

REVITALIZATION OF SMES' CREATIVE BUSINESSES IN INDONESIA TO FACE ASEAN ECONOMIC FREE TRADE

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ABSTRACT: This study is to address the behavior the practitioners of creative economy, namely sellers of children snacks and food stalls, through revolving fund, giving mentoring in expansion paths, and providing some alternatives of healthy food which is attractive in terms of shape, color, and taste and providing training and mentoring to the food sellers so that they pay more attention to the health aspect of food, while so far they only care about the profit. This study is specifically directed to educate, train and guide entrepreneurs in performing 'intervention' of production and market management in order to achieve Intellectual Property Rights (IPR) and halalan thayibah testing. The analysis method used to answer the above objectives is Participatory Action Research (PAR) approach and the strategy used is action research. This research is able to provide guidance in conducting expansion path for the practitioners of creative economy so that they will be tough and honest in doing their business, and the products are safe for consumers, so it can support food security in order to face ASEAN Free Trade.

Keywords: Revitalization; Creative economy; Food security; SMEs

1. Introduction

The empowerment of Small and Medium Enterprises (SMEs) is emphasized on the practitioners of creative economy, especially food sellers and or sellers of children snack in elementary and secondary schools, because the initial survey result shows that they mostly come and sell their products in front of schools, and sometimes in front of campuses in Malang city. On the basis of the above reality, the acceleration of development of real sector and development of SMEs will not have difficulty in its application. At the macro level the contribution of Small and Medium Enterprises cooperatives or SME cooperatives on economic development in general is quite large, i.e. from employment aspect: adding and/or opening up new employment opportunities, serving as training and education media in order to improve workers' skills, preventing urbanization, and bringing fresh air on the new economy and/or new entrepreneurs (Sorensen et al, 2000; Vizquez et al, 2000; Webster, 2004).

Therefore, it is interesting to conduct an in-depth study as a form of response in order to get the ideal form or model in SMEs circle, especially because some programs are relatively new in our mind. There are five main programs of empowering cooperatives and SME cooperatives, namely: First, a program to create a conducive business climate for SME cooperatives to facilitate the implementation of an efficient, non-discriminatory business environment with healthy competition for the continuity and improvement of SME cooperatives business performance; Second, the business support system development program for SME cooperatives to facilitate, expedite and expand the access of SME cooperatives to conducive local resources (Handoko et al, 2014; 2016; 2017; Handoko, 2017); Third, entrepreneurship development programs and competitive superiority of SME cooperatives in order to develop the spirit of entrepreneurship and enhance competitiveness (Gertler, 2003); Fourth, micro-enterprise empowerment program, the aim is to increase the income of the community engaged in economic activities in informal sector of micro-scale enterprises, especially those who are from

one family; Fifth, programs to improve the quality of cooperative institutions. The purpose of this program is to improve the quality of institutions and cooperative organizations in order that cooperatives can grow and develop healthily in accordance with their identity as the place for common interest for the members to obtain collective efficiency so that the image of cooperative can be better.

2. SMEs' Economic Potential

Statistical data show that the existence of small entrepreneur potential is huge. From 38.9 million entrepreneurs, 99.8% of them are small entrepreneurs and only 0.2% is medium and large entrepreneurs. It identifies the large economic potential of the people who need to be empowered and they have full rights over the national economy. Therefore, revisions to run economic democracy and healthy competition are needed.

This research can give contribution which can be used as one of the foundations in decision making or policy making so that SMEs' potency can be developed sustainably in an integrative way. It is hoped that the policy is able to give new nuance for SMEs in an integrative way, and the crucial problem faced by SMEs, i.e. capital can be overcome in both short and long term (Holden, N.J, 2002; Hollifield and Donnermeyer, 2003; Hoskisson et al, 2003).

Similarly, there are other problems such as difficulty in raw material, unhealthy raw materials, and also less safe and unhealthy final products (food, children snacks). Therefore, empowerment of creative enterprises are very much needed so that they are ready to deal with any difficulties and tough in all respects, including in facing the coming era of Asian Economic Community (AEC) (Mansur, 2013; Masyhuri, 2010; Prajogo et al, 2004; Salavou et al, 2004). Because of AEC, efficiency and optimization are performed in all areas, it is imperative to 'intervene' production management, finance, human resources and markets.

Specifically, the research aims to:

- a. Address the behavior of creative enterprises i.e. sellers of children snacks and food stalls through revolving funding;
- b. Provide mentoring in expansion path and help to find the solution of healthy food type, which has attractive flavor, shape and color.
- c. Provide training and mentoring to the food sellers so that they pay more attention to the health aspect of food, while so far they only care about the profit, and protect food products through Intellectual Property Rights (IPR) and *halalan thayibah* testing.

3. Research Method

The mechanism in the field studied is started from concern over the variety of processed foods that are less healthy for human consumption. Therefore, an action program is performed by giving education, training and mentoring for the creative enterprises with 3 main activities (i) education, training and mentoring on good and healthy food management, (ii) stimulant of revolving funding in order to stimulate funds in partnership with BMT and (iii) protection of food products through IPR and *halalan thayibah* testing. The activities in this program are done on the basis of agreement of all parties so that the target results of this activity will be achieved in accordance with the expectation. The three main targets are (i) education, training and mentoring through interventions of upstream to downstream management, (ii) innovative food protection through IPR and *halalan thayibah* testing.

Participatory Action Research (PAR) is aimed at the practitioners of creative economy. The strategy used in this action research is using the method proposed by O'Brien (2001) with the

mechanisms: (i) planning by taking into account the real condition of the target group (practitioners of creative economy); (ii) action. After the planning process is done, the target group (practitioners of creative economy) implements the plan that has been made with the help of the researcher and is facilitated by the researcher; (iii) observation. Observation is conducted to observe and analyze the successes and weaknesses of strategies and methods used in solving problems that occur in the target group (practitioners of creative economy) of producers and (iv) reflection. The efforts that have been made in solving the problems of the target group (practitioners of creative economy) are reflected and evaluated, and these include the successes and weaknesses of the strategies and methods in solving the problems of the society. This reflection and evaluation lead to planning as in the first point to solve the problems in the target group (practitioners of creative economy).

Other real benefits include: (i) the independence of the target group will be realized and they will be independent when the researcher has 'released' them after the program is completed, (ii) the partnership is built and (iii) there is profit in form of additional income through stimulation of additional business funds.

4. Results and Discussion

A creative enterprise needs the right strategy to maximize its resources in creating a value for goods and services. In an effort to develop creative economy and populist economy, a research on food business and children snacks is conducted. Both types of business are mostly run by sellers with limited knowledge and they absorb a lot of manpower, so some strategies need to be formulated, which include: strengthening and market development, mentoring and guidance, forming uniqueness as product excellence, and remain active to strengthen product excellence continuously

4.1 Strengthening and Market Development

So far, creative enterprises (SMEs) focus on schools in marketing their products and services. Even if there are consumers who comes from different places, to get the products the consumers have to visit the location where the business is run. The results of observations on creative enterprises (SMEs) with youngsters and women as the majority show that some buyers are generally school students from elementary, junior and senior high school. This condition is actually an opportunity for creative enterprises (SMEs) to develop their marketing where previously it is only located in one place.

Expansion of the market zone by developing a pattern of production that has not been covered by similar products is an effective strategy, given the lack of existing competitors. However, market condition where there is no competition is not a guarantee of success. Creative enterprises (SMEs) must know the taste and the character of the target customers appropriately so that the products sold to schools are right on target. Products from SMEs have not been able to reach all schools while they are generally unique products that can meet the taste of students, so this condition is an opportunity for creative enterprises to expand their business to other schools that have not been covered. Nevertheless, market expansion strategy has a considerable risk, but entrepreneurs of creative economy have certainly done some calculations and they have estimated that the products they produce are already known by students. By carrying out these principles, there are possibilities if the new markets are not able to develop into an effective markets for the products offered and if market expansion opens up opportunities to be managed as new markets, creative enterprises can maintain the balance and continuity of product distribution in schools so that it can position creative enterprises (SME) as market leader.

4.2 Mentoring and Guidance

One of the problems often faced by the practitioners of creative enterprises (Small and Medium Enterprises or SMEs) is the lack of mentoring and guidance in the empowerment of SMEs. In the end, empowerment programs undertaken by the government, universities and other NGOs and institutions can not touch and answer the real cause of the problem. Most of the training activities are not followed by continuous training and mentoring as well as guidance so that the result is not maximal. Every creative enterprise wants to get an adequate profit in its business to support business turnover, but it turns out that a lot of creative enterprises have a problem in achieving their revenue targets. Finally, they have a lack of funds to ensure production sustainability.

In fact, creative enterprises or SMEs often experience problems related with capital and they often blame the government, universities, NGOs and other institutions for being less proactive to help them solve the problem. However, this does not seem to be comparable with the data in the field related to capital assistance and guidance for creative enterprises (SMEs) which are intensely carried out by financial institutions. One of the weaknesses faced by creative enterprises (SMEs) is due to lack of mentoring and guidance. Lack of guidance in the field of management for creative enterprises (SMEs) results in failure of the empowerment program. Therefore, mentoring and guidance in good and proportional management system is very much needed by every person in creative enterprises (SMEs).

Through mentoring and guidance, the function of each element in a business is described. This makes the basis in the implementation of business operations, so that the process of planning, evaluation and reporting can be run properly. Some aspects in SMEs that need mentoring and guidance are: a. Finance (budgeting, reports, purchases, etc.); b. Production (processing, quality control, packaging, raw material selection, etc.); c. Marketing (implementation of marketing strategy, controlling, sales report, etc.); d. Operations (rules of business, work culture, working hours, etc.); e. Human Resources (system of recruitment, salary payment, allowances, etc.)

4.3 Forming Uniqueness as Product Excellence.

This strategy emphasizes the efforts to change the character of a product based on innovation and creativity. The goal is to create the character of the product so that it has a distinctive feature that distinguishes it from similar products. In a competition for place and positive acceptance in schools, having a distinctive product is important for similar products, making the product offered has a distinct variant for students (consumers) and this is important in the process of brand building in the mind of students (consumers).

The special characteristic of this product is also an added value or product excellence because similar products that exist in schools (market) do not have such excellence. An excellence will increase the attractiveness of the product on students (consumers) to buy the product. Another advantage obtained from this strategy is the product will be more easily remembered by the consumers (students) so that it will be the first choice for consumers when they visit the shops of school vendors. If demand increases, it will naturally increase the product's price. The increase in the price of product is in accordance with the comparison of changes in market demand so that pace of purchase is still at a normal ratio, and thus market cycle and production are not altered.

If there is no increase in the price of the product when demand increases dramatically, this will lead to a culmination or saturation of market demand that ends in the cessation of product demand. Furthermore, production is delayed and turns into a whole cycle. Meanwhile, some sectors that can be developed to find the uniqueness of a product include: first, create benefits,

in this case the entrepreneur must find additional items that can strengthen or increase the function or benefit of the product itself. This can be done by combining several other products into a more varied product. Thus, consumers will feel benefited when they get some facilities or benefits in a product. Second, keep on innovating and increase creativity so that the business can survive in long-term market competition. By using the data, creative enterprises will know the weakness and the strengths according to the consumers (students) so that innovation and creativity are adjusted with the demand. Third, adapt to the customer's social economy condition. This step is taken to gain social acceptance of the product. This strategy can be in the form of packaging design, name, benefits and so on in order that the product can be directly adjusted to the condition of existing market demand. Fourth, provide something worthwhile. A successful businessman always pays attention to the values prevailing in the community. He will know what things are of high value to the society. Therefore, in the selection of product types, it is a priority to present what is considered to be valuable by the community. By implementing the above steps consistently and continuously, the business will be able to survive on market competition in a long term.

4.4 Remain Active to Strengthen Product Excellence Continuously

A business that has succeeded in the market (schools) has a more excellent product compared with other similar products. However, the benchmark of product excellence in the market (schools) is always dynamic. The standard of value that causes a product to be excellent can change at any time. Creative enterprises (SMEs) must always follow the trend and know what is happening, and they must upgrade their product excellence seriously to always be up to date in the market. Creative enterprises (SMEs) should always improve their services in order to support their own strategy superiority and modify the strategies to deal with changes in consumer demand (students). Many companies have mastered the market, but the success that they achieve is only temporarily. Indeed, the strategy they use to achieve success is right at that time, but what they do not realize is that the challenges and perspectives of the market are so dynamic that the strategic move made sometime becomes irrelevant at different times.

A strategy cannot be maintained in the market forever by an entrepreneur as changes in market condition are a logical consequence of development. Therefore, a company strategy has to adapt to changes. Nevertheless, most companies do not have good foresight to know the actual changes. Finally they take a strategic policy that turns out to be wrong and results in company's loss. Thus, it is vital to be careful in reading market changes, so that in translating the conditions of the market into company tactics and strategies in order to achieve success should be in accordance with the needs of the markets or consumers.

5. Conclusion

Based on the results of the analysis and discussion on the previous material, it is concluded that, in order to improve the creative enterprises (SMEs) various efforts that are expected to bring a better development have been done. There are a very large number of SMEs and they are evenly distributed almost in all aspects of business. Nevertheless, in contrary to its large number, the contribution of SMEs is still quite small compared to large business. This is because SMEs, especially those managed by the practitioners of creative economy, do not show significant development although their business has been running for quite long. To answer this problem, the writer tries to offer various strategies of business development by utilizing the ability and knowledge of entrepreneurship with the concept of populist economy empowerment that are expected to be able to answer various problems faced by the practitioners of creative economy (SMEs).

The right strategy is expected to be able to answer the various problems faced by the practitioners of creative economy or creative enterprises, so it is advised that the government, universities, NGOs and other institutions should further enhance their alignment on the practitioners of creative economy or SMEs. This is imperative considering their significant role on the development of regional economy, through programs that are expected to increase the knowledge and ability of entrepreneurship and empowerment of populist economy which serve as the basic capital for them to develop their business. Meanwhile, for people who run the business, they should be more proactive in improving their knowledge and ability in order to develop their business.

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