THE RELATION BETWEEN THE PROMOTION STRATEGY FROM DEPARTMENT OF
COOPERATIVES AND SMALL MEDIUM ENTERPRISES AND
THE DEVELOPMENT OF SMES IN MANADO

HUBUNGAN STRATEGI PROMOSI DINAS KOPERASI DAN USAHA MIKRO KECIL MENENGAH DAN
PERKEMBANGAN UMKM DI MANADO

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Abstract: There are a variety of economic sectors that supporting economic growth in Indonesia. From some of the existing economic sectors, Small and Medium Enterprises sector has an important role and strategic in national economic development, both in terms of the amount of enterprises, in terms of job creation, as well as in terms of national economic growth as measured by Gross Domestic Product. Introducing or promotions become one of the important things that should be done by the government in an effort to develop existing SMEs, the objective of promotion in order that existing society can know and recognize existing SMEs. This research used qualitative research methodology. In this research, Department cooperatives and small medium enterprises and the owner of SMEs in Manado as the informant, the total informant are 8 people. The result of this research show that the Promotion Strategy for SMEs is very important, the promotion helpfully the SMEs for develop, with promotion the product or service from SMEs will know by people, and so many ways to do the promotion, using social media, print media, brochure, or join the exhibitions. For the government, must more give attention to promote the SMEs in Manado, and also the government must make a special website or application only for SMEs, so it can make easy for customer to buy or for SMEs to promote or sell their product.

Keywords: promotion strategy, small medium enterprises, department of cooperatives and SMEs

Abstrak: Ada berbagai sektor ekonomi yang mendukung pertumbuhan ekonomi di Indonesia. Dari beberapa sektor ekonomi yang ada, sektor Usaha Kecil dan Menengah memiliki peran penting dan strategis dalam pembangunan ekonomi nasional, baik dari segi jumlah perusahaan, dalam hal penciptaan lapangan kerja, serta dalam hal pertumbuhan ekonomi nasional yang diukur oleh Produk Domestik Bruto. Memperkenalkan atau promosi menjadi salah satu hal penting yang harus dilakukan oleh pemerintah dalam upaya untuk mengembangkan UKM yang ada, tujuan promosi agar masyarakat yang ada dapat mengetahui dan mengenali UKM yang ada. Penelitian ini menggunakan metodologi penelitian kualitatif. Dalam penelitian ini, koperasi Departemen dan usaha kecil menengah dan pemilik UKM di Manado sebagai informan, total informan 8 orang. Hasil penelitian ini menunjukkan bahwa Strategi Promosi untuk UKM sangat penting, promosi membantu UKM untuk berkembang, dengan promosi produk atau layanan dari UKM akan diketahui oleh orang-orang, dan begitu banyak cara untuk melakukan promosi, menggunakan media sosial, media cetak, brosur, atau berbagung dengan pameran. Untuk pemerintah, harus memberi perhatian lebih untuk mempromosikan UKM di Manado, dan juga membuat website atau aplikasi khusus untuk UKM, sehingga memudahkan pelanggan dalam membeli, dan memudahkan UKM dalam mempromosikan dan menjual produk mereka.

Kata kunci: strategi promosi, usaha kecil menengah, dinas koperasi dan UMKM
INTRODUCTION

Research Background

Economy is something that cannot be separated from human life. In connection with the times, human needs are always increasing, therefore, a country’s economy continue to experience growth and change. Economic growth in Indonesia today can be said to be in a pretty good situation, this is because Indonesia’s economic growth in the third quartile in 2015 amounted to 4.73%. This achievement is not in appropriate with the target set by the government, but the achievement is better than the previous achievement (BPS, 2015). From some of the existing economic sectors, Small and Medium Enterprises sector has an important role and strategic in national economic development, both in terms of the amount of enterprises, in terms of job creation, as well as in terms of national economic growth as measured by Gross Domestic Product. Business Activities of Small and Medium Enterprises (SMEs) is one area of business that can grow and be consistent in the national economy. SMEs become a place that is good for the creation of productive employment.

SMEs are businesses that are require no specific requirements such as level of education, expertise workers, and the use of relatively few venture capital and technology used tend to be simple. Besides as a sectors that support economic growth in Indonesia, SMEs itself have a role to absorb the labor force that is unemployed, so that the unemployment rate in Indonesia is reduced. SMEs also take advantage of a variety of natural resources with potential in a region that has not been processed commercially. SMEs can help process the natural resources that exist in each region. This has contributed greatly to local income and National income revenues. In this case the government should develop a strategy so that SMEs can continue to grow and be competitive and continues to be part of the economic growth in Indonesia.

There are several things that must be considered in the development of the SMEs’ sector, including conditions of employment, promotion, market access, access to information, improving the quality and human resources, business networks and competition. Indonesian government currently have many of policies for the development of SMEs in Indonesia, the policies of the government among others are, funding of financial resources, providing licensing and protection, promotion to the general public, conduct training, etc. The government policy in the development of the SME sector aims to increase the potential and the active participation of SMEs in the national development process, particularly in economic activity in order to achieve equitable development through the expansion of employment and generate income. Manado city as the capital of North Sulawesi, SMEs becoming the one of wheel drive of the economy growth in Manado, various SMEs are flourishing and even increased very significantly year by year. In the development of SMEs in North Sulawesi, especially in Manado, the government in this case Department of Cooperatives and Small Medium Enterprise North Sulawesi has a very important task, the Department is required in order to be able to carry out special programs to develop existing SMEs. Introducing or promotions become one of the important things that should be done by the government in an effort to develop existing SMEs, the objective of promotion in order that existing society can know and recognize existing SMEs, it is also useful for SMEs that exist because of the familiar SMEs by society the sales and incomes of these SMEs can be increased.

Research Objectives

Regarding the problems which have been formulated and identified that are mentioned in previous section, the following research objectives are:

1. To examine the promotion strategies Department of Cooperatives and SMEs in promoting existing SMEs influence the development of SMEs in Manado
2. To examine the promotion strategy become the important things in the development of SMEs in Manado

THEORETICAL FRAMEWORK

Marketing

Marketing is the social process by which individuals and organizations obtain what they need and want through creating and exchanging value with others (Kotler and Armstrong, 2010). marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large (American Marketing Association, 2012). Furthermore,
marketing as the process by which companies create value for customers and build strong customer relationship in order to capture value from customers in return (Kotler and Armstrong, 2012).

**Promotion**

Promotion as the means by which firms attempt to inform persuade and remind consumers – directly or indirectly about the products and brands they sell (Kotler and Armstrong, 2012). Promotion is an important component of the marketing mix of a business organization. It is a critical aspect of organizations’ overall marketing mix and a major determinant of their successes or failures (Shimp, 2007).

**Promotion Mix**

Promotion mix-also called its marketing communication mix- consists of specific blend of advertising, public relations, personal selling, sales promotion, and direct marketing tools that the company uses to persuasively communicate customer value and build customer relationship (Kotler and Armstrong, 2012).

**Small Medium Enterprises**

Small Medium Enterprises play a crucial role in revitalization process of the economy. It is universally accepted and acknowledged that SMEs serve as effective instruments of employment creation as well as economic growth, which eventually lead to alleviation of poverty not only for the entrepreneurs themselves but for the employees as well. Their contribution to the mainstream economic activities will help address the economic ills in the country and many will experience a better way of living. To fulfill their strategic position in the mainstream economy, SMEs need to know critical factors that they are the mainstay of success in business. Players in this sector are made of many different people who are in business to benefit or succeed in one way or another. (Goriwondo, 2011).

**Regulations about SMEs**

According to Dinas Koperasi dan UMKM RI, these are some of the laws and regulations on SMEs:

1. PP nomor 32 tahun 1998 Tentang Pembinaan Pengembangan Usaha Kecil
2. INPRES nomor 10 tahun 1999 Tentang Pemberdayaan UKM
3. UU nomor 25 tahun 1992 Tentang Perkoperasian
4. UU nomor 20 tahun 2008 Tentang UKM
5. UU nomor 17 tahun 2012 Tentang Perkoperasian
6. PP nomor 17 tahun 2008 Tentang pelaksanaan UU nomor 20 tahun 2013 Tentang Usaha Mikro, Kecil dan Menengah
7. PERMEN KUKM nomor 18 tahun 2015 Tentang Pedoman Pendidikan dan Pelatihan bagi Sumber Daya Manusia Koperasi, Pengusaha Mikro, Kecil dan Menengah

**Previous Research**

Maunganidze (2013) found the result that government acts both as a stumbling block and as facilitator to the growth of SMEs in Zimbabwe. It also emerged that most of the provisions offered by the government to facilitate the establishment and development of SMEs are mostly rhetoric and difficult to access. that working with qualitative data is a rich and enlightening experience. Adeusi, S.O. and Aluko (2014) found the result revealed that here is a positive correlation between government role and small scale business promotion and government play a significant role on small scale businesses in Nigeria through their various actions. Zindiye, Chiliya, and Masocha (2012) said that SMEs in the manufacturing sector valued and appreciated government and other institutions’ initiatives to promote their growth and development. These initiatives include investment promotion, access to finance, skills shortage address, targeted support, SME policy development, market penetration measures and infrastructure support measures. Awan and Hashmi (2014) showed that That the marketing practices of small medium size enterprises are innovative and efficient in their operation, product development and marketing strategies. The findings illustrate that “transformation; assimilation and prediction (TAP) are strongly relevant to the innovative marketing activities and practices of the SMEs. The SME’s do not follow traditional marketing strategies but opt their own unique marketing practices the factors of workplace environment give an immense impact to the employees’ either towards the negative outcomes or the positive outcomes. Ardjouman and Asma (2015) There is a high level of awareness of the significance roles played by
marketing management strategies in the performance of SMEs; that adoption of technology in marketing management strategies can be mainstreamed into SMEs development agenda and that marketing management saturation sampling is not a technique per se but an attempt to conduct a population census. Conducting a census, or collecting data in every member of a population, is an alternative-albeit an infrequently used one-to traditional survey sampling.

RESEARCH METHOD

Type of Research

This research used qualitative research methodology to explore the promotion strategy of Department of Cooperatives and SMEs in Manado. Punch (1998) defined qualitative research is empirical research where the data are not in the form of numbers. Qualitative research usually does use some form of quantification, but statistical forms of analysis are not seen as central. (Mason, 1996).

Place and Time of Research

This research will be conducted at Department of Cooperatives and Small Medium Enterprises and SMEs in Manado, North Sulawesi. The time of research will be conducted from January - March 2016.

Population and Sample

The term “population” is not used because qualitative research refers to certain cases and the result will not be applied in population but to be transferred into another place who has similarities with social situation which the cases are studied. The social situation of this research is all of the Small Medium Enterprises in Manado. In qualitative research is not called as respondent instead as a sources, participant, informant, friend and teacher in research process. In this research, Department cooperatives and small medium enterprises and the owner of SMEs in Manado as the informant, the total informant are 8 people.

Data Collection Method

The data used in this research consist of three types of data which are primary data and secondary data. Interview consist of two types which are unstructured interviews and structured interviews and secondary data taken from books, journal; and relevant literature from library and internet to understand the theoretical support in this research (Sekaran and Bougie, 2010).

Data Validity and Reliability Method

In qualitative research, reliability is the degree of consistency in assignment of similar words, phrases or other kinds of data to the same pattern or theme by different researches. Validation in qualitative research is the extent to which qualitative findings accurately represent the phenomena being examined (Hair et al, 2007).

Data Analysis Method

“Data analysis is the process of systematically searching and arranging the interview transcripts, field notes, and other materials that you accumulate to increase your own understanding of them and to enable you to present what you have discovered to others (Sugiyono, 2007).

RESULT AND DISCUSSION

Result

The Researcher has interviewed the Department of Cooperatives and Small Medium Enterprises and owner of SMEs in Manado, to know the promotion strategy

Informant 1

The first respondent is informant 1, he is the Secretary of Department of Cooperatives and Small Medium Enterprises North Sulawesi. Informant 1 said, total of the Small Medium Enterprises in North Sulawesi until 2015 is 58.871 unit and for Manado City total for Small Medium and Enterprises is 15.424 unit. SMEs are the business sector which is crucial for economic growth in Manado, not just in Manado but also in Indonesia,
this is due to small and medium businesses that there are very many, and SMEs is also a business that provides employment opportunities for people in need of work. Informant 1 states that the department of cooperatives and SMEs provide some assistance to SMEs in Manado, the help given them training to SMEs that is, where the training is aimed so that the owners of SMEs that is able to run their businesses better, can arrange financing, expand their businesses, and also so that their businesses can survive and thrive. In addition to training, Department of cooperatives and SMEs have also had help in the form of grants or loans initial capital, but for the moment is not implemented, due to the current capital loans held by banks that exist.

When talking about promotion strategy for SMEs in Manado, informant 1 said, Department of cooperatives and SMEs have a program in the promotion of SMEs existing, promotion strategies undertaken by the department of cooperatives and SMEs are creating brochure about SMEs there, in the brochure we provide a complete information about SMEs, providing information about the advantages of SMEs such, provide the missing information about the product and the services of the SMEs, it is intended so that the public can find out more about SMEs in Manado. Apart from the Cooperative and SMEs also have other ways to promote SMEs that exist, namely, providing an opportunity for SMEs there to attend exhibitions of the government, following the exhibitions are there then it makes the products of SMEs can be recognized by the community, in this way can make the SMEs products can be sold, and is expected to help existing SMEs.

Informant 2

The second respondent is informant 2, informant 2 said, their business is engaged in the sale of souvenirs typical of Manado. The informant 2 said, they have a promotional strategy to introduce their businesses to the community in Manado, promotions they run is to create a brochure and also promote their businesses through social media. For him brochures and social media is one of the best strategies to promote their businesses, this is because the current social media users is very large and growing, so their businesses can be known to more people. Brochure is also one the right way because in addition to the price of making the brochures is cheap, people will definitely be intrigued by the contents of these brochures. The assistance provided by the government; in this case the department of cooperatives and SMEs, informant 2 said, until now they have only ever once get help in the form of training, to help the promotion of the department of cooperatives and SMEs to date have not been in get. Informant 2 said, he said that promotion is one thing that is important in the effort, according to him, campaign to help the development of the business, this is due to their promotion efforts can make products that can be known to the public. The assistance given by the government, according to him does not affect the development of their business because it can help in these SMEs is very little, so it does not affect the development of the business.

Informant 3

The third respondent is informant 3, informant 3 said, he said that the business in which they live is engaged in the souvenir, but their main product is a miniature home of cloves. Informant 3 said, the SMEs do not have special promotional strategies, they do not do promotions through brochures, print media or social media, these efforts only promotion through the word of mouth, he said by the power of word of mouth alone has helped promote their effort. The assistance of government, informant 3 says that until now the help they got was training about how in order to run their businesses, they also get help in the form of promotion, but the promotion is granted is included in exhibitions organized by the department of cooperatives and SMEs, this effort included 2 times. For him with the sale of the government, helping the development of this business, this is because these promotions make their products better known by the community and help increase the income of the business. Informant 3 said, the promotion is crucial in the development of a business, but not the only promotion that become important in a business, but the quality of a product, the price, and the other is also important.

Informant 4

The fourth respondent is informant 4, informant 4 said, they lead businesses engaged in manufacturing shirts and souvenirs typical of Manado, he explained that to the monthly income they earn is not stabilized, according to their incomes sometimes many times too little, it all depends on the number of visitors there, for the manufacture of the initial capital of this venture, he said that the use of personal funds and loans from banks. Informant 4 said that they had a promotion strategy of its own to promote their businesses, through
social media, newspapers, magazines, and brochures they introduce their efforts, in promoting the products of this effort, they promote the excellence of their products, they also explain all about their efforts in order to captivate the existing customers. The assistance of government, informant 4 said that they get help from the government that their products are promoted through exhibitions there, they several times to get a chance to participate in the exhibition, even given the opportunity to attend the exhibition in Jakarta, namely in the framework of PRJ (Pekan Raya Jakarta). The informant 4 said, promotions given by the government is helping their businesses, this is because their products can be known by the public and make them buy the products and make their incomes rise.

Informant 5

The fifth respondent is informant 5, informant 5 said, business undertaken in the field of embroidery clothing, hats, and other. The revenue generated per month according to the informant 5 is not too big, it’s just about 2.5 million, and for the manufacture of venture capital uses private funds. The informant 5 attempts they do not have their own promotional strategies, for sale according to just through social media and word of mouth alone. The informant 5 said, the promotion is not very important in a business, according to customer satisfaction with their products is very important, because the existence of customer satisfaction then we can gain the loyalty of customers, we can get the customers are regulars, and could have been if satisfied customers they can give a recommendation to their friends, so he thinks the promotion is not important and they do not reveal their efforts for the promotion of their businesses. For assistance from the government, the informant 5 said is just training, to aid in the form of sale was never obtained, because the relief obtained from the government is training, he thinks the government does not provide any impact on their businesses, without government assistance he believes can develop their own business well.

Informant 6

The six respondent is informant 6, informant 6 said, undertaken business engaged in the manufacturing industry shredded meat, shredded that is made is shredded tuna, skipjack that which was taken from the fishermen in Manado, and processed into shredded in a good way. According to the informant 6, for the promotional strategies of their business, they just do the strategy is simple; namely through the print media and social media, as well as through brochures, this is because the sale through it is perfectly adequate to introduce their businesses, in addition to many enthusiasts, promotions it is not too costly a lot. The informant 6, the Promotion is very important, because with the promotion, then their product can be known by the public, as well as with the promotion of the revenue they could grow, he also added that in addition to the promotion there are also other factors that can help the development of a business. The assistance of government informant 6 say that they get promotional assistance from the government, they are given the opportunity to attend exhibitions of the government, as well as get help creating a brochure about their products. For him, with the help of the government in the form of sale, helping the development of their businesses, this is because these promotions help them get more buyers, because with the sale of their business community more widely known.

Informant 7

The Seventh respondent is informant 7, informant 7 said, run business engaged in the sales industry shredded roa, where the business is run as roa is one hallmark of the city of Manado. For the promotion strategy, according to the informant 7, they promote their products only through social media, and also through word of mouth, this is because social media is one way of promotion work this time, this is because the current users of social media are numerous. The assistance of government informant 7 said that they only get help through a training course if they do not get the promotion assistance. The informant 7 said, promotion is one thing that is important in business, promotion is one part of the marketing is very important in developing the business, but in addition to promotion should also be remembered that in marketing there are also important, namely the price, location, and product, because this business does not get promotional assistance from the government, so there is no significant impact to our business, but help the training provided is helping this effort, because of their training, so as to make this business can run well.
Informant 8

The Eight respondent is informant 8, informants 8 said, promotion strategies undertaken by them is through social media, print media, brochures, and also opened a booth if there are exhibitions in Manado. She thinks the promotion is important in business, because the business without a sale is a business that is not going to be successful, how to be successful without known by the public, if known by the public will make an effort to be more buyers, in the promotion, create attractive promotions is important because if the sale is made attractive, the more interest and make the income increases, but to think as well in addition to promotions, prices, product quality, and service are of paramount importance in the effort as well. For assistance from the government, according to the informant 8 they get assistance such as training, and promotion in the form follows the existing exhibitions, our products are also many in the government's message if there are certain occasions, it is helpful to introduce our products. with the help of promotional indeed affects the development of their businesses, this is because many people who know their products and interested and buy their product, their customers so much more than before.

Discussion

The Promotion Strategy of Department of Cooperatives and Small Medium Enterprises influence the development of SMEs

Pride and Ferrell (2008) defined promotion as a communication that builds and maintains favorable relationship by information and persuading one or more audiences to view an organization positively and to accept its product. This theory is accepted by the department of cooperatives and SMEs because they said if the promotion is the important things for the development of SMEs in Manado, with the promotion the product will know by people, and because the promotion can give the information for people about the excellence of the SMEs product, and because of that the product of SMEs can accepted by people and make their income increase.

Department of cooperatives and small medium enterprises have a promotion strategy for the SMEs in Manado, they made a brochure about the SMEs, in the brochure they provide a complete information about SMEs, providing information about the advantages of SMEs such, provide the missing information about the product and the services of the SMEs, it is intended so that the public can find out more information about SMEs in Manado. And also the department of cooperatives and small medium enterprises provide opportunities existing SMEs to participate in exhibitions conducted by the government, following the exhibitions are there then it makes the products of SMEs can be recognized by the public, in this way can make SMEs products can be sold, and is expected to help SMEs which there is. From 7 informants who are owners of SMEs, four informants agree that the promotion given by department of cooperatives and small medium enterprises is very helpful to developments for their SMEs, while 3 SMEs did not agree that the promotion strategy of the government can make develop their SMEs, this is because they do not get the promotion, and as well as those felt that the promotion is not important for their SMEs.

The Promotion Strategy in The Development of SMEs

Boone and Kurtz (2011) defined Promotion is the function of informing, persuading, and Influencing a purchase decision. The relationship between promotion and differentiation could be in terms of promotion also can be used to differentiate a firm's offerings from the competition, based on the interviewed, not all informant is agreed with this theory, from 7 informants who are the owner of SMEs, 4 informant agree with this theory, for them promotion is the important things for business, because with promotion they can give the information about their business, so the people will know about their product or services, so for them the promotion is important. and for the 3 informant who not agree with this theory, the for them in business promotion it's not important for the development of their SMEs, because to success in business not only promotion we must be consider, but we must consider about our product quality, price, and place. It's like the theory marketing from William J. Stanton (1964), he said if marketing is a total system of business activities designed to plan, price, promote, and distribute want satisfying product to target markets to achieve organization objective. The result from the 3 informant also suitable with the theory from Kotler Armstrong (2012), about the 4P's in marketing.
Kotler and Keller (2013) said, there are several ways to do promotion,

1. Advertising
   Advertising is a non-personal interaction and a paid form of promotion of ideas by an identified sponsor such as print media, internet, and broadcast.

2. Sales promotion
   It is used for short-term motive aim in a company to aim the target customers to purchase, trial or service such as consumer promotion like coupons, discounts, and demonstration.

3. Personal selling
   Personal selling is presented by the firm’s sale force, a face-to-face interaction with prospect customers to aim to increase sales and develop customer relationships. Such as sales presentation, answering questions and making orders.

4. Public relations
   A public relation is also known as publicity, it is to build a good reputation image, able to handle and manage off any negative news. Such as press release, special events and sponsorship.

5. Direct marketing
   Direct marketing is using devices that directly communicate with customers for their direct response, dialogue from particular customers and prospects or enrich lasting customer relationships. Such as telephone marketing, and catalogs.

This theory is suitable with the result from the informant, all the informant knew how to do promotion, each informant has its own way of promoting their businesses, some of them do promotions through social media, print media, advertising, brochures, and some even through word of mouth. all of their strategy is very good for them because it's help their business develop. Therefore the promotion strategy actually is very important for business, because it can help the business develop, with promotion the business will know by all people and help for the income of the business.

CONCLUSIONS AND RECOMMENDATION

Conclusions

Based on the result and discussion in the previous chapter, we can conclude some points here:

1. The Promotion strategy from department of cooperatives and small medium enterprises is very important for the development of SMEs in Manado, the department gives some way to promoting the SMEs in Manado, so with the promotion the people will know about the information of the SMEs.

2. The Promotion Strategy for SMEs is very important, the promotion helpfully the SMEs for develop, with promotion the product or service from SMEs will know by people, and so many ways to do the promotion, used social media, print media, brochure, or join the exhibitions. the point is promotion is very important because it influence the development of SMEs.

Recommendation

This research has been conducted in order to explore generally the promotion strategy of department of cooperatives and small medium enterprises for SMEs in Manado, and the promotion strategy is important for SMEs in Manado. Here are some recommendations proposed and found within this research for the SMEs, government, manadonese, universities and next research.

1. For the SMEs it is very important make the promotion strategy for help the business develop well, and the SMEs must more attractive to promote their business, because now the promotion is very important for business, it will make the customer know about what product the SMEs have, and if the customer interest with the promotion they will buy the product, the SMEs also must consider about the standard of quality of
the products, because now the consumer are smarter than before, so the trader must concern about the quality of products.

2. For the government, must more give attention to promote the SMEs in Manado, and also the government must make a special website or application only for SMEs, so it can make easy for customer to buy or for SMEs to promote or sell their product.

3. For university, to give some knowledge for the students and lecturers to know about the promotion strategy of department of cooperatives and small medium enterprises and the promotion strategy is important for the development of SMEs in Manado.

REFERENCES


