International Journal of Technology and Education Research

https://e-journal.citakonsultindo.or.id/index.php/IJETER

E-ISSN: 2986-0733

The Influence of Capital and Prices on Frozen Food Business Profits in Kendari City

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Abstract

Capital and the determination of the price of a product have an effect on every business actor, especially in setting the price of the product to be sold. This is because if the price of products sold, such as frozen processed food, increases in price from the previously set price, then there will be a decrease in consumer interest. This study aims to determine the effect of capital and price on the profits of frozen food businesses in Kendari City. The type of data used is qualitative data while the data collection techniques used in this study are direct interview and documentation techniques. Data analysis used in this study is multiple linear regression analysis. The results of the study show that the effect of capital and price on the profits of the frozen food business in Kendari City indicates that the variables of capital and prices have a simultaneous or joint effect on the profits of the frozen food business in Kendari City. From the results of the t analysis, the capital variable (X1) has no significant effect on business profits (Y). Capital is not the only factor that has an important influence because as an entrepreneur, in the case of a frozen food entrepreneur, you do not have to have large capital in the form of money that can help generate business profits. Meanwhile, from the results of the t-count analysis, the price variable (X2) has a real or significant effect on the profits of the frozen food business in Kendari City.

Keyword: Business Profit, Capital, Frozen Food, Price.

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INTRODUCTION

Micro Enterprises, Small Enterprises and Medium Enterprises as referred to in Government Regulation of the Republic of Indonesia number 17 of 2013 concerning the implementation of law number 20 of 2008 concerning micro, small and medium enterprises paragraph (2) letter b, carry out business development. Business actors are individuals or non-individuals who carry out business and/or activities in certain fields, according to Republic of Indonesia Government Regulation number 24 of 2018 concerning electronically integrated business licensing services.

Indonesia has an increasing fast food industry. Increasing consumer preferences for fast food and the development of domestic cold chain logistics are important factors driving the growth of the frozen processed food market in Indonesia (Mordor, 2023). This makes frozen food businesses compete to create product innovations and with strong support from technological innovation and the advantages of frozen processed food, products become more accessible and affordable for consumers (Mordor, 2023).

Frozen processed food is food that is preserved using a freezing process which allows the food to be preserved from the time it is prepared until the time it is eaten while still maintaining its nutritional content (Mordor, 2023). Frozen food products are based on type, namely ready-to-eat food, meat products, fish and seafood, other types that are frozen. One of the frozen processed foods that is consumed quite a lot is made from meat which has various types of processing. The increasing demand for frozen food products and the variety of product choices require consumers to choose the best processed food products. This makes manufacturers competitively try to introduce their products and gain a wider market share. When choosing a product, consumers also have the right to obtain clear, correct and honest information regarding goods and services, as well as the right to submit criticism, suggestions and complaints to the seller or producer if they are harmed (Simanjutak, et al., 2015).

Survey data conducted by the Ministry of Agriculture (2015) revealed very rapid growth in processed meat consumption at the national level. Increasing consumer demand for frozen food has an impact on increasing demand for chicken and beef (Anggraeni et al., 2014). The amount of consumption of ready-made meat commodities per capita in Indonesia in 2017-2019 is as follows:

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Table 1. Per capita consumption of processed meat commodities in Indonesia in 2017-2019

No	Year	Cooked chicken/meat (fried chicken, rendang, etc.) (Cut/piece)	Cooked processed meat (sausages, nuggets, smoked meat, etc (Cut/piece)
1	2017	9.907	1.718
2	2018	11.262	27.009
3	2019	12.722	31.545
	Total	**33.891**	**77.272**

Source: Livestock and Animal Health Statistics, 2020

The development of the frozen food business experienced an increase in early 2020 when the Covid 19 pandemic occurred which caused several areas to experience lockdowns which required all activities to be carried out at home, one of the regions implementing a lockdown was Southeast Sulawesi. Where people are limited in carrying out activities outside the home, they want food that can be stored for a long time and is easy to serve (Endah et al., 2022). Another factor that has caused this business to increase is the change in lifestyle today. A lifestyle that wants everything to be practical, easy and fast to serve and at an affordable price. Judging from the various types of products and brands of frozen processed food currently circulating on the market, with all the innovations from business actors, these products still have nutritional value and safe packaging if stored for a certain time.

Kendari City is one of the cities that is developing very rapidly in Southeast Sulawesi and even in Indonesia in general. This can be seen from the large number of visitors from outside Kendari City who aim to open a business (investment) or continue higher education (Hamundu, et al., 2020). One of the ongoing businesses is that frozen processed food has become a staple food for consumers because the raw materials used are hygienic and easy to serve.

Capital is one of the production factors needed to start a business. The source of business capital comes from own capital and capital from outside, where capital must be maximized with good use (Sudirman and Putra, 2015). Capital will influence the level of profit that business actors will obtain in running a business. Meanwhile, determining the price of a product has an influence on every business actor, especially in determining the price of the product to be sold. This is because if the price of the product being sold, such as frozen processed food, increases from the previously set price, then there will be a decrease in consumer interest in the product being offered. The aim of the research is to determine the effect of capital and price on frozen food business profits in Kendari City.

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METHOD

This research was conducted in Kendari City, Southeast Sulawesi. The research time (data collection in the field) was carried out for 1 (one) month, namely in April 2023. The population and sample in this research were all frozen food businesses in Kendari City, totaling 30 frozen food businesses in Kendari City. The type of data used in this research is primary data obtained through observation and interviews with respondents using questionnaires. Meanwhile, the type of data used is qualitative data, while the data collection technique uses interview techniques with all frozen food business owners in Kendari City using a Likert scale questionnaire.

Data analysis to determine the effect of capital and price on frozen food business profits is to use the multiple linear regression analysis method. The data is processed statistically for the purposes of analysis and hypothesis testing. According to Suyono (2015) the equation of the multiple linear regression method is as follows:

$$Y = a + b_1 X_1 + b_2 X_2 + e$$

Information: Y = Profit (Rp)
b1 – b2 = Multiple regression coefficient
X1 = Capital (Rp)
X2 = Price (Rp)
a = Constant
e = Standard Error

Classic Assumption Test

Normality test

The normality test is useful for finding out whether the independent variables and dependent variables have a data distribution and should be carried out before the data is processed based on research models. The normality test was carried out using the Kolmogrov-Smirnov test, where the data is said to be normally distributed if the Asymp value. Sign (2-tailed) ≥ 0.05 means the data is normally distributed, if the value of Asymp. Sign (2-tailed) ≤ 0.05 means the data is not normally distributed (Ningsih et al., 2019).

Multicollinearity Test

The multicollinearity test is used to determine whether the regression model found a correlation between the independent variables. If there is a correlation between the independent variables, then there is a problem with the multicollinearity of the regression

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model. A regression model that is free of multicollinearity means that the coefficient between independent variables must be weak below 0.05, if the correlation is strong then multicollinearity occurs. The multicollinearity test can be seen in tolerance and in contrast to VIF (Variance Inflation Factor), if the VIF value is less than 4 then multicollinearity does not occur.

Hypothesis Testing

t Test or Partial Test

The t test is used to partially test the influence of independent variables on independent variables. The t test or partial test is based on the probability value obtained from SPSS processing in the sig or significance column coefficients table, namely:

If the probability is > 0.05 then Ho is accepted

If probability <0.05 then Ho is rejected

In making decisions for the proposed hypothesis, the following criteria are:

If t count > t table then Ho is rejected and Ha is accepted (significant)

If t count < t table then Ho is accepted and Ha is rejected (not significant).

F Test or Simultaneous Test

The F test or simultaneous test is an initial stage to identify a regression model that is estimated to be feasible or not and is used to explain the influence of the independent variable on the dependent variable. It is said to be an F test because it follows the F distribution which has test criteria such as One Way Anova. In addition, the F test is used to test the influence of variables using statistical hypotheses:

If probability <0.05 then Ho is rejected

If the probability is > 0.05 then Ho is accepted

In making decisions for the proposed hypothesis, the following criteria are:

If Fcount > Ftable then Ho is rejected and Ha is accepted (significant)

If Fcount < Ftable then Ho is accepted and Ha is rejected (not significant)

Determinant Coefficient (R^2)

In multiple linear regression, you will see the magnitude of the contribution of the independent variables together to the dependent variable by looking at the magnitude of the total determinant coefficient (R^2). If the total determinant (R^2) is close to one, it can be said that

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the model is stronger. On the other hand, if the total determination (R^2) is closer to zero, the weaker the influence of the independent variable on the dependent variable.

RESULTS AND DISCUSSION

The Influence of Capital and Prices on Frozen Food Business Profits in Kendari City

The regression analysis method used in this research is multiple linear regression analysis. Before carrying out the mixed linear regression analysis, the classical assumption test, hypothesis test, and coefficient of determination (R^2) test are first carried out.

Table 2. Results of Multiple Linear Regression Tests on the Effect of Capital and Price on Frozen Food Business Profits in Kendari City

Variabel Dependen	Variabel Independent	Regression Coefficients	t count	Significance	
Business Profits (Y)	Constant	3,082	4,330	0,001	0,05
	Capital (X_1)	-0,137	-1,355	0,187	0,05
	Price (X_2)	0,401	2,735	0,011	0,05
R *Square* (R^2)		0,245			
R (Correlation coefficient)		0,495			
Adjusted R *Square*		0,189			
F count		4,372			
F Significance		0,023			

From the calculation results in Table 2, the multiple linear regression equation is as follows:

$Y = 3.082 – 0.137X_1 + 0.401X_2 + e$

The constant value (a) is 3082, meaning that if the independent variables, namely capital and price, have a value equal to 0, then the business profit variable as seen from income will experience an increase in income of Rp. 3,082,000.-. The value of the capital regression coefficient (X_1) is IDR 0.137, meaning that every time capital decreases by 1 million rupiah, it will reduce business profits (Y) as seen from the amount of income, namely IDR 137,000. The value of the price regression coefficient (X_2) is IDR 0.401, meaning that every time the price increases by 1 (unit), it will increase business profits (Y) as seen from the amount of income, namely IDR 401,000.-. A coefficient that has a positive value on business profits will have a positive effect, if the price is higher, business profits will increase.

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International Journal of Technology and Education Research

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E-ISSN: 2986-0733

The results of the multiple linear analysis in Table 2 show the results for each variable, namely if the significance value of the capital variable (X_1) > α (0.05) means that the capital variable (X_1) has no partial effect on the business profit variable (Y). Meanwhile, for the price variable (X_2) which has a significance value < α (0.05), the price variable (X_2) partially influences the business profit variable (Y). If the significance value is < α 0.05 then the independent variable partially has an effect on the dependent variable, conversely if the significance value is > α 0.05 then the independent variable partially has no significant effect on the dependent variable.

Classic Assumption Test

Normality test

The normality test can be carried out using the Kolmogorov Smirnov (KS) test. If the Kolmogorov Smirnov test is greater than α = 0.05 then it is said that the data is normally distributed. Results of the normality test using the One-Sample Kolmogorov Smirnov Test method using SPSS 25.

Table 3. Normality Test Results

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		30
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.27741657
Most Extreme Differences	Absolute	.105
	Positive	.105
	Negative	-.087
Test Statistic		.105
Asymp. Sig. (2-tailed)		.200[c,d]
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		
d. This is a lower bound of the true significance.		

Based on Table 3, it shows that the known significance value is 0.542 > 0.05, which means it is greater than 0.05. So it is concluded that the residual values are normally distributed. In line with the opinion of Sanjiwani and Jati (2017) that it is said to be normally distributed if the value

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of Asymp. Sign (2-tailed) ≥ 0.05 means the data is normally distributed, if the value of Asymp. Sign (2-tailed) ≤ 0.05 means the data is not normally distributed.

Multicollinearity Test

Multicollinearity test: If there is correlation between independent variables, then there is multicollinearity in the regression model. The existence of multicollinearity can be seen from the size of the Variance Inflation Factor (VIF) and Tolerance. If the Tolerance value is greater than > 0.10, it means that multicollinearity does not occur. Meanwhile, if the VIF value is smaller than <10.00, it means that multicollinearity does not occur (Sanjiwani and Jati, 2017).

Table 4. Multicollinearity Test Results

Coefficients[a]								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	3.082	.712		4.330	<.001		
	Modal	-.137	.101	-.228	-1.355	.187	.993	1.007
	Harga	.401	.147	.459	2.735	.011	.993	1.007
a. Dependent Variable: Profit								

Based on Table 4, it shows that the results of the Variance Inflation Factor (VIF) and Tolarance do not show symptoms of multicollinearity between each independent variable in the regression model. This can be seen from the calculation results, namely the VIF value is 1.007 < 10 while the Tolarance value is 0.993 > 0.10. So it can be concluded that the data is free from multicollinearity interference.

Hypothesis Testing

T test or partial test

The t test or partial test is used to test whether the independent variables (capital and price) have a significant effect on the dependent variable (profit). The degree of significance used is 0.05. If the sig value < 0.05 or t count > t table then there is an influence of variable X on variable Y and vice versa if the sig value > 0.05 or t count < t table then there is no influence of variable The t table value is 2.052. To carry out the t test, the hypothesis proposed is as follows:

H_0 : Capital and price have no effect on business profits

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H_1 : Capital has a significant effect on business profits

H_2 : Price has a significant effect on business profits

H_3 : Capital and price have a significant effect on business profits

Table 5. Results of the t test or partial test

Coefficients[a]								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	3.082	.712		4.330	<.001		
	Modal	-.137	.101	-.228	-1.355	.187	.993	1.007
	Harga	.401	.147	.459	2.735	.011	.993	1.007
a. Dependent Variable: Profit								

Based on Table 5, the t test or partial test shows that the Sig. 0.187 > 0.05 and t count (-1.355) < t table 2.052 which means the capital variable has no significant effect on profits and H1 is rejected. Meanwhile, the Sig value. 0.011 < 0.05 and t count 2.735 > t table 2.052 which means the price variable has a significant effect on profits and H2 is accepted.

F test or simultaneous test

The F test or simultaneous test aims to find out whether all the independent variables included in the regression model have a joint influence on the dependent variable. The degree of significance used is 0.05. If the sig value < 0.05 or the calculated F value > F table then there is a simultaneous influence of variable Y. In this research it is known that the F table value is 3.32. To carry out the F test, the hypothesis proposed is that if F count > F table, then H_1 and H_2 are accepted, which means that the independent variables together have an effect on the dependent variable.

Table 6. Results of the F test or simultaneous test

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.723	2	.361	4.372	.023[b]
	Residual	2.232	27	.083		
	Total	2.955	29			

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a. Dependent Variable: Profit
b. Predictors: (Constant), Price, Capital

Based on Table 6, the F test or simultaneous test shows that the Sig. 0.023 < 0.05 and F count 4.372 > F table 3.32 so it can be concluded that the independent variables, namely capital (X_1) and price (X_2) simultaneously and have a significant effect on the dependent variable, namely business profit (Y), then H_3 is accepted.

Coefficient of Determination Test (R^2)

The coefficient of determination (R^2) value is between zero and one (0-1). If the value of the coefficient of determination (R^2) is small, it means that the ability of the independent variables provides almost all the information needed to predict the dependent variable.

Table 7. Coefficient of Determination Test Results

Model Summary[b]				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.495[a]	.245	.189	.28751
a. Predictors: (Constant), Price, Capital				
b. Dependent Variable: Profit				

Based on Table 7, the results of the multiple regression test show that the coefficient of determination (R Square) value is 0.245 or 24.5%, which means that the influence of the independent variables, namely capital (X_1) and price (X_2), on the dependent variable, namely business profit (Y), is equal to 24.5%. The remainder is influenced by other variables outside this research variable, amounting to 75.5%. The R Square value is close to the number 1, then the level of influence of the explanation of the independent variable on the dependent variable is trusted and vice versa.

The Effect of Capital on Business Profits

Capital is all forms of wealth that can be used directly or indirectly in the production process to increase output. The capital referred to is in the form of money used to purchase the products provided (Simanjuntak et al, 2015). Capital is a complex need because it is related to

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expenditure decisions in business activities to increase income and achieve maximum profits (Vijayanti, 2016).

Based on the results of regression testing in this research, it shows that the capital variable (X_1) has a negative t value of 1.355 with a significance value of 0.187. Thus, the comparison value of the calculated t with the t table value is 1.355 < 2.052 so that H_0 is accepted and Ha is rejected. So it is concluded that the capital variable (X_1) does not have a significant influence on the profits of frozen food businesses in Kendari City.

According to Priyandika (2015) that capital is an important factor that influences business income. The capital referred to in this research is capital as a whole, namely own capital and loan capital. The capital factor often has an influence on a trading business, which can have an impact on the emergence of other problems, such as having minimal capital, so someone is able to open a trading business without being able to maximize the scale of the business (Vijayanti, 2016).

The Effect of Price on Business Profits

Price is the only element of the marketing mix that provides income or income for the company (Mawarsari, 2018). Price is the income received by sellers through purchasing a product they sell and for consumers price is the sacrifice or expenditure to obtain an item (Febriantoni, 2019).

Based on the results of regression testing in this research, it shows that the price variable (X_2) has a calculated t value of 2.735 with a significance value of 0.011 with a significance degree of $\alpha = 0.05$ or 95%. Thus, the comparison value of the calculated t with the t table value is 2.735 > 2.052 so that H0 is rejected and Ha is accepted. which means that the price variable used by frozen food entrepreneurs has a partial influence on the business profit variable in Kendari City.

This is in accordance with what was stated by Tjiptono who said that to be successful in marketing goods and services, every company must set prices appropriately. In other words, the price level set affects the turnover of goods sold. According to Febriantoni (2019), price is the only element of the marketing mix that provides income or income for the company, while the other three elements such as product, distribution and promotion cause costs (expenses).

The Influence of Capital and Prices on Business Profits

It is said that variable Based on the results of regression testing in this study, it shows that the Sig. 0.023 < 0.05 and F count 4.372 > F table 3.32 so that H_0 is rejected and Ha is accepted. Thus, the F test for the capital and price variables together has a significant influence

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on the business profit variable. From the results of this research, it can be concluded that the capital and price variables simultaneously influence the profit variables of frozen food businesses in Kendari City. The coefficient of determination test results show that the coefficient of determination is only 0.245, so capital (X1) and price (X2) affect business profits (Y).

CONCLUSION

Based on the results of research regarding the influence of capital and price on frozen food business profits in Kendari City, it shows that the capital variable does not have a significant influence on business profits. Capital is not the only factor that has an important influence because as an entrepreneur, in this case a frozen food entrepreneur, should not have to have a large amount of capital in the form of money to be able to help generate business profits. Meanwhile, the price variable has a real or significant influence on business profits. Apart from that, the capital and price variables have a simultaneous or joint and significant effect on the profits of frozen food businesses in Kendari City.

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