

## **BUILDING A STRATEGY FOR THE DEVELOPMENT OF MICRO, SMALL AND MEDIUM ENTERPRISES IN SOUTH SULAWESI**

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### **ABSTRACT**

The research was to understand the purpose of understanding of the authorities, banking, and abuser of Small Medium Enterprises (UMKM). Business organizations, community leaders, in the building of UMKM development strategy. This research approach is qualitative by the method of Phenomenology of approach by understanding the perspectives of ethics within the emic and interpret the disclosure of informants involved in this research. The unit of analysis in this research are: Individual businessmen of UMKM in the fields of food and beverage industry, individual government officials from the Department of industry, cooperatives and regional SME research, Individual figures of Individual regions, the Business Banking Officials, individuals representing community leaders who understand the problem of UMKM. The data collection methods used are: observation, in-depth Interviews, and documentation. The research instruments the researcher as the main instrument. Research findings is that for member access to capital, access technology, and the market for UMKM, the Government must establish a credit guarantee institutions, build partnerships with banks, State-Owned Enterprises, BUMB, large companies, Commerce, cooperatives, universities and NGOs. In addition to the member's access for marketing, the Government should establish a joint marketing Center for UMKM in the form of an outlet. favor and absolute protection against UMKM so that the Government can develop on an ongoing basis from time to time. To develop UMKM continuously especially for UMKM engaged in the food industry, the Government should build the development strategies in the form of partnerships between large and UMKM entrepreneurs with all stakeholders in the area of South Sulawesi.

*Keywords: strategy, partnership development, micro, small and medium enterprises.*

### **INTRUDATIONS**

Small and medium business is a strategic asset for development, in the macro can create huge job opportunities, i.e. in 2013 can absorb 99, 45% labor and created value added to GDP of 58, 3%. A very large Small Medium Enterprises (UMKM) contribute to the absorption of the work force, but on the other hand is still low in providing value added to GDP. This is as a result of the

discrepancy between the SME work productivity with great effort i.e. 1: 129, in addition to the growth of SMES is faster compared to the large business group will improve business and income distribution structure as a whole. Thus, if SMES were the backbone of the economy, the increase in the productivity of SMES should be the central economic policy in times to come (Muhammad Ikhsan, 2004: 14). In the phenomenal success of UMKM in absorbing the labor and contributions to GDP in some countries, indicating a condition different from conditions that occur in Indonesia. Micro small and medium business (UMKM) in developed countries are able to contribute to the provision of job opportunities and a high GDP, as experienced by the countries of Singapore, SMES were able to push economic growth higher to occupy a position second only to the United States. As is the case with Micro small and Medium Business (UMKM) in South Sulawesi, the SMEC is very potential and play an important role in this endeavor and provide the right opportunity opportunity earn income, especially for women and the weak economy that existed in South Sulawesi. There is a thing that needs to be understood that a portion of the overall total of UMKM existing Business in South Sulawesi was 98,83% by business classification include: micro 87,60 percent, small businesses, Medium Businesses 11,62% 0.60 percent and 0.17 percent of Large Businesses (BPS: 2012). Such a huge proportion of the SMEC (98,83%) menandakan in South Sulawesi that society in general are still at the UMKM business scale and its tendency is at the micro (household enterprises) which amounted to 87,60 percent. The population of business units with a total of micro as mentioned is dominated by efforts in agriculture, services and industry. In a phenomenal micro small and medium business group is still the most economic support their community groups lower middle let alone in rural areas of South Sulawesi are mostly micro enterprises and small enterprises are mostly engaged in agriculture and the rest in business services and Chee-Chuong Sum (2004), in their study suggests that small and medium enterprises (SMEs) is an enterprise that holds a very important role in relation to economic growth , changes in technological advances from most countries especially Asian countries. The emphasis in particular on shape selection of priorities, operational forms are specifically done to encourage the success of SMES in using comparison own excellence. This study is the first study carried out in Singapore to develop an operational strategy the SME classification basing on the principle of high business performance. Research conducted by selecting three different types of Clusters to be identified, apparently the result of identification shows that there is a real difference in each cluster in the form of operations such as; financial performance, and a range of performance improvement program within the cluster. Hak-Su (2005), declares that the community's attention to Asia and the Pacific (UNESCAP) towards the empowerment of SMES through the options strategy that is considered important, with considerations: (1) SME business is a model of transition to large corporations, (2) SMES can create large employment opportunities, (3) the SMES directly giving the role to the economic growth of a country or region. Other than that small and medium enterprises are embryos that could be developed by means of expanding their operations to become a large company in the long term. Given the importance of the role of Micro small and Medium Business (UMKM) in the economy of the country, the Group of Asian and Pacific countries that

joined in the UNESCAP looked important notice strategy for the empowerment of SMES in order to be sustainable (Sustainable) then from the results of the meeting members of the UNESCAP has been said (Hak-Su, 2005), that the SME to develop forward, there are some strategies that should be done; (1) provide ease of formation of a new business (start-up Company), (2) Do support for SMES which both the old and the new to be able to improve survival in growth, (3) Providing consultancy and support, (4) plan the Microfinance which corresponds to the needs and circumstances of SMES. Based on the results of a study on different expressed on the previous description, then it can be conclusion that SMES have a very large role and importance in the economy of a country, both developed countries and developing countries. The SME sector in Indonesia has a very important role, especially in providing employment opportunities and the creation of income for businessmen as well as the role of gross national Income, which means a lot for the economy. According to Infokop (2002: 48) that the ability of small and medium enterprises provide employment opportunities is much larger compared to the big effort, because in the great effort the production system using the system capital intensive with the adoption of high technology, manpower required to have strict requirements and criteria so that to get in on the booming sector is very difficult because it's a big effort to give proportionately a small portion in the provision of employment opportunities in Indonesia. The role of the Government as the main actors in the development of a strategic role and function as a Regulator and a Facilitator. This can be accomplished through a strategy; construction of UMKM, provision of supporting facilities and human resources to support the livelihoods of UMKM as well as partiality towards the UMKM. Government strategies whenever possible doing the coaching in the form of providing business incubation Center of UMKM., supporters provides a facility like the licensing agencies that are easier to reach, the financing institution is easily accessible by the SMEC, doing protection against UMKM of the excessive competition from large companies both domestic and global. The strategy of empowering Micro small and medium enterprises require an attention to various aspects related to the activity of UMKM such as; equality, fairness, participation, responsibility and independence which took place in the system of cooperation of mutual benefit. The cornerstone of empowerment of UMKM can be reflected in the five principles of empowerment, namely: (1) Empowerment UMKM based on the growth of entrepreneurial independence and attitude to work with its own initiatives and competitive power, (2) Empowerment UMKM was carried out with the support of public policies that are transparent, accountable, and non-discriminatory, either between the offender, between sectors, between regions, and between gender, which can facilitate UMKM in running his business and access to productive resources , (3) Empowerment of UMKM oriented on the development of market-based, global development with anticipation, and protection against piratic-fraudulent business practices, (4) Empowerment of UMKM was carried out with more emphasis to this a systematic and sustainable process that is capable of supporting the growth of UMKM and competitive superior, (5) policies, programs and plans for follow-up activities, empowerment of UMKM built through consensus/agreement among all stakeholders, which include; Governments, non-governmental organizations, and the community

in the planning, implementation, and his. Nurkholis (2001), that strategy in fact is a common action plan, long-term (oriented to the future), and its coverage area. Therefore, strategies are typically formulated in sentences, meaning the content is very common and does not refer to specific actions or details. Nevertheless in strategic planning does not mean that "detailed and specific action" which is usually encapsulated in a work program should not be compiled. Otherwise the work programmers should be planned also in the strategic planning process and should even be formulated or defined measure of performance.

Alina b. Hyz (2011: 161), that SMES have a very big role in pushing economic growth, but faced problems in accessing the banking financing institutions. It is therefore of great concern to members of the SME access to banking. Capital requirements is a very crucial issues in the development and growth of SMES. Obstacle for SMES in accessing financing due to very strict bank requirements with prudence in disbursing loans, because there are bad debts haunted the banking. In addition there are 65 percent of SMES does not yet have planning effort required by banks, and only 35 percent of SMES that are able to access the bank.

Kendra and Ephraim (2013) that the problems faced by SMES in developing his business is, lack of capital, not to improving business management, the lack of Government attention, the high level of interest. Difficulty in accessing bank credit to SMES is the lack of guarantee (koleteral), a very high interest rate. Roman, a. and RusuValenti, D (2012), doing research in the European Union, found that only 15-17 percent of SMES in the European Union can access credit banking, so that makes it difficult for its business development (SME), and the rest use internal capital resources are very limited. The banking Credit access limitations cause big problems facing UMK in developing his business. Weak relationship interracial SMEC and the Bank led to the difficulty of access to credit. Banks don't want to take the risk of giving credit, thus limiting the amount of effort that can be served his credit.

Central Bank of India (2011), reveals that the in General micro, small, and medium enterprises in India, face the problem of a very crucial capital, where the perpetrators only 5.18 per cent, UMKM can obtain loans through banking institutions, 2.05 percent gain banking institution outside of the borrowing on other parties that provide the financing with the risk of high interest, and 92, 77 percent of the total of UMKM cannot access credit. This is a very broad impact member for the development of UMKM in India, therefore the Government pursued a policy of granting of the aid in the form of micro loans for businessmen. There is a sigma that developed in India that the UMKM in India have a high failure risk, because they don't have a strategy in this endeavor.

Looking closely at the problems faced by UMKM, both in Indonesia as well as in some countries such as the European Union, India and Ghana, it is understood that the issue of access to capital for UMKM, greatly influenced by the policy Government in each country. The European Union, and India is a country that is facing difficulties in accessing credit banking, because of the role of Government as a guarantor and mediation is very low as well as in Indonesia's small and micro enterprises are still facing difficulties in accessing bank credit.

Although the Government already provides a variety of financing from the Government of Indonesia skimmed, for example for the people Credit (KUR) have been declared by the Government that the credit is intended for UMKM with unsecured, but in reality does not correspond to what was promised by the Government. Many small and micro-entrepreneurs who apply for KUR, but it is not can be served because the reason there are no guarantees. Such conditions lead to UMKM rapidly expanding making it difficult to have an impact on economic growth becomes low and slow.

Unlike the case with the existing condition of UMKM in Ghana, the Government gave full support for the success of UMKM in development so as to encourage economic growth is quite high, as reported by the Ghana Association of Bankers (2013), that there is optimism about the potential of UMKM in Ghana in pushing economic growth, which can be seen in 2012 Ghana achieve economic growth of 8 percent, and in 2013 the Ghana's economic growth increased to 8.7 percent. One of the key indicators in the economic growth occurring in Ghana is bumming role of UMKM in contributing in GDP. The service sector for example contributing to GDP amounted to 49, 3% in other sectors as well as to the member's significant contributions to the GDP.

Financial success in business that provides low-interest rates. In addition to Government support in organizing the UMKM, helping the bank in implementing the rules of the game. Therefore the bank looked at the strength and assurance in the member's credit banking to UMKM. Ghana develop the institution of micro financing, in support of the people's bank, and commercial banks in disbursing financing, by providing financing schemes for micro is served by microfinance institutions are cover 65-75 percent of micro enterprises, banks serving small business service unit of about 20 percent, of the people's bank financed medium about 5 percent and general commercial bank serving the 0.9 per cent of large businesses. With such a strategy, the Government of Ghana is experiencing great success in stimulating the economic growth of the sector of UMKM.

Very Nice Ghan economic growth when compared to the economic growth that occurred in Indonesia in the last 10 years, where there is a tendency to fluctuate as a result of not given the policy and strategy that is by the Government in encouraging the growth and development of UMKM. As can be known together that the main constraints faced by UMKM in developing businesses is the issue of the difficulty of accessing capital on banking institutions. Priyono (2004: 131) that Indonesia's UMKM are still confronted on issues such as: (1) problems of management, (2) the problem of capital, (3) the issue of raw materials, (4) marketing issues, infrastructure problems (5), (6) technological issues, (7) problems of bureaucracy, and (8) the issue of partnerships.

Mangara, et al (2011) stated that the legality of a low level of effort causes large and UMKM having difficulty even obstacles in accessing sources of capital from official institutions. The survey results show that 83 percent of UMKM in location survey relies on own capital

sourced from savings to make the initial capital. Utilization of formal financial institutions as a source of financing is still below 10 percent. The results of this survey are not much different with the results counting conducted by the Economic Census in 1996. The phenomenon described how the children problems faced by UMKM in running his business, so that it can be understood that the low opinion of UMKM as a result of lack of access to formal financing institutions the main Bank.

The issues facing the UMKM such as; management issues, marketing issues, lack of capital, production technology, bureaucracy, and the infrastructure, as already expressed in this section may become a concern of the Government in building a strategy for the development of UMKM in General and especially in South Sulawesi. Development strategy of UMKM is a thing that can't be done in a haphazard, but must go through a specific and targeted studies to get the concept to suit the local conditions of the perpetrators of the SMEC. Because development has strategic meaning i.e., make changes, and the strengthening of the conditions faced by the current UMKM to be able to get out of trapping problems.

## **METHODOLOGY**

### **The Research Approach**

This research uses qualitative approach to selecting with the perspective of Phenomenology as an approach. Phenomenology is an approach in this research was intended to express the meaning of a reality that is going on in a situation and context where do, through the speech and behavior of human beings or subjects in the study of what is done and said and experienced. The position of methodology of Phenomenology and distinguish it from quantitative research with the aim of: (1) Unearth the values in human life/ experience, (2) to find the meaning and the nature of the experience, not a, not just looking for an explanation or look for reality, (3) to obtain an overview of life from the perspective of the first person, through formal and informal interviews, and (4) statements made reflect the interests, involvement and personal commitment of researchers (Kuswarno 2009: 36).

### **Location Research**

This research was carried out in the South Sulawesi city of Makassar and in Gowa. Site selection is based on the consideration that both these locations can represent the characteristics of the micro, small, and medium enterprises that can provide adequate information, given a uniform face the problem of UMKM, in addition to the relatively numerous population

### **Focus Research**

The focus of the research is how to build a strategy for the development of micro, small, and medium size having regard to the serious problems faced by UMKM. In research studies focusing on three main issues, namely: limited access to formal financial institutions, access to

technology and marketing access. The third issue is due to the major problems faced by UMKM, than other issues such as infrastructure.

### **The unit of analysis and the determination of Inform**

The unit of observation in this study is called the informant, which include:

- (1) The individual businessmen of UMKM in the fields of food and beverage industry,
- (2) Individual government officials from the Department of industry, cooperatives and regional SME research,
- (3) Individual Character Business Area,
- (4) Individual Banking Officers
- (5) Individuals representing community leaders who understand the problem of UMKM.

### **Methods of Data Collection**

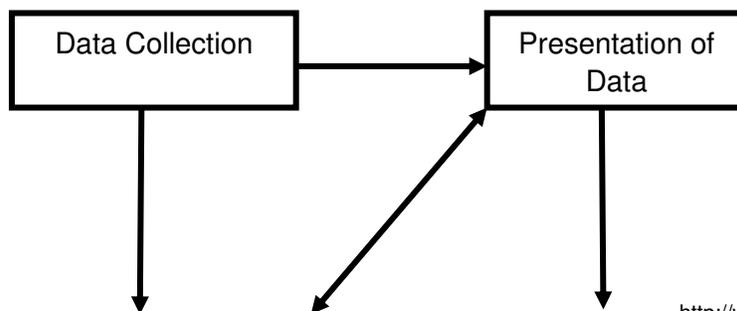
Data collection is the most important part in a researchers activities, so that in this study the method of data collection used is:

- a. Observation
- b. In-depth interview
- c. Documentation

The third method of data collection of the above is intended to be on an ongoing basis and related to each other in the process of collecting data to explain the meaning of that obtained in the data collection activities.

### **Data Analysis**

The data and information obtained through information gathering, then analyzed using qualitative analysis. Qualitative analysis is meant to understand an object or subject through the disclosure of what is seen, felt, and experienced within the context and situations where conducting data collection. Data analysis on qualitative research is shaped cycle and not linear as can be seen in Figure 1 below:



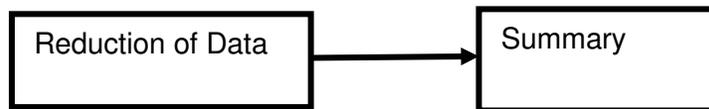


Figure 1. Interactive Data Analysis Model

Source: Miles and Huberman (1992) in 2006, and the Muchksin came out in 2003.

## RESULTS AND DISCUSSION

Comparative data analysis, is intended to compare the information obtained from different sources, as emphasized in the Triangular model so that the information can be sourced from various corners in the photograph a phenomenon to find a nominal (the reality) of the definition of the understanding of the informant (EMIC) and understanding research (ethics).

### Comparative Analysis of Findings

#### **a. Understanding the informant to the problem of UMKM in Difficulties of access to capital At a Formal financial institutions.**

The selection strategy in the development of UMKM, became a very basic problem because of the chosen strategy into a hope for the entire party to be able to make the UMKM to be strong and has high competitiveness, so that in being able to develop from the time of, both in terms of volume and quality of effort so that the SMEC has a major role in stimulating economic growth and prosperity thoroughly. At this time UMKM still haven't been able to play a role as well in encouraging economic growth and reduced income inequality among groups of business in Indonesia. One reason is the limitation of access to formal financing institutions in the capital such as banks, because conditions of UMKM, especially Small and micro enterprises generally bankable by rating the banking so that it becomes a difficulty in accessing capital on a formal institution, although it is known that the Government already provides joint financing of UMKM in the form of a credit to the people (KUR) with a very soft terms, without collateral being guaranteed by the Government but still difficult to access capital were mainly Small and micro enterprises.

Understanding individual informant which represents the Government in the matter of the Office the Office of cooperatives and SMEs, in this case in represent by Drs. Abd. Azis Bennu, d. M, informants say that: "strategy as an effort to help the perpetrators of micro enterprises Small in order to be successful. One way is the Government seriously to provide financing assistance nature makes it easy for the principals of UMKM, because the current financing for UMKM not yet accessible for good so that UMKM facing difficulties in terms of capital already exists in many forms, one of these is the KUR, however UMKM still have trouble. These

difficulties occur because the banking prudential principle still run so requires various criteria that must be met by the prospective borrower. This difficulty is not only felt by the food and beverage industry entrepreneur, but felt by the whole of UMKM throughout Indonesia. It's time to think about the institutional form of channeling government financing for UMKM, whether cooperative or rural financial institutions etc. in order to facilitate their access to financing. "(Interview, March 20, 2014).

Interpret what is revealed by the informant, as well as the head of The training and development of cooperatives and UMKM of South Sulawesi Province, that to develop micro enterprises small and medium businesses needed a sooth the Government in doing in providing financing for the purposes of trade, given the Government's policy in the field of provision of capital had already been running for a long time, but the results until such time as this cannot be done effectively , it can be seen from a phenomenon that generally businessmen still have difficulty accessing capital in the formal institutions and it is a reality that cannot be denied.

Similarly, a word that is by informants who represent community leaders in this "Andi Mattentuang, SE, MM'," that the UMKM during these limitations caused by factors of capital, skills and marketing, if it can be helped by factors of three to complete, then the SMEC will succeed and can become a pillar of the local economy even though the national economy. The trick is the partisanship of Government seriously provide financing institutions that specifically because of UMKM in general are still in informal "status. (Interview, March 21, 2014). Informants representing Organizations Business, in this case the Chairman of Kadin in South Sulawesi, Mr. IR. Arif Zulkarnain, MBA, that perpetrators of UMKM still sat menhadapi constraints of access to capital to the Bank for credit guarantee model obviously has not been taken by the Government. The Government only provides for example KUR, but there has not been a policy his supporters so back again to the difficulty of UMKM for access to the Bank because the Bank presume KUR cannot be guaranteed if problems occur (interview date April 15, 2014).

Likewise what is experienced by the principals of UMKM in accessing capital on banking, the informant on behalf of Dra? Dire, the informant is a UMKM Business Incubation Centre in Tenant UMI, Instant Liquid Sarabba product with liquid, stated "that we as actors of UMKM have long been in the business are difficult to develop because of limited capital to encourage the development of business, due to the minimal our unbiased capital bought the production equipment used in support of product quality. Our products have a brand and already have a market but still limited in accessing wider markets (exports) because of the constraints of the packaging. To purchase a package of products is very expensive for us so it cannot buy it because they're expensive at about \$ 45 million,-. And if the tools it already we have we are ready to increase production for export needs an island even for Middle Eastern Countries there is already a request but cannot be fulfilled because the capital constraints. Our hard earn KUR

because must have a guarantee in the form of a certificate but we do not have a certificate (interview date, March 15, 2014).

From the banking side also has an opinion related to access to capital for UMKM as where in the Acknowledged by one of the "mother of Nela" part Credit BRI: that on the Fund for financing available to many, notably KUR, but the difficulty is related to guarantees or collateral that can be pledged by Forbidden. Without guarantees of the banks in general are not as easy as it is to make loans because of prudence in lending credit given the difficult credit for let alone very much prone to UMKM informal (interview date, 23 April 2014) what has been said by Mrs Nela, in line with the statement of Mr. "Rusyidin" from the regional development banks in South Sulawesi, that the difficulties for banks to provide credit financing for UMKM who have no collateral because there is still doubt as to whether the credit loan can work well in small numbers, stats helper monkeys value fixed based on assurances, the problem on common facilities of UMKM, do not have the appropriate guarantees required by Banks (interview date 27 April 2014)

To streamline capital policy for UMKM, then it needs a building strategy that can help the criminals endeavor, his strategy is to provide agencies channeling financing that can be accessed by the perpetrators of such institutions, the SMEC is adapted to conditions that are owned by local businesses, or Government an institution guaranteeing loans for businessmen of UMKM, so as to solve the problem in a way that by observing the local wisdom of the community. Based on the issues facing the trade, and then consider the wisdom of local communities concerned and also cultural and socio-cultural conditions of local communities.

## **b. Understanding the Informant to the Problem of UMKM in Difficulties of Access Technology**

Technology becomes a vital necessity for businessmen in pushing the development of his business, as with the main application of technology in production, can help the UMKM in improving the quality and quantity of the products. The problem is not all the UMKM can access easily due to technology in general businessmen especially micro enterprises of very low quality of education in General graduate elementary to ADMIN, and only a few educated scholar. HR education trade conditions of low influence on the mindset and for them in the conduct of business, so in general businessmen working in accordance with his wishes and not on market orientation. As a result the effort for what it is so that the resulting product is a product of very low quality and cannot compete with other businesses that are already using adequate technology.

Obstacles for businessmen of UMKM in technology is still lack of availability of official institutions in both the private and Government circles that provides mentoring and guidance to business various technologies related to ease of production, they are still limited to attend training because the cost is extremely limited.

Phenomenon as it becomes a challenge for the Government, as well as for perpetrators of the attempt itself, as expressed by Mr. Drs. Abd. Azis Bennu, um, "that in addition to access to capital, as well as access to technology is also a challenge for the development of UMKM in South Sulawesi as well as Indonesia. We are aware that the facilities in the form of mentoring and training institutions are still very far from what is needed so that they can only provide institutionally mentoring is very limited, as it was to the fore, is expected to be an institutional need to widely held to serve businessmen. Regarding the institutional question can involve all stakeholders, whether it's private, STATE-OWNED ENTERPRISES, LOCAL GOVERNMENT and NGO/NGO can in guidance and training in the member's application (interview, March 20, 2014). Likewise in the past by IR. Arief Zulkarnaen, MBA, as Informants representing the Commerce of South Sulawesi. He is the Chairman of Kadin of South Sulawesi, said that the weakness experienced by UMKM in developing businesses is still a low level of technology implementation in the, the result of production do not have good quality and it's hard to compete with a quality product. This is because it is still a restriction on institutional in member access training in conducting transformation and technology transfer in production. There is no option to do just the member's access to the UMKM in the process of technology transfer by providing a venue or training center for UMKM extensively and is within easy reach of UMKM. It can be done by building partnerships between stakeholders is facilitated by UMKM Government (interview, date April 15, 2014).

Next utterance delivered by Mr. U. By the informant, he was representing The Industrial City of Makassar, revealed that the training is carried out within the scope of is said to be not yet adequately with a number of programs that should be implemented, as many tech-laden program should be drilled to the SMEC, but could not be implemented because of lack of funds. In case if the training that, it can help principals of UMKM to develop (interview date February 12, 2014).

Likewise expressed by informants perpetrators SMEC, Budi Santoso, SE, that training for principals businesses is very important because it is useful in helping do technology into the production process, from raw material selection process, execution of production and packaging, so I can understand that what I did before the training is far from a standard that has to be done. We strongly feel the accompaniment in the form of technical assistance carried out by the Business Incubation Centre UMI for five times in the year 2013, so the results of guidance and mentoring from our participants the SMEC people feel the benefits are enormous. Our insights about business and production processes are understood so that it can easily perform the production with the application of an appropriate production technology business conditions (interview date, April 18, 2014).

Informants representing community leaders, Mr Andi Mattentuang, SE. Mm (stated that the difficulty of UMKM Access Technology due in general businessmen still very less attend training and even according to save money I haven't got 5 percent of the businessmen who got the training so that the situation becomes limited in everything related to the development of her business (interview, March 2014).

Based on Informant Interviews in this section meant that training can be very strategic position in encouraging the ability to trade can flourish. It is understood that by following someone's training principals SMEC can transform and control technology in its production so as to obtain quality and quantity the better.

Djumilah 2002; 191) that limitations of human resources (HR) resulted in the use of technologies that are less productive, making the UMKM it is difficult to develop, since it is expected that the role of Government to encourage all Stakeholders that there is to be to training in order to be affordable by UMKM. Training does not constitute a strategy that prioritized, it is caused by the understanding most argued that it was nearly to no avail, because the material is given substance through not the needs of principals of UMKM, but most of the training is tailored to the interests.

Based on the understanding of the informant and expert opinion, then clearly the strategy for the development of UMKM in the fields of training to access technology is already a pressing need to be realized as a strategic choice in developing the UMKM.

### **c. Understanding the Informant against the Difficulties of UMKM in Market Access**

A major problem faced by entrepreneurs of UMKM after generating stuff is marketing, because items that are generated by this business group have also been generated by large corporations that increasingly gets pressure kerasa in marketing. What's more the quality of industrial products tend to be more quality than the products of UMKM. As delivered by "Drs. Abd. Azis Bennu, MM "that the market for UMKM primarily Small micro enterprises are still very limited, because the resulting product does not yet have quality standards, making it harder to compete well in the market" (interview, March 20, 2014).

Similarly with interviews of Mr. "Andi Mattentuang, MM", he was one of the informants represented public figures reveal: that generally UMKM face major problems on a lack of access to capital and markets, making it difficult to develop good, therefore if the UMKM want to develop the key only to capital and a variety of markets. " (interview, date 21 March 2014). Marketing becomes a crucial problem for UMKM, which can be seen from the competition of products produced by the micro, small, and was also produced by Large enterprises and medium-sized businesses, so that small and micro businesses facing competition very hard, what more the quality of the products produced there are still many who have not entered the market, making it difficult standard formal such as self-service and outle-official outlet. Mr. IR. Arif Zulakarnai, MBA, said that the UMKM faced a very narrow market, as a result of the resulting product with mediocre quality so that when dealing with competitors in the market is very difficult to compete and the risks they chose a market that consumers are on lower middle (interview, date April 15, 2014).

BUDi santoso, SE, and Dra. JIRA reveal similar things that marketing for rproduk UMKM, still perceived the difficult access, in addition to the qualities that still less can compete,

also we don't have partners in marketing, thereby facing difficulties when it wants to develop an expansion market. Large employers sometimes become our rivals in marketing products such as "Sarabba" competing against the sarabba in hasilakan Wedan by Nutrisari large companies, let alone the chips it was clear many competitors that need attention by the Government to encourage access to the market through joint marketing tools for products of UMKM. Or facilitating partner dengnan outleh which is like Alpha Mart, and the like (interview date, March 15, 2014).

Marketing activities can not be removed with the marketing mix strategies, which include; product, price, promotion, and distribution. This is menjasi a constraint faced by nearly seluru micro, Small, and because their products are not menghasilak is mensinerjikan with some of the aspects that has been said speaking together as shown in the strategy being applied mix marketers. Micro, small and menghadpi constraints on product quality especially on the packaging as it makes the packaging isn't something easy and cheap, as a result trade Pack the products in accordance with their ability, and not according to needs and the product's image is built. Because it is necessary that the Government is thinking of building a marketing strategy like what can a registered user access to the enterprise so that the perpetrators can be rapidly growing.

## **COMPARISONS OF THE FINDINGS OF THE ANALYSIS AND DISCUSSION OF THE RESULTS OF RESEARCH**

### **Interpret the Results of the Interviews Informants In Search Of UMKM Development Strategy Building**

An understanding of strategy in developing of UMKM, has many meanings depending on the target and what will be achieved. Surely any strategy is rare who can deliver a plan to achieve the results planned beforehand, so that inside the building a strategy of UMKM, first examine the meanings associated with the actual condition and the crucial faced by UMKM. Is faced by UMKM, but in this study looked at the actual problems that there are three crucial to overcome such as access to capital formal (bank), access to technology through training and mentoring, and access to markets. The strategy will be implemented through is expected to help the perpetrators of UMKM in coping with the problem, so the UMKM can grow and develop as a strong, independent UMKM and can compete both local as well as national and even global.

Based on the results of the disclosure of the informant from various backgrounds, then do approach based on the definition of the Phenomenology, to gain meaning from a number of disclosure or information not by informants, but can be captured this research object side tie (UMKM). In addition carried out searches of documents and the literature and research results (triangular) and hope to not make these findings are subjective, so that results of research possess: confidence level (credibility), (transferability), reliance (dependability), and certainty (conformability).

A move made in drawing up the concept of this research is to do observation and study in depth through the task force and the task force analysis of the meaning of the phenomenon was recorded from the action and the disclosure of informants. Understanding the meaning of the results among informants, can be formulated a draft strategy food and beverage industry UMKM in South Sulawesi, covering dimensions: capital, access to technology, and marketing. From every dimension will be able to know how the children an understanding among Government, trade, banking, business, and organization of UMKM Development Strategy against perpetrators of UMKM according to their understanding.

Strategy development access to capital through banks are examined from the view of informants.

Understanding the informant of development strategy of UMKM, carried out by the Government in the capital access to member Institutions (banks) is considered formal yet effective implementation, because all this difficulty faced by UMKM to access capital on banking is still very difficult, it can be proven through the definition of the circle of informants: Government representatives, community leaders, actors, Principal of UMKM Business Area, the Organization that represents banking. Results of the interviews were sourced from the informants in this study generally reveals that the SMEC is the difficulty in accessing capital through banking, all informants have the same meaning of the utterance. It may be meant that basically the policy financing for UMKM the Government does through the banking is seen has not been effective in its implementation. And in fact in most cases UMKM have complained of its limitations in access to capital through banks, the Government is already preparing it stats helper monkeys, but parties still adhere to the fundamental principles of banking prudence so that those policies still need to be enhanced through a strategy that fits with the conditions of the local UMKM.

Wake up the strategy that the Government can do is provide a special financing institutions in accordance with the characteristics of UMKM or Government agencies to build regional financing existing at the level of province, County and City, thus effectively SMEC can access capital. All of the risks associated with financing of UMKM are to be borne by the Government, meaning the Government's earnestness and alignments in developing UMKM can consistently.

### **Access Technology strategy development through training and mentoring, Examined from the view of informants.**

UMKM access to technology in General is still something that is hard to do, given the capability of UMKM offender sera average is still very limited. Their limitations in addition to the level of education, as well as the limited access to related information technology, they run his business running as is appropriate capabilities so that their production results sometimes face problems, both in terms of volume and quality. Technology can be accessed through training and mentoring done by Government or non-governmental institutions such as the Centre of the

business incubator Center, empowerment and development program a College entrepreneurship. However, access to UMKM up to the institutions of the mentorship and training providers is not as easy as it is to be made by most businessmen, only those who have a line that can be accessed training and mentoring. Mentoring and training activities conducted by the Government so far is still considered limited in the number of UMKM serve many, on the other hand ability to do training with constrained resources and funding sources and support facilities. It can be understood from the meaning of the results of the analysis of the utterance informant, as expressed by "Marten u. Bouquet" that many programs in the framework of the application of technology to business (UMKM) actors, but the agencies face in financing programs such as training courses conducted so far from what was expected at this time. Therefore it is expected that for the future the Government should make the UMKM development strategy planning more effective and clear learning outcomes-oriented rather than just the product. " Training activities carried out so far by government agencies have not been able to meet the needs of UMKM effectively so impressed that the training benefits small. This view arose due to the implementation of the training that has not touched the SMEC problem substances themselves, became a routine program as expressed by Djumilah (2002: 191). From the other side the informant UMK can also that training is very beneficial for the accomplished, so according to the views and expectations of their training to become a strategy must be developed on an ongoing basis until a broader level so that the SMEC can be served in large quantities from time to time. In addition to training and mentoring activities that are carried out continuously, the Government may encourage also expected the number of training institutions at the level of Province, district of the city, even at the level of districts and sub districts. The lack of socialization training program over the was caused by the change of authority of the Central Government to make training for planning regions, because of the local government each already have their own development planning. But at the local level is still constrained in building a development strategy, the region is still very short of experts in the field of UMKM, so as to create a program that is sometimes just an activity based on the desires of the region and not based on the needs of UMKM. With strategy planning as mentioned in this section are expected to encourage perpetrators of UMKM to better intent in accessing technology. To access the technology effectively for perpetrators of UMKM, the self-employment training and mentoring agency may get a proportionate share in realizing at least 2 per cent of our trade has high capabilities in accessing technology, so that it can create added value in the production. It is therefore expected to all local governments in making UMKM development strategy, should consider more mature about: access to capital, access to technologist, and market access. What will be done in the next plan should be formulated in development strategies which made so great a benefit for UMKM. The Government in building a strategic plan of development of UMKM, preferably involving colleges and non-governmental organizations that have in the field of development of UMKM, because without it, the Government will do the difficulties in member training services for businessmen. The Government is also expected to jam it encouraged STATE-OWNED ENTERPRISES, LOCAL GOVERNMENT, Commerce and big corporations that exist in this

area to partake in training activities in increasing the capability of access to technology. Build partnerships between small businesses with great effort, is also a strategy that should be considered in making the plan of development strategy of UMKM. Partnerships can be effective in technology transfer and transform from large companies to small companies. In addition the cost can be small due to the partnerships that are interwoven.

### **Development Strategy of Market Access Are Examined From the View of Informants**

Marketing is an important activity after production, but all the elements of the marketing mix to a circle are interlinked and influence each other. Marketing mix strategy is an important factor in the purchasing decisions of consumers. These variables are known as the marketing mix of product, price, promotion and distribution. These factors are examined as factors influencing purchasing decisions. According to Kotler (2009: 18), the marketing mix is the set of marketing tools the company used to continuously achieve the purpose of marketing in the target markets. According to Kotler (2009: 18), the tools classify into four broad groups called 4 p in marketing. 4 p describe the view of the seller about the marketing tools that can be used to influence shoppers, the 4 p's are: product, price, promotion, and distribution. Most consumers want goods that are presented with easy. Easy in this case is easy to reach and there is a lot, by the existence of goods which are presented in a straightforward and many can affect purchasing decisions.

The main constraints of UMKM in marketing his product was rely solely on traditional marketing methods, they sell themselves by relying on a consumer's family or relatives so that they deliver product information only by word of mouth so that the slow process of the up to the consumers are wider. Reality as it is caused due to UMKM is very limited in the capital to finance a promotion so they took a very small market. Besides the resulting product cannot be assured of, making it difficult to enter the formal markets let alone modern market requirement for keeping the image. Other aspects such as packaging becomes a problem by itself, because the ability of principals of UMKM in designing and selecting suitable packaging with the product have not been taken into consideration so that the product is good but do not have good packaging brings a less good impression.

This limitation is also related to capital and insight venture offender so that there is no other way that a marketing push is the Government must provide and its main trade protection to Micro and small. Based on informant interviews obtained can be meant that the limitations for businessmen of UMKM in accessing markets caused many aspects are interlinked with each other so that to parse it need time and an appropriate strategy and adequate in tackling the problem, because if the strategies are just built the Government wishes, it is certain that such a policy can only be a temporary change and then lost trace. Development strategy of UMKM to build a footpath along the market access, the attention and understanding of informants in the study then the Government must understand that the perpetrators of the SMEC is facing difficulty accessing formal market, and modern market, so that under such conditions the Government shouldn't be a silent witness of reality as it is, but it should soon make concrete

action in the form of building strategies that can help the businesses that have difficulty to access the market. Based on informant interviews that most of UMKM already have a taste of good products and unique, but faced problems in packaging, since they can't buy the tool packs because the price is expensive. But in general the problem of access is the responsibility of marketing for Governments and stakeholders in the open access marketing and commerce, such as STATE-OWNED ENTERPRISES, LOCAL GOVERNMENT, and a large trade, through CSR can perform their respective roles. Wake up the development of UMKM that can be built in the context of the informant's perspective: the strategy of partnership between the Government and businessmen to jointly provide for the strengthening of marketing activities through the provision of packaging facilities required by the SMEC, build partnerships for UMKM with great effort, especially the sales outlet so that it can manage partner in marketing products UMKM, building a marketing Center for the products of UMKM at the provincial level the city and County level, so that it can accommodate all the existing UMKM industry products. This is a strategy that is very effective and inexpensive to do. Larger companies that have the capability of HUMAN RESOURCES, the funds are great in marketing but still searching for a strategy that can solve the problem of optimally, such as Indofood build network marketing via the Indomaret. How do the experts understand the empowerment program of UMKM through building strategies to suit the needs of UMKM. Among the expert opinion is in line with what has been expressed by informants from various backgrounds such as: Governments, banking, Abuser of UMKM, business organizations and community leaders, That development/empowerment is viewed from the side of the Government's partiality committed partnerships between UMKM with great effort, SOES, LOCAL GOVERNMENT, Commerce, and banking, is a strategic step should be implemented so that the Government can encourage the inception of cooperation between the partners in the form of UMKM with stakeholders that are already mentioned in this section. The partnership between small entrepreneurs with great entrepreneurs and other stakeholders, can provide benefits to both sides that have partnered, so born adoptive father pattern and the adopted child. For the adopted child (Small and micro enterprises) will benefit in the form of capital assistance, market access, access to technology, while the adoptive father of employers can reduce the risk of doing the production because of a part of the production costs can be shifted to the adopted child, so if there is a shake-up of the global economy can avoid the danger of heavy losses. The opinion of the experts, also acknowledged that the pattern of partnerships between micro, Small, and very important in empowering, can make it easier to access the capital markets, and production technology. Described by Kim-Sun (2005) in empowering SMES, partnerships are an important factor to look for, because with the partnership, companies can create winners, regional, and international level so that small businesses can gain a huge market. Henceforth Thee (2002) States that to ensure the market inputs and outputs for the market, the Government has the role of UMK is located to build partnerships between UMKM with great effort through the sub-contract and that way they can be successful. Architecture model of UMKM Development Strategy by engaging actively with all stakeholders for their respective roles as can be seen in the following pictures:

Large companies:, State-Owned Enterprises, Local Government, play a role in CSR through capital member, the member's access to training in technology transfer.

Banking, capital assistance the role of the member, through CSR, or partners who the Government through intermediaries.

College, has a role in providing training, mentoring through outreach and training centers and, Business/entrepreneurial Incubator through.

And commerce, and other business, has a great role to mediate the perpetrator of UMKM with great effort in the form of a partner and adopted son, member training facilities in technology transfer.

Cooperatives and MFIs, had a role in bringing perpetrators of UMKM became cooperative members to ease access to credit as well as MFI.

NGOs, play a role in mentoring and training members in the framework of technology transfer.

### MODEL-BASED LOCAL DEVELOPMENT STRATEGIES OF UMKM THROUGH PARTNERSHIP

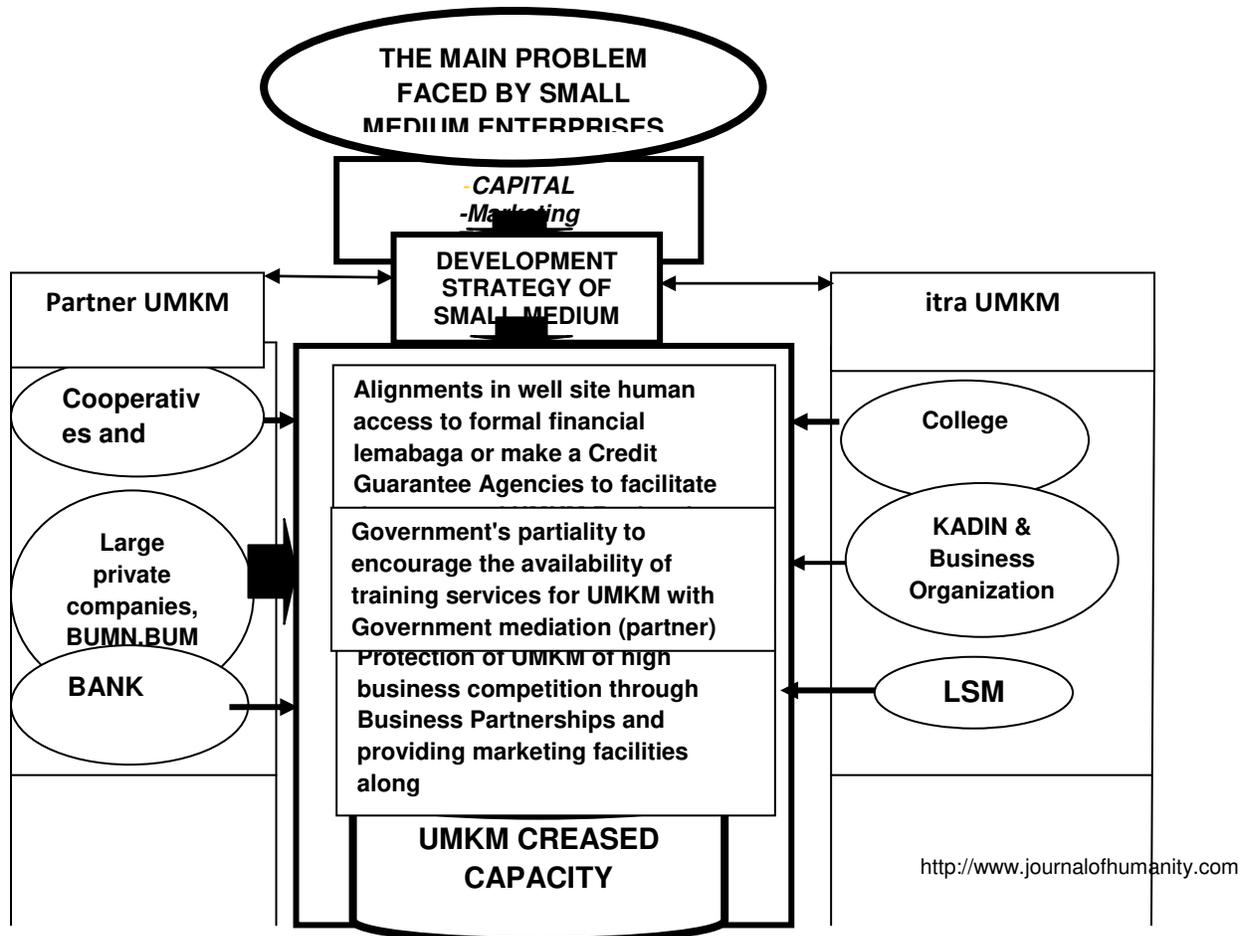




Image: UMKM Development Strategy Model,

Source: constructed from definition of results disclosure of Informant

## CONCLUSIONS AND SUGGESTIONS

### Conclusion

**Investigation results analysis of pemaknaa disclosure of the informant from many quarters, found the meaning that to encourage the development of UMKM in times to come, then kepemihakan and protection of UMKM should be done by the Government through partnerships between micro enterprises Small and party with great entrepreneurs, banking, Commerce, LOCAL GOVERNMENT, STATE-OWNED ENTERPRISES, High Perduruan, cooperatives and MFIs, and NGOs, in both, terpola and structured pattern in partnerships, so as to resolve the fundamental problem faced by UMKM such as; Access to capital, access to technology, and market access. By building partnership, expected patterns of all Stakeholders can play a role in accordance with its capacity, so that the issues that inflates Government in dihadpi UMKM can be resolved on an ongoing basis so that the UMKM into thriving and powerful.**

### Advice

Based on the findings of this research, can be summed up a few things as follows:

To the Government in order to build partnerships between large businesses and UMKM with business, business areas, organisisi banks, universities, LOCAL GOVERNMENT, STATE-OWNED ENTERPRISES, cooperatives and MFIs, and NGOs, in assisting the Government to give its main akases to UMKM micro enterprises and small, on access to capital: keuangngan Formal institutions, access to Tegnologi through training and pendampinga, and akases market through partnerships between large businesses and UMKM primarily in the field of business outlets.

The Government is expected to sooth and alignments in providing marketing Center for UMKM, at the provincial, district, and City to ease access for marketing products UMKM. Thus the marketing problem can be resolved on an ongoing basis.

The Government involve stakeholders such as: universities, NGOs, LOCAL GOVERNMENT, STATE-OWNED ENTERPRISES, in helping to provide on-site training, and mentoring for UMKM in implementing technology in developing its business. In addition the Government also hoped to build a partner among STATE-OWNED ENTERPRISES, LOCAL GOVERNMENT, Big Business, banking in helping capital access, through CSR. Thus can ease in accessing capital.

To facilitate access to capital to banks, the Government can build credit guarantee institutions at provincial and District level/Kota.

## **LIMITATIONS OF THE STUDY AND THE NEXT DIRECTION**

This research emphasizes on how to build a strategy for the development of UMKM so as to have a strong capability in the face of competition in the market. Understanding the informant from among Government, banking, business Organisis daeran/Kadin, Principals of UMKM, and community leaders, from the perspective of this research in phenomenology teoritik: (1) able to understand the action and the disclosure of the individual in depth so that through the definition of the obtained qualitative propositions that can be accountable, (2) able to understand the meaning of the action through the process of definition of what lies behind the noumena and phenomena, in the form of nousis, (3) is not only pressing on the behavior (action), but put more emphasis on the subject's actions are reversed.

Ultimately, researchers realized that the results of research findings this is just qualitative approach departs from the perspective of Phenomenology, meaning that the research was not at the level of policy research policy to assess whether a policy is successful or not, but rather a development of the theory on developing UMKM based on the individual's understanding and support of other information. Therefore peneltian this has some limitations: (1) the scope of research is only done in the fields of food and beverage industry, for it is expected for the research will come to do the broader studies so that they can be perfect, (2) the research is carried out only limited to two regions namely: Makassar city and Maros, is therefore expected in the upcoming research to further expand the research to capture information more widely. For it researchers hope that in the future there are other researchers that can complement the findings in the study i.

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