

Action Plan Of Micro Business Development In Siak Regency

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Abstract: Efforts believed to have powers to improve competitive capability are in the form of development which aims to elevate economical potential. The development of the economic potential of a society must be supported by the skills of the human resources, the maximum utilization of technology, and the improvement in the micro business networking. One of a region's prominent potentials is micro business which has a special and strategic position, role, and potential used to achieve economic growth, equality and people's earnings, creation of jobs, and alleviation of poverty. To create business that is more organized and feasible, a scenario to avoid threats of micro business failure is required. This study applies FGD to analyze activities that become priorities in order to assist micro businesses in their efforts to develop themselves based on their business surroundings internally and externally.

Index Terms: Micro business, action plan, Small Micro Medium enterprises (UMKM), micro enterprises

1. INTRODUCTION

One of the many regional economy's potentials is small micro medium enterprises or commonly known as UMKM. In terms of the national or regional scope, UMKM is integral in people's economy that has a special and strategic position, role, and potential to achieve economic development, equality, and raise in people's earnings, job creations, and alleviation of poverty. Countless of problems in developing UMKMs pushed the government to create and apply regulations which set the empowerment of UMKMs so that there is improvement, protection, and reassurance of UMKMs, one of which is Law Number 20 Year 2008 (UU No. 20/2008) about micro enterprises or UMKMs and the government regulation number 17 Year 2013 about the application of the Law number 20 Year 2008. In relations to the efforts to increase and improve competitiveness, micro enterprises must be developed – including creating new micro enterprises or UMKMs – with the support of the latest development of technology. Nevertheless, the development of micro enterprises, especially ones with bases of technology, is not an easy task given that the quality of the human resources and the development and the utilizations of technology are still limited. The government are expected to provide various supporting facilities that can accommodate and improve the capacity of all business owners of micro enterprises, especially the ones that just started their micro business operations. The facilities mentioned here are among others discussion rooms, joint office spaces, access to technology research and development institutions, and also business support providers, as well as mentoring and coaching. These facilities are known as business and technology incubators whose application guidelines are regulated in the President Regulation Number 27 Year 2013 about the Development of Business Incubators. On the other hand, most production of micro enterprises still relies on local markets and regional demand as their income sources except for special products. There have not been many micro enterprises even from the middle business that can perform direct exports. Inability to create innovations and

content are the two factors that contribute to weak competition capability and unimpressive product power and weak brands.

The capability and flexibility of small medium enterprises or IKM in their response to the fluctuations of market demand from the superiority of the economic scale to adjust the utilization of the production capacity quickly is beyond compare. Changes in demand happen fast in the market during a crisis and the micro enterprises are proven to be capable to respond quickly to those changes without experiencing any major inefficiencies.

2 LITERATURE REVIEW

2.1 The concept of Micro Business development

There are various concepts of community empowerment in economy. Several select strategies that have been applied in empowering the small and medium business or UKM are as follows:

1. Ease of access to capital or funding
One of the problems that the small and medium businesses have been facing is the aspect of capital or funding. The slow in capital accumulation in the circle of micro, small, and medium businessmen is one of the reasons of the slow growth of business and the low numbers of business surplus in the micro, small, and medium business sector. The factor of capital is also one of the reasons why there have not been many new businesses outside the extractive sector.
2. Support in facilities and infrastructures
Business results in productivity and creates the growth of business; a business will not mean so much to the society if the result of its business production cannot be marketed, or if it can, it can only be sold with a very low price. As a result the crucial component in empowering the UMKMs is the development of the facilities and infrastructures of production and marketing. The availability of marketing infrastructures and or transportation from the production location to the market will reduce the marketing chain and in the end will increase the income of the likes of farmers and micro, small, and medium businessmen. This means that in terms of economic empowerment, projects to develop infrastructures that support remote or backward villages are indeed strategic.
3. Business scale development
The economic empowerment of weak societies/

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communities at first was done by using the individual approach. This approach did not give great results. Reason is that the capital accumulation was hard to reach in the circle of the poor people, thus the capital accumulation must be done together in the form of group or joint ventures. The same thing was with the distribution problem. It was impossible for the poor people to control the production results or the production inputs individually. Through groups, those poor people can build power to control and monitor distribution of their products.

4. Business network development

Marketing and partnership to develop business networking can be done by applying various patterns of business networks such as in the form of sub-contract network as well as the development of clusters. These patterns have shapes but in reality they have not run effectively. The pattern of business network through sub-contracts can be made as the alternative for the existence of the small and medium enterprises (UKM) in Indonesia.

5. Marketing network development

Besides business networks, marketing networks are also a major problem that inhibit the growth of the small and medium enterprises. Efforts to develop the marketing networks can be done by applying several strategies such as contact with various centers of business information, business associations in Indonesia or abroad, establishment and formation of UKM business data centers as well as development of UKM websites in all representative offices of the Indonesian government abroad.

6. Competitiveness development

Empowerment of community-based economics through the empowerment of the UKMs does not necessarily alienate big businessmen or strong economic groups in that empowerment of one does not negate the others but it gives power to everybody. Empowerment of people in economy is joint empowerment where the big can only grow if there are the small and the medium, and the small can only grow if there are the medium and the big.

7. Human resource development

Human resources are a crucial factor to every business including in the small business sector. Success of small scale business to penetrate the global market or to compete with import products in the domestic market is determined by the ability of the businessmen of the small scale industry to develop or create their products to flourish.

8. Creating more conducive business climate

Small and medium businesses are determined by business climate which is expected to be conducive and inevitably, this conducive climate supports the development of small and medium enterprises. The one occurring problem found in many regions in Indonesia that has been haunting is the not-so-conducive business climate which in turn supports business development and this can be seen in the low quality of the public service, the lack of legal certainty, and the regional regulations that are not pro-business; these are proof that the economic climate is not/less conducive than expected.

2.2 Action Plan

The action plan of the micro business development is essentially identical in definition to the strategic plan or the masterplan, in which the essence of it is long term planning by taking into account the internal and external environmental aspects (integrated) aiming to maintain the quality of and all business endeavors to be sustainable. Thereby, the micro business action plan is an effort of the short and medium term arrangement (generally below five years) by considering all those internal and external aspects with the sole objective to maintain business sustainability. Business sustainability is analyzed from six aspects, namely: Empowerment of Specific Target Community Needs, Development of Micro Institutions, Business Capital Provision, Empowerment of Institutions/Communities, and Stabilization of the Family Counseling and Involvement System.

3 RESEARCH METHODOLOGY

As a research method, FGD is a systematic effort to collect data and information. As Focused Group Discussion means, there are three key words in it, namely:

1. Discussion – neither interview nor chat
2. Group – not individual
3. Focused – not free

Setting up the questions for the FGD

To have an FGD that runs smoothly and the information obtained is in accordance to the purpose of the research, careful arrangement of questions or guidelines of FGD is a must. The purpose is to keep the discussion structured and not deviating from the research purpose which has been pre-determined so that the results of the FGD can be used to represent reasons, motivation, purposes, et cetera related to the topic of the discussion.

The making of questions /guidelines of the FGD is performed by analyzing the following things:

- The purpose of the FGD research
- The purpose of the FGD
- To comprehend the kind of information yielded from the FGD
- To make questions that move from general to specific.
- The questions are made in a simple and clear language which are easy for the participants of the FGD to understand
- Before carrying out the real FGD, a role play is done to find out if the questions and the implementation of the FGD match the research purpose and if the language is easy for the participants of the FGD to understand.

4 RESULT AND ANALYSIS

Business sustainability is analyzed from the six aspects, namely: Empowerment of Specific Target Community Needs, Development of Micro Institutions, Business Capital Provision, Empowerment of Institutions/Communities, and Stabilization of the Family Counseling and Involvement System. To focus on the program and activities that will be intervened to develop micro business, Table 1 shows the problem group which has been simplified in making the policy course.

TABLE 1.
Problems/Obstacles and Policy Direction Focus

No	Problem	Policy direction
1	Limited capital of UKMs	Provision of business capital
2	Weak access to market	Development of micro institutions
3	Low product standardization application	Development of micro institutions
4	Weak marketing and information of micro business development	Empowerment of institutions/groups
5	Businessmen especially UMKM businessmen not yet motivated to come up with market-oriented and highly competitive products	Empowerment of institutions/groups
6	Lack of product monitoring and consumer protection	Empowerment of specific target community needs
7	Low understanding and utilization of technology in micro business	Stabilization of accompaniment system
8	Weak access of information technology	Stabilization of accompaniment system
9	Lack of synergy among the central government, province, and regency/city regarding the policy of industry and commerce development	Stabilization of accompaniment system
10	Low quality of human resources in industry and commerce	Stabilization of accompaniment system
11	Low paygrade of micro business workforce	Family counseling

Source: processed data, WarpPLS 3,0

To make it more representative the aspects are narrated in three external environmental conditions that are different namely booming economic condition, normal economic condition, and bad economic condition. The outcome that has been achieved is a matrix of the set-up of the action plan to be implemented in Siak Regency which is as follows:

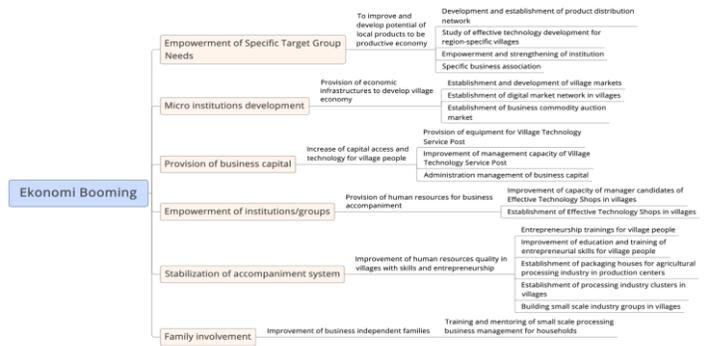


Figure 1. Booming Economic Condition (Booming Economy)

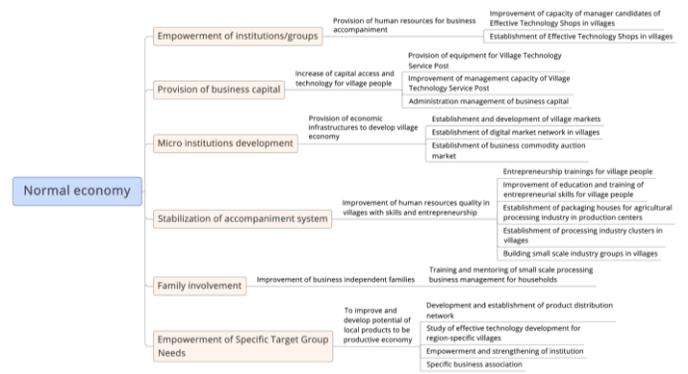


Figure 2. Normal Economic Condition (Normal Economy)

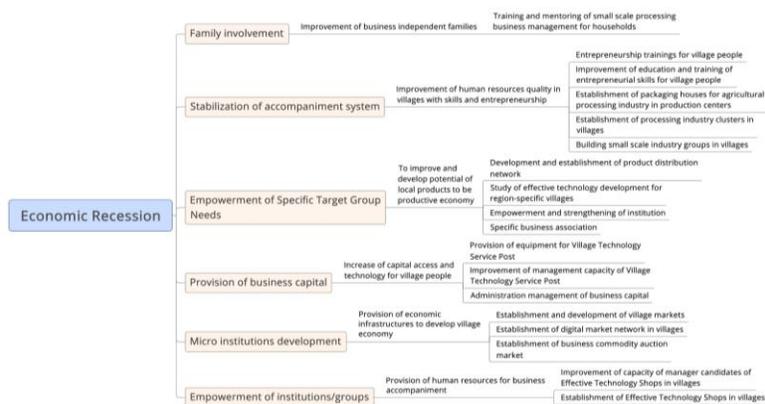


Figure 3. Slow down Economic Condition

5 CONCLUSION AND SUGGESTIONS

2.1 Conclusions

1. The challenges that need to be solved in order to create a general policy for micro business are:
 - a. Limited funding access, this is caused by limited capability in constructing financial planning
 - b. Limited access to market and only oriented to domestic market.
 - c. Limited set of skills owned by businessmen and having no innovation in production process, things are still done traditionally.
2. In general the characteristics of micro business in SiakRegency are:
 - a. Own capital by means of personal savings, not borrowed capital
 - b. Markets they depend on are limited to traditional markets as in markets in villages and sub-districts, only few businessmen are able to sell their products cross provinces.
 - c. Skills of the human resources are very simple where production process they perform is still traditional.
3. Strategy course in efforts to create competitive micro business is among others:
 - a. Provision of business capital
 - b. Development of micro institutions
 - c. Empowerment of institutions/groups
 - d. Empowerment of specific target community needs
 - e. Stabilization of accompaniment system
 - f. Family involvement

2.2 Suggestions

1. It is highly expected for other researchers to add another variable or other variables outside this study and/or to create a model to produce the need of policy required by micro business in Siak Regency.
2. It is highly recommended for the regional government and related institutions of Siak Regency to have a server or a database which is up to date and well maintained in relation to and for the improvement of all micro businesses in Siak Regency.

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