

Strategies for Improving the Competitive Advantages of SMEs in the Era of Regional Autonomy

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Abstract: The aim of this study is to explain the strategy to improve the competitive advantages of small and medium enterprises (SMEs), including empowering SMEs which focus on the trade sector. The research method for analyzing data uses descriptive qualitative. Data is collected using interviews and observations. The results indicate that the strategy to improving the competitive advantages of SMEs through empowerment has not fully run optimally. Empowerment of SMEs carried out by the local government in the initial phase plays a significant role to provide training and counseling. Furthermore, in the participatory phase, communities and local governments have collaborated to develop SMEs. In addition, in the emancipatory phase, local governments are still constrained by the provision of facilities and infrastructure in the development of SMEs.

Keywords: strategy, competitive competitiveness, SMEs

1. Introduction

Small and medium enterprises (SMEs) are an integral part of the national business world that has a very strategic position, potential, and role in realizing national development goals. Considering its role in development, SMEs must continue to be developed with a spirit of kinship, mutual content to fill, strengthen each other between small and large businesses in the context of equity and realize the greatest prosperity for all Indonesian people. To realize this goal, the government and society must support and cooperate with each other (Handayani et al., 2017). The community is the main actor of development, while the government is obliged to direct, guide, protect and grow the business climate.

The role of SMEs in the Indonesian economy can be viewed from four aspects, namely: (1) SMEs are the largest part of all business units in Indonesia. (2) SMEs play a large role in employment. (3) SMEs contribute significantly to the Gross Domestic Product (GDP). (4) SMEs contribute to the development of exports (Nurhayati, 2005).

The role of SMEs in the Indonesian economy has not been able to increase economic competitiveness at the international level, especially in the ASEAN region. The results of the

World Economic Forum's research on 59 countries including Indonesia, showed that Indonesia was ranked 37th in 1999. The low competitiveness of the Indonesian economy is caused by many factors (Yuniawan, Putri, & Udin, 2017). The main problems that are often faced by most small businesses include marketing, finance, management, technology, location, human resources, and economic structure. Some research results state that the problems faced by SMEs so that it is difficult to develop include: Inability in management; Weak ability in decision making; Less experienced; and Weak financial supervision.

Facing the problems of SMEs mentioned above, the government has made various efforts which at the same time show a commitment to improving the performance and competitiveness of Indonesia's economy. The commitment is institutionally demonstrated through the formation of ministries that handle SMEs since the era of the new order government. In addition, in a juridical manner, the government's commitment is marked by the existence of Law Number 9 of 1995 concerning Small Business, which aims, among others, to realize the role of small businesses as the backbone and strengthen the structure of the national economy. The law was followed up by Government Regulation Number 44 of 1997

concerning Partnerships as one form of an effort to create a business climate through the collaboration of SMEs with Large Enterprises (Nursalam, 2010).

What will be studied more deeply is SMEs operating in Polewali District. Small businesses as referred to in Law Number 9 of 1995 and Bank Indonesia Circular Number 3/9 / Bkr Year 2001, is a productive business that is small scale and fulfills the criteria of the net worth of a maximum of Rp. 200,000,000 (two hundred million rupiahs), excluding land and buildings of business premises. Or have the sale of at most Rp.1,000,000,000 (one billion rupiahs) per year and can receive credit from the Bank between Rp.50,000,000 (fifty million rupiahs) and Rp.500,000,000 (five hundred million rupiahs).

Medium Business as intended in Presidential Instruction Number 10 of 1998 is a productive business that fulfills the criteria for net business wealth greater than Rp 200,000,000 (two hundred million rupiahs) up to a maximum of Rp 10,000,000,000 (ten billion rupiahs) excluding land and building premises business and can receive credit from the Bank in the amount of IDR 500,000,000 (five hundred million rupiah) up to IDR 5,000,000,000 (five billion rupiah).

The characteristics of small businesses are as follows: (1) The types of goods/commodities that are cultivated generally have still not easily changed. (2) The location/place of business generally has settled sedentary. (3) In general, financial administration even though it is still simple, company finance has not been separated from family finances. (4) Do not have a business license. (5) Some have access to banks in terms of

capital requirements. (6) Most have not been able to make business management well like business planning. Small businesses are concentrated in several businesses including Farming as an individual landowner who has labor; Traders in wholesale markets (agents) and other collectors; Food and beverage industry, furniture, wood, and rattan industry, household appliances industry, apparel industry and handicraft industry; Chicken, duck and fishery farms.

The characteristics of medium businesses are as follows: (1) In general, it has better, more organized management and organization, even more modern, with a clear division of tasks, including finance, marketing, and production; (2) Has carried out rules or management and labor organizations, there have been Social Security, health care and others; (3) Already have all legal requirements including neighbor permits, business permits, place permits, NPWP, environmental management efforts etc.; (4) Already have access to banking funding sources; (5) In general, they have trained and educated human resources.

The types or types of medium-sized businesses almost work on commodities from almost all sectors may be almost evenly distributed, namely : Medium-scale agricultural, animal husbandry, plantation, forestry businesses; Trade (wholesale) business including exports and imports; Garment business and inter-provincial taxi and bus transportation services; Food and beverage industry, electronics and metal business; The business of mountain rock mining for construction and artificial marble (Musselman & Jackson, 1992).

Tabel 1 SMEs in District Polewali Mandar (2016)

NO	Sub District	SMEs
1	Wattang	32
2.	Takatidung	39
3.	Lanora	10
4.	Madatte	8
5.	Pekkabata	30
6.	Manding	12
7.	Sulewatang	12
8.	Darma	12
Total		132

Source: *Departement Industry and Trade of Polewali Mandar (2016)*

From Table 1, it can be seen the number of SMEs in Polewali Subdistrict so there needs to be a strategy of the Department of Industry and Trade to empower SMEs in Polewali Subdistrict because the concept of Empowerment is related to the distribution of responsibilities. this is related to the

strategy of the Department of Industry and Trade in empowering SMEs in Polewali Mandar District.

According to Prijono and Pranarka (1995), empowerment can be done in 3 (three) phases including initial phase, participatory phase, and emancipatory phase. In the initial phase, all

empowerment processes come from the government, the government is intended for the community. In this phase the community is passive, carrying out what the government plans and remains dependent on the government. In the participatory phase, the empowerment process from the government and the community, by the government and the community is allocated to the community. In this phase, the community has been actively involved in development activities towards independence. Then the emancipatory phase, the empowerment process comes from the community, by the community and with support from the government. In this phase, the community finds its strength so that it can do its strength so that it can carry out renewal in actualizing itself.

2. Research Methods

This research is descriptive qualitative research, which is to find out and describe the reality of the events studied. In this study, the authors determined the methods chosen in obtaining data through (Yin, 2009):

- a. Interview: submit a series of questions to informants who are considered to know relevant information in accordance with the problem under study. In this study, the author conducted an interview by visiting the informant directly and recording the results of the interview.
- b. Observation: direct observation activities in the field to obtain relevant information and information. The author made direct observations by visiting the Office of Cooperatives and Small and Medium Enterprises in Polewali Polewali District and several SMEs in Polewali District, both active and inactive.
- c. Document Study: how to collect data and review literature where documents that are considered to be supportive and relevant to the problems to be examined are in the form of literature, reports, journals, scientific research.

To produce and obtain accurate and objective data analysis of data using qualitative analysis techniques by analyzing the context of the literature review and analysis of statements from the interviews of informants. In conducting data analysis the researcher refers to several stages consisting of information gathering, data reduction (data reduction), data presentation, and conclusions or verification (conclusion drawing/verification).

3. Results and Discussion

3.1 Initial Phase

Based on the research focus in this phase, it is divided into several indicators as a measure of success in building and developing SMEs in the Polewali District area. The indicators in question are training, counseling, and formulated policies related to the development of SMEs. Training, in this case, became a strategy of the Polewali District Industry and Trade Cooperative Office in conducting the development and development of SMEs. Training is an important organizational investment in human resources.

Training involves all human resources to gain knowledge and learning skills so that they will soon be able to use them in developing their micro-enterprises. Basically, training is needed because there is a gap between the skills needed and the skills that are now owned. From these data, it can be seen that the number of microenterprises became the most enthusiastic type of business in participating in the training held by the Polewali District Cooperative Office of Cooperatives and Cooperatives compared to the types of small and medium enterprises. While the budget according to the Head of the SMEs Division of Polewali Subdistrict which was used to carry out the training was allocated from the APBN and APBD.

Regarding the obstacles faced by the Polewali District Cooperative Office in developing SMEs more on the role of non-stimulating business actors in the training. In other words, the community is interested in participating in training that is carried out only to get an honorarium but does not apply the results of the training innovation. So the training that was held impressed mere formalities and made the land a waste of regional budget.

In addition to training, there is also counseling that is useful to add insight from HR related to the development of SMEs. Counseling conducted by the Polewali District Cooperative Office of Cooperatives and Cooperatives aims to improve competitiveness in the market, both in the form of packaging and product content. In addition, counseling also aims to coordinate with regional markets. In fact, according to the Head of SMEs of Polewali Sub District explained that there was a shift in the SMEs paradigm as follows.

"So the change in the paradigm of SMEs that has relied on capital is now a new paradigm of capital is not everything but now with the existing skills is capital, that SMEs need

integrity that I can, there are 2 factors of capital, namely there are real and some don't. "(Interview, 23 February 2017)

In addition to training and counseling, government policies are very influential in empowering SMEs. Policies issued by the government in empowering SMEs. The policy issued by the government in this case the Polewali Sub-District Office of Cooperative and Cooperative Office was used as a direction and guideline in the development of SMEs. One of the policies issued by the government was Government Regulation No. 23 of 2015 concerning Changes in the Authority of the Regent.

According to the Head of the UMKM Office of the Koperindag Sub-District of Polewali, currently, the licensing of micro, small and medium enterprises is directly handled by the Camat. As for the capital, all types of MSMEs that have been funded by training, which usually obtain their facilities and infrastructure in the form of money, are now converted into products or goods.

The issuance of the government regulation is actually a follow up to Law Number 20 of 2008 concerning Micro, Small and Medium Enterprises. So that with the delegation of authority, the subdistrict head has an obligation to serve the public or business actors in making business licenses. The goals and objectives of the Polewali Mandar Regional Government issued Government Regulation Number 9 of 2009 as stated by the Head of the SMEs Division of the Polewali Mandar Cooperative Office as follows;

"First to empower existing SMEs in Polewali Mandar to be able to compete with other products. The second does not distance the bureaucracy to the community, so we are open from the service and also often provide information to the public. "(Interview, 23 February 2017)

Based on the interview, it can be seen that the policies issued by the Polewali Mandar Cooperative Office aim to increase the competitiveness of other products. In addition, the existence of policies made by the government made the distance between the bureaucracy and the community increasingly narrow so that there was no more awkwardness by the public to the government. Even with the existing policies as media and guidelines in obtaining information related to the development of SMEs in Polewali Mandar District.

3.2 Participatory Phase

The participatory phase is an empowerment process that comes from the government together with the community, by the government and the community, and is intended for the community. At this stage, the government's role is increasingly reduced by actively involving the community towards independence. This can be seen in the level of community participation as business actors who are quite interested in each training carried out by the Polewali Mandar District Cooperative and Cooperative Office. The following are the results of interviews with the Head of SMEs which explained as follows:

"The recent training in coastal entrepreneurship training was twice the participant's participation, the enthusiasm of the community to take part in good training, especially at the time of the training we also provided the community with costs, because of the transportation costs we bear." (Interview, February 23, 2017)

The training carried out by the Office of Cooperatives and Cooperative Services in several villages in Polewali District was effective. This can be seen from the high level of community participation of business actors in participating in the training program. In addition, in the implementation of the training, the Office of Cooperatives and Cooperative Services provided transportation allowances to participants so that the community participated enough and was very enthusiastic. Furthermore, he described a fairly good response from the community, more clearly the following excerpt from the interview:

"In response to the results of the musrenbang yesterday, on average he requested training, so all sub-districts in Polewali Mandar district, on average, he requested training, because the response was so great." (Interview, February 23, 2017)

While the level of enthusiasm of the community was also quite high in attending training and counseling from the Koperindag Office. This can be seen from the results of the musrenbang, where there are several sub-districts that propose and request training and counseling in their respective sub-districts. One of the pieces of training conducted by the Polewali Mandar District

Cooperative Office and the researchers' success was training on abon and amplang. The training aims to provide education about increasing production to marketing. The following is the result of interviewing Ms. Sumi, one of the residents (abon and amplang business people) and juju mother (cake business actor) who are trainees:

"Yes, the government has conducted training on abon and amplang. The training was carried out for two days, namely packaging training, marketing training, and training on how to make good abon and amplang. In this activity carried out by the government, I am actively involved." (Interview, March 2, 2017)
"The government really helped me in this training regarding baking and packaging of product contents to make it look attractive on the market. (Interview, March 2, 2017)

Next Ms. Sumi explained:

"I have been assisted by the government in the form of machines, presses, and ovens. This assistance greatly helped my business in the packaging of abon and envelopes which looked good and hoped that in the future the price of abon and amplang could rise and my income could increase. I can do all of this after taking part in training and counseling held by the government on how to package products to make them more attractive which has an impact on the price of shredded meat and my envelopes." (Interview, March 2, 2017)

The expectations of the community as entrepreneurs, especially Abon and Amplang, are innovations in packaging so that they can increase people's purchasing power and consumption. Thus, it can increase the income for abon and amplang business actors and increase their production value.

3.3 Emancipatory Phase

At this stage, the community is empowered and has the ability to develop its businesses. Therefore the empowerment carried out by the Polewali Mandar Regency Cooperative Office must be adjusted to their conditions. To empower these businesses, there needs to be support, protection, and development to the fullest and widest extent of the relevant agencies. The conditions of businesses in the trade sector are currently unable to use this phase because most of the businesses that have not yet found their ability to empower their own

business are seen from the many inactive businesses.

In particular, Polewali Mandar District has enough opportunities to develop and empower MSMEs as a strategic step to increase PAD. The following are the results of research that has been carried out in order to analyze the strategies taken by the Koperindag Office of Polewali Mandar Regency in empowering SMEs. In this study, we will discuss how the empowerment carried out by the Polewali Mandar Regency Cooperative Office in developing SMEs.

4. Conclusion

Based on the results, it can be concluded that:

1. The strategy for empowering micro, small and medium enterprises is not optimal. The strategy that has been formulated has been implemented as expected. However, the empowerment of SMEs is still faced with various problems that hinder the implementation of business development. Especially the community paradigm as a business actor who tends to be pragmatic in looking at empowerment strategies. So that broadly the empowerment of SMEs in Polewali District can be said to have not run optimally.
2. The results of the initial phase show that overall the Koperindag District Office of Polewali Mandar has formulated a strategy formulation in empowering as well as developing SMEs through training, counseling, and policy. Whereas in the participatory phase, the level of community participation in the program or activities carried out by the Polewali District Cooperative Office was quite high. This was marked by the interest and participation of large SMEs actors in each training/counseling held. While the emancipatory phase shows that the development of SMEs in Polewali Mandar District in this phase has been growing with a considerable amount of assets, volume, and remaining operating results.

4.1 Recommendations

1. Department Industry and Trade as the person in charge of developing and empowering SMEs in Polewali Mandar Regency should provide adequate facilities and infrastructure so that the implementation of training or

counseling can run optimally and produce output that is in line with expectations.

2. The community as SMEs actors should open their minds not to be pragmatic in accepting empowerment given by the government. Training and counseling should be used as an opportunity to gain knowledge and knowledge and the government should provide the UPTD for SMEs business actors to produce their businesses so they can save energy, electricity and time related to the development of more innovative and competitive business products.

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