary data is gathered to have the full insight of importation division at PT. Dart Air Expressindo related to the research problem.

3.5 Data Collection Technique

In this research, the researcher uses two main data collection which are the primary data and the secondary data. First, the interview is the primary data. Whereas the secondary data such as the company website, journal, and article give supporting data in fulfilling the gap exist in the interview. Both data collection methods are primary data and secondary data

3.5.1 Primary Data

The researcher uses interview as a primary source of data. The reason is that it relatively economical in terms of time and resources and the majority of published
Qualitative research articles use interview more often compared to other methods (Silverman, 2007). According to (Saunders, 2007), there are three types of interview:

1. Structured Interview: Data collection technique that involves the researcher as an interviewer physically meets the respondent, reads them the same set of questions in a predetermined order, and records each of his or her response.
2. Semi-structured interview: Data collection technique in wide-ranging category in which the interviewer commences with a set of interview themes but is prepared to vary the order in which questions are asked and to ask new questions in the context of the research situation.
3. Unstructured interview: Data collection technique in loosely structured and informally conducted interview that the interviewer may commence with one or more themes to explore with participants but without a predetermined list of questions to work through.

The researcher applies a structured interview in this research. The researcher interviewed and met the respondents at the Head Office of PT. Dart Air Expressindo and researcher use judgmental sampling to get more accurate results by interviewing the business player in automotive industry. Thus researcher interviewees are:

<table>
<thead>
<tr>
<th>No</th>
<th>Name</th>
<th>Position</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Julianti Susanto</td>
<td>Managing Director</td>
<td>November 11th, 2016</td>
</tr>
<tr>
<td>2</td>
<td>William Bayuaji</td>
<td>Business Development Manager</td>
<td>November 11th, 2016</td>
</tr>
<tr>
<td>3</td>
<td>Tiwi Hanny</td>
<td>Import Manager</td>
<td>November 11th, 2016</td>
</tr>
<tr>
<td>4</td>
<td>Margie Handayani</td>
<td>Import Supervisor</td>
<td>November 11th, 2016</td>
</tr>
<tr>
<td>5</td>
<td>Angga Dwiyandi</td>
<td>Import Operation Staff</td>
<td>November 11th, 2016</td>
</tr>
<tr>
<td>6</td>
<td>Donny Yulianto</td>
<td>Senior Customer Service</td>
<td>November 11th, 2016</td>
</tr>
<tr>
<td>7</td>
<td>Muhamad Riyadi</td>
<td>Sea Import Customer Service</td>
<td>November 15th, 2016</td>
</tr>
</tbody>
</table>

(1Table 1: Interviewee and Date)

### 3.5.2 Secondary Data

Data resources for the secondary data taken from the company’s website, journal, and article of PT. Dart Air Expressindo that related with data processing. The period for this research is 3 months, from September – November 2016. The secondary data is required helping the researcher interpret the primary data. It entails the proactive seeking of existing data in both qualitative and quantitative research (Kent, 2007).

### 3.6 Field Work

The researcher did the field work at Tanjung Priuk port, Jakarta and their suppliers around Jakarta. The researcher visited the company and suppliers several times in sequence to contract and observes the importation between PT. Dart Air
Expressindo and their suppliers. To observe and see the process directly facilitates the researcher to have better and deeper understanding.

4.1 Results and Discussion

4.2 Importation at PT. Dart Air Expressindo

PT. Dart Air Expressindo is a company that engaged in the service sector that has role in the implementation of exportation and importation which is support the handling documents. Importation at PT. Dart Air Expressindo has a variety of different functions. The important function is to give the best quality service to customers. Key performance indicators when selecting the shipping line company is quality, delivery, cost, and feature. PT. Dart Air Expressindo is concerned about the service of customers as their one of values, thus make PT. Dart Air Expressindo have to really careful to satisfy the customers. PT. Dart Air Expressindo is a service company that has been authorized by the importer to arrange import document. PT. Dart Air Expressindo has an important role in the importation as the party that responsible for the shipment that must be based on a clear procedure. PT. Dart Air Expressindo has three branches and one head office in Jakarta. Where any handling import adjusted to area near the branch. PT. Dart Air Expressindo has co-shipping line from various purpose, so to schedule messages customized ship or ship reservations time importers or exporters. Even then, according to the destination/purpose because PT. Dart Air Expressindo also have a fixed schedule every week, to the scope of the Asia Pacific.

4.3 Trade contract and forwarders’ responsibilities

4.3.1 Sales contract

There must have been a sales contract agreed between a seller and buyer for the supply of goods before a freight forwarder is needed. Sales contract consists of different terms of trade in international business. Trade can be single project or it can continue longer when contents of contract and details varies. When the contract is carefully made, there are many issues accepted by different parties. International commercial law has combined different countries’ sales contract clauses. The main idea is that terms are easier to use globally. Terms of agreement and details have been tried to harmonize. There are different contract models and standard contracts in use which are preferred in repetitive agreements. In that case, usually contract has standard terms which can be for example incoterms. When making new contracts, companies have to always check their suitability and familiarize in them carefully especially if they use example contract or insert standard terms.

Sales contract consists of these issues listed down below:

1. Background of parties
2. Definition of trade’s object
3. Payment terms and payment method
4. Trade price and currency
5. Delivery time, place and terms
6. Release basis
7. Ownership and guarantee
8. Shifting of liability for damages
9. Validity period of the contract

Sales contract should contain background of both parties such as buyer’s invoicing address and delivery address because invoice can go into different country than goods, especially addresses are important for paying value added taxes. Trade’s object should be defined in detail by reporting type of goods, weight, quantity, spare parts and other features. Trade price, payment terms and payment method are also relevant issues which are mentioned in sales contract. It is good to define precise time when the payment must be paid. Contract should have all possible terms which are essential for delivery and payment. Also, payment delay and its consequences are recommended to mention on the contract and who is the payer of bank charges. Buyer’s license section is important because for example it will tell about rights to demand trade price reduction especially if delivery time becomes longer and there is issued about cancelling the contract and possible compensation.

Delivery method and place are usually specified with official international incoterms. The basis for release is part of the deal so if the other party has to withdraw from the agreement, compensation basis is known. Ownership and guarantee should be specified so that if there turns out a fault in goods, guarantees will tell what the guarantee period is and when seller is responsible to make compensation. Goods have to be packed well especially when special packages are required. Terms of delivery, payment methods and definition of trade’s object are the most important issues in the contract. There should be clearly written contact information of companies, validity period and other possible dates. When both parties have accepted, and signed the contract import process can be started.

4.3.2 Forwarder’s responsibilities

Freight forwarder acts responsibly in his/her own name on behalf of the client. Traditionally forwarders have acted in the role of middlemen in international business. They have taken care of transportation of goods and other formalities without actual responsibility of the goods itself. Nowadays forwarders offer more of their services by responsibility of carriers when they have likewise responsibility of goods. Forwarder has to take care of the transportation of goods with or without carrier’s responsibility. If it is agreed with the client, his task is to receive goods on behalf of the client and to take care of handling, packing, loading, unloading, inspections and warehousing of goods and also has rights to backfill incomplete package to avoid risk of damage.

Forwarder has to also take care of the appropriate customs clearance or if client will take care of customs clearance, forwarder has to assist him/her. Noting down the insurance of the goods is responsibility of forwarder. If client needs assistance with import documents, forwarder assists in this task. Nowadays forwarders carry out numerous tasks of logistics for their clients such as Intrastat filing which is the system for collecting information and producing statistics on the trade in goods between countries of the European Union.

One of the duties among the others is responsibility to take action. Responsibility to take action begins when forwarder has accepted assignment. However, a contract
is associated with the given assignment. Forwarder has responsibility to inspect the goods for transportation. He always has to inspect the condition of the package, quantity, markings and the documents related to goods. Also, forwarder has responsibility to report and to be loyal. It means both parties have to be informed about significant issues related to transportation progress. Being loyal also includes confidentiality.

4.3.3 The scope of PT. Dart Air Expressindo

1. Assist importers in checking documents (OceanB / L, House B / L Certificate of Origin, etc.).
2. Help make PIB accordance with the required documentation.
3. As an intermediary buyer / Consignee by shipping in terms Delivery Order maintenance.
4. Make a letter to the agent container shipping (Shipping line).

4.3.4 Step of Importation

1. Forwarding agent country exporters doing designate and make agreement that PT. Dart Air Expressindo as import agent in the country importer or consignee.
2. After the forwarding agent and PT. Dart Air Expressindo deal an agreement, forwarding agent in country exporters/ shipper handed House B/L to shipper/ exporter, as proof of the goods have been shipped.
3. After receiving shipper’s House B/L, then the shipper/exporter send House B/L to the consignee.
4. Forwarding agent in the country shipper sent Master B / L to forwarding consignee in the country. After getting a Master B / L, the column notify party needs to check again whether already listed the name of PT. Dart Air Expressindo. It aims to anticipate the delivery of a Notice of Arrival will sent to PT. Dart Air Expressindo by shipping line or directly to the consignee.
5. If the Master B / L has been received, then PT. Dart Air Expressindo contact carrier to tell the number of Master B / L and ask ETA (Estimate Time Arrival) and vessel number. After knowing the ETA and Vessel and we received a Notice of Arrival (Proforma), then PT. Dart Air Expressindo make Arrival Notice addressed to the consignee. With a data column notify party shipper refers House B / L and the next column refers to the Master B/L (Such as container number, gross weight, etc.). After receiving Consignee Arrival Notice, PT. Dart Air Expressindo obliged to inquire whether there is a change in the data or not. And if they do exist, then as soon as possible ask agent at the port of loading to revise the document to be published new document.
6. If there is no delay and the date of arrival of the vessel, then PT. Dart Air Expressindo give Master B/L to the consignee. And consignee will give House B/L. As for the conditions that must be checked by PT. Dart Air Expressindo are:
   a. House B / L freight seen whether the term "Prepaid" or "Collect" (This useful to collect ocean freight to the consignee on the invoice.)
b. House B / L document is checked whether the term "Surrender" or "Original / Full set". When ‘Surrender’ the documents can be released without use House B/L original. But if the original status consignee must bring House B/L original sent by the shipper to the consignee directly through service delivery.

c. In the first column Consignee should check whether in the column the actual name is already listed consignee (original consignee). Supposing consignee name different from the original call your agent to be revised at the port of loading. It aims to prevent redress in customs excise.

4.3.5 The document required in the settlement of import

In the implementation of the settlement require the import documents that can support the maintenance of the flow of goods. Documents - the necessary documents, among others:

1. Bill of Lading (B/L)

   Bill of Lading (B/L) is the receipt of goods that have been loaded in a ship which is also a proof of ownership of goods as well as evidence of their contract or agreement for carriage of goods by sea.

   Parties included in the B/L:

   a. Shipper which party as beneficiary.
   b. The consignee that the parties are informed of the arrival of goods.
   c. Notify party is the party specified in the L/C.
   d. Carrier is the transport or shipping company.

   Principal functions B / L:

   a. Proof of receipt of goods, which goods received by a carrier from the shipper (consignor or exporters) to a destination and then hand over the goods to the recipient (consignee or importer)
   b. Proof of ownership of goods (document of title), which states that the person holding the B/L is the owner of the goods the goods listed on the B/L
   c. Evidence of the transport and delivery of goods agreement between the parties.
   d. Documents Bill of Lading (B/L) used on freight forwarding

2. Ocean (Marine) B/L or Master B/L

   The shipping documents of goods by sea stating that freight forwarder has delivered the goods to the international forwarding company to be sent to a particular destination. Means B/L issued by the shipping company or carrier.

3. House Bill of Lading

   Shipping documents goods by sea made by the freight forwarding as an intermediary linking documents freight forwarder with exporters.

4. Overseas Invoice / Debit Note
Invoice which made by the agent in the State of origin of goods. Whose charges to forwarding sitting in the State consignee or importer.

5. Manifest
Manifest is a document notification to customs created overall by the forwarder or shipping, which it includes the name of the goods, the total quantity, port of loading, port of consignee discharge, shipper, notify party, number of container, feeder vessel, ocean vessel, etc.

6. Arrival Notice (Proforma)
Notice of arrival information ship / vessel. Which are issued by the shipping agent in the country of the consignee or importers, and is intended for freight forwarding.

7. Letter of borrowing container
The letter, addressed to the shipping line, as a guarantee that the container on loan to be brought to a warehouse or factory consignee.

8. Letter of Delivery Order (D/O)
The letter, addressed to the shipping line is useful for making D/O import.

In the handling of imported goods PT. Dart Air Expressindo must prepare documents - documents which will become the core of implementation, among others:

1. Ocean (Marine) B/L or Master B/L
2. Arrival Notice
3. Letter of Borrowing Container
4. Letter of Delivery Order D/O

Core documents in the handling of imports in PT. Dart Air Expressindo made forwarding agent in the country of the shipper, in other words House B/L is made and handed over to the forwarding agent shipper as proof that the goods have been loaded. Master B/L has been made by shipping line for forwarding agent located in the shipper country. When the core document has been sent, house B/L delivered from shipper to consignee and Master B/L delivered from the forwarding agent to PT. Dart Air Expressindo

4.4 MOVEMENT OF GOODS

4.4.1 Incoterms

International Chamber of Commerce created International Commercial Terms or INCOTERMS. They are designed to create a bridge between different members of the industry by acting as a uniform language they can use. Incoterms are not international law; they are rules on which the contracting parties can agree on voluntarily. The incoterms rules are an internationally recognized standard and are used worldwide in international and domestic contracts for the sale of goods.

Incoterms are most frequently listed by category. Terms in the following beginning with F refer to shipments where the primary cost of shipping is not paid for by the seller. Terms beginning with C deal with shipments where the seller pays for shipping. The E-term occurs when a seller’s responsibilities is fulfilled when goods are ready to depart from their facilities. D terms cover shipments where the
shipper/seller’s responsibility end when the goods arrive at some specific point. Because each shipment is moving into a country, D terms usually involve the services of a customs broker and freight forwarders. In addition, D terms also deal with the pier or docking charges found at virtually all ports and determining who is responsible for charge. (Sorgenfrei, 2013)

4.4.2 Release letter

Release letter shows up daily in the communication between carrier and forwarder. With release letter carrier hands over the goods to other forwarding company for customs clearance or for handing goods over to third party. In order that carrier hands over release letter to forwarder, the forwarder or the buyer has to deliver three original B/Ls to carrier. If the receiver has not presented all of original B/Ls or transfer stamped original B/L to forwarder, carrier will not hand over the goods to forwarder. In order that release letter would have legal impact, forwarder has to present it in harbor where goods have arrived and so that the goods can be given to buyer from harbor.

Release letter has to turn out following points:

1. Who hands over?
2. To whom it is handed over?
3. What is handed over; a container or bulk goods?
4. The number of container and seal.
5. Gross weight and quantity.
6. Which harbor is the destination?
7. Where is the empty container returned?
8. Who pays harbor fees, lifting of container, possible overtime fees?

4.4.3 Transportation

The transportation of goods has a direct impact on customer service and cost structure of a company. There are several factors influencing decision on transport mode. The buyer should consider at least the following factors when choosing mode of shipment:

1. Rates and cost of shipping
2. Insurance costs
3. The cubic size and total weight of goods
4. Value of goods
5. Discharge and destination point
6. Possibility of damage
7. Container type

Maritime transport is essential to the world’s economy as over 90% of the world’s trade is carried by sea and it is, by far, the most cost-effective way to move en masse goods and raw materials around the world. (UN-Business Action Hub, United Nations, n.d.)
4.4.4 Shipment booking

The following information for shipment company is generally required when forwarder makes a shipment booking:

1. Name of Shipper, important to provide detail of the ultimate.
2. Name of Receiver.
3. Type of Service, Full Container Load (FCL) or Less than Container Load (LCL).
4. Dates and Times of when goods are required for collection and an approximate indication of when the goods are required at the final destination.
5. The Commodity to be shipped.
6. The Destination Port where the cargo is to be discharged is essential for the preparation of the paperwork.
7. The Loading or Collection point is also vital information to facilitate shipments.
8. Information and provision of a Contact Person.
9. Contact Numbers for all personnel involved in the exportation/importation process.

If buyer accepts the offer which had been made, he will inform about it to sender who will make the shipment booking to a forwarding company. It is also possible that buyer will make the shipment booking and will inform the forwarder about sender’s contact information. Long term customers of forwarding company import goods regularly from certain sellers and the seller makes shipment booking. Seller provides details about the goods and transportation mode to forwarding company. Based on this information forwarding company will make a shipment booking to a shipping company. Cargo space and a container for the goods are booked from shipping company as well. Shipping company has the responsibility for the goods when they are loaded on the ship. Forwarder has to arrange how to get the goods to customer efficiently and fast as possible. If buyer pays transportation fees, Incoterm will be from F-group (FOB, FCA, FAS) and receiver of goods can choose the shipping company which will be used. Practically this means that forwarder will compare prices and routes of different shipping companies and will make a decision based on that. If the incoterm is from C-group, seller has the right to choose shipping company. Forwarder also has rights to choose the most suitable container for the shipment or if the goods come from several different senders, forwarder can assemble buyers’ console unit. Formation of buyers’ console unit requires from forwarder knowledge of different countries geographically. Senders deliver goods in a certain terminal which is chosen by forwarder where goods are loaded in one container and delivered to receiver.

4.4.5 Cargo embarkation and monitoring

Cargo shipping is done by following export formalities in departure country. In many cases export of forwarders will take care of retrieving the goods from customer, monitoring container loading procedure, reserving cargo space, export clearance and take care that goods will be in harbor before closing. If it is mixed
cargo (from several different countries) in question, forwarder will take care that it will be compiled in one specific container. Captain of a cargo vessel has to tend that vessels is seaworthy already before the voyage. He also has to tend that it is appropriately manned and equipped. During the voyage captain has to monitor that the vessel is kept in appropriate shape. The receiver of the goods wants to know estimated time of arrival already on the departure day. Forwarder finds out every delivery time for every shipment or if there is no specific schedule available, forwarder makes estimate as exactly as possible. Delivery time varies in different shipping companies. For example, it can be from 26 days to 45 days from European Country to Indonesia. When the cargo is shipped by FOB incoterm import forwarder’s work begins when the vessel is already departure harbor and on the way to destination. It is so because payer of the goods is the receiver according to FOB term and payer can choose shipping company. In this case information about departure and arrival of the goods has to be available for receiver anytime. Local export forwarder will notify about schedule of the container and estimated arrival. In this point, import forwarder will begin his work and notifies the receiver that the goods are loaded and on the way to customer.

Notice of shipment is sent to the customer. Customer will see from it size of the container and its number, gross weight of the goods and cubic capacity. Notice of shipment also contains departure harbor, intermediate port, destination harbor and possibly place of delivery. There is marked estimated times of arrival between all of these harbors. Also, there is marked shipper of the goods and the consignee. All other possible information such as place of discharge is recommended to be informed on the notice of shipment. It is told to consignee to deliver all documents which are needed in customs clearance (invoice, packing list, certificate of origin) to forwarder. Usually consignee does not have all needed documents in this point but notice of shipment reminds to act as soon as the documents arrive. Forwarder has to inform which documents are needed so that the goods can be handed over legally to customer. When cargo is shipped by C-group’s term goods will be departing by sender’s choice of shipping company and forwarder won’t necessarily know about arrival of the goods in this point yet. Cargo shipped by CIF and CFR terms gives the rights to consignee to choose a forwarding company which he will use and consignee will notify the shipping company to whom goods are to be handed over for customs declaration. Consignee pays all the fees which are caused from harbor of destination to final place of discharge and sender pays the cargo shipping from country of departure to harbor of destination. Monitoring of cargo shipped by CIF and CFR terms is very efficient. There are many possibilities for forwarder to monitor shipments nowadays. Shipment companies offer inclusive service from which it is possible to monitor every shipment company’s own containers. Almost every shipment company’s website provides information based on container number or bill of lading. Forwarder is in contact with shipping company or terminal to be up to date about shipments. It is important to get real-time information of shipments to the customer in this upbeat world. Also, it is important to monitor shipments because of container rents and storage field costs.

(Portnet.com, 2012) Beside the shipping companies, harbors offer a service site called PortNet. There is updated information about departures and arrivals of
vessels. Forwarder follows journey of shipments daily and notifies the customer about possible delays. PortNet is meant for professional use and you could not enter there without login registration. This is important tools for making customs clearance because a vessel has to be arrived to harbor before you can make customs clearance. (Portnet.com, 2012)

4.4.6 Cargo arrival

Cargo arrival to customs area needs a lot of preceding actions before goods can arrive to the country. Harbors and shipping companies have share of responsibility in handling these preceding actions. Forwarder’s responsibility usually restricts in receiving documents and forwarding instructions from customer and planning of further actions. (Portnet.com, 2012). When foreign vessel arrives to a Indonesian port it has to give advance notification of arrival. Advance notification has to be updated to PortNet system 24 hours before vessel arrives to Indonesian port. There has to be vessel’s identifying information, nationality, type, harbor from which vessels is arriving and estimated time of arrival. When vessel has arrived to the harbor notice of it has to be given to PortNet latest 1h before arrival (Portnet.com, 2012). Notification about goods which will be unloaded has to be given to PortNet one hour before vessel’s arrival to harbor. It is confirmed to present the goods to customs with this notification. In this point, customer should have had delivered all necessary documents and forwarding instructions to the forwarder. If this has been not done yet, last chance to deliver documents is when the goods arrive to customs area. (Portnet.com, 2012)

4.5 Import Clearance Procedure

All goods coming into Indonesia must be cleared through Customs and it’s subject to customs duty and other taxes related to import unless specifically exempted from duty by law. Import clearance procedure involves a number of steps as the followings:

1. Procedure for entry prior to clearance

Imported goods are not legally entered, until after the arrival of the vessel with the limits of the port of entry. Upon the arrival of the vessel, the Master or His agent is obliged to lodge a General Declaration covering all cargoes and supplies on board to the Customs Service Office not later than the date of the arrival, exclusive of Sundays and Holidays, or any authorized extension, must be furnished with the following information:

   A. Name and flag of the vessel and also the name of her master;
   B. Country of Origin, place(s) and of loading/departure;
   C. Quantity, marking, numbering, and other descriptions of packaging of goods, including weight and volume (cubic content);
   D. Kind and quantity of goods which is not packed.
After reporting the vessel’s content to Customs Service Office, the goods can be unloaded at the authorized piers and places (approved landing places), or at any other authorized places subject to the request of the carrier.

2. Declarant

Goods may be declared by the importer or the customs broker on his behalf. The declarant, in order to obtain clearance of goods for home use or temporary importation must perform the followings:

A. to lodge the importer declaration (PIB), together with the relevant supporting documents such as: commercial invoice, airway bill or B/L, packing list, etc;
B. to pay import duties and taxes;
C. to ensure the accuracy for the particulars in the PIB such as among others: classification or HS/Customs code, customs value, etc.

In addition, the declarant is not only able to, under customs supervision, conduct a preliminary inspection and draw samples of goods before lodging the goods declaration for home use, but also able to obtain advance information from Customs on valuation and/or classification of the goods concerned.

3. Import Declaration

Declaration must be made on an import declaration form called “Import Declaration” (PIB) which should be lodged at the Customs Service Office during the office hours. After submittance of general declaration, the goods are allowed to be deposited in the customs temporary storages (sheds or open spaces) at the port of entry for a maximum period of 2 months, commenced from the date of unloading; however, in Tanjung Priok port of entry, the maximum period of temporary storage is only 1 month. The goods which is not yet cleared within the specified time will be treated as unclaimed goods in which Customs is empowered to remove, destroy, reexport, or sell such goods by auction.

In the case of the unclaimed goods, the importer or his agent is able to, within one-year-of-removal to the Customs Warehouse, lodge the PIB. If the goods is still not claimed by then and if the importer fails to settle expenses incurred for the removal and deposit of the goods, Customs is authorized to sell such goods by auction or otherwise dispose such goods as decided by the Minister of Finance. The proceeds of the sale are used to cover import duties, taxes, and other expenses. The balance will be returned to the importer if a claim is made within a period of 3 years started from the date of deposit in the Customs Warehouse. If it is not claimed by then, the balance will be appropriated for the State revenue. If the value of the unclaimed goods is not enough to cover the
import duties, taxes, and other expenses, those goods, which are not harmful or
dangerous, shall be destroyed after three years being taken into custody.

4. Documentation

The PIB among others requires the following information:

A. the name, occupation and address of the declarant;
B. the name of the carrier and her master;
C. country of origin;
D. place where goods are deposited (sheds, open spaces, warehouse, etc);
E. quality, description of goods for the purpose of classification and valuation.

The PIB should be completed with supported documents such as invoice, bill of lading, insurance papers, packing list, import license for certain kind of goods, etc.

5. Examination of Imported Goods

Examination is normally done in the presence of the declarant at legally specified places during office hours. The scope of the examination is normally up to 10%; however, when an offence is detected, a thorough examination will be carried out. The declarant is responsible for loading and unloading, unpacking, repacking, and providing other facilities needed for the examination of goods. When examination reveals and discrepancy, the sample of goods may be extracted for proper classification and assessment of value, duties, and taxes or for any other purposes as may be determined by Customs.

6. Appraision of Dutiable Goods

Customs duties are classified as ad valorem and specific. An ad valorem duty is a percentage which is applied to the dutiable value of the imported goods. Whereas a specific duty is a specified amount per unit of weight, gauge or other measurement of quantity, e.g. Rp.10,000.00 per kilogram under metric system, etc.

7. Payment of Duty

Payment of duty and taxes for imported goods shall be done through foreign exchange bank. As for goods brought by passengers coming from abroad which are not classified as commercial goods, the payment of duty and taxes can be done at the Customs Service Office at the airport. Passengers shall be given a receipt on the spot for duty paid. Any overpayment of duty is returned and underpayment is billed.
8. Release of Goods

In principal imported goods should be released immediately; nevertheless, when an offence is detected, a thorough re-examination will be carried out by Customs. The release of goods will be subject to normal customs procedures. In the case of the value of imported goods can not be assessed promptly due to laboratory analysis requirement, Customs may permit the release of the goods after taking samples or obtaining detailed technical documentations and the importer or declarant has submitted a guarantee to ensure the payment of any additional import duty and taxes might be incurred.

9. Goods Damaged, Destroyed or Lost

The Minister of Finance is empowered to remit the whole or any part of duty payable on any imported dutiable goods which by unavoidable accident or lost, damaged or destroyed at any time after their arrival within the limit and before removal from Customs control.

10. Temporary Importation

To facilitate trade, Customs has provided a facility for temporary importation. This facility allows importers to import temporarily goods without any duty payment under condition, within certain period of time, the goods must be re-exported. Otherwise the goods will be considered as permanently imported or home use and the importers are obliged to pay the duty and taxes incurred as well as fine amounting 100% of customs duty payable.

Goods which are eligible for obtaining temporary admission facility are as follows:

A. Goods used for seminars and the like;
B. Goods used for public entertainment purposes;
C. Goods used by experts for research, educational, religious, and cultural purposes, and for making film/movies;
D. Container used to transport goods repeatedly;
E. Goods used for samples, models or molds;
F. Articles used for games;
G. Vehicles or means of transport used by tourists themselves;
H. Articles used for oil drilling operation;
I. Articles to be repaired, reconditioned, modified, tested or maintained;
J. Live animals used for publics entertainment, training, breed or the like.  

(Indonesia Admission, n.d.)
4.6 HS Code

Harmonized System or usually referred to as HS is a list of goods classification list made systematically for the purpose of facilitating tariff, trading transaction, transport and statistic which has been improved from the previous classification system. Currently, the classification of goods in Indonesia is based on the Harmonized System and is applied in a list of tariff called Indonesia Customs Tariff Book - Buku Tarif Bea Masuk Indonesia (BTBMI). Harmonized Commodity Description and Coding System or better known as the Harmonized System was developed in 1986 by a study group of Customs Cooperation Council (now known as the World Customs Organization), and was passed in the HS Convention, signed by seventy countries, mostly European Countries, but now almost all the countries involved have ratified, including Indonesia which ratified through the Presidential Decree no.35 Year 1993.

The purpose of HS, among others, is:

1. Provide uniformity in the classification of systematic goods list.
2. Facilitate the collection of data and statistical analysis of the world trade
3. Provide official international system for coding, description and classification of goods for trading purpose.

Steps of HS Code Interpretation

Identify the good to be classified by finding out the specification, then we can choose the chapter related to the specification. Note the explanation contained in the section record or chapter record related to goods that have been classified. If there is a record that removes the goods from the selected chapter or section, note on what section or chapter the goods are classified. With this record we can find out the goods are classified in other chapters or sections. After a section or chapter complies with the specification of the goods, then the next step is to identify the heading that may covers more specific goods. Here we will define the sub-headings (6-digits), sub-heading AHTN (8-digits) and tariff heading (10-digits) to find out the charge for goods that enters Indonesia. If problems shall arise in the classification, please return to 10 points provisions to interpret HS.

The ten digits show the heading of national tariff taken from BTBMI, the tariff heading shows the amount of charge (BM, PPN, PPnBM, or duties) and the trade regulation. HS has a six-digits number for the classification, each country that signed the HS convention or contracting Party can develop a classification of six-digit number to be more specific in accordance with respective Government policy while remains under the provisions of the HS six-digits. In Indonesia alone, the classification system uses 10-digits numbering system in Indonesia Customs Tariff Book (BTBMI) which is a further elaboration of the sub-headings in the HS six-digit. (Kementrian Perdagangan Republik Indonesia, 2011)
4.7 Certificate of Origin

COO (Certificate of Origin) can be utilized to decrease custom tax on import goods to Indonesia. Related to this matter, Indonesia has enacted Law No. 7/1994 related to the Agreement of World Trade Organization trade policy and regulations. When doing import for their business activities in Indonesia, customers sometimes confused on how to use COO documents in doing importation, and how the regulations manage the issues. There are some regulations importer need to know when using this facility (Trade Ministry Regulation/ Permendag No. 77/M-DAG/PER/10/2014). Generally, the COO are documents to facilitate the import goods with function like minimalize the import tax to the import goods. (PT. CAKRA GEMILANG PRAKASA, 2013)

The purpose of certificate of origin is to prove goods’ country of origin. The exporter should verify whether a certificate of origin is required with the buyer and with experienced freight forwarder or the Trade Information Center. Certificate is required to those countries which have no free trade contracts with association but they need certificate of origin for allocating different trade political actions. Certificate of origin is formal document equipped with a serial number.

<table>
<thead>
<tr>
<th>No.</th>
<th>Form Name</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>FORM A</td>
<td>Generalized System of Preferences Certificate of Origin</td>
</tr>
<tr>
<td>2</td>
<td>FORM AANZ</td>
<td>Agreement Establishing the ASEAN - Australia - New Zealand Free Trade Area Certificate of Origin</td>
</tr>
<tr>
<td>3</td>
<td>FORM AI</td>
<td>ASEAN-India Free Trade Area Preferential Tariff Certificate of Origin</td>
</tr>
<tr>
<td>4</td>
<td>FORM AK</td>
<td>ASEAN-Korea Free Trade Area Preferential Tariff Certificate of Origin</td>
</tr>
<tr>
<td>5</td>
<td>FORM COA</td>
<td>Certificate of Authenticity Tobacco</td>
</tr>
<tr>
<td>6</td>
<td>FORM D</td>
<td>ASEAN Trade In Goods Agreement/ASEAN Industrial Cooperation Scheme Certificate Of Origin</td>
</tr>
<tr>
<td>7</td>
<td>FORM E</td>
<td>ASEAN-China Free Trade Area Prefential Tariff Certificate of Origin</td>
</tr>
<tr>
<td>8</td>
<td>FORM GSTP</td>
<td>Global System of Trade Preference Certificate of Origin</td>
</tr>
<tr>
<td>9</td>
<td>FORM HANDICRAFT BATIK</td>
<td>Certificate in Regard to Traditional Handicraft Batik Fabrics of Cotton (Handycraft)</td>
</tr>
<tr>
<td>10</td>
<td>FORM HANDICRAFT GOODS</td>
<td>Certificate of Handicraft Goods (Handicraft)</td>
</tr>
<tr>
<td>11</td>
<td>FORM HANDICRAFT PRODUCT</td>
<td>Certificate in Regard to Certain Handicraft Products (Handicraft)</td>
</tr>
<tr>
<td>12</td>
<td>FORM ICC</td>
<td>Industrial Craft Certification (ICC)</td>
</tr>
<tr>
<td>13</td>
<td>FORM IJEPA</td>
<td>Indonesia-Japan Economic Partnership Agreement</td>
</tr>
<tr>
<td>14</td>
<td>FORM IP</td>
<td>Indonesia Pakistan Preferential Trade Agreement (IPPTA)</td>
</tr>
<tr>
<td>15</td>
<td>FORM AJ (*)</td>
<td>The Agreement on Comprehensive Economic Partnership Among Member States of the Association of Southeast Asian Nation and Japan Certificate of Origin</td>
</tr>
<tr>
<td>16</td>
<td>FORM ANEXO III</td>
<td>Certificado De Pais De Origen (Anexo III)</td>
</tr>
<tr>
<td>17</td>
<td>FORM B</td>
<td>Republic of Indonesia Department of Trade Certificate of Origin</td>
</tr>
</tbody>
</table>
4.8 Cases of Importation Issues

Cigarette Import Ban in Thailand

The United States, a large tobacco producing country, campaigned to expand cigarette exports to make up for declining demand in the United States due to increased awareness of health/environmental risks associated with smoking. The U.S. Cigarette Exporters Association (CEA) has targeted markets traditionally closed to foreign cigarette imports. The association, appealing through the office of the United States Trade Representative (USTR), alleged that the target countries' restrictive trade policies with respect to tobacco constitute unfair trade practices, which warrant the imposition of retaliatory sanctions. The U.S. government appealed the case to the GATT and eventually Thailand was forced to open its cigarette import market in order to avoid U.S. sanctions. (Restrictions on Importation of and Internal Taxes on , 1991)

4.9 The Ishikawa cause-and-effect (fish-bone) Diagram

The Ishikawa cause-and-effect diagram also named as fish-bone diagram were invented by Professor Kaoru Ishikawa, a chemical engineer from the University of Tokyo. A Japanese exert, recognized as a pioneer in the field of theories on quality management. The Ishikawa diagram is a graphical tool used by companies, which offers a global vision of the generating causes of a problem and the resulting affects. As the causes are prioritized, it is possible to accurately identify the sources of the problem (50MINUTES.COM, 2015).

Figure below represents the cause-and-effects analysis of order booking problems in PT. Dart Air Expressindo from the operators point of view. The word at the right-hand end of the arrow means the characteristic and the words at the end of sub-branches and sub-sub-branches represent the causes and sub-causes. Basically, the causes listed in the upper half of the main arrow are from human beings, such as internal staff, customers and third-party agents while those in the lower part are non-human factors, such as methods, systems and measurements.
4.10 SWOT Analysis (in general)

SWOT analysis refers to an organization strategy that involves the strengths and weaknesses of the organization, and the opportunities and the threats facing the organization. This is one of the analytical tools to help an organization develop their future and it has the capacity to enable an organization to understand itself. For an organization to be able to adapt and respond to changes in their environment, one should understand the external and internal contexts so that the organization can develop a vision and strategy that link the two. The purpose of the SWOT analysis is to provide information regarding the organization’s strengths and weaknesses in relation to opportunities and threats that they are facing.

Strength

The advantages that the company or organization has is strength, what are the things that makes an organization or company better than their competitor, or exceptional resources that you can draw that the others can’t. The strength makes the organization confidence to compete in the competitive market.

Weakness

Weakness is the things that create loss in business, yet it can be a turning point to make the organization or company better. Every company needs to be aware of their weakness and to overcome that certain weakness. Do not let the competitors to have better knowledge of the weakness point in the organization.
Opportunity

Opportunity is the external positive thing to support the organization business development, such as the exciting trend that is happening lately and great opportunity that certain organization can see.

Threats

Any obstacle coming from outside that slowed down the expansion of company’s business is considered as threat. As the competitiveness in global market is tighter nowadays, the threat for companies is inevitable.

(Figure 3: SWOT analysis of PT.Dart Air Expressindo)
After the researcher’ has shown SWOT analysis of PT. Dart Air Expressindo in general, the researcher will show the strategy of the company based on the SWOT analysis of PT. Dart Air Expressindo below:

<table>
<thead>
<tr>
<th>TOWS Matrix</th>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Opportunities</strong></td>
<td>S-O Strategies: 1. Increase the tonnage delivery and stronger business. 2. Various sector industry in Indonesia which trading with another country.</td>
<td>W-O Strategies: 1. Develop their management in branches in order to compete with other freight forwarders. 2. Hire a new staff for their branches, which will increase their scope of delivery.</td>
</tr>
<tr>
<td><strong>Threats</strong></td>
<td>S-T Strategies: 1. Anticipate with the new comers, even it is local comers or big foreign comers by increase the service to customers. 2. Improve their performance and maintain their service.</td>
<td>W-T Strategies: 1. Centralized management culture. 2. Others competitor rise up in the city of PT. Dart Air Expressindo’s branches.</td>
</tr>
</tbody>
</table>

(Table IV-2: TOWS Matrix Strategy)

**Strength-opportunity**

Based on strength and opportunity of PT. Dart Air Expressindo, the company should use the opportunity to emerge their market in Indonesia to increase their services. With all the awards from various airlines and have licensed, PT. Dart Air Expressindo should increase the tonnage delivery and stronger business. Moreover, Indonesia is a wide country that has various sector of business which is trading with other country. That situation must be noticed by PT. Dart Air Expressindo.

**Strength-threat**

Based on strength and threat of PT. Dart Air Expressindo, the company should anticipate with the new comers, even it is local comers or big foreign comers by increase the service to customers. PT. Dart Air Expressindo should improve their
performance and maintain their service in order to become more competitive in emerging market where intense competition exists.

Weakness-opportunity

Based on weakness and opportunity of PT. Dart Air Expressindo, the company should develop their management in branches in order to compete with other freight forwarders. To become a competitive competition, PT. Dart Air Expressindo should hire a new staff for their branches, which will increase their scope of delivery.

Weakness-threat

Based on weakness and threat of PT. Dart Air Expressindo, the company should aware and anticipate with the weaknesses of the company which centralized management culture, everything focuses on head office while others competitor rise up in the city of PT. Dart Air Expressindo’s branches.

4.11 Interpretation of Result

The researcher has identified what are the obstacles issues should be considered in importation division as third party logistics after doing the data analysis. There are 2 categories of obstacles issues as third party logistics in importation division that commonly happen: completion of document and typo document. Completion document is needed to do customs clearance since that the requirement for government of Indonesia. Whereas typo document is commonly issues happen, since that must be readdressed and take a time and cost.

Based on the data analysis, the researcher concludes that is important for third party logistics to ask for the document before deliver the goods. It is important since the completion documents has significantly impact the company’s performance. Second, today competition is between third party logistics with its objective to reduce the costs. And company should be aware of the completion documents to minimize the obstacles.

Lastly, the researcher has found how freight forwarder analyzes their importation division performance from the obstacles viewpoint. PT. Dart Air Expressindo do the following strategy to manage their obstacles and maintain their importation:

1. PT. Dart Air Expressindo ask about the completion document to customer before shipping the goods to Indonesia.
2. Re-check all the document before goods loads to vessel.
3. Good communication system between PT. Dart Air Expressindo, shipper’s agent, and customer.

The process flowchart is the result of interviewing case company’s employee. It is presented based on information they provided. The work of forwarder is very varying, interesting and challenging. Every day and every job for a client is different and forwarder strives to handle all shipments carefully until the end. Cultivation is in the key position in forwarders work because the work is challenging and requires keeping up the know-how. It is important to adapt fast
new conducts and procedures to different situations besides keeping up know-how. For example, finish customs and Indonesia customs develops constantly their system and updates new information which is very essential in forwarder’s work. It is notable recently that customs have willingness in development of conservation of nature and social aspects. Also, the price competition of shipping companies is getting tougher and tougher and forwarder’s balancing on the top of the quality and prices requires sacrifices and risk taking. In all forwarding and work of forwarder is grass roots of logistics in which entire center of logistics fixates.

The work of import section is challenging but interesting. They create many documents such as arrival notice, release note, terminal advice and dispatch note. Also, they have to work on customs office’s documents such as clearance conclusion and release conclusion. Customs office sends these two documents as soon as forwarder enters right information to their electronic verification system. Information has to be written completely correctly because there are other works in queue and it takes some time to get your work rechecked. Whenever import section becomes very busy with customers’ orders, staff has to monitor status of shipments carefully and input information about the goods electronically. Forwarder’s software tools are quite interesting, convenient and easy to learn and easy to use them decently in two weeks. Overall forwarder’s work is interesting but sometimes it might get very busy so one must be able to work under pressure occasionally.

5.1 Conclusion and Recommendation
5.2 Conclusion

To answer research question number one, the researcher has been through all the research process, the researcher is in the conclusion that the obstacles which often disrupt in the importation in freight forwarder are completion document and miswriting.

Related with research question number two of related with the role of PT. Dart Air Expressindo. The role of PT. Dart Air Expressindo in the process of importation by sea. PT. Dart Air Expressindo will receive a shipping instructions from origin’ agents to be a receiver of the customers’ or consignee’ goods. PT. Dart Air Expressindo is the forwarders who take the care out of the goods from customs area, begins with the document and license of customers for making PIB and doing a customs clearance. PT. Dart Air Expressindo also arrange a trucking for delivering goods from customs area to consignee warehouse if the customers need it.

The researcher also concludes that it is important for freight forwarders company to anticipate all the obstacles that might happen effectively. Since importation has become more important and has significant impact on company’s performance, today intense competition rely on the importation, and company must be aware of their obstacles to minimize it.
To answer research question number three, how to prevent the barriers. The researcher has found how freight forwarder analyzes their importation division performance from the obstacles viewpoint. Here are the processes:

1. PT. Dart Air Expressindo check about the completion document to customer before shipping the goods to Indonesia.
2. Re-check all the document before goods loads to vessel.
3. Good communication system between PT. Dart Air Expressindo, shipper’s agent, and customer.

Checking all document of customers or consignee is necessary since the government will hold the goods in the warehouse’ port if PT. Dart Air Expressindo could not fill the government requirement of importation. It will affect the performance of PT. Dart Air Expressindo and the consignee itself. Checking all document before loads the goods to vessel is important, since the origin’ agents probably have a human error in checking document. From PT Dart Air Expressindo must check the documents of customers, whether the expired date of import license, or the required document of importation.

5.3 Recommendation

By having the conclusion that importation division of PT. Dart Air Expressindo is working very well, the researcher suggests to:

5.3.1 PT. Dart Air Expressindo

To help PT. Dart Air Expressindo improve importation division, both during the dealing with origin freight forwarder and checking the documents some recommendation will be given. First, PT. Dart Air Expressindo has to ask to customers regarding the completion document of importation includes the license of importation. This can be done by reminding all of the customers regarding importance of obstacles that importation division face. Second is PT. Dart Air Expressindo should collaborate and enhance with agent in origin country to avoid some miss writing whether in the address, name of company, name of consignee. Lastly, importation division should adjust ongoing customers with the manpower to evaluate and re-check all the documents and license of importation of the company.

5.3.2 Future Researcher

There are several areas that would be interesting for future research. First, it would be relevant to study how to recovery strategy reduces the impact of obstacles that face by PT. Dart Air Expressindo. It would be necessary to decide what type of recovery strategy that significantly reduces the impact of the obstacles, yet the impact is negatively huge to company and customer’s profitability.
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APPENDIX

Transcript Interview

Interview I: Business Development Manager at PT Dart Air Expressindo

Researcher: Good afternoon Mr. William, let me introduce myself, my name is Ilham Ridwani, from President University. I would like to conduct an interview with you regarding importation from freight forwarder perspective in the fulfillment of my skripsi. For the first question is what is freight forwarder?

Participant: Good afternoon, my name is William Bayuaji as Development Manager. Freight forwarder is a business which offers a service of transportation, delivering goods from Indonesia to others country which called as an export, and delivering goods from others country to Indonesia which called import, and domestic delivering from one place to another place in Indonesia. Delivering goods use multimodal transportation, which is air, sea, and land.

Researcher: What is the benefit being freight forwarder?

Participant: For the benefit of being a freight forwarder is, every importer or exporter is always using freight forwarder services, because our service is the main business of them which is trading goods. The scope business of freight forwarder is very wide and limited, because as long as every business sector using importation and exportation for trading, freight forwarder will always be a demand for them.

Researcher: Does PT. Dart Air Expressindo process the documentation of the customer? If yes, what are the documents needed?

Participant: The only matters is the completion of customer document/consignee, it must be complete with import license, NPWP, SIUP, NIK, and might be there is a special goods which need to use special document such as electronic, food, cosmetic, mining, it depends on the goods.

Researcher: What is the standard operating procedure in handling documents?

Participant: As the freight forwarder who have a handling goods delivery, in importation, while agents/another freight forwarder from origin country/other country who have a shipment to Indonesia will contact a freight forwarder in destination country as their agent for handling the import goods, and PT. Dart Air Expressindo is the agent who receive that goods as our role in the process of handling import, we will handle for customs clearance we will arrange for trucking from port to customer warehouse.

Researcher: What do you consider to be the most serious problem in current importation?
Participant: In customs clearance for customs agency side is the system is quite hard, such as there is a typo in the address or the name of receiver, it must be readdressed, and it takes three or four days, and it can affect some cost in consignee side, and if there is a typo it supposes to be accepted while the document is complete already. The others problem occurs is the document of consignee is not complete, the goods can be delivered back to origin country, and of course it takes a lot of cost, which supposed to be not happened.

Researcher: First we need a very detailed process of whole operation flow: form the very beginning (such as order receiving) to the very end.

Participant: For the flowchart of importation, first we receive the shipping instruction from origin to destination, we have to check what kind of the goods, and what other document needed for that goods which must be showed, for the license of importation, packing list and the determination of HS code, second we communicate with the origin agents regarding the shipping schedule, and we will communicate with the consignee for dealing for the schedule and dealing for the prices of shipping, and we can continue to ship the goods. Distance and time of shipping is influenced, after that we receive pre alert from agent in origin which we will receive the detail of the goods and the document for customs, and we make PIB when the goods has arrived in Jakarta, Indonesia, it is the evidence that we have made a trading and will recorded by Indonesia government, after that we can move out the goods from shipping line warehouse to consignee warehouse. The terms of delivering goods is between the seller and the consignee.

Researcher: Is there any problem that the company experience and encounter during the process? How to overcome with that?

Participant: Problem that occur mostly is the receiver/customer/consignee does not have a complete document, sometimes the consignee has a deal with seller and doing transaction but the consignee does not fill the requirements for importation rules, for customs clearance in Indonesia has been great which government make the importation easier.

Researcher: Does your company categorize operation according to different product characteristics? (Such as food, oil and mining, furniture, etc.) Or you develop your process according to other scenarios? Do you apply different operation process according to them, and what is it?

Participant: There is a general cargo which is a common goods which not dangerous, and do not need a special handling and not crucial, means that the goods do not need a temperature, dangerous goods. Second is dangerous goods, which goods categorized as dangerous goods but still can be deliver, and need some special handling, such as poisoning, easy to burn, contain radioactive, it included as dangerous goods. Third is perishable goods which focuses on time or period, it
need a special handling, such need a refrigerant, isolation place, it contains some smells or it makes corrosive, or easy to broken, such as foods, vegetables, fruit. These three goods has different handling, the price must be different, the most affordable goods is general cargo.

Researcher: Concerning the information exchange, can you kindly show which kinds of information you worked with in your EDI system, for instance, how EDI system worked as a delivering system, etc?

Participant: EDI is used by online, which connected with customs side. EDI is goods data which showed in digital, exchange of the whole information in document. EDI connected with customs agency for digital goods information data.

Researcher: The time spends on making response on communications

Participant: It is all depend, usually we communicate using telephone and email, we prefer using email because it is more clear, the first communication in email will be recorded very clear. For the delivering goods itself, usually takes two or three days, as long as the data or document complete and no obstacles, we can deliver the goods directly.

Researcher: The answer is very satisfying, and thank you for the cooperation. I really appreciate for your time to have an interview with me, good day, sir.

Participant: Good luck to you

Interview II: Managing Director at PT Dart Air Expressindo

Researcher: Good afternoon Mrs. Julia, let me introduce myself, my name is Ilham Ridwani, from President University. I would like to conduct an interview with you regarding importation from freight forwarder perspective in the fulfillment of my skripsi. For the first question is what is freight forwarder?

Participant: Good afternoon, my name is Julianti Susanto as managing director in PT. Dart Air Expressindo. Freight forwarder is an entity which handle a transportation issue, offers a service to customer for importation and exportation with air, sea, and air sea.

Researcher: What is the benefit being freight forwarder?

Participant: For the benefit of being a freight forwarder is, it’s a limited business, mostly in Indonesia the company used foreign material for their product. Their demand is always using the freight forwarders service, since for faster delivery is using airline and only licensed freight forwarders can book space to airlines.

Researcher: Does PT. Dart Air Expressindo process the documentation of the customer? If yes, what are the documents needed?
Participant: First, customers need an import licensed, and some licensed if the imported goods are special or restricted in Indonesia. And the rest documents are SIUP, NPWP, NIK, API, it depends on the goods and the customers’ business sector.

Researcher: What is the standard operating procedure in handling documents?

Participants: The standard procedure in handling document is between us and the agents in origin country, they will contact us as the receiver for the goods, they will announce us whether the goods are about to arrive, and send all document to us for clearance. Some case, they ask us to operate the trucking from port to their warehouse.

Researcher: What do you consider to be the most serious problem in current importation?

Participant: The most serious problem is the document of consignee company is not complete for customs clearance, or miswriting regarding the document. All problem could cause a cost, whether the goods must be stay in ports’ warehouse and there is an additional cost or the goods must be send back to origin country, it takes another cost also.

Researcher: First we need a very detailed process of whole operation flow: form the very beginning (such as order receiving) to the very end.

Participant: Flow of the importation is, first, we receive an email of shipping instruction from agent in origin country, and the contact of consignee in Indonesia, after that asked about the document of the goods and HS code for checking the regulation regarding those goods. If the documents and goods are ready to ship, the agent in origin country announce us that goods are on vessels and they give the estimation of arrival, when the goods are about to arrive, they will inform us to clearance the goods. Then, we inform the consignee that goods arrive, whether the consignee will arrange the trucking by themselves or ask us to arrange trucking to their warehouse.

Researcher: Is there any problem that the company experience and encounter during the process? How to overcome with that?

Participant: Most problem is in the shipper and consignee, they only focus on the goods without focus on the document needed. They send the goods by forwarders to Indonesia and could not fill the requirements of import.

Researcher: Does your company categorize operation according to different product characteristics? (Such as food, oil and mining, furniture, etc.) Or you develop your process according to other scenarios? Do you apply different operation process according to them, and what is it?

Participant: we categorize three kinds of goods. First, common goods which does not need any special document or special treatment. Second,
perishable goods which goods has an expired date and special treatment on the goods. Last, dangerous goods which goods has a special treatment and special document. Every goods must be treat by its characteristics.

Researcher: Concerning the information exchange, can you kindly show which kinds of information you worked with in your EDI system, for instance, how EDI system worked as a delivering system, etc?

Participant: Electronic Data Interchange or EDI is used by almost all forwarders, because it connected with the customs agency. It makes forwarders easier to run the business.

Researcher: The time spends on making response on communications

Participant: Communication between agent in origin country, consignee, shipper using email. We communicate depends on the goods, when the goods already arrive in Indonesia that is the end of our communication, depend on the period of shipments.

Researcher: What a satisfy answer, thank you for the cooperation. I really appreciate for your time to have an interview with me, good day.

Participant: You are welcome, good day, God bless!

**Interview III: Import Manager at PT Dart Air Expressindo**

Researcher: Good afternoon Mrs. Tiwi, let me introduce myself, my name is Ilham Ridwani, from President University. I would like to conduct an interview with you regarding importation from freight forwarder perspective in the fulfillment of my skripsi. For the first question is what is freight forwarder?

 Participant: Good afternoon, my name is Tiwi Hanny as an import manager in PT. Dart Air Expressindo. Freight forwarder is a business engaged in the service regarding goods movement from some place to another place.

Researcher: What is the benefit being freight forwarder?

Participant: Being a forwarder could gain many benefit, since the customers need to cut their cost for importing some goods rather than import by themselves, because importing using a service of forwarders is more affordable and it is not complicated.

Researcher: Does PT. Dart Air Expressindo process the documentation of the customer? If yes, what are the documents needed?

Participant: Customers need to show their API, SIUP, NPWP, NIK to us to do customs clearance. When the documents are completed, we can process the goods directly.

Researcher: What is the standard operating procedure in handling documents?
Participants: Every shipment who use forwarder service in origin country will communicate to another forwarder in the destination, they will communicate with us regarding document, trucking, goods, time arrival, shipping, HS code, and form COO.

Researcher: What do you consider to be the most serious problem in current importation?

Participant: We have faced many problem while doing importation, as the most serious problem is about the document of consignee. The consignee do not know that the documents is not complete, it will affect to consignee related with cost.

Researcher: First we need a very detailed process of whole operation flow: form the very beginning (such as order receiving) to the very end.

Participant: Forwarder in origin country is always communicate with forwarder in destination country, they will give us an information about the consignee, and we will contact to consignee regarding the shipment, and when the consignee deals with the rate, schedule we will receive a shipping instruction, when the goods is loaded to vessels they will inform us and we will inform the consignee, any information related with the goods we must inform the consignee. And we will do a customs clearance to take the goods out of customs area.

Researcher: Is there any problem that the company experience and encounter during the process? How to overcome with that?

Participant: Problem that commonly occurred is the document of consignee license, we had to wait until the consignee can complete the document.

Researcher: Does your company categorize operation according to different product characteristics? (Such as food, oil and mining, furniture, etc.) Or you develop your process according to other scenarios? Do you apply different operation process according to them, and what is it?

Participant: Course there will be a characteristic of goods, and that would be different handling for each category. We got three category, general goods, dangerous goods, and perishable goods. Every category has different handling, different document, and also different rate of price.

Researcher: Concerning the information exchange, can you kindly show which kinds of information you worked with in your EDI system, for instance, how EDI system worked as a delivering system, etc?

Participant: EDI system is a system that connect forwarder to customs agency. Giving information from one to another regarding the trading.

Researcher: The time spends on making response on communications
Participant: Every communication needs time, depends on the goods; if the goods only a week, there would be only one week communication, and the rest we communicate with the consignee.

Researcher: I really appreciate for your time to have an interview with me, thank you and have a good day.

Participant: Good luck Ilham

**Interview IV: Import Supervisor at PT Dart Air Expressindo**

Researcher: Good afternoon Mrs. Egi, let me introduce myself, my name is Ilham Ridwani, from President University. I would like to conduct an interview with you regarding importation from freight forwarder perspective in the fulfillment of my skripsi. For the first question is what is freight forwarder?

Participant: Good afternoon, my name is Margie Handayani as an import supervisor in PT. Dart Air Expressindo. Freight forwarder is a company that offers a handling process of moving goods, from the document, shipping, clearance, and trucking

Researcher: What is the benefit being freight forwarder?

Participant: Benefit for company itself, first there is another additional profit from process making some licensed for customers regarding fulfillment of import document. Second, we do not need any warehouse, everything using computer begin with communication, booking space to airlines or shipping lines.

Researcher: Does PT. Dart Air Expressindo process the documentation of the customer? If yes, what are the documents needed?

Participant: We offers some special document handling which we help customers to make an import licensed, which they need to submit document such as SIUP and NPWP, and we get API, and another document needed for importation is NIK

Researcher: What is the standard operating procedure in handling documents?

Participant: Since we receive a shipping instruction, we do not need to communicate with airlines or shipping line, everything has been handled by origin agents’. We only contact with them and customers

Researcher: What do you consider to be the most serious problem in current importation?

Participant: Problem that we have faced most seriously is some consignee or customers would like to import some goods which needs special handling and special document such as dangerous goods or perishable goods, but the company only know that it needs general document,
when the goods arrive in Indonesia, they could not take it out from customs area.

Researcher: First we need a very detailed process of whole operation flow: form the very beginning (such as order receiving) to the very end.

Participant: When origin agents need help from us to receive the goods to Indonesia, they contact us to handle everything related with customers’ goods. We will receive such as house bill, master bill, invoice, shipping instruction, certificate of origin, pre-alert, and etcetera. After that using all import document to make PIB to do customs clearance and we organize trucking if the customers need it.

Researcher: Is there any problem that the company experience and encounter during the process? How to overcome with that?

Participant: Being a freight forwarder must overcome every problem that might occur, such as customers do not have licensed for importation, we help them to make import licensed.

Researcher: Does your company categorize operation according to different product characteristics? (Such as food, oil and mining, furniture, etc.) Or you develop your process according to other scenarios? Do you apply different operation process according to them, and what is it?

Participant: Every customer has different demand of goods, that’s why we define the goods based on the goods characteristics, when it comes with common goods that would be a general product. When it is a food or some food material which is very sensitive that would be a different handling and container. And last, when it comes with liquid or flammable gas that would need special handling and special document, not every company can import it.

Researcher: Concerning the information exchange, can you kindly show which kinds of information you worked with in your EDI system, for instance, how EDI system worked as a delivering system, etcetera?

Participant: EDI is a modern system that make us easier to communicate with customs agency. Whether there is an information we send it by using EDI system, everything is online now.

Researcher: The time spends on making response on communications

Participant: It depend on the duration of one shipment, when the goods has not arrive yet, we still communicate where is the location of the goods, and when the goods arrive we will receive the full document and that is the end of the communications.

Researcher: I really appreciate for your time to have an interview with me, thank you and have a good day.

Participant: You are welcome, have a good day too.
Interview V : Import Operation Staff at PT Dart Air Expressindo

Researcher : Good afternoon Mr. Angga, let me introduce myself, my name is Ilham Ridwani, from President University. I would like to conduct an interview with you regarding importation from freight forwarder perspective in the fulfillment of my skripsi. For the first question is what is freight forwarder?

Participant : Good afternoon, my name is Angga Dwiyandi as an import operation staff in PT. Dart Air Expressindo. Freight forwarder is a business which help customers to make easier to do exportation and importation.

Researcher : What is the benefit being freight forwarder?

Participant : Freight forwarder could gain maximum profit, means we could handle for making document, license, shipment and trucking, each margin gain profit to us.

Researcher : Does PT. Dart Air Expressindo process the documentation of the customer? If yes, what are the documents needed?

Participant : For making an API the customers need to submit the NPWP and SIUP, which API and NIK will be submitted to customs agency for the evidence that customers are legal to do importation.

Researcher : What is the standard operating procedure in handling documents?

Participants : The communication between us and the customs agency is important since the goods already arrive in Indonesia. Before the goods arrive, there would be communication between us and origin agent to arrange the shipment to Indonesia. Making PIB is necessary which the goods are leaving customs area.

Researcher : What do you consider to be the most serious problem in current importation?

Participant : The problem is when we are going to make PIB to take the goods out of customs area, and the document is not complete, it will take additional cost if the document could not submitted that day.

Researcher : First we need a very detailed process of whole operation flow: form the very beginning (such as order receiving) to the very end.

Participant : When we receive shipping instructions, we only communicate with origin agent to arrange the schedule of shipping and we inform the consignee whether the agree or not with the schedule and rate. After we get an information, we focus on the documents to make PIB to do customs clearance and arrange trucking to take the goods out of the customs area.
Researcher : Is there any problem that the company experience and encounter during the process? How to overcome with that?

Participant : While we are going to make PIB, there is a missing document or the some document is not complete, while we overcome the document with customers there is an additional cost for the goods in customs warehouse.

Researcher : Does your company categorize operation according to different product characteristics? (Such as food, oil and mining, furniture, etc.) Or you develop your process according to other scenarios? Do you apply different operation process according to them, and what is it?

Participant : Every good has different category and different handling process, of course there will be a special container for some special goods such as perishable goods and dangerous goods. If the goods do not need special handling, we do not need any special container and special handling process also such as furniture, garments, and etcetera.

Researcher : Concerning the information exchange, can you kindly show which kinds of information you worked with in your EDI system, for instance, how EDI system worked as a delivering system, etc?

Participant : EDI is a tool for us to give or receive an information regarding trading.

Researcher : The time spends on making response on communications

Participant : The time spends between us, origin agent and customers only happen while there is a shipment, all depend on the duration of shipment itself.

Researcher : Thank you for the cooperation. I really appreciate for your time to have an interview with me, have a good day.

Participant : You are welcome, good luck and have a good day

**Interview VI : Senior Customer Service at PT Dart Air Expressindo**

Researcher : Good afternoon Mr. Donni, let me introduce myself, my name is Ilham Ridwani, from President University. I would like to conduct an interview with you regarding importation from freight forwarder perspective in the fulfillment of my skripsi. For the first question is what is freight forwarder?

Participant : Good afternoon, my name is Donni Yulianto as a senior supervisor in PT. Dart Air Expressindo. Freight forwarder is a company that offers a service company for handling exportation and importation using multimodal transportation.

Researcher : What is the benefit being freight forwarder?
Participant: The main goal is to gain profit and satisfying of customers, since there is a lot of demand from a company who use our service, they will always come to us to make easier their business.

Researcher: Does PT. Dart Air Expressindo process the documentation of the customer? If yes, what are the documents needed?

Participant: There are only some document needed, which customers to have import license, SIUP, NPWP, API, and NIK. Which all the document needed for making PIB and customs clearance to take the goods out of customs area.

Researcher: What is the standard operating procedure in handling documents?

Participants: Satisfying customers is important, so any information from origin agent must be informed to customers, whether the schedule of shipment, the rate, handling document and trucking. Everything needs communication to run business satisfy.

Researcher: What do you consider to be the most serious problem in current importation?

Participant: Fatal problem when the goods come to Indonesia territory and we are about to take the goods out of the area and the customers could not submit all the document, it takes additional cost or even the goods can be send back to the origin country.

Researcher: First we need a very detailed process of whole operation flow: form the very beginning (such as order receiving) to the very end.

Participant: We receive an email of shipping instruction and the information of the consignee, we have to make sure to consignee that there will be a shipment to them, after we crosscheck, we will inform origin agent to arrange the shipping schedule to Indonesia, and we need to inform the consignee also. After that we receive the the goods detail, invoice, and every document needed, and when the goods is about to arrive, the agent inform us and send all the document to us to make the PIB and customs clearance. Then, we inform the consignee, are they going to make their own trucking or arrange by us.

Researcher: Is there any problem that the company experience and encounter during the process? How to overcome with that?

Participant: Since I worked here, I have an experience that common happen, the document of customers is not complete or there is an expired date and they did not recognize it but the goods is already arrive in Indonesia.

Researcher: Does your company categorize operation according to different product characteristics? (Such as food, oil and mining, furniture, etc.) Or you develop your process according to other scenarios? Do you apply different operation process according to them, and what is it?
Participant: Some goods are restricted in Indonesia but still can be imported by some company which trusted by the government of Indonesia, but it still needs a special license, that goods are dangerous goods and perishable goods. Since the goods are common and do not need any special license or special handling it categorize as a general goods.

Researcher: Concerning the information exchange, can you kindly show which kinds of information you worked with in your EDI system, for instance, how EDI system worked as a delivering system, etc?

Participant: EDI is system that connect us with the customs agency, to communicate with them by send or receive an information

Researcher: The time spends on making response on communications

Participant: It depends on the duration of shipment, some communication is about a month because the goods from European country or US, if the goods from Asia it only needs a week to communicate with origin agent and customers

Researcher: Thank you for the cooperation and your time. I really appreciate it to have an interview with me, have a good day.

Participant: You are welcome, good luck

Interview VII: Sea Import Customer Service at PT Dart Air Expressindo

Researcher: Good afternoon Mr. Riyadi, let me introduce myself, my name is Ilham Ridwani, from President University. I would like to conduct an interview with you regarding importation from freight forwarder perspective in the fulfillment of my skripsi. For the first question is what is freight forwarder?

Participant: Good afternoon, my name is Muhamad Riyadi as a sea import customer service in PT. Dart Air Expressindo. Freight forwarder is a business that offers a service for trading which are importation and exportation, and arrange all documents needed.

Researcher: What is the benefit being freight forwarder?

Participant: The benefit of forwarder is a demanding company for customers who doing an importation and exportation, they will always seek for our service, from that we can have a profit and loyal customers when they are satisfied.

Researcher: Does PT. Dart Air Expressindo process the documentation of the customer? If yes, what are the documents needed?

Participant: The customers need to prepare their import license, NPWP, NIK, SIUP, and API. If the documents are ready, they can process the importation.

Researcher: What is the standard operating procedure in handling documents?
Participants: When we receive a shipping instructions mean that we have to deliver the goods to the address of the consignee. All communication using e-mail, which is recorded and easier for us regarding to give information to consignee and origin agent. All process will be conduct by us and origin agent. From the document to customs clearance and trucking.

Researcher: What do you consider to be the most serious problem in current importation?

Participant: The most serious problem so far is about the document and miswriting. When the customers could not prepare the documents needed, the goods could not get out from customs area. And for the miswriting, there must be a readdressed, since the government of Indonesia could not deal with the miswriting, it takes time and cost for customers. And it will affect the forwarders performance.

Researcher: First we need a very detailed process of whole operation flow: form the very beginning (such as order receiving) to the very end.

Participant: Shipping instruction received from origin agent, they will give an information about the consignee and the goods. They will arrange a schedule for us and consignee, and need approval from consignee. When the goods is about to arrive, agent will inform us and we need to inform consignee to prepare all the document for customs clearance, beside that the agent will send all the complete documents.

Researcher: Is there any problem that the company experience and encounter during the process? How to overcome with that?

Participant: The problem that we experienced is there is a misunderstanding from consignee side. Consignee could not prepare the complete documents for importation, it will affect the performance of us and the consignee itself. The only way to overcome is preparation from the consignee itself before dealing a shipment with shipper.

Researcher: Does your company categorize operation according to different product characteristics? (Such as food, oil and mining, furniture, etc.) Or you develop your process according to other scenarios? Do you apply different operation process according to them, and what is it?

Participant: Each shipment has a different handling depends on the goods, if the goods is a common goods there will be a common shipping and common container. And the other goods are perishable goods and dangerous goods, we need to arrange the container and special handling since the goods is very sensitive. The document also different between each shipment of goods.

Researcher: Concerning the information exchange, can you kindly show which kinds of information you worked with in your EDI system, for instance, how EDI system worked as a delivering system, etc?
Participant: EDI system is a bridge of communication between us and customs agency, related with the information from us or them.

Researcher: The time spends on making response on communications

Participant: We communicate only when there is a shipping only, the time depends on the time of shipment. We communicate only for giving an information or related with the shipment. Sometime it takes a few days to month.

Researcher: The answer is very satisfying, and thank you for the cooperation. I really appreciate for your time to have an interview with me, have a good day.

Participant: You are welcome, good luck for you.
Field Work Pictures

Interview with Mr. William Bayuaji at Head Office of PT. Dart Air Expressindo in Penjernihan

Interview with Mrs. Julianti Susanto by skype, and the photo when internship
Interview with Mr. Donni Yulianto at Head Office of PT. Dart Air Expressindo in Penjernihan

Interview with Mr. Muhamad Riyadi at Head Office of PT. Dart Air Expressindo in Penjernihan
Interview with Mr. Angga Dwiyandi at Tanjung Priok

Interview with Mr. Tiwi Hanny at Head Office of PT. Dart Air Expressindo in Penjernihan
Interview with Mr. Margie Handayani at Head Office of PT. Dart Air Expressindo in Penjernihan