

ANALYSIS OF ENTREPRENEURIAL QUALITY OF MICRO, SMALL AND MEDIUM ENTERPRISE IN BANDUNG

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Abstract

Micro, Small and Middle enterprise plays strategic role in Bandung Economic in different industries. Most of them are in creative industry, others are shoes, textiles, food and beverages and also telecommunication industry. Unfortunately, most of them run business based on their experience but limited knowledge based. Consequently, they can't develop their business and some of them find difficulties in financial aspects. Bandung City government tries to develop those business owners. Besides that, some professional association like KADIN, HIPMI also help them in educating them. The goal of this study is to know and analyze quality of micro, small and medium enterprise entrepreneurial from entrepreneurial characteristics, marketing aspect, financial aspect, technology aspect and cooperation aspect. Research objects are micro, small and medium enterprise owners in Bandung who have joined Kadin or Hipmi Bandung and receive guidance from Bandung government in 2010. This study uses descriptive method with descriptive and explanatory survey. Qualitative and quantitative is used to analyze data. The result show Qualities of entrepreneurial they are not too active in business association. Others are search for business opportunity, efficient and others. In the market access, they do not know market share and market structures exactly. They don't promote routinely and do not give after sales service. In the capital access, most of Micro, Small and Medium Enterprises do not know about how to get capital and others. In the technology access, most of Micro, Small and Medium Enterprises don't use IT for their business. Finally, Micro, Small and Medium Enterprises offers partnership to others.

Keywords: quality of entrepreneurial graduates, Micro, Small and Middle enterprise

1. Introduction

Bandung was selected as a pilot city creative East Asia this is a tribute and a challenge for the city itself, this can happen either because the existence of Micro, Small and Medium Enterprises in Bandung, where the number of enterprises in Bandung currently reached 927 units spread across several industries (e-market.hostoi.com).

This condition is very interesting to develop entrepreneurship in Bandung. Based on the theory of entrepreneurship, entrepreneurship is the ability to create something new and different. (Peter F. Drucker)

At this time Micro, Small and Medium Enterprises in Bandung, spread across several industries such as textile industry in Cigondewah, Dolls in Sukamulya, T-Shirt Surapati Sentra, Sentra Ceramics in Kiaracondong, Knitted on Binong, Shoes in Cibaduyut.

Micro, Small and Medium Enterprises in Bandung, contributes significantly to employment and Gross Domestic Product (GDP) in Bandung, but the Micro, Small and Medium Enterprises face some problems, some things that are at issue of Micro, Small and Medium Enterprises them (sekretariat DPRD Jabar):

1. Capital

In the capital, the problem is:

- a. Difficulty accessing the Bank due to the inability of providing a requirement for bankable. Actually, Bank Indonesia has established P3UKM which helps for easy access to the Bank. But the reality, not all the Micro, Small and Medium Enterprises and the informal sector to meet the collateral requirements. That is still more the Micro, Small and Medium Enterprises and the informal sector that has not been netted.
- b. Ignorance of Micro, Small and Medium Enterprises and the informal sector on how to obtain funds from sources other than banks, which can be an alternative financing.
- c. The unavailability of capital at the time of the order coming. This means they need money fast to fill orders. It is not possible when the banking system, because the time from submission to liquid funds can be 2-3 months, not to mention if the submission was rejected credit that could reach 2-3 months, not to mention if the submission was rejected which can cause loss of opportunity to make a profit. Usually they find a way to obtain funds quickly is to borrow a fellow businessman or to a loan shark.

2. Marketing

As related to marketing, more due to :

- a. Difficult market access due to the limitations, among others, reading market tastes, familiar with competitors and their products, positioning products in the market, know the weaknesses their products among the competitors' products.
- b. The limited human resources, for Micro, Small, and Medium Enterprises in general, the owners still do all the activities alone or with assistance from a few employees such as production or production supervision, so look for the market had been neglected.
- c. Standardization of products is weak, this causes the order is returned because the quality of the resulting product does not comply with specifications at the time of order
- d. The loss of customer confidence due to inability to meet demand in large numbers, among others due to unavailability of funds to fulfill the request.
- e. Especially for the informal sector, selling sometimes still on the move, because the selling location-location is prohibited to sell

3. Licensing

Problems related to licensing issues are:

- a. Tranquility and comfort in trying disturbed only due to a number of formal charges so as to create productive conditions.
- b. Business continuity has no clear direction in the absence of guarantee in the business both in terms of legality as well as physical security (collateral)

4. Business Competition

Issues related to competition issues, are:

- a. Its product are not guaranteed copyright protection resulting in plagiarism (imitation) products
- b. Limitations in accessing information teknologi product design and market access opportunities
- c. Imaging low against the business carried on so marginalized by the attitudes that are less favorable, especially regarding the quality of products and services.
- d. Accessibility to product certification bodies have problems so difficult to market the product in the wider market reach

The goals of this study are to know and analyze quality of entrepreneurial from five aspects, entrepreneurship characteristics, market access, capital's access, technology access and cooperation.

2. Quality Of Entrepreneur

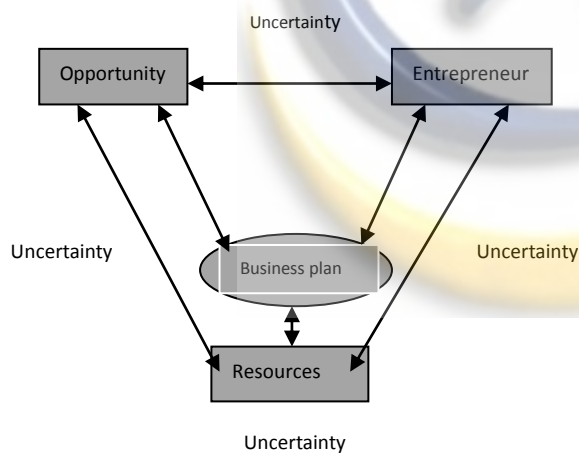
Quality of entrepreneurship concept can be explained from two views, first, theory about quality of entrepreneurship. Second, factors influence quality of entrepreneurship.

There are some theories about entrepreneurship because it has been an interested study from different body of knowledge like sociology, psychology and behavioral theory. Economic theory about entrepreneurship put entrepreneurship as key production factor and not only as sub ordinate in the external variable. This theory said that entrepreneurship was created and developed if there is an economic opportunity. So, entrepreneur is one who always searches for, responds change and applies it to be opportunity, take risk (Cantillon, Mc Clelland), creating new way (Schumpeter), Decision making (Casson) and organization creation (Leisbenstein).

Opportunity is an existing chance and can be seen, like incremental of change in human need on product and service, spreading of economic resources among regions (Say), limited information about market, raw material or uncertainty on human resources supply (Leibenstein), transfer of production technology and organization form developed countries to developing countries (Broehl) and so on.

A qualified entrepreneur is believed to be able to create a business plan based on opportunity and existing resources. Timmons explain relationship among entrepreneur – opportunity – resources and uncertainty:

resources and uncertainty:



Source: Jeffry A Timmons, A New Venture Creation, in Bygrave (1994: 10)

Picture 1: Three Determined Factors

The relationship among those determined components become a problem in a small business running by an entrepreneur because owner and manager are still focused on one figure. In this case, an entrepreneur is an idea and business opportunity inventor and also be the one who has to supply economic resources needed to run the business.

Based on this description, a small entrepreneur is one who has high quality of entrepreneurship. Entrepreneurial quality is mix of great personality characters and skill like managerial ability. Yuyun Wirasasmita said personality characteristic as an intrinsic value or generic from entrepreneurship and business skill as managerial ability (Yuyun Wirasasmita, 1993: 3).

Second is about factors influence entrepreneurship. There are two basic theory about entrepreneurship (1) entrepreneurs is a businessmen who is born, developed by Hagen (1962), Fleming (1979), and Shapiro (1982). (2) Child caring, training and education influence creation of entrepreneurship spirit, pioneered by Mc Clelland. Based on Mc Clelland theory, factors influence quality of entrepreneurship are (1) background as part of life, include background of village – city and social status, (2) factors influence part of one's life in the future; education, business experience and business motivation.

Factors influence quality of entrepreneurship, intrinsically are 1) opportunity search, 2) Obstnacy and assidinity; 3) Obey to contract; 4) demand on quality and efficiency; 5) Risk Taking; 6) Goal setting; 7) Information search; 8) systematic planning and monitoring; 9) Persuasive and business networking arrangement 10) Self confidence.

3. Design, Model, and Implementation

Research objects are from Micro, Small and Medium Enterprises in Bandung who have joined kadin or hipmi Bandung and receive guidance from Bandung goverment in 2010

This study uses descriptive – verificative method with descriptive and explanatory survey. Sampling technique is simple random sampling with amount sample will be 80 Micro, Small and Medium Enterprises in Bandung based on the table 1.1 by using simple random sampling.

4. Result

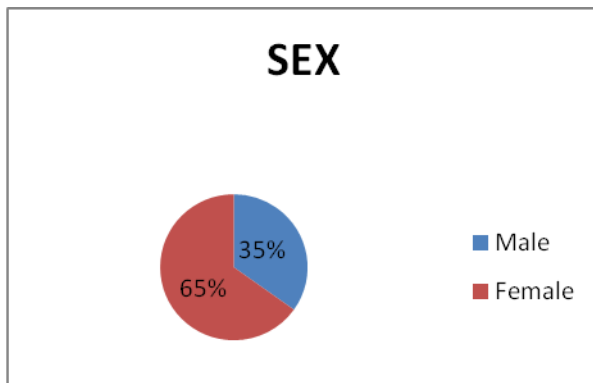
4.1 Profile

Profiles of respondents are based on sex, Income, length of running business, and ownership of business premises

4.1.1 Sex

It is consists of male and female of respondents :

Graphic 1 : Sex



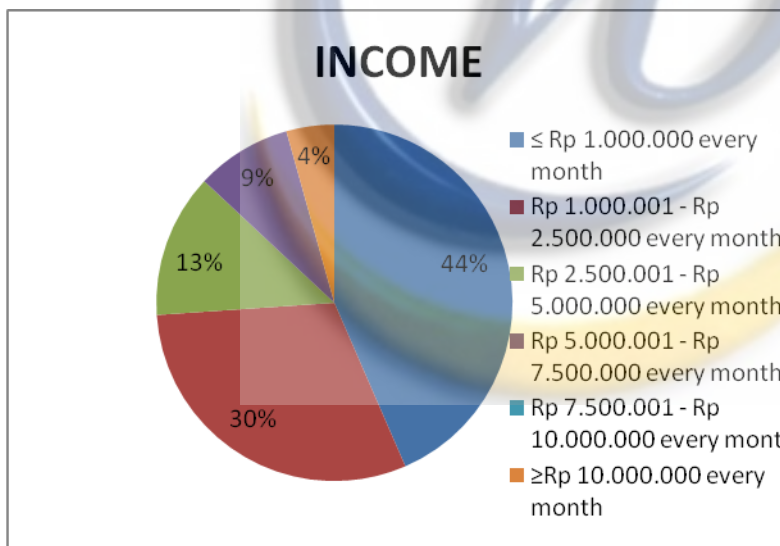
Source: Data collection on June-July 2010

65% of respondents are female and 35% are male. It indicates majority of entrepreneur who are running business are female

4.1.2 INCOME

Income based on five groups, ≤ Rp 1.000.000 every month, Rp1.000.001-Rp 2.500.000 every month, Rp 2.500.001-Rp 5.000.000 every month, Rp 5.000.001-Rp 7.500.000 every month, Rp 7.500.001-Rp10.000.000 every month, ≥Rp 10.000.000 every month.

Graphic 2 : Income



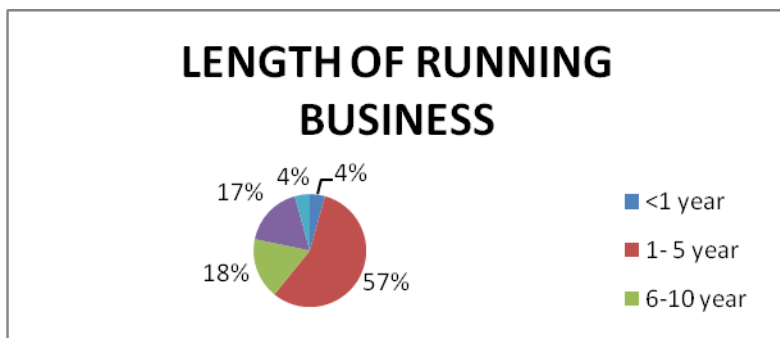
Source: Data collection on June-July 2010

44% of respondents has income less than Rp 1.000.000, 33 % between Rp 1.000.001-Rp 2.500.000, 13% between Rp 2.500.001- Rp 5.000.000, 9% between Rp 5.000.001-Rp 7.500.000, 0% between Rp 7.500.001 – Rp 10.000.000, and 4% more than Rp10.000.000

4.1.3 Length Of Running Business

Length of running business is seen from five groups, less than 1 year, 1-5 year, 6-10 year, 11-15 year, and more than sixteen year.

Graphic 3 : Length Of Running Business

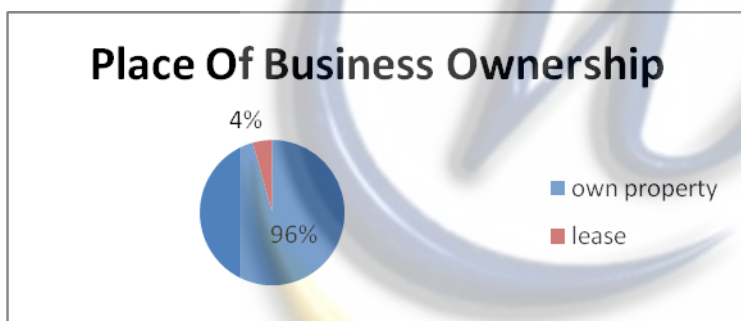


Source: Data collection on June-July 2010

4.1.4 Place Of Business Ownership

It consists own property and lease of respondents :

Graphic 4 : Place Of Business Ownership



Source: Data collection on June-July 2010

96% of respondents have a place of their own business ,and 4 % have a place of business leases

4.2 Entrepreneurship Characteristic

Quality of Entrepreneurial is seen from five aspects, entrepreneurship characteristics, market access, capital's access, technology access and cooperation.

Table 4.1: Quality of Entrepreneurial

Nr	Quality of Entrepreneurial	Average	Meaning
3.1	Entrepreneurship Characteristics		

1	Search for opportunity	4	Agree
2	Run business even risky	4	Agree
3	Assiduity	4	Agree
4	Based on business contract	4	Agree
5	Provide quality and service	4	Agree
6	Efficient	4	Agree
7	Dare take a risks in business	4	Agree
8	Set a business goal	4	Agree
9	Search business information	4	Agree
10	Set a systematic business plan	3	Less Agree
11	Monitor the business	4	Agree
12	Active in business association	3	Less Agree
13	Business is developing	4	Agree

Source: Data collection on June-July 2010

Quality of entrepreneurial from entrepreneurship characteristics are responded by respondents as follow :

1. They have not been set a systematic business plan and also not active in the business association since most of their responds are Less Agree. It indicates most of respondents have not joined business association because of not understanding how to set a systematic business plan and not understanding about association
2. Meanwhile, other indicators are responded Agree, such as they search for business opportunity, run business even risky, Assiduity, Based on business contract, provide quality and service, Efficient, Dare take a risks in business, Set a business goal, Search business information, Set a systematic business plan, Monitor the business and they believe that their business is developing.

Tabel 4.2 : Quality of Entrepreneurial from market access:

Nr	Quality of Entrepreneurial Graduate	Average	Meaning
3.2	Market Acces		
1	Know market share	3	Less Agree

2	Know market structure	3	Less Agree
3	Know market growth	3	Less Agree
4	Set market coverage	4	Agree
5	Product characteristics	3	Less Agree
6	set product price	4	Agree
7	Distribute products to customers	3	Less Agree
8	Promote routinely	3	Less Agree
9	After sales service	3	Less Agree

Source: Data collection on June-July 2010

Quality of Entrepreneurial from market access

Quality of Entrepreneurial Graduate from market access:

1. Respondents know set market coverage and set product price
2. Unfortunately, respondents do not know market share, market structure, market growth, product characteristics, and how to distribute products to customers, they have not promoted routinely and also have not provided after sales services yet

Tabel 4.3 : Quality of Entrepreneurial from capital access:

Nr	Quality of Entrepreneurial Graduate	Average	Meaning
3.3	Capital Acces		
1	Know source of capital	3	Less Agree
2	Know the requirement	3	Less Agree
3	Know the procedures	3	Less Agree
4	Search for loan by proposal	4	Agree
5	Able to make a proposal	2	Disagree
6	Ever get fund from proposal	2	Disagree
7	search for fund	2	Disagree

Source: Data collection on June-July 2010

Quality of Entrepreneurial Graduate from capital access:

1. Respondents always search for fund to run their business
2. Unfortunately, they don't know source of capital, requirement, procedure of getting funds,

Tabel 4.4 : Quality of Entrepreneurial from technology access

Nr	Quality of Entrepreneurial Graduate	Average	Meaning
3.4	Technology Acces		
1	Use information technology	2	Disagree
2	Provide a specialist IT officer	2	Disagree
3	IT suits to business	2	Disagree
4	Ergonomic space for IT	2	Disagree
5	Apply IT for after sales service	2	disagree
6	IT for quality	3	Less Agree
7	Give training for IT Officer	3	Less Agree
8	Develop IT for service	3	Less Agree

Source: Data collection on June-July 2010

Quality of Entrepreneurial from technology access, most of them do not use information technology as supporting infrastructures in running business. It indicates by some indicators they do not provide a specialist IT officer, their IT does not suit to business, do not use IT for quality, do not give training for IT Officer and do not develop IT for service

Tabel 4.5 : Quality of Entrepreneurial from Cooperation access

Nr	Quality of Entrepreneurial Graduate	Average	Meaning
3.5	Cooperation		
1	Offer partnership	4	Agree
2	Principle of partnership	3	Less Agree
3	Provide the facility in partnership	3	Less Agree

Source: Data collection on June-July 2010

Quality of Entrepreneurial from cooperation, respondents offer partnership to others. Businesses that have been being run by respondents are offered to their friend, colleagues, families

and others to be run based on business cooperation. Unfortunately, not provide facilities in partnership and not offering is still simple since no business formation like franchise yet. They usually offering for capital availability and most of targeted people are also from common people who sometimes do not understand about business.

5 Conclusion

1. Qualities of entrepreneurial are they are not too active in business association. Others are search for business opportunity, efficient and others.
2. In the market access, they do not know market share and market structures exactly. They don't promote routinely and do not give after sales service.
3. In the capital access, most of do not know about how to get capital and others.
4. In the technology access, most of of Micro, Small and Medium Enterprises don't use IT for their business.
5. Finally, of Micro, Small and Medium Enterprises offers partnership to others.



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