

GOVERNMENT POLICY ANALYSIS ON MEDIUM SMALL BUSINESS IN DEVELOPING ENTREPRENEURSHIP

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Abstract

Indonesia currently embraces a populist economic system, in which the society is being promoted to create small and medium enterprises which can later grow and can compete with large industries or companies owned by Indonesian citizens as well as competing with foreign companies. In order to intensify small and medium enterprises, the government makes policies on improving small and medium enterprises in the framework of entrepreneurship. Therefore, researchers need to examine government policies concerning small and medium enterprises (SMEs) in developing entrepreneurship. This study aims to describe and find the right policy model for the government to support small and medium enterprises in developing entrepreneurship as one of the efforts to create a populist economic system. The method used is descriptive method with qualitative approach with data collection through literature study and documentation. The expected result of this research is to formulate the right government policy model to support small and medium enterprises. The result of the research shows that government policy is based on five strategies, among others: 1) Increasing the quality of human resources, in this strategy strengthening the entrepreneurial sector by doing the arrangement and development in the field of education, training, assistance in encouraging support for personal quality improvement will start entrepreneurship. 2) Increased access to financing and expansion of financing schemes, through the development of financing institutions / cooperative banks and SMEs, as well as optimization of non-bank financing sources, 3) Increasing and adding value of products and marketing coverage, expanding the application of appropriate technology to diversify products based on value chain and (5) ease, certainty and business protection, harmonization of sectoral and regional permits, reduction of types, fees and time of licensing arrangements, enhancement of effectiveness of enforcement regulation of fair business competition.

INTRODUCTION

Small and Micro Enterprises (SMEs) are important sectors and great contribution in realizing the targets of national economic development, such as economic growth, employment opportunities, increasing foreign exchange, and regional economic development. SMEs are expected to have the ability to participate in spurring national economic growth so that SMEs need protection in the form of government policies such as laws and government regulations. The existence of good regulations in the form of laws and government regulations related to SMEs in terms of production and banking side, will spur the role of SMEs in the economy. As expressed by George. J. Stigler in Malaala Harefa (2008: 206), that "Regulation is a set of rules intended to provide protection and benefit to society in general or to a group of people".

The benefits of the regulation can be seen from two sides, namely from the side of the government as a regulator and from the employer side as the object of licensing. For the government, licensing is necessary to maintain public order and provide protection to the public at large. For entrepreneurs, licensing should provide social and economic benefits. If a policy or regulation is not in line with expectations, the policy must be evaluated as a result of the evaluation will get input related to policy discrepancies with the expected performance results. Thus, evaluation helps policy makers at the stage of policy assessment of the policy-making process. Policy evaluation not only results in conclusions as to how far the problem has been resolved, but gives input to clarification and criticism of the underlying values of the policy, assisting in the adjustment and re-formulation of the problem.

The government has made a policy to accelerate economic growth directly related to SMEs, namely the creation of three main policy points in the economic field. The first is the improvement of financial services, especially for SMEs, which includes the improvement of banking services, capital market, multifinance, insurance.

The second key policy is the improvement of financial services infrastructure, in the form of market access, billing and payment services, ease of investment and saving, and general support for the implementation of trade transactions. Improving services and supporting infrastructure will not mean much without a comprehensive overhaul effort to improve entrepreneurship skills for SMEs. The third key policy is to improve the capability and mastery of technical and business management aspects, product development and sales, financial administration, and entrepreneurship as a whole.

Government policy in the development of SME sector aims to increase the potential and active participation of SMEs in the national development process, especially in economic activities in order to realize the distribution of development through expansion of work and income increase. According to Abdul Rosid (2004: 1), "The target and the development of small-scale enterprises is the increasing number of small-scale enterprises and the realization of increasingly tough and independent business, so that economic actors can play a role in the national economy, increasing competitiveness of national entrepreneurs in the world market, the spread of investment between sectors and among groups".

Government through various elements such as the Ministry of Cooperatives, Ministry of Industry and Trade, Bappenas, SOEs as well as financial institutions both banks and nonbank, make various efforts to realize SMEs in order to become tough and independent and can develop to create a strong national economy. Support is realized through policies as well as the provision of facilities and other stimuli. In addition, much support or assistance is needed in relation to such efforts, such as assistance in the form of procurement of production equipment, other physical goods procurement also required the existence of adequate, effective and applicable methods, mechanisms and procedures and leads to conformity of business and efforts development with the ability of the community as an element of business actors in a community-based economic system, namely in the form of SMEs. Efforts to ensure the progress and development of SMEs are also programmed by the Ministry of Finance through Minister of Finance Decree No.316 / KMK.016 / 1994. The decree requires State-Owned Enterprises (BUMN) to set aside 1-5% of the company's profit for Small Business and Cooperative Development (PUKK). The obligation of SOEs to set aside their profit 1-5% has not been properly managed and implemented. The study by Sri Adiningsih (2003: 4) explained that most SOEs choose the smallest percentage, ie 1% of the profit, while many SMEs are admitted difficulty accessing these funds. In addition, banking credit is also difficult to be accessed by SMEs, in between

OBJECTIVE

The purpose of this research is to know How Government Policy to Small and Medium Enterprises (SME) in improving entrepreneurship. And see the supporting and inhibiting factors of small and medium enterprises in improving entrepreneurship, so it can diketahui appropriate kebijakan model for small and medium enterprises in increasing entrepreneurship.

RESEARCH METHODS

The research uses descriptive method with qualitative approach, where qualitative approach can give description about government policy analysis related to small and medium enterprises (SMEs) in improving entrepreneurship, and can show program of city government program through Dinkop UKM Tangsel which has given development to SMEs that exist in Tangerang area South. And can be analyzed the supporting and inhibiting factors in the implementation of SME development policy.

A. Basic Policy of MSME development implementation

Micro, small and medium enterprises are business activities that are able to expand employment and provide widespread economic services to the community, and can play a role in the process of equity and improvement of people's welfare. Encourage economic growth and play a role in realizing

national stability. In addition Micro, and Medium Enterprises are one of the main pillars of the national economy which must have the ultimate opportunity, support, protection and broadest development as a manifestation of firm decisiveness to the group of people's economic enterprises, without neglecting the role of large enterprises and State-Owned enterprises.

Based on the Law of the Republic of Indonesia No. 20 of 2008 on Micro, Small and Medium Enterprises explains about the understanding of Micro, small and medium enterprises. Micro Business is a productive business owned by individual and / or individual business entity fulfilling the criteria of Micro business as regulated in Law. A small business is a stand-alone productive economic enterprise undertaken by an individual or not a branch of a company owned, controlled or a part, directly or indirectly, of a medium-sized or large-scale business that meets the criteria of a small business referred to in the Act. A medium-sized enterprise is a stand-alone production economic enterprise undertaken by an individual or a business entity that is neither a subsidiary nor a branch of a company owned or controlled either directly or indirectly by a small business or a large business by the amount of net worth or sales proceeds as regulated in the Act.

Small and medium-sized enterprises have a very strategic role in the expansion of employment and business opportunities, increased exports and equity of income, therefore the government continues to strive to continue to encourage, grow and strengthen the ability of small businesses to be able to grow into a large business that has a root strong and sturdy so as to become the backbone in moving the wheels of national economy. This role must be enhanced and supported by the government through various coaching. Government in its policy to SMEs by issuing legal umbrella that is:

1. Pancasila is social justice For all the people of Indonesia.
2. The 1945 Constitution must be realized through the development of a national economy based on economic democracy in accordance with article 5, paragraph 1, article 20, article 27 paragraph 2 and article 33.
3. Decree of MPR RI number XVI / MPR RI / 1998 on economic politics in the framework of economic demo-krasi, micro business, small and medium business.
4. Law No. 9 of 1995 concerning small businesses.
5. Law of the Republic of Indonesia number 20 of 2008 concerning micro, small and medium enterprises.

The above government policies in the context of empowerment of micro, small and medium enterprises need to be conducted thoroughly, optimally and sustainably through conducive conducive climate, giving business opportunity, protection support and expansion of width, so as to increase position, role, and potential of micro, small and medium enterprises in realizing economic growth, equity and increasing people's income, job creation and poverty alleviation. To empower small and medium enterprises is certainly enhanced and supported by the government through various coaching. The principles of empowerment of SMEs are:

1. The growth of self-reliance, togetherness, and entrepreneurship of UMKM to work with their own initiative
2. The manifestation of transparent, accountable, and fair public policies.
3. Market development based on regional potential and market oriented in accordance with the competence of UMKM
4. Increasing the competitiveness of SMEs
5. Implementation of planning, implementation, and control in an integrated manner.

The objectives of empowerment by the government are:

1. Realizing balanced, developing and equitable national economic structure
2. Growing and developing the ability of SMEs into a strong and independent business
3. Increasing the role of MSMEs in regional development, job creation, income distribution, economic growth and poverty alleviation of the people.

As outlined in the law number 20 of 2008 on micro, small and medium enterprises, the guidance given by the government is focused on several aspects as follows:

1. Business climate The Government continuously strives to create a conducive climate for the creation of the widest possible business opportunities for small businesses. Aspects of government concern include:
 - a. Funding That includes efforts to multiply the types and allocations of funds that small businesses can use, seek ways of obtaining funds and provide financial assistance in funding.
 - b. Business Competition Regulate cooperation between small and medium enterprises and large in order to improve bargaining position in conducting transactions, business with other parties, in addition to increasing the scale of its business.
 - c. Government Infrastructure regulates the provision of adequate infrastructure for the development of small businesses such as transportation, telecommunications, electricity, clean water, business locations and markets. Different tariffs are applied on the basis of governmental provisions when directly or indirectly.
 - d. Government information establishes government regulations regarding the utilization policy of various business centers and business information systems owned by the government and private and disseminates the information throughout the territory of the country.
 - e. The Government partnership fosters a business climate that encourages the establishment of partnerships among small entrepreneurs with medium and large enterprises. In addition, the government should prevent the loss of small entrepreneurs resulting from transactions with medium and large entrepreneurs.
 - f. Government Licensing stipulates the regulation of regulations and policies to simplify licensing procedures and licensing under one roof.
 - g. Protection Government builds business premises for small entrepreneurs or traditional businesses and builds up part of the land in industrial areas designated for middle and large entrepreneurs.
2. Development and Development The Government provides guidance and development for small and medium entrepreneurs through the following aspects:
 - a. Production Provide training and enhance the ability of management, production and processing techniques including the ability to provide production facilities and infrastructure, equipment, raw materials, pens and packaging materials.
 - b. Marketing Marketing provides support in marketing by providing means and as well as promotional support and market profit testing, developing marketing agencies and distribution networks.
 - c. Human Resources The Government instills and develops the spirit and spirit of entrepreneurship such as: the spirit of independence, risk-taking, diligence and productive.
 - d. Technology, Small entrepreneurs are trained to improve their skills in product design, quality control and technology transfer.

B. Empowerment of SMEs by Cooperative and SME Office in South Tangerang City

Department of Cooperatives, Small and Medium Enterprises Tangerang Selatan City in order to improve the welfare of the people of Tangsel City and the delivery of the vision of the Mayor's mission through the populist economy based on technology and information, conduct development programs through three programs, among others:

1. Improving the quality of cooperatives, including managerial quality, improving human resources, as well as improving in terms of assets and balance sheets.
2. Develop SMEs to have competitiveness and quality, in addition to development in terms of quantity through the program "Powder" is in a cooperative consisting of a thousand SMEs. Quality SMEs can 'go public' nationally and internationally. through the arena of the promotion of the archipelago and foreign promotions. SMEs can become international if they have standardized products, both in terms of quality, taste, including in terms of packaging, as well as its management. In achieving this will be carried out continuous

guidance to SMEs by trying to create opportunities for new entrepreneurs or entrepreneurs entrepreneurs

3. guidance to pedagang pavement (street vendors). Problems street vendors, especially in Tangsel City, can be a crucial problem but also become a strengthening of the populist economy. Therefore, PKL coaching is more directed to the location arrangement for the street vendors. The arrangement of street vendors that have been done by the Dinas in cooperation with non-governmental organizations, especially the Tangler Traders Association (APKLI) of Tangsel City is at the location of Samsat Serpong BSD and Taman Kota office, as well as several other places. The PKL dealership in Tandon area is in line with the arrangement of tandon area as an ecotourism area of populist economy. ecotourism is also a region for community art and cultural activists.

It is quite prominent from the program Dinkop SMEs in 2017 is in addition to ecotourism, as well as plans for the construction of innovation building (Innovation Center). In the innovation building, there will be incubation clinic, which is clinic of UMKM which can be used as clinic for MSME which have problem in relation to product quality and from managerial quality aspect.

In the field of cooperatives with a total area of just 147.19 km² South Tangerang city spelled out, at least data Cooperative office until 2014 shows there are 548 cooperatives spread across 7 districts, of which 444 units of cooperatives are active cooperatives. Department of Cooperatives and SMEs continue to seek coaching and facilitation programs of cooperatives in Tangsel. Based on the amount, it is expected that the cooperative can conduct guidance and development of SMEs in Tangsel region.

The large number of cooperatives are valuable assets of Tangerang Selatan city to increase economic growth, employment and entrepreneurship opportunities, welfare and alleviation of kemiskinan in Tangsel region. currently there are 25,400 people or 1.75% of the poor, 4.56% open unemployment rate in tangsel (BPS, 2013). In addition to the challenge to alleviate poverty, the city of Tangsel cooperative faced by the challenge of how to play a role in improving its role in developing the potential of entrepreneurs in Tangsel whose numbers are high.

In 2014 the data of South Tangerang City Disperindag shows that there are 892 small, medium and large industries. With the number of workers who managed to absorb as many as 7192 people. The top five industries are: food and beverage industry, apparel / convection / tailor, cosmetic / medicine / soap, woven bamboo / rattan, and chemical industry. Distribution of the location of the industry, the most sequentially found in the District of Pondok Aren, Setu, Serpong, North Serpong, Ciputat, Pamulang and East Ciputat.

C. The real condition of MSMEs in South Tangerang

The City Government of South Tangerang undertakes various efforts in improving and empowering SMEs in South Tangerang, through policies or program programs that support the implementation of entrepreneurship development in the South Tangerang region. In the effort there are several policy strategies, including:

1. Improving the quality of human resources
In this strategy the strengthening of the entrepreneurial sectors by doing structuring and development in the field of education, training, assistance in encouraging support for individual quality improvement that will start entrepreneurship. It also needs to provide and support the availability of special tools for technology-based women in order to compete in terms of structuring and business competition.
2. Improved access to financing and expansion of financing schemes
Through the development of financing institutions / cooperative banks and SMEs, as well as optimization of non-bank financing sources, the integration of SME debtor information systems from bank and non-bank financing institutions and advocacy of financing for cooperatives and SMEs
3. Increased and value added products and marketing reach
The expansion of the application of appropriate technology to product diversification based on value chain and local excellence in the implementation of product standardization, halal

certification and integration of marketing facilitation and distribution system both nationally and sectorally

4. Institutional linkage of business

Investment partnership based on business linkages and enhancement of the role of cooperatives and SMEs in strengthening the business system of agriculture and fisheries, and the center of small and medium industries in industrial areas

5. Ease, certainty and business protection

Harmonization of sectoral and regional permits, reductions in types, costs and time of licensing arrangements, enhanced effectiveness of enforcement of fair business competition regulations, and increased synergy and stakeholder collaboration (public, private and community) supported by an integrated system based on cooperative and SME data sectoral and territory

Based on these five strategies, this study is based on programs that have been and have not been felt by the community from the strategies that have been formulated in the MSME policy. Tangerang Selatan has various types of SMEs with different business sectors. From the variation of these types of business communities have different needs in the development of their business, but government programs can also be hardened with the needs of the community.

Based on the first strategy, namely the strengthening of entrepreneurial sectors by doing structuring and development in the field of education, training, mentoring. The results of interviews with some SME actors in South Tangerang mention that most states have never followed the programs implemented by the City Government through Dinkop SMEs, some of the training independently or activities carried out by the private sector.

The second strategy related to increased access to financing and expansion of financing schemes. Most of the SME actors have not experienced capital assistance and the development of financing from the government program, mostly mentioning that capital is personal funds obtained from various businesses, either personal savings or applying for business capital loans to Banks privately.

The third strategy in the areas of improvement and value-added products and marketing reach. SMEs in Tangsel are still minimal in the use of technology, both in the production process, financial management, and marketing, a small part of production activities using the machine. Value added products can also be obtained through ownership of patents and the like, but based on interviews with SME actors, most of them have no certificates or patents on their products. The free patent registration program ever conducted Dinkop UKM Tangsel has not formed all the SMEs in Tangsel. Tangerang Selatan in 2014 has 548 cooperatives spread in 7 districts, of which 444 units of cooperatives are active cooperatives, coupled with a program of one SME cooperative made by Dinkop UKM. However, the cooperative data did not yet accommodate the perpetrators of SMEs in Tangsel, because the field data obtained show that SMEs are not aware of the existence of cooperatives, the association is followed only by fellow SMEs with similar business products. Thus the strategy of strengthening business institutions by accommodating SMEs to cooperative actors has not been optimally implemented by Dinkop UMK Tangsel.

The ultimate strategy in ease, certainty and business protection. The SMEs acknowledged that business licensing is the reason that the government has good intentions in helping SMEs, although aid programs are not fully perceived by SMEs, but the certainty and protection of the business is enough to help SMEs sustainability. Independently, SME actors can overcome various problems faced, both raw materials, capital, and marketing issues. Based on the analysis with five government policy strategies in assisting the improvement and development of SMEs, Tangsel City Government through Dinkop UKM has not optimally touched the perpetrators of SMEs as a whole. Some of the SME actors are trying with their own capital and business in developing their business. Looking for a model of self-development, by engaging various private sectors.

Problems faced by SMEs in the slow development of business independently also vary as constrained by the limited production and marketing personnel so that business can not grow faster. Most of the existing workforce is more interested in working in large industries, as well as the services and retail sectors. It's hard to find a workforce who is bothered to process raw materials or

cooking in the kitchen, because they are more interested in working in tidy clothes in large industries or services and retail sectors with high demand standards

D. Supporting Factors and Inhibitors of SME Development in South Tangerang

1. Supporting Factors

Tangsel City Government through Dinkop UKM conducts various activities or programs to support SME empowerment in South Tangerang. One of the supporting factors of government policy in supporting SME development programs is the existence of Cooperative as a medium for SME development in South Tangerang. As mentioned above, South Tangerang in 2014 has 444 active cooperatives that can help develop SMEs in Tangsel.

In addition to cooperatives, Tangsel in the year 2017 will build a 10-storey building that is intended to support various SME development activities from various business sectors. The building will also be used as incubation entrepreneur as regards one program Dinkop SME South Tangerang City.

2. Inhibiting Factors

In terms of quality, the perpetrators of SMEs we need to criticize. Despite their very positive and potential existence, large numbers of MSMEs also have potential problems, even they are highly vulnerable to failure due to external and internal problems they face. The external issue is the counterproductive stakeholder policy towards the development of MSMEs, such as banking regulations that complicate the capital loan, business security and comfort, regional infrastructure, complicated licensing and certification process, and the latest is a 1% tax payment obligation for MSMEs.

While internal problems include the form of business is usually individual and not yet incorporated, the legality of the business is weak, the organizational structure is simple with the division of work that is less clear, most do not have financial statements and do not separate between personal wealth and corporate wealth, business, business model is not clear, business capital is very limited, Human Resources (HR) is limited, less professional management, difficulties in marketing, tight competition, difficulty in production process, lack of innovation and creativity, and the fact there are many umkm in South Tangerang less technology literate.

CONCLUSIONS

The SME empowerment policy in developing entrepreneurship at the level includes the improvement of business support system that includes institutions or systems that provide support for increasing SME access to productive resources in the framework of business expansion and performance improvement. Productive resources include raw materials, capital, skilled labor, information technology. Business expansion includes improvements in institutional arrangements, capacity building and market outreach.

The results show there are still many improvements that need to be done to realize cooperatives and SMEs that have a sustainable business, independent and competitive. The development of cooperatives and SMEs also still require policy support that helps the Cooperative and SMEs in responding to the changing market and dynamic economy. Cooperatives and SMEs also need to be strengthened so as to contribute to the improvement of national business actors become more solid and balanced, both in the scale of business, strata or sectoral.

Government through various elements such as the Ministry of Cooperatives, the Ministry of Industry and Trade, SOEs, BUMD also other financial institutions both banks and nonbank have made various efforts to realize SMEs in developing entrepreneurship in order to become tough and independent and can grow to create a solid economy. Various aid is realized through policies and the provision of facilities and other stimuli.

RECOMMENDATIONS

Should there be support and assistance needed such as assistance in the form of procurement of production equipment, other physical goods procurement also required the existence of a method, mechanism and procedure adequate, effective, and applicative and leads to conformity of business and development effort with society ability as element business actors in a community-based economic system, namely in the form of Small and Medium Enterprises (SMEs) in developing entrepreneurship.

The policy alternatives concerning the control system of large producers entering the lower middle market should be reduced so that small and medium enterprises can increase entrepreneurship. As well as training and socialization of local government in the form of tips in the development of entrepreneurship in small and medium enterprises that can be an experience for small and medium enterprises in improving entrepreneurship.

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