The Empowerment of Small and Medium Enterprises (SMEs) Based on Quadruple Helix

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Abstract

Mobilize people's priority economy in fact is the absolute duty of a country. Indonesia based on Pancasila, so moving the people's priority economy is to achieve the goals of prosperity stated in the five precepts of Pancasila, namely, "social justice for all Indonesian." The economic problems of the people can not be separated from the talks SMEs, is one of the mainstay for the economic resilience of a country. Various parties have played a positive role in the growth and strengthen the SME sector, but until now have not been able to significantly SMEs showed his strength in the economy in Indonesia.

Empowerment of small and medium enterprises will be key in order to improve the survive possibility of the country. In moving the people's priority economy, the defense of government its absolute. Governments should provide material capital, intellectual and institutional. SMEs is the biggest part of the people of Indonesia, then for the purposes of SMEs in the long run should be encouraged to compete in the global market.

The purpose of this paper is to examine 1) how the empowerment of SMEs that can compete and can improve economic conditions of Indonesia. 2) To analyze the strategies and capabilities of SMEs in improving their human resources in the face of competition.

Besides having the advantage, SMEs also face various of classical problems, such as difficulties in capital access, markets, technology and information. Low quality of human resources of SMEs, not optimal function MSME institutions and the business climate is not siding with the SMEs. Based on these issues so the main problem in this paper is a strategy that can be applied to improve the ability of SMEs to compete with the Quadruple Helix approach.

One strategy for SMEs in order to have the competitive advantage is implementing the model Quadruple Helix, which is a model of collaboration and synergy of four sectors: government (government), business (business), universities, and the society or the creative community (civil society), which acts as a driver of growth of innovation and creativity.

Strategies to develop SMEs in Indonesia can not be separated from the support of banks in lending and market share. Establishment of IT-based Centre for Development of SMEs also considered to enhance growth and development of SMEs in the era of technology.

Keywords: SMEs, Quadruple Helix

I INTRODUCTION

1.1 Background

Problems of poverty, unemployment and inequality control of national assets is a complicated issue that become obstacles in order to optimize the utilization of national resources. This condition is an indicator that the society has not been as a subject in development. Making society as the subject of development is to give their rights to participate in the creation and distribution of national production. This indicator is an inspiration for empowerment of people's priority economy who later developed into an issue to build a people's priority economy system.

Mobilize people's priority economy in fact is the absolute duty of a country. Indonesia based on Pancasila, so moving the people's priority economy is to achieve the goals of prosperity stated in the five precepts of Pancasila, namely, "social justice for all Indonesian." The economic problems of the people cannot be separated from the talks SMEs, is one of the mainstay for the economic resilience of a country. Proven in times of crisis with falling many debt-ridden conglomerate business abroad, small and medium enterprises, especially export-oriented precisely reap extraordinary profits. Some of them survive in various ways by the relatively small capital investment and spin.

Tabel 1. ***Number of Enterprises 2011-2012 in Indonesia***

Size	**2011**		**2012**		**Growth**	
	of Business units	**%**	**of Business units**	**%**	**of Business units**	**%**
Micro	54,559,959	98.82%	55,856,176	98.79%	1,296,207	2.38%
Small	602,195	1.09%	629,418	1.11%	27,223	4.52%
Medium	44,280	0.08%	48,997	0.09%	4,717	10.65%
Total M,S.M	**55,206,434**	**99.99%**	**56,537,591**	**99.99%**	**1,328,147**	**2.41%**
Large	4,952	0.01%	4,968	0.01%	16	0.32%
Total	**55,211,386**	**100.00%**	**56,542,559**	**100.00%**	**1,328,163**	**2.73%**

Sumber: *The Asia Pacific SME Cloud Computing, Attractiveness Index 2015*

The vast majority (almost 99 percent), SMEs in Indonesia are micro-enterprises in the informal sector and in general using local raw materials to the local market. That is why SMEs not directly affected by the global crisis. World reports Economic Forum (WEF) 2010 puts the Indonesian market in the rankings to 15th. This matter shows that Indonesia as a potential market for other countries. The potential can not be used by SMEs optimally.

The development of SMEs in Indonesia still faced with various problems, so that causing weak competitiveness to imported products. The main issue faced by SMEs, among others, the lack of infrastructure and access to government related to the licensing and bureaucracy and high levels of charges. Based on that problems, the potential for large SMEs become obstructed. Although SMEs is possible to survive in global crisis but in fact there are still many problems that must be faced. This was in addition to indirectly affected the global crisis and domestic issues were no unresolved issues such as wages, employment, corruption etc.

Another problem facing SMEs, namely the liberalization of trade, such as the implementation of the ASEAN-China Free Trade Area (ACFTA), which effectively has applicable in 2010. On the other hand, the Government has agreed on a cooperation agreement ACFTA or other agreements, but without considering readiness of SMEs in order to compete. As an example of the readiness of product quality, pricel, market readiness and lack of clarity of imported products map. This condition will be heavier facing MSMEs Indonesia at the time of entry into force of the ASEAN Community by 2015. If this condition is left, SMEs will eventually go bankrupt as well.

The Empowerment of small and medium enterprises will be key in order to improve the survive possibility of the country. In moving the people's priority economy, the defense of government its absolute. Governments should provide material capital, intellectual and institutional. SMEs is the biggest part of the people of Indonesia, then for the purposes of SMEs in the long run should be encouraged to compete in the global market.

Tabel 2. ***Indonesian workforce Composition (2011-2012)***

Size	**2011**		**2012**		**Growth**	
	of Workers	**%**	**of Workers**	**%**	**of Workers**	**%**
Micro	94,957,797	90.77%	99,859,517	90.20%	4,901,720	5.18%
Small	3,919,992	3.75%	4,535,970	4.09%	615,978	15.71%
Medium	2,844,669	2.72%	3,262,023	2.94%	417,354	14.87%
Total M,S.M	**101.722458**	**97,26%**	**107.657.510**	**97,2%**	**5.935.052**	**35,76%**
Large	2,891,224	2,.76%	3,150,645	2.8%	259,421	8,97%
Total	**104.613.682**	**100%**	**110,808,155**	**100%**	**6.194.473**	**44,73%**

Sumber: *The Asia Pacific SME Cloud Computing, Attractiveness Index 2015*

1.2 Purposes

1. To examine how empowerment of SMEs can compete and can improve the condition of the economy of Indonesia.
2. To analyze the strategies and capabilities of SMEs in improving human resource in the face of competition.

1.3 Benefits

1. As a source of information and knowledge for academics for purposes of study. furthermore related to the development and strategies of SMEs in the face of competition.
2. For the consideration, the main policy and decision making for government and other relevant institutions.

1.4 Research Method

The study used a descriptive exploratory approach to analyze the strategy of empowerment of SMEs and literature studies based on theoretical approach with regard to several source books, scientific journals and the internet.

II. Literature review

Characteristics of small businesses, first, the absence of a clear division of tasks between the administration and operation. Most small industries is managed by an individual who is also the owner and manager of the company, as well as utilize the labor of the family and close relatives. Central Bureau of Statistics (BPS) data showed the number of small businesses has reached 34. 316 million which includes 15.635 million independent small entrepreneurs (without using any other labor), 18.227 million small businessmen who use manpower own family members as well as 54 thousand small entrepreneurs who have a fixed power.

Second, the low access of small industries to formal credit institutions, so they tend to business financing from its own capital or other sources such as family, relatives, middlemen and even loan sharks. Third, the majority of small businesses are marked by yet have a legal entity. According to BPS, the number of small companies as much as 124 990, was 90.6 per cent of an individual firm have not notary certificate; 4.7 percent belong to an individual company have notary certificate; and only 1.7 percent who already have a legal entity (PT, CV, firm or cooperatives).

Fourth, according to the category of industrial namely the industrial enterprises of food, beverages and tobacco, followed by industrial goods non-metal mining, textiles, and wood, bamboo, rattan, grass and the like, including household articles each ranging between 21persen to 22 percent of all existing small industries.

While the characteristics owned small companies namely: generally managed the owners themselves, the organizational structure is simple, the owners know each individual employee, a very high percentage of failure, lack of expertise, and the difficulty of obtaining long-term capital.

Based on the above terminology used many criteria, regardless of the size of the quantitative, in general, smaller companies have special characteristics, namely management, capital requirements and operating locally. In small businesses, the manager who operates the company is the owner, employer, and investors are taking various decisions independently.

While Byrd and Megginson (2000: 10) mentions the criteria of small industries which have to be met depending on the purpose, namely: (1) Management-free, since the manager has his own business, (2) Capital met and ownership in the hands of an individual or a few individuals, (3) main area of operation is aimed at a limited area (local), (4) efforts classed small when compared with large businesses in its industry group.

The empowerment of SMEs in globalization era and high competition makes SMEs must be able to face global challenges, such as improving product and service innovation, human resource development and technology, as well as the expansion of the area of marketing. This needs to be done to add value to SMEs, especially in order to compete with foreign products are increasingly flooding the industrial and manufacturing centers in Indonesia, considering that SMEs are the economic sectors that can create jobs in Indonesia (Sudaryanto, 2011).

Togetherness of SMEs and commercial banks is one form symbiotic mutualism in the economy, will not only benefit both, but also for the society and the government. Society enjoyed the availability of jobs and the government enjoy the economic performance in the form of increase in Gross Domestic Product (GDP), which accounts for more than half of Indonesia's GDP.

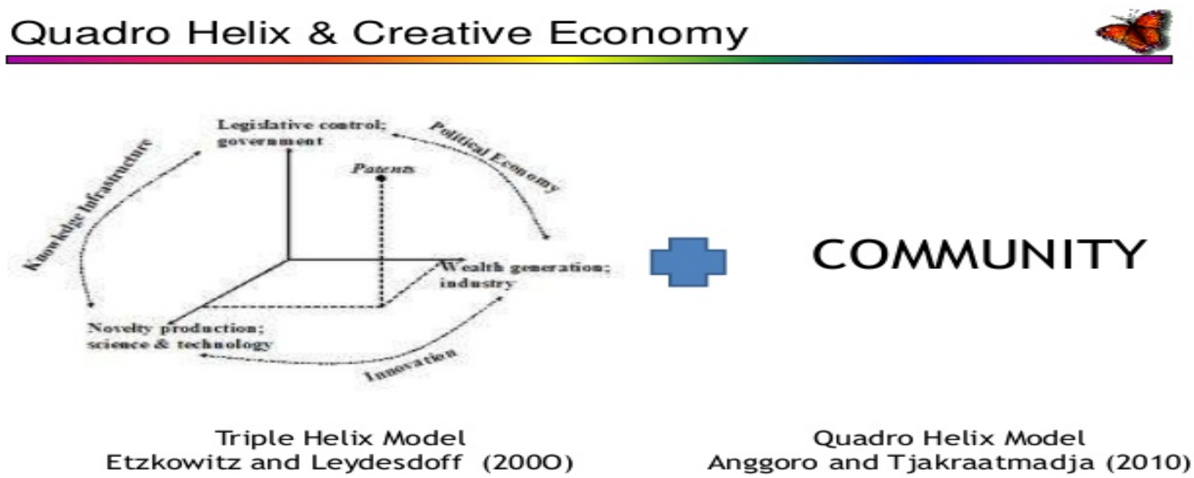
The limited of market information access is a constraint in marketing its products, which resulted in lower market orientation and lack of competitiveness in the global level. The poor market information, making SMEs can not direct the development of its business clearly and focused so that its development has stagnated.

The ability of SMEs in the face of the onslaught of global competition need to be considered further in order to remain able to survive for the sake of the stability of the economy of Indonesia. In the other side, the human factor also have contributed.

The development strategy of SMEs to survive can be done by improving the competitiveness and development of human resources in order to have value and is able to withstand market ACFTA, including through the distribution of credit (KUR), providing access to marketing information, training, microfinance institutions, and development of information technology (IT).

Similarly, other efforts can be done through a campaign of "love domestic products" as well as giving an injection of funding in microfinance institutions, which is believed by many to be the method to overcome poverty. Various multilateral and bilateral institutions to develop microfinance in various cooperation programs.

One strategy that is formulated as ammunition in the war arena ASEAN Economic Community (AEC) by 2015. Synergy 4 Pillars as a concept, Quadruple Helix Innovation Theory is a model of collaboration and synergy of four sectors: government (government), business (business), universities, and the society or the creative community (civil society), which acts as a driver of growth of innovation and creativity. This model is the development of models of Triple Helix, where collaboration is only done between the three parties, namely the government, academia, and business. (Sutapa, 2014)



The Quadruple Helix Concepts, involving the community or the community as an active subject in the development of innovation together with universities, governments, and businesses. The role of universities here is to generate creative ideas through research, because the university is a "home" of the intellect that is rich in ideas. The government must be responsive to stimulate the growth of business investment as well as creating a conducive business climate, so that the business is able to smoothly commercialize the results of these innovations to meet the needs of society.

III DISCUSSION

According to The Global Competitiveness Report, in 2011 competitiveness rankings of Indonesia decreased to 46 compared to the year 2010 which was in position 44. This requires the need for a review of policies, programs and development activities carried out so far. Based on the Global Competitiveness Report 2014, Indonesia sits at 34th out of 144 countries, in terms of innovation capacity. This is a comparative advantage that can not be underestimated, because Indonesia to surpass even the more advanced economies such as Spain ranked 36th and Hong Kong 39th rank. Ironically, though the unemployment rate of college graduates in Indonesia reaches 1.2 million people.

On the other hand, the creative economy sector as the 7th most important sector of the 10 sectors of national economy has a very significant contribution to Gross Domestic Product (an average of 7.8% per year and absorbs 7.4 million workers). The growth of the creative economy is still facing many problems that need support from various parties. One of the most dominating is the lack of human resources capability, especially creativity and innovation capabilities, so the impact on the weakness of competitive advantage and business performance. (Murniati, 2009)

Asean free market was enacted in 2015, making government of indonesia must continue to improve a variety of strategies. Likewise, since the signing of the ASEAN free trade agreement with China (ACFTA), which came into effect on January 1, 2010.

Some of the factors affecting the competitiveness of products, influenced by several business factors in Table 2 below:

Tabel 2. Inhibiting Factors of Competitiveness

NO	BUSINESS FACTORS	SCORE
1	Corruption	15,4
2	Inefficient of government bureaucracy	14,3
3	Insufficient infrastructure	9,5
4	political instability	7,4
5	Access of funding	7,2
6	Adequate Educated labor	6,3
7	Poor work ethic	6,2
8	government instability	6,1
9	Inflation	6,1
10	Tax regulations	6,0
11	tax rate	4,2
12	labor regulations	3,6
13	Crime and theft	2,7
14	Poor general health	2,5
15	Regulation of foreign currency	2,3

Sumber: World Economic Forum (WEF), 2011

Indonesia's population of more than 240 million people (according to the census 2010), was only 0.24 percent are entrepreneurs (interpreneur), or just about 400,000 people are engaged in the business or SMEs. whereas in order Indonesia's economy may expand faster takes more than 2 percent of the population as an entrepreneur or working in SMEs. Singapore, a small country but it has 7 percent of the population is entrepreneurial and have a lot of SMEs. As for Malaysia, more than 2 percent interpreneur number of citizens were engaged in various micro business.

The role of government through some The empowerment of SMEs Program

Developments SMEs in Indonesia cannot be separated from the support of banks in lending to SMEs. Every year credit to SMEs growth and in general the growth higher than the growth in total bank credit. SMEs loans are credit to borrowers of micro, small and medium enterprises that meet the definition and criteria of micro, small and medium enterprises as stipulated in Law No. 20 years 2008 on SMEs. Based on that rule, SMEs are productive enterprises meet the criteria of business within certain constraints net worth and sales results annual. Government as regulator, has basically been many issued program or scheme that has been provided to empower SMEs with a credit or a loan.

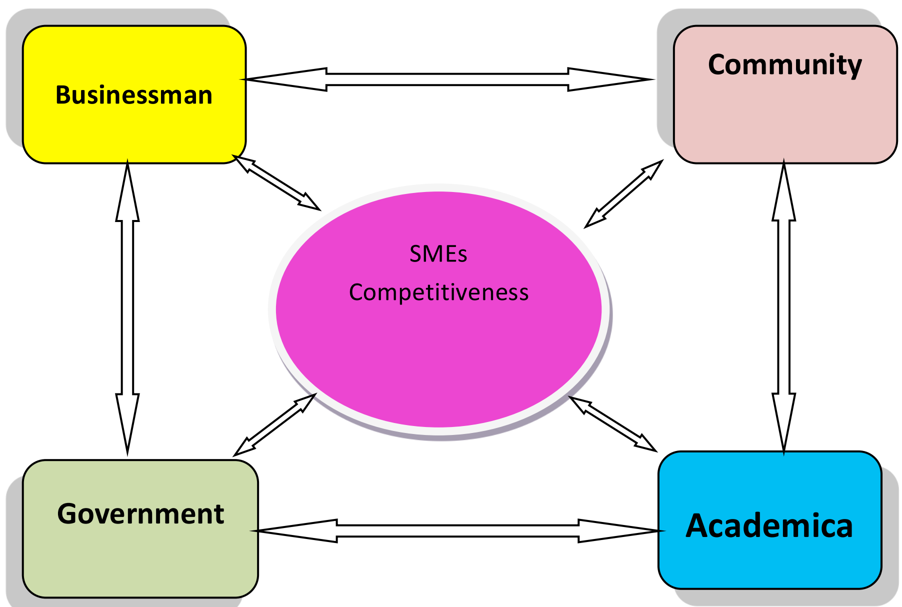


figure 1. Quadro Helix Model Development in The empowerment of SMEs

In facing the open and competitive market mechanisms, market control is a prerequisite to improve the competitiveness of SMEs. In order to control the market, the SMEs need to get information easily and fast, both market information production and factor markets. In addition to having the ease and speed in obtaining market information, SMEs also need to have the ease and speed of communicating or to promote their business to consumers widely both inside and outside country. During this time the promotion of SMEs is mostly done through exhibitions in time and limited space, so the relationship or transaction with consumers less able to guarantee continuity.

The Strategies of SMEs to Improve Human Resources to Face ASEAN Free Market

Setyobudi (2007), mentions that Indonesia Bank is more focused on strengthening SMEs counterpart institutions through capacity building in the form of training and research activities that support lending to SMEs.

Utilization of information technology in running a business or often known with the term e-commerce for small businesses can provide flexibility in production, enabling delivery to customers more quickly to software product, send and receive offers quickly and saving, as well as supports quick transactions without paper. Utilization of the Internet enables SMEs do marketing with the goal of a global market, so the opportunity to penetrate export Wide open. Besides, transaction costs can also be lowered.

Therefore, in order SMEs in Indonesia can develop by utilizing information technology, need the training and provision of facilities. The greatest responsibility to provide training and supply facilities are in the hands of the government, in addition the other parties who have a commitment, especially universities.

The SMEs Development Center will facilitate in expand the market both in domestic and overseas markets with the time and cost efficient. So that the level of social welfare and labor involved will increase, and synergy will positively impact to the success of national development.

Basically the products of SMEs of Indonesia have many same qualities with foreign products, or even better yet. However, foreign products are often superior in technology, both in production technology, packaging and marketing. To win the competition, SMEs should also be developed in accordance with the changing times. Basically, with the help of Information Technology and Communication can improve performance so that more effective and efficient. so even though there is little difference in cost to traditional systems, SMEs can enjoy of IT that will provide a equivalent return. With IT SMEs will be better prepared to compete not only domestically but also with foreign products. We can compete in terms of quality, packaging, and speed of operation companies and, more importantly in the marketing of SMEs products.

IV CONCLUSION

1. The strategies to develop the SMEs in Indonesia cannot be separated from the support of banks in lending, which is specifically targeted at SMEs with a decent business category, without collateral. Besides strengthening SMEs escort agency can be done through ease of access and capacity building in the form of training and research activities that support lending to SMEs.
2. Strategies to anticipate market mechanisms increasingly open and competitive particularly in the ASEAN region is the rule of the market, which is a prerequisite to improve the competitiveness of SMEs. In order to dominate the market, the SMEs need to get information easily and quickly, both information regarding market production and factor markets to expand network marketing of products produced by SMEs. Application of information technology in SMEs will facilitate in expanding market both in domestic and overseas market efficiently. Formation SMEs Development center Based on IT were considered to enhance

growth and development of SMEs in the era of technology information at this time.

V SUGGESTION

1. To improve the competitiveness necessary the synergies between the role of government as policy maker and counterpart institutions, especially microfinance institutions to facilitate credit access and marketing information network expansion. In addition, the culture of loving domestic production also necessary for SMEs to grow and national economy become stronger.
2. The Entrepreneurs of SMEs need to actively cooperate and coordinate with the Government to provide guidance and training through capacity building and implementation of the information technology (IT), including effecting reestablish communication based on IT with the local government optimally.

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