

Study of Regional Development Based Micro, Small and Medium Enterprises

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Abstract

Law of the Republic of Indonesia No.20/2008 on Micro, Small and Medium Enterprises (SMEs) explain the meaning of the micro, small and medium enterprises. SME is a business activity that is able to expand employment and provide economic services to the wider community and can play a role in the distribution process and improve household incomes, encourage economic growth and play a role in achieving national stability. Moreover, SMEs are one of the main pillars of the national economy should gain major opportunities, support, protection and development of the widest as a manifestation of partisanship that explicitly attempt to group people's economy. SMEs based on familial, economic democracy, solidarity, efficiency of justice, sustainability, environmental friendliness, independence, balance economic progress and national unity. The principles of balance is the principle of SMEs empowerment that seek to maintain the balance of economic progress in the area of national economic unity. Identification of the application of SME/creative industries is included in the context of regional planning. The position of this study tend to the development of economic sectors where the potential of SMEs can be seen in the micro and macro scale. In terms of regional planning, this study is included in one of the sectors of the economy development of the region. There is a new wave in the world economy in the creative economy. In the development of the creative economy are one of the development of the creative industries sector. The development of the creative industry was able to have a positive impact on economic growth of a region. Development of creative industries in solving problems such as increased income and employment.

Keywords: Creative Economy, Regional Development, SMEs

1. Introduction

Micro, Small and Medium Enterprises (SMEs) in Indonesia has a strategic role. The development of SMEs period 1997 - 2012 has seen an increasing trend of the number of SMEs, employment, GDP contribution of SMEs, and SMEs export value. End period of 2012, the number of SMEs in Indonesia 56.53 million units with a contribution to Gross Domestic Product (GDP) of 59.08 percent. Contribution of SMEs to employment of about 97.16 percent. However, with all the strategic role, only 20 percent of the total SMEs are already accessible by bank credit. SMEs an opportunity to create new entrepreneurs. Currently, the unemployment rate in Indonesia is around 8.59 million people, while the rate of about 0.18 percent of new entrepreneurs. The challenge in the development of SMEs in Indonesia, among others, about the access of SMEs to bank where there is still a lack of access of SMEs to bank relation to capital assistance, as well as the limitations of marketing, human resources, raw materials and technology.

Economic growth in North Sulawesi in the last 5 years to grow larger than the national economy. Populist economic movement that is able to contribute greatly to the

economic growth shown by the North Sulawesi province which became one of the region with huge potential for the development of SMEs. SMEs have a central role in the economic development activities of the region and the nation. So the coaching and development needs to be integrated to strengthen the resilience of the local economy and create efficient, healthy and independent and able to function as the backbone of both regional and national economy. This strategic role needs to be examined carefully because SMEs are a major player in regional economic activity. High unemployment and poverty rate to parameters why the government continues to encourage the growth of SMEs, including in North Sulawesi. Job creation and promising market aims to achieve better economy. It is quite able to illustrate that SMEs can sustain the regional economy. SMEs must actively become the largest provider of jobs, create new markets and continues to innovate its role optimally. Increasingly become the province of North Sulawesi which are considered safe and comfortable for the development of SMEs. Even in just half a year, SMEs in North Sulawesi has increased nearly 32 percent. It is able to show that the business climate in North Sulawesi is very good and prospective. Based on data from the Department of Cooperatives and SMEs in North Sulawesi, in the year 2012 the number of SMEs reached 74 173 units (with a workforce of 181 710 people), compared to the year 2011, amounting to 56 194 units (with a workforce of 144 742

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people). Of these, nearly 70 percent of them in the form of micro-enterprises, while 27 percent classified as small businesses and 3 percent of the rest, including medium-sized businesses. Type of business from SMEs is very diverse. The growing activities of MSME units. This further indicates that this area is very good and attractive to business and investment. Business development in the highly prospective North Sulawesi, especially in the city of Manado, Bitung and Tomohon which can be seen from the significant growth of SMEs. This indicates that the SME is able to become a strong foundation of people's economy that require attention from various parties, especially banks.

Inclusive financial loan distribution program in North Sulawesi reached USD 1.7 billion loan portfolio since May 2013 in Manado is quite unique because it involves a method of assisting with religious institutions. The inclusive finance programs with the involvement of religious institutions and the participating banks. Where this is a pilot project of Bank Indonesia through a strategic partnership between religious institutions and financial institutions. The role of religious institutions in the development of SMEs proved to be quite effective in improving access to finance. The role of religious institutions as a facilitator is to open people's access to financial institutions. Among them as facilitators, religious institutions can select and evaluate borrowers would be eligible for capital assistance, become a hub for the bank in terms of recommendations of borrowers and mentoring. Financial inclusive and development of SMEs is a central point for the economic empowerment and SMEs in North Sulawesi province including the city of Manado. This has become one of the elaboration of the grand strategy of regional development goals of improving Manado City as role in the economic development of the region. Religious institutions have an important role in financial inclusion in Indonesia. Religious institutions is considered to act as a liaison between the financial institution and the customer. This is due to religious institutions familiar with the behavior and character of congregation so as to reduce the risk of financial institutions. So it needs to be studied in-depth how the loan scheme through religious institutions suspected of financial institutions, religious institutions and customers assessed benefit (win-win). Gains derived by a congregation of religious institutions is gaining an increasingly powerful economic and welfare increased. In addition, religious institutions can act as a guarantor in bank lending to customers because with the cooperation of religious institutions will be able to make credit risk for banks is more scalable and the expected quality of the loan obtained awake.

But when viewed in terms of human resources, the existence of a number of SMEs has the potential to be directed as the creative industries. The creative industries are an integral part of the creative economy. Similarly, the importance of SME development, creative industries can also contribute in some aspects of life. Creative industries need to be developed because it has an important role in the economic development of the region. Development of the national creative economy can not be separated from the

role of the creative economy in the region. Therefore, the development of the creative economy is important to understand so as to accelerate economic development in the region in coordination and cooperation with local government. Model of cooperation is dependent on the level of creative maturity or economic progress in the region while the sector will develop depends on the priority sectors of the creative economy. The development of the creative economy in regions characterized by a number of conditions, such as the commitment of regional leaders to develop creative economy in the region, the existence of public areas that used to be the regional creative community, which is pretty good infrastructure that can support the creative process, the existence and activity of the creative community, appreciation of the creative industries as media, support from local government, the existence of formal educational institutions that support the creative industries and the presence of creative industries development plan document area.

Economic performance of the North Sulawesi province continued to strengthen each year and in 2010 reached 7.12 percent economic growth is relatively much higher than the national economic growth of 6.10 percent. Economic growth is supported by the magnitude of the North Sulawesi province of GDP in 2010 which reached Rp 36

834, 8 billion dollars. GDP is basically the size of the North Sulawesi province is dominated by the five sectors namely agriculture that contributes to GDP by 19.50 percent and trade, hotel and restaurant sector by 16.96 percent, services sector amounted to 16.55 percent, the building sector and 16.50 percent increase in construction and transport and communications sector 11.49 percent. While the four other sectors when accumulated give a sizeable contribution is 18.98 percent (Ministry of Finance of the Republic of Indonesia 2012).

Differences in geography, natural resources, infrastructure, social, cultural and human resource capacity led to the persistence of the gap between regions. This resulted in the well-being of society are not evenly distributed across the region. Therefore, in accordance with the vision to realize the independence of Indonesia's development, progress, justice and prosperity, the synergy between the center and regions and between regions should be strengthened. To achieve this, the government developed a regional development priorities consistent, integrated and cross-sector and consider the suitability of spatial, legal and institutional systems that reliably. Policy direction in Sulawesi related development is the development of creative industries cluster seed industry with a strategy to develop the region Manado - Bitung as a center-based seafood processing industry (including culinary).

Problems of SMEs based creative economy generally lies in human resources, capital and modern technology. Picture of the business environment of SMEs based in the city of Manado creative economy at the moment, seen from empowerment opportunities from time to time, from place to place and from sector to sector, has not indicated the amount of hope on the business groups to support the

growth of an equitable economic system. It also led to creative SMEs have not been able to provide a specific pattern for the city of Manado, known by the general public both within and outside the region.

At the city level as a smaller cluster and is part of the province, it can be seen that the city of Manado in North Sulawesi is a city with a number of creative industries amounted to 6,010 pages. Exposure number of pages of creative industries in the city levels only in the year 2007-2009 to see how much attention to the city's creative industries since started rolling industry in Indonesia in 2007 ago. Interesting look at the statistics pages of creative industries in the city of Manado which so far has not been strong enough to be called as a creative city. This shows that there is a strong desire of the cities in Indonesia to evolve into a creative city.

2. Discussion

Law of the Republic of Indonesia Number 20/2008 on Micro, Small and Medium Enterprises (SMEs) explain the meaning of which is the Micro is a productive enterprise owned by individuals and / or the individual business entities that meet the criteria as defined in the Micro, Law, Business small is productive economic activities that are performed by the stand-alone individual or business entity that is not a subsidiary or branch company is not owned, controlled or being part either directly or indirectly from the Medium or Large Business small Business that meets the criteria referred to in Law, medium enterprises are economically productive activities that are performed by the stand-alone individual or business entity that is not a subsidiary or branch company owned, controlled or being part either directly or indirectly with the Small or Big Business the number net worth or annual sales revenue as defined in the Act.

SME is a business activity that is able to expand employment and provide economic services to the wider community and can play a role in the distribution process and improve household incomes, encourage economic growth and play a role in achieving national stability. Moreover, SMEs are one of the main pillars of the national economy should gain major opportunities, support, protection and development of the widest as a manifestation of partisanship that explicitly attempt to group people's economy. SMEs based on familial, economic democracy, solidarity, efficiency of justice, sustainability, environmental friendliness, independence, balance economic progress and national unity. Where one of the principles is the balance progress of SMEs empowerment that seek to maintain the balance of economic progress in the area of national economic unity.

Although SMEs have demonstrated its role in the national economy, but it still faces various obstacles and constraints both internally and externally in terms of production and processing, marketing, human resources, design and technology, capital and business climate. To improve the opportunity, ability and protection of SMEs

has been set provisioning policies on business, funding and development but not optimal. That's because the policy has not been able to provide protection, business certainty and adequate facilities for the empowerment of SMEs. Not an optimal implementation of entrepreneurial training and facilitation centers in every district marketing. Limited availability of agencies that provide services such as entrepreneurial training, coaching and consulting guidance and facilitation of marketing and development of SMEs. Though the empowerment of SMEs is an important effort to improve employment and business opportunities, thereby reducing the number of unemployment and improve living standards. Creative economy is a concept that is a combination of various sectors of activity. This statement has consequences in terms of authority in policy making and implementation. The success of the development of the creative economy is very dependent on the level of success of cross-sectoral coordination. Failure of policy coordination means waste that has been formulated and established. The potential problems that should be anticipated is associated with the level of public expectation of government assistance or incentives in the form of financial and non-financial. The government should have prepared the infrastructure for providing incentives in the form of anything that is necessary to effectively and efficiently as one bank lending.

Residents were concentrated in the province of North Sulawesi city of Manado. In terms of demographics, Manado City has the highest population with a population of 410,481 people and an area with the highest population density in the amount of 2515.36 people/km². Manado city also has a Human Development Index (HDI) is the highest in the year 2010 amounted to 78.02. In general, an area that its HDI levels above the average HDI of North Sulawesi Province. But, in 2011, the city of Manado is the area with the highest unemployment and biggest Unemployment Rate (Ministry of Finance 2012).

Of the entire region of North Sulawesi, Manado City has the smallest area with only 1 percent. Associated with the existing area of the visible presence of inequality distribution of the population in North Sulawesi, Manado City where the population which is 20 percent of the population inhabiting North Sulawesi only 1 percent area of

North Sulawesi. Associated with poverty, the city of Manado is the only area in North Sulawesi which would indicate rising levels of poverty in the last 5 years. This illustrates the importance of efforts to give attention not only in areas with high poverty rates but also in areas with a high number of poor people. It is a challenge faced by the construction of the North Sulawesi is associated with the development that has not been impartial distribution where the city of Manado is the most developed city with economic activity.

3. Conclusion

Research on the identification of the application of SME / creative industries in the city of Manado is included

in the context of regional planning. The position of this study tend to the development of economic sectors where the potential of SMEs can be seen in the micro and macro scale. In terms of regional planning, this study is included in one of the sectors of the economy development of the region. There is a new wave in the world economy in the creative economy. In the development of the creative economy are one of the development of the creative industries sector. The development of the creative industry was able to have a positive impact on economic growth of a region. Development of creative industries in solving problems such as increased income and employment. The term creative economy was first introduced by a character named John Howkins, author of the book "Creative Economy, How People Make Money from Ideas". Howkins formulate that the creative economy is an economic activity in which the input and output is the idea. Robert Lucas, a Nobel Prize winner in economics also said that the forces that drive economic growth and development of the town or area can be seen from the level of productivity cluster talented people and creative people or humans who rely on the ability of the existing knowledge on himself. Alvin Toffler stated that the waves of human civilization is divided into three waves: first a century of agriculture, industry for the second and third century is the century of information. While, Toffler stop here. However, the theory continues to evolve, to the present human civilization with the competition and globalization, enter the new era of civilization is the fourth wave of so-called knowledge-based economy or creativity-oriented economy. Definition of creative industries according to the Commerce Department on Creative Industries Mapping Study in 2007 in the book Creative Economic Development Indonesia 2025 is "derived from the utilization of industry creativity, skills and talents of individuals to create wealth and jobs through the creation and utilization of creativity and inventiveness of the individual ". According to the Ministry of Commerce of the Republic of Indonesia in the book Creative Industry Development towards Vision 2025 Creative Economy, as referring to Presidential Decree No. 6/2009 on the creative economy that creative industries economy can be grouped into architecture; design; mode; Film, Video and Photography; Crafts; music; Art and Antiques Market; Publishing and Printing; Advertising; Interactive game; Research and Development; Performing Arts; Information Technology and Software; Television and Radio; Culinary (an additional sector that will be developed by Kemenparekraf considering the wealth of creativity and local knowledge therein and which is closely related to tourism).

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