Strategy Development Micro Small And Medium Business Performance In Small And Medium Enterprises (Smes) Cibaduyut Shoe Bandung

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Abstract: Indonesia’s economic fundamentals have not prompted the government to build the economic structures to the existence of Micro, Small and Medium Enterprises (SMEs). This sector has been proven to provide jobs and provide opportunities for SMEs to thrive in the community. MSMEs can’t be doubted because it proved able to survive and become the economic driving, especially after the economic crisis. On the other hand SMEs are also facing many problems, the limited working capital, human resources is low, and less clever mastery of science and technology. Another obstacle faced by SMEs is the relationship with the business outlook is less clear and the vision and mission planning is not yet stable. Provision of information and networking markets, ease of access to funding and mentoring and capacity building in information technology are some strategies for improving the competitiveness of SMEs in Indonesia. Therefore, it is necessary synergy between all parties, especially the government and microfinance institutions. This model is based on the consideration of SMEs as the largest group of economic actors in the Indonesian economy. The method used in this study is a survey explanatory, with the technique of data collection through questionnaires, interviews and observation. The population of the Small and Medium Industries (SMI) Shoes Cibaduyut Bandung. Then analyzed with descriptive scoring system and non-parametric statistics through different test average.

Index Terms: Strategy, SME Empowerment, Shoes Cibaduyut Bandung

1 INTRODUCTION

Micro, Small and Medium Enterprises (hereinafter referred to as SMEs) are a group of people or individuals with all his efforts attempted in the economy in a very limited scale. Many of the factors that limit the movement SME, including the difficulty of access to education, capital and technology. But in objective reality, with all its limitations, the SMEs still able to survive in the midst of economic crisis. If traced in depth, it turns existence of SMEs supported by the flexibility of the business areas they struggled, either starting from a small capital, simplicity of technology, human resources are limited in quality and quantity, as well as the limited market. All of them also supported by a high spirit of life to maintain self-esteem. Most businesses in Indonesia are basically shaped SMEs which has its own characteristics in accordance with the reality of the Indonesian economy. Their enterprises are able to stand on their own feet and be independent without having a group or another company under the group. Most production is not services but the goods using relatively low-tech. The orientation focused on the local market so the location was located in a rural or suburban. They also have limited capital and a definite attempt was very difficult to get a loan or financing from banks. In other words categorized or sometimes called deficit groups (poor). Although the foundation of the structure occupies the Indonesian economy and become the motor of economic development, but received capital support SMEs still minimal. In such circumstances, assistance in the form of financial, technological and management for the development of institutional capacity so they need. A unique feature found today on SMEs is their commitment and concern for morality.

At the time of the big businessmen and tycoons busy to do any kind of business crime that violates the law, the people working in the field of SMEs still adhere to business ethics and morality. In addition to being the largest business sector contribution to national development, SMEs also create employment opportunities for a large enough domestic labor, so it helps in reducing unemployment are finally able to lower the poverty rate. Based on data from the central bureau of statistics, in 2009 Indonesia had 51.3 million units of MSMEs (Micro, Small and Medium Enterprises), or about 99.91 percent of the total businesses engaged in the SME sector. There are 97.1 percent (approximately 90.9 million) of labor in this country that depend on the SME sector. In 2010 the total population of 237.6 million and natural resources owned by Indonesia should have bases strong SMEs. The success of SMEs is the success of the Indonesian people, because this sector is the number of majority and contributed to the country in many areas. In 2009, the contribution of SMEs to the GDP of Rp 2.609.4 trillion or 55.6 percent. The contribution of SMEs to national revenue of Rp. 183.8 trillion, or 20.2 percent. Contribution to national economic growth of 2-4 percent and a significant investment value reached Rp.640.4 trillion, or 52.9 percent. Behind the contribution of SMEs to the national economy is good enough, it turns out this sector still holds a myriad of issues that are very basic. SMEs, are still weak in business management ability, quality of human resources (HR) is still limited, as well as poor access to financial institutions, particularly banks (Adiningisih, 2001). This statement supports previous research by Urata (2000) who said that among the main problems faced by SMEs is the number of SMEs that have not bankable, either due to lack of transparent financial management and a lack of managerial and financial capabilities. As mentioned earlier, the classic problem faced by SMEs associated with limited capital. Limited access to sources of financing faced by SMEs, especially from formal financial institutions such as banks, causing them to rely on informal sources. The shape of these sources vary from moneylenders (moneylenders) to evolve in the form of savings and loan units, cooperatives and other forms. During its development, informal financial institutions is more familiar among SMEs because it is more flexible, for example in terms
of requirements and the loan amount is less stringent banking requirements and flexibility in the disbursement of credit. This is one indicator that the informal financial institutions in accordance with the needs of SMEs which generally requires appropriate scale and nature of financing small businesses (Amir Machmud, 2010).

2 LITERATURE REVIEW

2.1 SMEs: Fact, Constraints and Challenges

Under Law No. 20 of 2008 on Micro, Small and Medium Enterprises, that Micro is a productive enterprise belonging to individuals and/or entities that meet the criteria of individual businesses Micro ie a maximum capital of Rp 50 million, while turnover reached Rp. 300 million. Small Business is an economic enterprise productive stand-alone committed by an individual or business entity that is not a subsidiary or not branches of companies owned, controlled or become part either directly or indirectly from medium or large businesses that meet the criteria of capital at a maximum of Rp. 500 million with a maximum turnover of Rp. 2.5 M. Medium Enterprises is an economic enterprise productive stand-alone committed by an individual or business entity that is not subsidiaries or branches of companies owned, controlled or become part either directly or indirectly by the Small Business or large enterprise with total net assets maximum of Rp. 10 billion or annual sales of Rp. 50 billion. According to M. Tohar (1999: 2) criteria for small businesses is as follows: (1) net worth or total assets of more than Rp 200.000.000.00; (2) It has annual net sales of Rp 1.000.000.000.00 max; (3) Owned by Indonesian citizens; (4) Stand-alone, meaning not subsidiaries or branches of companies owned, controlled or affiliated either directly or indirectly, large enterprises; and (5) Shaped individual, business entity that is not a legal entity or a business entity with legal status, including cooperatives. In connection with the debt restructuring, loan size also can be used as the basis for grouping SMEs. Loans of up to Rp. 1 billion generally classified as SME loans, even IBRA set up to Rp. 5 billion in SME lending. Tambunan (2009; 1) from the perspective of the world, it is recognized that micro, small and medium enterprises (SMEs) play a very vital role in development and economic growth, not only in the developing countries but also in countries advanced. The role of SMEs in particular from the perspective of employment and sources of income are very helpful for the poor and economic development, as well as with its contribution to the gross domestic product (GDP) and non-oil exports, particularly of manufactured products and the innovation and technological development. Chamber of Commerce and Industry (Kadin) Indonesia estimates that micro, small, and medium enterprises (SMEs) will grow by around 25% in 2010 compared to the 2009 forecast range of 15-20%. Vice Chairman of Kadin field of SMEs and cooperatives Sandiaga S Uno said, it would be achieved if the microfinance platform that was wrought in Kadin roadmap to be realized (depkop.go.id). SMEs rated resilient economic sector facing both the 1997 crisis and the global crisis that hit recently. At the moment banks face difficulties to find debtors who have no problem, MSMEs become the alternative bank lending. The development of the role of micro, small and medium enterprises (SMEs) are shown by the large number of business units and entrepreneurs as well as its contribution to the national income and employment. The SMEs have a great potential to expand its business with little risk of loss and willingness to pay quite well through guidance-guidance and with the concept of professional kinship. As we know, SMEs are the most flexible in the sector to absorb labor quickly and naturally than other sectors. A large number and distribution, the sector is not only capable of creating growth, but at the same time reducing regional disparities. However, SMEs also has the characteristics of financing its unique, namely the need for the availability of funds at this time, the amount and the right target, the procedure is relatively simple, the ease of access to sources of funding and the need for an assistance program (technical assistance) Behind the toughness of tens of millions of SMEs in above, the development efforts of SMEs still encounter many obstacles such as business management is still traditional, quality of Human Resources (HR) is inadequate, scale and lower production techniques as well as the limited access to financial institutions, particularly banks. In general, SMEs themselves facing two major problems, namely the problem of financial and non-financial issues (organizational management). Problems included in financial matters were (Urate, 2000): a) lack of suitability (mismatch) between the funds available that can be accessed by SMEs. b). the absence of a systematic approach in funding SMEs. c) Transaction costs higher..its caused by credit procedures are quite complicated so it took a lot of time while a small number of loans disbursed. d) lack of access to formal sources of funds, either due to the lack of banks in remote areas as well as the unavailability of adequate information. e) interest credit for investment and working capital is high enough. f) many SMEs are not bankable, either due to the lack of transparent financial management and a lack of managerial and financial capabilities. In contrast to what was included in issues management organizations (non-financial) among which are: a) lack of knowledge on production technology and quality control caused by the lack of opportunity to follow the development of technology and lack of education and training; b) lack of marketing knowledge that due to the limited information that can be reached by SMEs on the market in addition to the limited ability of SMEs and d) a lack of understanding of finance and accounting. Wiktu Surjyomurti (2011) that the weaknesses and problems faced by SMEs based priorities are 1) Lack of capital; 2) difficulties in marketing; 3) Competition is tight; 4) Difficulty of raw materials; 5) Less production techniques and expertise; 6) Lack of managerial skills (HR); 7) Lack of knowledge in management issues, including in finance and accounting. SMEs in the economy of Indonesia is a business group that has the greatest number and proven resistant to a wide range of economic crisis shocks. Criteria businesses included in the Micro, Small and Medium Enterprises has been regulated in a legal umbrella. Based on Law No. 20 Year 2008 on Micro, Small and Medium Enterprises (SMEs) there are several criteria used to define the terms and criteria of Micro, Small and Medium Enterprises. Rahmana (2008), several institutions or agencies even provide its own definition of the Small and Medium Enterprises (SMEs) which are the Ministry of Cooperatives and Small and Medium Enterprises. The Central Statistics Agency (BPS), the Ministry of Finance Decree No. 316/KMK.016/1994 dated June 27, 1994. The definition of SMEs given vary between one another. According to the Ministry of State Minister of Cooperatives and Small and Medium Enterprises that what is meant by small enterprises (SEs), including Micro (UMI) is a business entity that has a net

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worth of Rp 200 million, excluding land and buildings.

Meanwhile, Medium Enterprises (FME) is a business entity owned Indonesian citizens who have a net worth greater than Rp 200,000,000 s.d. Rp 10 billion, not including land and buildings. The Central Statistics Agency (BPS) provides a definition of SMEs based on the quantity of labor, small business is a business entity which has a total workforce 5 s.d. 19 people, while medium businesses are entity business has a workforce of 20 s.d. 99 people. Based on the Ministry of Finance Decree No. 316/KMK.016/1994 dated June 27, 1994, the small business is defined as an individual or business entity who have engaged in activities/businesses that have sales/turndown per year maximum of Rp 600 million or asset/assets Rp 600 million (excluding land and buildings occupied) consists of: (1) badang effort (Fa. CV, PT, and cooperatives) and (2) the individual (craftsmen/industrial households, farmers, ranchers, fishermen, forest encroachers, miners, merchants of goods and services). Criteria for Small and Medium Based on developments, in addition based on the Act, from the standpoint of its development Rahmana (2008) grouping of SMEs in several criteria, namely:

1) Livelihood Activities, Small and Medium Enterprises which is used as a job opportunity to earn a living, which is more commonly known as the informal sector, for example are street vendors.

2) Micro Enterprise, an SME that has properties craftsmen but do not yet have an entrepreneurial nature.

3) Dynamic Small Enterprise, an SME that has had an entrepreneurial spirit and able to accept subcontracting and export.

4) Fast Moving Enterprise, Small and Medium Enterprises merupakam who have entrepreneurial spirit and the will to transform into Big Business (UB).

3 RESEARCH METHOD

Need accuracy in determining which method is suitable to be applied to the variables studied. Success or failure of an investigation depends on the use of the selected method, method used in this study is a survey ekslantary with data collection through questionnaires, interviews and focus group discussions (FGD). The questionnaire was structured questionnaire was filled by the respondent or the interviewer filled by reading the questions and then record the answers given (Sulisty-Basuki, 2006: 110). Sugiyono (2009: 317) argues that the interview is a meeting of two people to exchange information and ideas through questions and answers, so it can be constructed meaning in a particular topic, Other methods are interviewing informants and focus discussion groups (FDG) using instruments interview guide/FGD is structured as a list of questions / discussion guide. Population and sample in this research is the Small and Medium Enterprises (SMEs) Shoes Cibaduyut Bandung, data has been collected will be analyzed in qualitative and quantitative, qualitative analysis using fish bone analysis and ultrasound, while the quantitative analysis used statistical difference test average.

4 CONCLUSION

1) Small and Medium Enterprises (SMEs) Shoes Cibaduyut Bandung yet bankebel, bank financial institutions require small businesses should be able to comply with the alias bankable bank. Here's the problem. The businesses do not yet qualify for a loan to the Bank. If the Small and Medium Enterprises (SMEs) Shoes Cibaduyut Bandung already bankebel will make it easier for businesses to obtain capital to run the business.

2) Small and Medium Enterprises (SMEs) Shoes Cibaduyut Bandung have problems obtaining capital, the fundamental problem of small businesses the most prominent involves providing financing or venture capital. Capital needs are felt when someone wants to start a new venture. In the existing business, capital remains an obstacle continued to flourish. Problems facing small businesses regarding the ability to access financing, market access and marketing, small business management governance and access to information. The difficulty small businesses access to sources of capital because of limited information and the ability to penetrate the capital resources. Though selection of sources of capital are many and varied. Small businesses that managed to penetrate obstacles access to capital, markets and information. Constraints switch to more advanced. Such as product development, market development, export, to retain product quality and quantity of production. In this situation, the small business knowledge and skills required to increase product innovation through the use of appropriate technology. For that small businesses should know better consumers.

3) Due to the prevailing prudent bank, the more difficult for small businesses to access capital sources. Small businesses that are difficult to access bank will be looking for a shortcut. Where else if not to the thrower money aka money lenders but small businesses must be willing to cost money suffocating. There is a mistaken belief. As though, small businesses are not concerned about the high interest costs of the loan sharks. Is a very wrong assumption. They are forced to use the money because the loan shark was forced due to the difficult access to capital from Bank.

4) Financial institutions bank is the largest source of capital that can be utilized by small businesses. But to partner with banks, small businesses required to present a business proposal that is feasible or viable and profitable business.

References


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