

Development Of Micro-Small-Medium Business In Dealing With Challenges

by Dewi Puspaningtyas Faeni, Ravindra Safitra Hidayat Suparmoko,
Retno Fuji Oktaviani

Submission date: 12-Nov-2022 12:17AM (UTC-0800)

Submission ID: 1951785857

File name: nt_Of_Micro_Small_Medium_Business_In_Dealing_With_Challenges.pdf (336.47K)

Word count: 2550

Character count: 14055



Development Of Micro-Small-Medium Business In Dealing With Challenges

Dewi Puspaningtyas Faeni
Ravindra Safitra Hidayat
Suparmoko
Retno Fuji Oktaviani

E-mail: dewi.faeni@budiluhur.ac.id; ravindra.safitra@budiluhur.ac.id; suparmoko@budiluhur.ac.id;
retno.fujioktaviani@budiluhur.ac.id

Faculty of Economics and Business, University of Budi Luhur

Abstract

The Indonesian economy fluctuates annually and so far has been driven by economic growth due to government policies that concentrate on micro-small-medium enterprises (SMEs). The effect of this growth can be said to be very broad ranging from employment, social welfare and improvement of regional domestic product. This study was conducted in order to gain insights into the internal factors that exist in small and medium micro enterprises, external factors that exist in small and medium micro enterprises and the strategies that should be applied to small and medium micro enterprises. The role of the Government in the development of SMEs is very important. This role could be achieved by economic friendly policies that are implemented and executed by the stakeholders. Strategic planning is done from top-down policies which requires active role of government supports.

Keywords Strategy development, MSMEs (Micro, Small and Medium Enterprises), AEC (ASEAN Economic Community)

Introduction

When viewed from the economic growth, Indonesia has experienced good growth. But the good growth must be accompanied with a good competitiveness in the global economy as well. Indonesian nation's competitiveness, especially among ASEAN countries should be increased. Another factor is the increasing competition with already enactment nation ASEAN economic community. Without adequate competitiveness, what happens is that one-sided cooperation, where a nation with low competitiveness becomes very dependent on a strong national competitiveness (Suryohadiprojo, 2007).

Micro, small and medium entrepreneurs must be lived with a high entrepreneurial spirit. The formulation of a sociology in a country can be considered to be prosperous if it has a number of entrepreneurs as much as 2% of the total population density. Based on BPS data in 2016 with a population of 252 million, the number of non-farm entrepreneurs who settled reach 7.8 million people, or 3.1%. This ratio is still low compared to neighboring countries like Malaysia 5%, China 10%, Singapore 7%, Japan 11%, or US 12%.

Literature Review

Strategic planning process

Technology should be the main source of the nation's welfare embodiment of the highest order. Every effort should be to develop value-added, including micro, small, and medium enterprises (SMEs) which is a form of business people. SMEs can keep pace with the increase in technology in every business to be able to increase the value added (Suryohadiprojo, 2007).

Enterprises villages and cities in China (Township and Village Enterprise, TVE) seeks to master the technology to bring science experts from the big city. The arrival of expert knowledge coupled with an attractive compensation offer. TVE progressing and able to form joint ventures with foreign investors without harming or minimize the role of TVE China. It also keeps improving the welfare of the Chinese company.

Research Methodology

Research methods

SWOT matrix can describe how the opportunities and threats of the external environment is anticipated with its strengths and weaknesses (Umar, 2013). The matrices can produce four sets of possible alternatives strategies. Each of these alternative strategies are:

1. SO Strategies (Strength-Opportunity)

This strategy uses all the power that to seize and exploit opportunities as possible.

2. ST Strategies (Strength-Threat)

This strategy is based on the strength of the anticipation of the threats that exist.

3. Strategy WO (Weakness-Opportunity)

This strategy generated based on utilization of existing opportunities by minimizing weaknesses.

4. WT Strategy (Weakness-Threat)

This strategy is based on activities that are defensive, trying to minimize weaknesses and avoid threats

Discussion

SWOT analysis

Businesses that offer more items at select businesses compared to businesses that offer services. Of the 29 women entrepreneurs 76 percent (22 women entrepreneurs) offering goods not services. The percentage of employers offering goods on men are not much different from women entrepreneurs by 66 percent. The financial statements should be important is recording on each transaction has not been done by many small micro enterprises in Sukmajaya. This is seen in 93 percent (87 employers) who have not been doing bookkeeping or recording.

Here are some of the results of SWOT analysis in small and medium micro enterprises:

Power

1. Management is still modest. This is reflected in the lack of implementation of planning, organizing, actualization and control effort. Money, Udin and Edjore Emmanue Odibo. (2015) is also concerned about the contemporary entrepreneurs who must practice skills involve the GCC berwirusahaanya, plan and manage the business of SMEs.
2. The organizational structure is still simple. Not infrequently MSME entrepreneurs are found only consists of two or three workers and one of them is the owner himself. In fact, there are micro-enterprises that run the only one that is owner only.
3. One of the factors of economic growth. Senen Machmud (2013) develop policies, programs and activities to develop SMEs in Bandung so that the welfare of the community can improve the welfare of the community.
4. Create jobs. Workers employed SMEs do not require a tough qualification requirements as a high level of education and expertise of certain workers so that they can optimally absorb labor from the large population of Indonesia is the average educated.
5. Products created a need for surrounding residents. For example, a seller of gas and gallons needed daily by housekeeping, home-cooked meals or culinary stalls that provide home-cooked meals.

chance

1. Sukmajaya subdistrict area is the majority of residential and office buildings. The number of existing residential areas makes its own opportunities for business. In addition to residential, office buildings sprang up in the message plus close to government offices like the State Land Agency, the Central Bureau of Statistics and other private offices.
2. Local government in Indonesia make SMEs as featured agenda. This needs to be greeted positively by the micro business to continue doing activities that bring the development of his own efforts.
3. Governments that support the development of SMEs through regulation. The amount of regulation that led to the development of SMEs can be seen from the formation of the existing blue print. Blueprint financing issued by the ministry of cooperatives, micro, small and medium enterprises in 2015-2019 could be a reflection on government regulation.
4. Business Loans are quite affordable at 9-11 percent annually. It is given to small and medium micro entrepreneurs so that they are not overly burdened for the repayment of capital.

Threat

1. Enactment requires to be competitive MEA. Enforcement of MEAs requires the government to be more proactive in monitoring SMEs. SMEs have the awareness to be able to have a competitive advantage on his own efforts.
2. Small and medium micro enterprises have entry barriers (barriers to entry) is low. Employers easily fall into a similar business. The easier the business follow the less we can take the market opportunities. Handoko, (2016) also said that many aspects of the flagship company competitors, global economic and political environment as part of the threats that need to be considered.
3. The government has not prioritized IPR to SME products. This is in line with the results of Selvie Sinaga (2015) that can be seen from the low priority in terms of budget, the draft was still bad and not berimplentasi on a national scale.
4. Application of a tax of 0.5% of sales turnover. E Cheng and Yang Ming Tang (2015) said the tax incentive small and medium enterprises, financial subsidies, loans are an important part of the channel financing small and medium enterprises should be considered.

SO Strategies (Strength-Opportunity)

1. The government consistently supports the development and also ensure business continuity through financing approach
2. Training or training is provided by the government through the lines RW or local neighborhood. In his research results James K. Mbugua et al (2013), the government, business support organizations and other stakeholders should work together to develop a training program that aims to provide management skills to the owner-manager of the company. The government provides training on product benefits include identifying the product advantages of each product through the smallest line for example can through RW or local neighborhood.
3. Product innovations are carried out continuously and involving employees. Employees in the business organization is not treated as a working team of subordinates. This will have an effective impact in the field to know the problems and discuss solutions. This solution requires ideas and innovation in each period. Can be through product innovation or through service.
4. Provision of information to small and medium micro enterprises on the importance of market segmentation. Focus on market segments that have been set so as not to feel a shortage of human resources because it is too broad markets served.

ST Strategies (Strength-Threath)

1. Knowledge and training on IPR registration needs to be given
2. Training on the knowledge and management of business license and halal logo. Halini very important mengingat Muslim majority population in Depok.
3. The government not only pay attention to the regulation or legislation supporting small and medium micro enterprises, but also pay attention to facilities and infrastructure. Along with Money, Udin and Edjore Enmanue (2015) say the standard and improvements by the employer while one of the recommendations was the government to improve infrastructure so that SMEs succeed.
4. Imposition of income tax on small and medium micro enterprises set of profits. This makes businesses do not feel burdened.

Strategy WO (Weakness-Opportunity)

1. Training on the use of digital communication tools and social media as part of the marketing. These investments need dilakukan that efforts be easily activated with the optimal marketing or marketing. Lucio C and Alessandra C (2010) in his research resulted in a significant factor determining the growth of medium-sized businesses are proactive, willing to take risks and long-term investment.
2. Financial planning training from start to plan expenditure to turnover target. Small and medium micro enterprises in the financial is not a responsibility of the business but it is the responsibility of financial institutions (Wang and Yang, 2014).
3. The need for innovation in terms of services, namely services between. Given the average Sukmajaya residential areas and offices. This allows consumers to make it easier to obtain the desired product.

WT Strategy (Weakness-Threath)

1. Procurement workshop on making training petingnya branding and branding. Branding or brand is very beneficial for businesses. The purpose of the branding or brand is to get the product name. Another aim is to make it easier for consumers if they want to buy the product back.
2. Every effort must have certain weaknesses and threats, all of this should be a challenge for small and medium micro enterprises. It is too early to say if the small medium micro enterprises do CSR. But social responsibility customer if executed with simple things good effect for small and medium micro enterprises.
3. The government invites private company that has developed or developed to pay attention to small and medium micro enterprises. This can be done by requiring private companies to mentor small and medium micro enterprises as always a CSR program of private enterprise. Sinnathurai Vijayakumar (2013) said the Sri Lankan government to invite the public private participation in taking various measures to promote small businesses in particular and medium-sized enterprises in general.
4. The incentive being conducted on various aspects of the SMEs. The purpose of this incentive so that people interested in running a business. Thus encouraging an increasing number of SMEs, especially in the city of Depok.

Conclusion

1. Internal factors that are owned by small and medium micro enterprises can be improved by the potential of the power possessed by SMEs such as one of the factors of economic growth and employment.
2. External Factors which is owned by small and medium micro enterprises is highly conducive at this time is one of them with government policies that continued attention to the development of small and medium micro enterprises.
3. The strategy adopted in the framework of the development of small and medium micro enterprises is by getting dioptimalkannya strength of small and medium micro enterprises to take advantage of existing opportunities. Government policies are increasingly taking medium, small and micro businesses continue to be made as a regulator. It could be said of the strategies are top-down strategy.

References:

- The Central Bureau of Statistics: Indonesia GDP Growth Foundation Year 2010. Downloaded from <https://www.bps.go.id/QuickMap?id=0000000000> Jan. 5, 2017, 18:17 pm.
- Cheng, ming and Tang, Yang (2015). Small and Medium Sized Enterprise Financing Channel Construction. *Management & Engineering Journal*. Vol 19 PP: 59-62
- Handoko, Y. (2016). Sustainable Business Model for MSME in Indonesia, 1, 101-106.
- Kombate, B. (nd). 3 The Importance of Management Control Systems (MCS) in Small and Medium Enterprises (SME), An Empirical Literature Review, 44-58.
- Machmud, Senen, et al (2013). Improvement Study of Strategic Management Model in an increase in SMEs sector in Bandung. *Jurnal Comotech & Business*. Vol. 7. No. 1 P: 56-66
- Mbugua, K. j et al (2013). Factors Affecting the Growth of Micro and Small Enterprises: A Case of Tailoring and Dressmaking Enterprises in Eldoret. *International Journal of Business and Social Science*. Vol. 4 No. 5 P 285-293
- Money, Udin and Edjore Emmanue Odibo (2015). Nigerian Small and Medium Business Management: An Effect of Entrepreneurship Skills. *Indian Journal of Commerce and Management Studies*. Vol. VI Issue 3 pp: 31-36
- Outlook Indonesia Economic Challenges Facing Global Risk 2017. 2016. The Ministry of Planning / Bappenas.
- Pornpimon et al (2011). Relations Between Positive Impacts Of CSR, External Support, CSR Knowledge And The Degree Of CSR Practices In Thai Small And Medium Enterprises. *International Business & Economics Research Journal*. Vol 10 No 11 PP: 17-26
- Ross, Stort et al (2015) Attitude towards Budgets in SMEs: Exploring the Theory of Planned Behavior. *Journal of Social and Behavioral Research in Business*. Vol. 6 Issue 2 pp: 34-41
- Sinaga, Selvie (2013). Management and Programs of Intellectual Property Rights for Small Medium Enterprises in Indonesia. *Zintemational Journal of Arts & Sciences*. Vol 6 pp: 615-636
- Suresh P and Mohideen Akbar (2012). Small Medium Enterprise's in India- Issues and Prospects. *International Journal of Management Research and Review*. Vol 2 / Issue 2 / No. 4 P: 247-255 www.ijmr.com

- Suryohadipojo S. 2007. Rakyat Sejahtera Country Strong realize the ideals of the independence proclamation of August 17, 1945, Jakarta Library Intemas a ISBN 978-979-3791-28-9
- Tahi, T., & Tambunan, H. (2011). Development of small and medium enterprises in a developing country The Indonesian case, (1). <http://doi.org/10.1108/17506201111119626>
- Tambunan, Tulus TH. Deteminants of Women Entrepreneurship in Indonesia. Center for Industry, SME and Business Competition Studies, Trisakti University, Jakarta
- Law of the Republic of Indonesia Number 20 Year 2008 on Micro, Small and Medium Enterprises. Umbara Citra Bandung. 2013. ISBN 978-602-9440-33-1
- Vijayakumar, Sinnathurai (2013) .small and Medium Enterprise Promotion For Their Groth in Srilanka. Intemational on the Global Business Management & Research. PP: 46-56
- Wang ., Ping and Yang ., Qi. (2014) Analys is on Financing of Small and Micro Enterprises. Management and Engineering Vo. 15 pp. 45-50
- Wynn, Martin (2009). Infomation Systems Strategy Development and Implementation in SMEs. Emerald Group Publishing. Vol. 32 No. 1 pp. 78-90

Development Of Micro-Small-Medium Business In Dealing With Challenges

ORIGINALITY REPORT

9%

SIMILARITY INDEX

7%

INTERNET SOURCES

6%

PUBLICATIONS

3%

STUDENT PAPERS

PRIMARY SOURCES

1	innspub.net Internet Source	1%
2	mafiadoc.com Internet Source	1%
3	www.scitepress.org Internet Source	1%
4	jurnal.umj.ac.id Internet Source	1%
5	library.binus.ac.id Internet Source	1%
6	Submitted to Universiti Kebangsaan Malaysia Student Paper	1%
7	ijbssnet.com Internet Source	<1%
8	Rusdiansyah Rusdiansyah, Harun Al Rasyid, Suryanto Sosrowidigdo. "Business Development Management Model at Samo-	<1%

Samo Recycling House Based on SWOT Analysis", SinkrOn, 2020

Publication

9	Submitted to Universitas Budi Luhur Student Paper	<1 %
10	digilib.uinsgd.ac.id Internet Source	<1 %
11	Peter K. Turyakira. "Ethical practices of small and medium-sized enterprises in developing countries: Literature analysis", South African Journal of Economic and Management Sciences, 2018 Publication	<1 %
12	publikasi.mercubuana.ac.id Internet Source	<1 %
13	www.abacademies.org Internet Source	<1 %
14	Tulus Tahi Hamonangan Tambunan. "Development of small and medium enterprises in a developing country", Journal of Enterprising Communities: People and Places in the Global Economy, 2011 Publication	<1 %

Exclude bibliography On