

ENTREPRENEURIAL SMEs SURVIVING IN THE ERA OF MILLENNIALS AND LATER PERIOD: PROMOTING INVESTMENT GROUP (PIGs) AS SOLUTION

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ABSTRACT

Entrepreneurial small and medium-sized (SMEs) is The Economic growth pillar that has a significant potential contribution toward economic development in Indonesian. In the millennial era, SMEs are required to be more competitive caused by Market imperfections and limited opportunities and they are still structural problems. In addition, inability in terms of leadership and management, lack knowledge of usage of technology that makes SMEs unable to develop in optimally to reach domestic and global markets. In fact, the government have not outline strategies to set the direction for economic development for SMEs in the next decade as current global, and digital economy will further allow SMEs to take advantage of new opportunities. The long term in future, SMEs will need the creativity of new market strategies, R & D and Know-well technology of information . For survive in the digital era and later period, A Promoting Investment Group (PIGs) is a solution to create new opportunities and SMEs strength. PIGs focused on mediating among SMEs and technology, markets and funds.

Keywords: SME's, Information Technology, Promoting Investment Group (PIG)

INTRODUCTION

Indonesia is in the category of developing countries that are rich in natural resources and human resources capable of supporting Indonesia's economy. Economic growth in Indonesia specifically aims to create the highest Gross National Product (GNP) level, followed by an increase in industry sectors in each province and regions evenly through poverty eradication, provision of employment fields, better education, improvement of health and nutrition standards, improvement of environmental conditions, equal distribution of individual freedom, implementation of cultural life, and empowerment of small small medium micro enterprises (Darwanto, 2013).

The South Sulawesi government itself in achieving economic growth uses one of the development paradigms through empowerment strategies as an alternative development concept, which essentially puts pressure on the autonomy of decision making from a community group, which is based on direct personal power through participation, democracy, from social learning through direct experience (Soeady, 2014).

Small Medium Enterprises (SME) or what we are familiar with as the Micro, Small and Medium Enterprises (MSMEs) have a strategic and important role to sustain the economy of Indonesia and the regions. This is because the number of industries is large and is present in every economic sector and its potential is large in absorbing workers.

The policy of empowering small and medium micro enterprises (MSMEs) in Indonesia has always been described as a sector that has an important role in economic development, because most of Indonesia's population has low education and lives in the activities of micro, small and medium enterprises in both the traditional and modern MSME sectors plays an important role in improving the Indonesian economy, both in terms of the number of businesses, aspects of job creation, and in terms of national economic growth as measured by Gross Domestic Product (Indrawan, 2015).

The Central Bureau of Statistics (CBS) provides a limit to the definition of MSMEs based on the quantity of labor, namely for home industries having a workforce of 1 to 4 people, small businesses have a workforce of 5 to 19 people, while medium businesses have a workforce of 20 to with 99 different people and some use a combination of various benchmarks in defining MSMEs related to the legal basis.

South Africa, for example, uses a combination of number of employees, business income, and total assets as a measure of business categorization. Peru bases the MSME classification based on the number of employees and the level of sales per year. Costa Rica uses a point system based on labor, annual sales, and total assets as a basis for business classification. Bolivia defines

MSMEs based on labor, sales per year, and asset size. While the Dominican Republic uses employees and annual sales levels as benchmarks.

Tunisia has different classifications under different regulations, but there is a general consensus that defines MSMEs based on the number of employees .

In addition, there are also some countries that use double standards in defining MSMEs by considering the business sector. South Africa distinguishes the definition of MSMEs for the mining, electricity, manufacturing and construction sectors. While Argentina stipulates that the industrial, retail, service and agriculture sectors have limitations sales levels differ in business classifications. Malaysia distinguishes the definition of MSMEs for manufacturing and services, based on the number of employees and the number of annual sales (Bank Indonesia, 2011).

There are four reasons that explain the strategic position of MSMEs in Indonesia. First, MSMEs do not need large capital as large companies, so the formation of this business is not as difficult as large businesses. Secondly, the required labor force does not require certain formal education. Third, most are located in rural areas and do not need infrastructure as large companies. Fourth, MSMEs are proven to have strong resilience when Indonesia is hit by an economic crisis (Indrawan, 2015).

Micro, Small and Medium Enterprises (MSMEs) have an important role in the economy, especially in their contribution to Gross Domestic Product (GDP). Considering the important role of MSMEs in the economic, social and political fields, the development of MSMEs is now given considerable attention in various parts of the world.

Micro, Small and Medium Enterprises (MSMEs) have a strategic role in national economic development. In addition to playing a role in economic growth and employment, MSMEs also play a role in the distribution of development outcomes. MSKM is expected to be able to utilize national resources, including the use of labor that is in accordance with the interests of the people and achieve maximum economic growth.

MSMEs have demonstrated their role in creating employment opportunities and as an important source of growth in Gross Domestic Product (GDP). Small enterprises also contribute significantly to Indonesia's economic growth in the industrial, trade and transportation sectors. This sector has an important role in the country's foreign exchange earnings through garment business, handicraft items including furniture and tourist services (Sholikhah, 2017).

The government of South Sulawesi was encouraged to continue to assist MSMEs in fulfilling the provisions of standardization in accordance with national standards as a provision to win market competition. Head of national standardization, Bambang Prasetya said, currently there are not a few MSMEs in Indonesia that have not been standardized. Therefore the South Sulawesi government needs to strengthen the MSME management system. Standardization commonly known as conformity assessment (SPK) or SNI

standardization is considered important as a step to make products belonging to local MSME players have added value and competitive not only domestically but also to enter the export market.

Especially to penetrate the international market. Usually foreign markets do not take for granted Indonesian products that enter their territory. Usually Indonesian products exported in one country are required to have national standardization through SNI.

THEORETICAL BACKGROUND

A. Empowerment

Mubyarto (2002), define empowerment as an effort to build power (community) by encouraging, motivating, and raising awareness of the potential that is owned and trying to develop. Empowerment of the people's economy must be carried out by the government in collaboration with non-governmental organizations and the banking world. There are five main missions in empowerment, namely (1) awareness; (2) organizing; (3) cadre regeneration; (4) technical support, and (5) system management. Meanwhile, Kartasasmita (1995) suggests empowerment efforts must be carried out in three ways such as the following:

- Creating a conducive climate for the community to develop;
- strengthen the potential of the community by preparing infrastructure facilities both physically and socially that are able to be accessed by the lowest level of society;
- empowering in the sense of protecting and defending weak communities.

Erwidodo's (1999) view of empowerment is given to weak economic actors to improve business capacity (entrepreneurship). The essence of populist economic empowerment is to empower MSMEs, cooperatives, and community groups to be independent in the economic field, so as to be able to build productive economic activities and creative economy in a sustainable manner. According to UNCTAD and UNDP in Summary Creative Economics Report (2008: 11-12) potentially creative economy plays a role in driving economic growth caused by the following things.

- The creative economy can encourage income generation, job creation, and export revenues. In addition, the creative economy can also promote social aspects (social inclusion), cultural diversity, and human resource development.
- The creative economy fosters economic, cultural, and social aspects that are interconnected with technology, intellectual property, and tourist destinations.

- It is a set of knowledge-based economic activities with a developmental dimension and linkages between macro and micro levels for the economy as a whole.
- This is one of the feasible development options to arouse multidisciplinary innovation, policy responses, and inter-ministerial actions.
- In the heart of the creative economy there are creative industries (at the heart of the creative economy are the creative industries)

Creative economy can create prosperity because it can create employment opportunities, increase income, create equity, and encourage renewal and utilize local raw materials. The type of creativity that forms the creative economy, namely the creativity of science (Scientific creativity); Economic creativity (Economic creativity); Cultural creativity (Cultural creativity); and technological creativity (Technological creativity).

Widiyanto (2010) entitled "MSME Development Strategy in Central Java" aims to examine technology adaptation, working capital, marketing, innovation, entrepreneurship, and access to working capital in order to develop MSME development strategies in Central Java. From the results of the study using quantitative descriptive analysis tools, the following results were obtained: The potential of MSMEs in Central Java Province lies in the processing, agriculture, forestry, fisheries and livestock industry sectors. The limitations of innovation and the level of adaptation are quite high. The leading sector is the creative processing industry because the replication rate of competitors is very low and can become a product icon or branding. The limitations of MSMEs in the face of competitive advantages are market expansion, financial accessibility to banking, low human resource capabilities.

B. Micro, Small, and Medium Enterprises (MSME's)

Based on Law No. 20 of 2008 concerning MSMEs, what is meant by micro-enterprises is productive businesses owned by individuals from or individual business entities that have a net worth of at most Rp.50 million excluding land and buildings for business premises, or annual turnover of at most Rp.300 million. Small-scale business is a stand-alone productive economic undertaking carried out by individuals not a subsidiary either directly or indirectly. Criteria for small businesses having a net worth of between Rp. 50 million to Rp. 500 million excluding land and buildings where businesses or sales turnover ranged from Rp. 300 million to Rp. 2.5 billion. Medium Business is a productive economy that is independent which is carried out by individuals not a subsidiary either directly or indirectly. The criteria for medium-sized businesses have a wealth of more than Rp. 500 million to Rp. 10 billion

excluding land and buildings where businesses or sales turnover ranges from Rp. 2.5 billion to Rp. 50 billion.

METHODOLOGY

This research is explorative and qualitative descriptive (Ni Nyoman, 2017). To formulate recommendations for MSME empowerment policies, a qualitative approach is used in the form of Analytical Hierarchy Process. AHP is a functional hierarchy with the main input being the perception of MSMEs. A complex and unstructured problem is solved into groups, then arranged into a form of hierarchy. AHP is suitable for solving the problem of hierarchical structures with multiple criteria (Saaty, 2000). The population in this research is MSMEs that are spread across Districts of the City of Bali Province. The sampling technique uses proportional stratified random sampling (purposive) based on the number of MSMEs. The data used in this research consists of primary data by conducting field surveys and secondary data as supporting data.

RESULTS

A. Development Strategy

In an era of free competition like this, the ASEAN Economic Community (MEA) has now been implemented, every society or industry feels a different challenge from the external environment. In this connection, problem solving cannot be done with the same general policies from the central level. The policies and strategies developed must be in accordance with the specifications or conditions needed by the type of industry concerned. For this reason, special attention needs to be given to MSMEs being a sector that can assist in increasing the workforce and improving the living standards of people as business owners.

The growth of small and medium micro enterprises is assessed from how the conditions of the business environment are established or where the process of making products of small and medium micro businesses is established. The regional development strategy works well at least has an evaluation of the strengths and weaknesses / constraints in this case small and medium micro business actors and the reduction of business barriers and opportunities across MSMEs to collaborate in finding markets. Regional development through industry development in the MSME sector can be done between others, providing incentive opportunities for business investment, encouraging new investments, developing partnerships and providing training and consulting services.

B. Problem Faced by MSME's in South Sulawesi

Micro, Small and Medium Enterprises (MSMEs) in South Sulawesi face a number of obstacles to win the competition, some of which are feeling satisfied, logistical costs and network limitations, based on data obtained from the South Sulawesi Cooperative and SME Office. In South Sulawesi. It's just that not many of them are able to penetrate national to global markets. According to him, MSME players in South Sulawesi are too quickly satisfied with the local market they have. Where products are marketed there and without seeing the great potential to market their products to areas outside of South Sulawesi. "So that UMKM products, South Sulawesi UMKM players should be able to read market needs.

- Limited Human Resources (HR) Education.

Most small businesses grow traditionally and simply, which is a family to family generation. the limitation of human resources in small business activities in terms of formal education as well as very limited knowledge and knowledge and skills have a major influence on business management. So that the business is difficult to develop optimally, it also causes the difficulty of developing a small business whose products need technology, because human resources are difficult to adopt the development of new technology.

- Lack of capital and limited access to finance.

Most MSME entrepreneurs or owners rely on their own capital in building their businesses. The lack of UMK capital, which is one of the obstacles to business development, has resulted in the UMK business not having a large profit for its owners. Whereas capital that can be obtained from bank loans or other financial institutions is difficult to obtain, because the administrative and technical requirements requested by banks are difficult to fulfill.

- Weak business network.

Businesses which are generally a business unit that are hereditary, have very little network and low market penetration capability, therefore the product innovation produced is very limited and has less competitive quality goods. In contrast to large businesses that already have a large and wide market network. UMK entrepreneurs also have a lack of entrepreneurial spirit. The rural atmosphere that is the background of SMEs often contributes to shaping performance. For example, the rhythm of the work of SMEs in the area is relaxed and inactive so that it is often the cause of the loss of opportunities

Product marketed by most umkm has almost the same type of goods without seeing the great potential to market their products to areas outside of South Sulawesi. So that our MSME products become expensive. Second, some of the industry's raw materials are from Java. For example packaging, it's a lot

from Java, so the cost of producing our MSMEs is also more expensive than Java.

However, South Sulawesi SMEs should be able to read local and long-distance market needs. The ability to know market desires is far more important. Where MSMEs should conduct simple research. One of them sees the potential of culinary products that are favored by buyers. Promotion of Innovation for entrepreneurs can always take advantage of opportunities to develop economic capacity and allocate resources effectively. In addition, entrepreneurs must at least be able to face increasingly difficult and wider competition.

C. Promoting Investment Group (PIG)

In the millennial era, small and medium micro businesses are required to be more competitive because of market imperfections and limited opportunities and they are still structural problems. In addition, inability in terms of leadership and management, lack of knowledge about the use of technology that makes SMEs unable to develop optimally to reach domestic and global markets. In fact, the government has not elaborated a strategy to establish the direction of economic development for SMEs in the coming decades due to the current global, and the digital economy will further enable SMEs to take advantage of new opportunities. In the long term in the future, SMEs will need new market strategy creativity, R & D and Know-well information technology. To survive in the digital age and later periods, A Promoting Investment Group (PIGs) is a solution to creating new opportunities and the power of SMEs. PIG focuses on mediation between SMEs and technology, markets and funds.

A Promoting Investment Group (PIGs) which is a new concept with the preparation of a group of youth association that understands the investment in the business sector of small and medium industries based on each output produced by industry players who are able to map potential SMEs and develop MSME's products whose products have a large selling potential. A Promoting Investment Group (PIGs) has a performance program that records several types of SMEs that have great selling potential and then is surveyed, and then becomes a pioneer to promote products produced by SMEs in the local or international markets. In this case the part of A Promoting Investment Group (PIGs) is people who understand business and investment and understand the market objectives of the products needed.

A Promoting Investment Group (PIGs) is a new solution for industry players, especially SMEs who have not been able to market their products and / or do not have a market to market their products on target. A Promoting Investment Group (PIGs) has the task of finding and selecting SMEs that produce goods that they want or are interested in or sought by local or international buyers with that providing direct networking for business people, and markets.

CONCLUSION

Based on the discussion, some conclusions can be drawn, First: the potential for the development of MSMEs must be carried out in accordance with the typical potential in accordance with the products produced by MSME actors. Second: The role of increasing human resources, utilization of technology, access to capital, access to marketing, access to information and management in the development of small and medium micro enterprises. Human resources that are increasingly open in the global era are a great potential if the design includes network collaboration through Promoting Investment Group (PIGs) in forming partnerships

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