

Development and Growth in Small and Medium Micro Enterprises as Effort for National Development Aid

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ABSTRACT Micro small medium enterprises, as a growing business of a determined society and the spirit to build the economy to support pembangana and kesyejahteran society itself. Opening job opportunities as an alternative to new jobs initiated by small and medium-sized micro enterprises, contributing to boost economic growth and development contributes to local revenues and revenues. micro small and medium enterprises which is an independent community business and its establishment based on the initiative of someone who is high in pity and endurance, plays a role in reducing unemployment, absorbing a lot of manpower, still unemployed, able to use and process various natural resources existing and potential in areas that have not been fully processed, contribute to both local revenue and state revenues

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I. INTRODUCTION

Background

Small and medium micro enterprises have a strategic role in national economic development, because in addition to play a role in economic growth and employment is also very instrumental in the distribution of development results. The economic crisis that occurred in our country a few decades ago, many large-scale enterprises and giants who stagnated and even stopped in their production activities, then micro-small medium enterprises running and proved more resilient in the face of the crisis, the experience that has faced by Indonesia during crisis, it would be no exaggeration if private sector development is focused on small micro-enterprises, especially this business unit is often neglected only because of its small-scale production and has not been able to compete with other large business units

Development in the micro small and medium enterprises sector needs to get a great attention, both from the government and society in order to grow more rapidly and usually compete with big business actors, Government policy needs to be made more focused and conducive for the growth of micro small and medium enterprises, its role in empowering the small and medium enterprise business sector. Need to develop mutually beneficial business partnerships between large entrepreneurs and middle entrepreneurs with micro small enterprises, and need to improve on the quality of human resources itself. Placing small and medium-sized micro enterprises as the main drivers in development should be based on good commitment and coordination between government, large-scale private business to encourage conducive business, paying attention to partnership partnership to develop economic and economic development equally.

II. PROBLEMS OF PROBLEMS

1. What is the purpose and definition of small and medium-sized micro enterprises?
2. What are the criteria of small and medium micro enterprises?
3. Why are the factors that hamper small and medium-sized micro enterprises?
4. What is the performance of small and medium enterprises in Indonesia?

III. PURPOSE AND OBJECTIVES

1. Can know the definition and criteria of small and medium enterprises
2. Can know the classification and micro small and medium enterprises
3. Can know the performance of small and medium enterprises
4. Can know the factors that can hinder small businesses and win

IV. DISCUSSION

Understanding Small and Medium Enterprises

According to Presidential Decree no. 99 year 1998; Understanding of micro small and medium enterprises is a small-scale economic activity of the people with a business that is majority of a small business activity and should be protected to prevent unfair business. According to the Central Bureau of Statistics, Understanding of small and medium enterprises: Based on the quantity of labor. Small-scale business is a business entity that has a workforce of 5 s.d 19 people, while medium-sized businesses are business entities that have a workforce of 20 s.d. 99 people.

Based on the Decree of the Minister of Finance No. 316 / KMK.016 / 1994 dated June 27, 1994, Definition of Small Medium Enterprises: Defined as an individual or business entity that has engaged in business activities with sales or turnover per year of Rp 600,000.00 or assets or assets of a maximum of Rp 600,000,000 outside the land and premises occupied) consist of:

1. Business field (Fa, CV, PT, and cooperative)
2. Individuals (Craftsmen, home industry, farmers, ranchers, fishermen, forest encroachers, miners, traders of goods and services)

According to Law No. 20 Year 2008, Understanding Small and Medium Enterprises: The law divides into two meanings Small Business is an entity that has the following criteria:

1. Net worth of more than Rp 50,000,000.00 (fifty million rupiah) up to a maximum of Rp 500,000,000.00 (five hundred million rupiah) excluding land and building of business premises.
2. Having annual sales of more than Rp 300,000,000.00 (three hundred million rupiah) up to a maximum of Rp 2.500.000.000,00 (two billion five hundred million rupiah).

The middle business sector is a business entity that has the following criteria:

1. Net worth of more than Rp 500,000,000.00 (five hundred million rupiah) up to a maximum of Rp 10,000,000,000.00 (ten billion rupiah) excluding land and building of business premises.
2. Having annual proceeds of more than Rp 2.500.000.000,00 (two billion five hundred million rupiahs) up to a maximum of Rp 50,000,000,000.00 (fifty billion rupiahs).

Definition and Criteria of Small and Medium Enterprises

According to the Institute and some Foreign Countries, In principle the definition and criteria of small and medium micro enterprises in foreign countries are based on the following aspects:

1. Number of manpower
2. Income and income
3. The amount of assets managed

Criteria of small and medium enterprises

According to the World Bank, dividing small and medium micro businesses into 3 types, namely:

Micro Enterprise, with the following criteria:

1. Number of employees less than 10 people.
2. Income per year does not exceed \$ 100 thousand.
3. The amount of assets does not exceed \$ 100 thousand.

Small Enterprise, with the following criteria:

1. Number of employees less than 30 people.
2. A year's income does not exceed \$ 3 million.
3. The amount of assets does not exceed \$ 3 million.

Medium Enterprise, with the following criteria:

1. Number of employees maximum of 300 people.
2. A year's income of up to \$ 15 million.
3. Total assets up to \$ 15 million

Criteria of small and medium enterprises of foreign countries and institutions.

1. Singapore defines small and medium-sized micro enterprises as businesses with at least 30% of local shareholders as well as fixed productive assets of less than SG \$ 15 million.
2. Malaysia defines small and medium-sized micro businesses as businesses that have a full-time worker of less than 75 persons or whose shareholding capital is less than M \$ 2.5 million. This definition is divided into two:
 - a. Small Industry, with the criteria the number of employees 5 - 50 people or the amount of share capital up to a number of M \$ 500 thousand.

- b. Medium Industry, with the criteria of the number of employees 50 - 75 people or the amount of share capital up to a number of M \$ 500 thousand - M \$ 2.5 million.
- 3. Japan shares small and medium micro businesses as follows:
 - a. Mining and manufacturing with maximum employee criteria 300orang or the amount of share capital up to a sum of US \$ 2.5 million.
 - b. Wholesale with the criteria of the maximum number of employees 100 people or the amount of share capital to US \$ 840 thousand.
 - c. Retail with the criteria of maximum number of employees 54 people or the amount of share capital up to US \$ 820 thousand.
 - d. Service with maximum employee criteria 100 people or the amount of share capital to US \$ 420 thousand.
- 4. South Korea defines micro small medium enterprises as businesses with capital of less than 300 people and total assets less than US \$ 60 million.
- 5. European Commission, dividing small and medium microcompany in three categories

Medium-sized Enterprise with the following criteria:

- 1. Number of employees less than 250 people.
- 2. Income per year does not exceed \$ 50 million.
- 3. The amount of assets does not exceed \$ 50 million.

Small-sized Enterprise with the following criteria:

- 1. Number of employees less than 50 people.
- 2. Income per year does not exceed \$ 10 million.
- 3. The amount of assets does not exceed \$ 13 million.

Micro-sized Enterprise, with criteria:

- 1. Number of employees less than 10 people.
- 2. Income per year does not exceed \$ 2 million.
- 3. The amount of assets does not exceed \$ 2 million.

Some constraints on small and medium micro enterprises include:

- 1. The types of goods and commodities in the business are not fixed, always changing depending on the order and order.
- 2. The place and location of his business is not settled, always moving places depending on the number of requests.
- 3. There are still many who have not done business licensing, financial administration is simple and does not separate the family finances with financial business

Banking support and interests, micro small medium enterprises is a potential market segment to be served in an effort to increase its business in terms of capital, because the business has positive and unique characteristics that are not owned by other large businesses:

The business turnover is quite high, the product is changed, absorbs employment, is able to absorb sufficient funds and profits, even in crisis situations and business activities are still running and growing, because it has the following character, is not sensitive to interest rate, fixed developing in economic and monetary crisis situations, in accordance with its character that is honest, tenacious, innocent, receive input, can be guided and cooperation.

There are still many micro small and medium enterprises that are difficult to obtain capital, banking credit, various obstacles experienced by small and medium micro enterprises, as well as on the side of capital and banking.

The profiles of small and medium-sized micro enterprises that are currently associated with financial institutions are as follows:

- 1. Labor, employing 1-5 people including members of his family.
- 2. Location, around the house, usually outside the business center.
- 3. Marketing, depending on the local market and rarely involved in export-import activities.
- 4. Management, handled itself with simple techniques.
- 5. Legal aspect: operating outside the legal provisions: licensing, taxes, labor, etc.

The objective conditions of a small micro enterprise are winning small and medium-sized microenterprises can provide considerable employment opportunities. As a contributor to development with its small businesses, creating employment opportunities, and providing for the needs of home industries and other industries that are useful in sustaining the country's economy.

The sectors that have the largest proportion of business units are sectors:

1. Agriculture, Livestock, Forestry and Fisheries;
2. Trade, Hotel and Restaurant;
3. Processing Industry;
4. Transportation and Communication;
5. Services.

In the economic sector which includes categories and sectors that have the smallest business unit proportion there are sectors:

1. Mining and Quarrying;
2. Buildings;
3. Finance, Leasing and Corporate Services;
4. Electricity, Gas and Water Supply.

Aspects that need to be considered in managing, management of micro small and medium enterprises are:

1. Management aspects in finance
2. Aspects of management in the field of human resources
3. Management aspects in operational management
4. Management aspects and marketing of production

Classification of Small and Medium Enterprises In the perspective of its development micro small medium enterprises can be classified into four sectors namely:

1. The informal sector is a micro small and medium enterprise that is used as a job opportunity to earn a living, such as street hawkers, casual workers.
2. Micro business sector, is a small micro business medium that has the nature of hand work, craftsmen done manually and do not have the nature and entrepreneurial spirit.
3. The small-scaled business sector is a small and medium-sized microenterprise that already has an entrepreneurial spirit and is able to accept subcontract work from large entrepreneurs and exports
4. The medium-sized business sector is a micro small medium enterprise that has entrepreneurial spirit, managerial management and will transform the business into a big business.

The role of micro small and medium enterprises become an important and major part at every stage of planning in national development that is managed by the department that is:

1. Department of Industry and Trade
2. Department of Cooperatives and SMEs

The development of micro small and medium enterprises sector that has not been seen to be satisfactory and significant result, the progress of UMKM sector is still on the road, very small, progress is not fast unlike big business.

The activities of small and medium-sized micro enterprises cover a wide range of economic activities, in the form of small-scale enterprises engaged in small sectors as well, have a strategic role in economic growth and employment absorption also play a role in the distribution of production, sustaining national economic growth, to support and manage small and medium-sized micro enterprises such as:

1. Licensing
2. Technology
3. Structure
4. Management
5. Training
6. Financing
7. Marketing

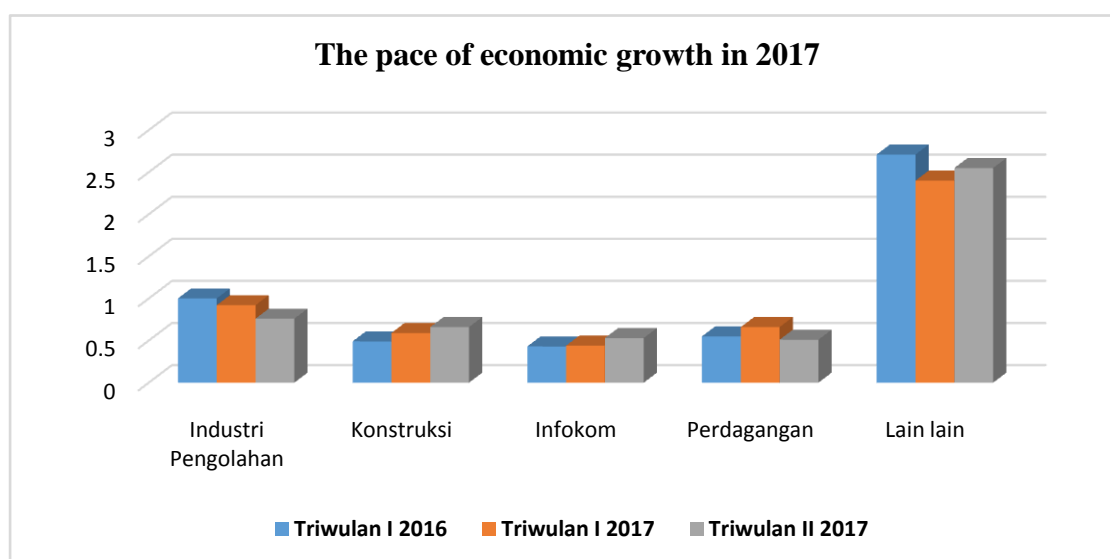


Table 1. Economic growth rate (Source BPS)

Economic growth rate per quarter

Sektor	Triwulan II 2016	Triwulan I 2017	Triwulan II 2017
Industri Pengolahan	1.00	0.92	0.76
Konstruksi	0.49	0.59	0.66
Infokom	0.43	0.44	0.53
Perdagangan	0.55	0.66	0.51
Lain lain	2.71	2.40	2.55

Table 2. The rate of economic growth per quarter (Source BPS)

Economic growth in 2017 was 5.01%, Gross domestic product (GDP) reached Rp 3,366.8 trillion GDP According to the field of business in the sector, namely:

1. Processing Industry
2. Construction
3. Infocom
4. Trade
5. Others

In the growth sector, the processing industry is the highest growth source which is around 0.76%, the quality of state budget expenditure budget expenditure budget continues to increase and become a priority

According to the minister of finance, expenditure budget expenditure of the country experienced peningkatan from knowketahun that occurred in 2017 as follows below:

1. Sektor education 416.1 trillion 27.4%
2. Infrastructure Sector 387.3 trillion 123.4%
3. Health sector 104, trillion 83.2%
4. Energy Subsidy Sector 77.3 trillion 66,2%

According to the Central Bureau of Statistics, the contribution of micro small and medium enterprises to the national economy reached 61.41 percent, and the absorption of manpower from the small and medium enterprises sector reached almost 97 percent of the total national workforce. The number of micro small medium enterprises reach 60 million units.

According to BhimaYudhistira (Economist of Indef), it is predicted that in 2017-2020, the number of small and medium enterprises can penetrate 65 million units of medium, micro, and small businesses. But the challenge is still quite large, especially in the manufacturing sector. The share of non-oil and gas exports of small and medium enterprises is still below 16 percent. In addition, the latest data processing industry has decreased.

According to the Central Bureau of Statistics in Bhima as of August 2017, production growth of micro and small manufacturing industries in the second quarter of 2017 is 2.5 percent. This realization dropped from the achievement of growth in the first quarter of 2017 of 6.63 percent and lower than the same period last year

of 6.56 percent. This shows the condition of micro small and medium enterprises that are less so good this year. Small and medium-sized micro enterprises are less good growth, economic growth is difficult to achieve the target of 5.2 percent.

Inhibited, the constraints faced by small and medium enterprises that include internal factors and external factors.

Internal factors:

The lack of capital for small and medium-sized micro enterprises is a major factor in the effort to develop business units, since in general small and medium-sized businesses the owners are private and corporate businesses that are closed, as for

1. Minimal capital
2. Human Resources are weak
3. Limited network
4. Innovation of less products

External Factors:

1. The business climate is not conducive, the less healthy competition of micro small and medium enterprises in developing and expanding their business have difficulties because they have to compete with big businessmen.
2. Facilities and infrastructure of micro small and medium enterprises limited, lack of information relating to the progress of science and technology, so that facilities and infrastructure owned does not grow rapidly and less support in the development of business.
3. Limited market access so that the products produced can not be marketed optimally and competitively on the national market and the international market.

V. CONCLUSION

Small and medium micro enterprises as productive and self-sustaining economic enterprises, carried out individually, incorporated as a subsidiary, not a subsidiary, not a direct or indirect part of large business

1. Criteria of micro small and medium enterprises that has a net worth of Rp. 200.000.000, - (Two Hundred Million Rupiah) excluding land and building of business place, having sales revenue, annual turnover at most of Rp. 1.000.000.000, - (One Billion Rupiah), Pemiiliknya citizens of the Republic of Indonesia, Stand alone, not a subsidiary or branch company, not controlled or affiliated directly or indirectly with large business, law, or business entity with legal status.
2. Small and medium micro enterprises have barriers in increasing their business, including the technology used is still manual, confessional and done traditionally. Capital is still limited there is no legal aspek in obtaining loans from banks, Marketing is still a constraint has not been connected with retail and general merchants.
3. Small and medium-sized micro enterprises in performance absorb employment and provide broad economic services, accelerate equity and income for the community, are integral businesses in a potential national economy and realize the goals of national development.

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