

SME's Development Model Based on Partnership

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Keywords: SMEs, Partnership Model, Retuning Product and marketing.

Abstract: This study aims to analyze the effectiveness of the partnership model implemented between large and small entrepreneurs. In this study focuses on the partnership model that is often intertwined between small industry entrepreneurs and larger entrepreneurs. The method used in this research is quantitative descriptive with data collection techniques. Through interviews and questionnaires. The number of samples is the same as the total population of 49 SMEs in partnership with the Big Company. The scale used in this research instrument is Likert scale. Furthermore, for the results of research is not biased and doubtfulness of the measuring instrument must be valid and reliable. After the data is valid and reliable, then the next data analysis technique Activities in qualitative data analysis, namely: Data Reduction, Data model and conclusion. The Results show that MSME development partnership model Categorized as a network partnership model or building linkages where the level of effectiveness is included in sufficient category. This finding implies that to improve the performance of umkm required partnerships with large entrepreneurs.

1 INTRODUCTION

Small business is an integral part of the national business world that has the potential, position, and a very strategic role in realizing the goals of national development. Small business with everything Its role in development, must be developed with the spirit of kinship, fill each other fill, mutual strengthening between small and big business in the framework of equity and realize prosperity as big as for all people of Indonesia. To realize these goals, governments and communities must work together. The community as the main actors of development, while the government is obliged to direct, guide, protect and foster the business climate.

In an increasingly competitive atmosphere, the existence of small and medium enterprises or small industries is required to remain competitive with other business actors, because this institution is considered quite representative in empowering the economy of society. One of the efforts that can be taken to be able to compete is through cooperation in partnership form. The Partnership means the existence of minimal interaction and interaction between two or more parties in which each party is a "partner" or " Or & rdquo partner & rdquo. Partnership is the process of seeking / forming mutually beneficial forms of togetherness and mutually educating each other to achieve common

interests. The Partnership is an effort to involve the various components of either sector, community group, government agency or non-government to work together towards a common goal based on their agreement, principles and roles. (Notoatmodjo, Saptana: 2011).

Cooperation step in the form of business partnership is a strategy to develop small industry and morally this cooperation is needed by maximal support from large entrepreneur side through coaching package, and also partnership pattern which can benefit both side equally, or handling loss which Happens fairly. This cooperation does not manifest itself, will still be built consciously and planned, both at the national level and at the lower local level. Similarly, the National Business Partnership Movement (GKUN) is the main vehicle for improving the ability of national entrepreneurs, because the spearhead in facing the era of open economy and free trade is a national entrepreneurship. Partnership is an attitude to run a business characterized by long-term relationships, a high-level cooperation, mutual trust, in which suppliers and customers cooperate with each other to achieve common business goals. (Saparuddin M, Basri Bodo, 2011)

The term partnership has been known by a number of names, including strategic customeralliance, strategic supplier alliance and partnership sourcing. Many government programs are made for the

advancement of small businesses. It aims to encourage and grow small and tough entrepreneurs and modern, small entrepreneurs as people's economic power and rooted in society, small entrepreneurs capable of strengthening the structure of a more efficient national economy. Partnerships basically combine the activities of some business entities, therefore a much needed organization is needed. (Lan Linton, 2001: 53).

The partnership between Small and Medium Industries with parties such as government, big business, and other business actors such as road development business that is increasing network marketing, technology adoption, and production efficiency. Related to efforts to maintain a mutually beneficial and rewarding partnership relationship, the government must be able to formulate appropriate strategies and policies for the creation of equal partnership relationships. A partnership is said to be a joint venture with a medium-sized enterprise or with a large business accompanied by fostering and developing by a medium-sized or large-scale business with due regard to the principle of mutual need, mutual strengthening and mutual benefit, this is a cornerstone of enterprise development. Partnership that has been established in general not yet suitability Model or pattern of partnership between concepts with actual phenomena. The concept of partnership that they interact with companies is not fair in the distribution of risk or loss.

Based on this phenomenon, this study aims to analyze how the partnership model of these entrepreneurs contribute to the development of small industries. Of the many models and patterns of partnerships used, and fenced by the rules of government regulations on partnership, how is the mechanism of partnership pattern in improving the development of small industries in Bandung in particular. This review is expected to be an input in policy making related to MSME development. The results of previous studies conducted by Septiani, et al (2011) and Saparuddin M (2011) suggests that partnerships provide partnerships have a significant effect on business performance of small entrepreneurs and co-operatives that directly affect income growth.

2 METHODS

The research method used in this research is descriptive quantitative. This research puts more emphasis on the description of a variable without connecting with other variables, so that the information obtained according to what conditions exist at the time of the research. Population in this

research is all businessman home industry partner PT X, PT Yt, and PT Z. The sample size is equal to the total population of 49 employers, consisting of 17 employers of PT X partners, 17 business partners of PT Y, and 15 Business partner of PT Z. Data Collection Techniques used Observational studies, Interviews, Questionnaire, and Literature study. In a research the research instrument will determine the data collected and determine the quality of the research.

The research instrument used in this research is questionnaire about working capital, raw material price, and entrepreneurship behavior of small entrepreneur home industry partner of PT X PT Y and PT Z. Scale used in this research instrument is likert scale. Furthermore, for the results of research is not biased and doubtfulness of the measuring instrument must be valid and reliable. That's why the questionnaire given to the respondents tested the validity and Reliability Test. After the data is valid and reliable, then the next data anaisis technique is Activities in qualitative data analysis, namely, Data Reduction, Data models and conclusions.

3 RESULTS AND DISCUSSION

In general, the partnership model is grouped into two according to Notoadmodjo (Saptana: 2011) ie model I and II. Model I is more focused on the network relationships are not too solid, while model II is a more solid working relationship partner and planned together among partners.

Partnership within Indonesian society is something that is not unfamiliar to implement, because this nation has known partnership since centuries, albeit on a modest scale, to a very large complex scale. Partnership in the implementation of modern management understanding of the program management, understanding the development strategy of inter-institutional programs bermitramer is the main factor that must first be a concern. The lack and advantages possessed by each institution / person that is imaged as a form of cooperation to cover each other, mutually add, and mutual benefit (mutualism). Partnerships can be made in technology transfer, knowledge transfer / skills, transfer of resources (human), learning transfer, capital transfer, or various things that can be matched so as to integrate in the form of intact.

The model used in the partnership relationship between large companies and their partners is the simplest partnership model is in the form of networking networking) or building linkages. This partnership is networked only. Each partner has its own program ranging from planning, implementation

to evaluation. The network is formed because of the service equation or service target or other characteristics. To become a bigger corporate partner company, in this case PT X, PT Y and PT Z certainly not easy. Not a few small industries that want a partner position, which is essentially the equivalent of a large company. Some criteria or requirements for small industry owners who will be partners of PT X PT Y and PT Z are as follows: The business has been running for a year, submit photocopy of Identity Card , submit a photocopy of Family Card , submit photocopy of marriage certificate / divorce Submit a 4x6 photo, submit photocopies of electricity bills, water and telephone, submit Certificate of Business (, submit a sample (sample) of the product in accordance with the request of the parent company, whose overall production in production independently by small industry entrepreneurs, submit Taxpayer Identification Number and keep the good name and secret of the parent company

After qualifying, the survey and credit risk analysis of each prospective partner assisted by the Micro Credit Analyst staff of the parent company, small entrepreneurs who are in compliance with Standard Operating Procedure (SOP) will be contacted by the company. Having officially become a partner of the company, small entrepreneur Shall comply with all rules concerning the mechanism of partnership and maintaining good name and all corporate secrets. Similarly, the parent company will grant the rights of partners. Being a company partnered with a larger company, certainly based on several factors. According to the results of research surveys and observations that have been done, there are several dominant factors that influence small industry entrepreneurs decide to partner.

Another reason that entrepreneurs have partnered as such has been contracted. This partnership is networked only. Each partner has its own program ranging from planning, implementation to evaluation. Only the product evaluation is done by the parent company. This partnership model is a partnership model that essentially entrepreneurs of small industry partners have full responsibility for their production. Small companies are free to establish business with any party to get input production. There is no parent company's intervention in the manufacture of the product, except for the last quality control performed by the parent company, or the term "return".

Table 1: Percentage of Reasons for Small Industry Entrepreneurs Doing Partnership

Main Factor	Percentage
Increase Revenue tan	41%
Work Connection	15%
Ease Job and Marketing	26 %
Minimize Risk	12 %
Others	6 %

Source: Research Result, processed data

In modern management, both in the development of human resources and institutional development / partnership, partnership is one of the usual strategies taken to support the successful implementation of modern management. Partnerships are not simply translated as a partnership, but partnerships have a pattern, have a strategic value in realizing the success of an institution in applying modern management. The pattern of partnerships that occur in a network linkages model is the pattern of sub-contractors.

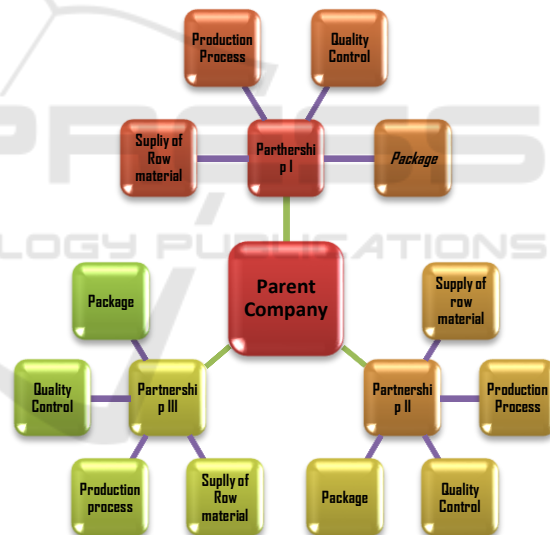


Figure 1: Network Partnership Model (Building Linkages)

The pattern of subcontractors is a system that describes the relationship between big business and small or medium enterprises, where big business Namely PTX, PT Y and PTZ as parent company (parent firm) requested to small or medium businesses as subcontractors to do all or part of the work (component) with full responsibility to the parent company. It can also be said that in the pattern of subcontracting, small businesses produce goods and or services that are components or parts of production of medium-sized enterprises or large

enterprises. Therefore, through this partnership, medium and / or large businesses provide the widest opportunity for small businesses to produce their products.

The responsibilities of the partners are: All the raw material needs of the production process, such as cowhide, synthetic leather, mica, glue, pvc fabric, ribbon, yarn, border, and other materials. All equipment and equipment for the manufacture of products, namely sewing machines, other tooling machines, and manufacturing sites are fully determined by the partners. Finding, selecting and selecting production labor. The benefits that can be obtained in partnership with subcontracting patterns, for small industrial companies, among others Stabilize and increase sales, always receive orders from the parent company with the intensity of time that can be said to be sure. The opportunity to work on all production guidance and technical capabilities of production or management, acquisition, fostering and upgrading of necessary technologies. Increasing production has implications for increasing output. Hone the ability of the independence of partner companies in running the business, both in terms of providing input to the production process. As for large companies (parent company) is able to focus attention on the part Etc., fulfilling capacity shortages, obtaining a source of supply of goods at a lower price than imports, while also increasing productivity and employment opportunities for both small and large companies.

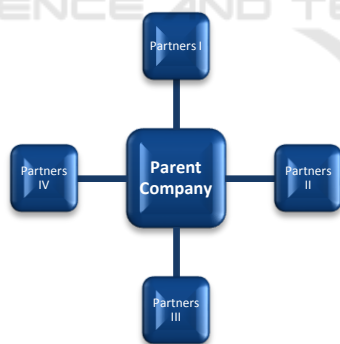


Figure 2: Partnership Pattern Subcontractor

Figure 2 shows that the pattern of subcontractors in addition to benefiting small entrepreneurs, the pattern of subcontractors have a benefit for large companies is able to focus attention on the part Etc., fulfilling capacity shortages, obtaining a source of supply of goods at a lower price than imports, while also increasing productivity and employment opportunities for both small and large companies. However, in this pattern the small industry employers of PT X, PT Y and PT Z do not receive any assistance

from the parent company. Because the partner position is structurally equivalent to the parent company.

4 CONCLUSIONS

Based on the result of discussion that The partnership model for the development of small industry partners of PT X, PT Y and PT Z is categorized as a network partnership model or building linkages where partners have their own programs ranging from planning, implementation to evaluation in corporate activities And have full responsibility for the sustainability of production. This finding implies that to improve the performance of umkm it is necessary to partner with big businessmen. For further research, it is necessary to make additional indicators of the success of the partnership, as well as to compare the results of the partnership programs undertaken by private companies with partnership programs undertaken by State-Owned Enterprises (BUMN).

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