

CREATING THE SELF-RELIANCE OF SMALL BUSINESS ACTORS IN THE CITY OF BANDUNG, WEST JAVA INDONESIA

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Abstract. Coblong Sub-District, Bandung City, West Java is majorly dominated by settlements and partly a trade and education area. The location which is close to the business center and government offices makes this sub-district an ideal area for residents to settle in. The biggest potential of this sub-district is in the trade sector. In addition, there are small business actors in the field of manufacturing industry which is the mainstay business of the residents. Therefore, the partner in this program includes a small business actor manufacturing jackets in the area of Sukapda Village, Cibenyng Kidul Sub-District, Bandung City. The priority problems faced by the partner are as follows: 1) Not implementing good or right business management such as market and marketing management, production management, HR and organization management, and financial and accounting management; 2) Limited capital which causes them unable to replace old sewing machines, including buttoning, buttonhole, and over lock machines; 3) No advanced promotional activities (only word-of-mouth promotion) as well as the partner's expectation to have equipment for promotion such as a computer set, participate in exhibitions (expo), and have business cards and product catalogs so that their jacket products can be known more and the sales increase. The solution and main output target of the implementation of this community service program include creating the self-reliance of jacket manufacturing small business actors by improving knowledge, skills, and management. The used approach methods include 4 (four) business training, technical assistance, facilitation, and mediation. The implementation of Community Service in Creating the Self-reliance of Small Business Actors in the City of Bandung has brought positive impacts on the businessman. This can be seen from the implementation of science and technology to solve the priority problems faced the partner by providing the following solutions: 1) improving the partner's business management which includes marketing, production, HR and organization, and accounting and financial aspects; and 2) increasing the capacity of production machines and improving the partner's promotional capacity.

Keywords: Self-reliance, Business Actors, Bandung City

I. INTRODUCTION

The Micro, Small, and Medium Enterprises or abbreviated as MSMEs are real sectors that come in direct contact with general communities in their daily business activities. MSMEs are one of the important spearheads for Indonesia to be able to master the free market in the coming years. MSMEs have also saved the Indonesian economy because they can absorb many workers who are currently unemployed or exposed to Termination of Employment (PHK). In addition, MSMEs were once able to survive amid the shock of the Indonesian monetary crisis which soared the prices of household goods at that time. MSMEs play a vital role in Indonesia's economic growth.

According to the information taken from the Ministry of Cooperatives and SMEs' Website (2014), the contribution of small and medium enterprises from 2012 to 2013 experienced development in all indicators. When viewed from the 2013 data, the development of business unit indicators reached 57,895,721 units (99.99%) and business actors were controlled by micro, small and medium enterprises, employment reached 114,144,082 people (96.99%), the contribution to GDP reached 5,440 trillion (60.34%), the contribution to exports reached 182 trillion (15.86%), and the contribution to the national economy through the investment value reached 1,655 trillion (63.42%).

Coblong Sub-District, Bandung City, West Java is majorly dominated by settlements and partly a trade and education area. The location which is close to the business center and government offices makes this sub-district an

ideal area for residents to settle in. The biggest potential of this sub-district is in the trade sector. In addition, there are small business actors in the field of manufacturing industry which is the mainstay business of the residents.

The number of workers is mostly in the trade sector and scattered in locations close to schools and traditional markets. The trade centers are located along Ahmad Yani Street and PHH Mustapa Street. Ahmad Yani Street is full of street vendors and shops selling clothing, electronic goods, and other household items, while PHH Mustapa Street is famous for its clothing manufacturing business center and trading of t-shirts, bags, hats, jackets, and others.

A. The Existing Conditions of the Partner's Business Group

The partners in this program are jacket manufacturing business actors. There are 10 business actors who have great potential. The existing conditions of the small business actors are as follows:

The supply of raw materials for making the jacket products is not difficult to obtain even though the prices fluctuate and vary and are adjusted to the quality of the fabric. The raw materials for making jackets are obtained from the area behind Pasar Baru and mostly from Cigondewah because it is the center of fabric trade in Bandung. In the area, there are various types of fabric and the prices are determined by the fluctuation of the dollar. Other raw materials are sewing thread, which can be bought at yarn stores around the city of Bandung.

The equipment used by the partners in the process of manufacturing jackets such as cutting machine in the processes of pattern making, stitching, attaching other materials, and finishing. In the production, averagely, each partner is only able to produce 1 dozen/day. Actually, the jacket production depends on the number of targets. The more jackets that are made, the more likely the process will be faster, and vice versa. The fewer the jacket orders, the longer the manufacturing time because the partner prioritizes large-amount orders.

The layout of the production process and the room have not been well organized. This is caused by the limited space. As an illustration, the manufacturing process of the jackets, including the pattern making and the sewing process, is done at the workers' houses. The jacket production process includes the following stages: designing, selecting jacket materials, purchasing jacket materials, cutting materials, screen printing and embroidery, jacket sewing process, and packaging.

Some aspects in the business management in the jacket manufacturing business have been performed well such as production planning, which includes planning the purchase of raw and additional materials, but, technically, the overall management is not yet comprehensive, especially in the financial management. The financial management is not done in the bookkeeping but is based on the orders. In addition, the partners do not have financial reports and the circulation of money is directly done by one person, i.e. the owner. Therefore, the partner is frequently not able to distinguish between the company's money and personal money.

Today, the jacket products are still supplied to the domestic areas, including Bandung, Surabaya, Tanah Abang, East Java, etc. The promotional technique used by the partner is still old-fashioned. The partners have not promoted their product through advertisements in the print or electronic media, and have never participated in exhibitions (expo). They only use word-of-mouth promotion. Even so, they always get orders from clothing stores in Pasar Baru, Umrah services, etc. However, such orders have not satisfied their expectations. The jacket pricing is based more on the type, model, and material of the jackets. Nevertheless, in general, there is already a market price determined for each jacket model at a price between Rp. 100,000 - Rp. 200,000 per pcs. The number of employees is 10 people. However, the partner admitted that it is now difficult to get employees, especially when there are a lot of orders. Usually, if there are no employees, the business is converted to other similar to businesses even though the profit tends to reduce and it is difficult to control work, especially the production process.

In general, the partner's business capital is private capital, but actually, there has been a financial aid from the government. However, it is somewhat difficult money to disburse the fund due to certain new requirements and guarantees. The first capital issued by the partner is Rp. 20.0000.000. Along with time, the capital is then rotated so that the partner can increase the amount of production and the number of machines so that he can earn more revenue.

B. The Partner's Priority Problems

Based on the identified problems, the team and the

partner decide or justify priority problems to be solved as follows:

1. Not yet performing the right business management, including market and marketing, production, HR and organization, and financial and accounting aspects.
2. Limited capital so that the partner cannot replace old machines such as buttoning, buttonhole, and overlock machines.
3. No advanced promotional activities (only word-of-mouth promotion) as well as the partner's expectation to have equipment for promotion such as a computer set, participate in exhibitions (expo), and have business cards and product catalogs so that their jacket products can be known more and the sales increase.

Based on the priority problems, the solutions and target outputs for the program implementation of creating the self-reliance of small business actors in the jacket manufacturing are as follows:

1. What are the implementation procedures, the solution steps to partner's problems, and the types of expertise in creating the self-reliance of small business actors in the jacket manufacturing in the City of Bandung?
2. How is the overview of science and technology transferred in the implementation of creating the self-reliance of small business actors in jacket manufacturing?
3. How are the solutions and the achieved output targets of the program implementation from the following priority problems: a) Improving the partner's business management which includes marketing, production, HR and organization, and accounting and financial aspects; b) Increasing the capacity of production machines; and c) Improving promotional capacity?

II. BASIC THEORY

A. Business Actors' Self-reliance

Self-reliance is defined as a condition where a person is not dependent on others in making decisions and the presence of self-confidence (Chaplin, 1996:105).

Self-reliance is the ability to manage everything by knowing how to manage time, walking, and thinking independently, accompanied by the ability to take risks and solve problems. With self-reliance, there is no need to get the approval of others when someone is going to determine something new.

A self-reliant person does not need something in detail but continuously thinks about how to achieve the final product. He can standardize on himself. Self-reliance is associated with a person who is independent, creative, and able to stand alone, as well as have the self-confidence that can make him capable as an individual to adapt and take care of everything with himself (Parker, 2006:226-227). According to Gea (2002:146), self-reliance is the ability of a person to realize his wants and needs with his strength.

From the various definitions above, it can be concluded that self-reliance is a condition when a person is trying to stand alone in the sense of not relying on others in the decision making and is able to perform life's tasks with full responsibility.

Article 1 point 3 of Law Number 8 of 1999 on Consumer Protection states that a business actor (entrepreneur) is an individual person or a company, in the form of a legal or non-legal entity established and domiciled or engaged in activities within the legal territory of the Republic of Indonesia, conducting various kinds of business activities in the economic sector through contracts, both individually and collectively.

B. Small Business

Law No. 20 of 2008 on the Micro, Small, and Medium Enterprises which states that MSMEs constitute business activities capable of creating job opportunities and providing economic services widely for the public and may play a role in even distribution process and increasing public earnings, stimulating economic growth and playing a role in materializing the national stability. In addition to the above, Micro, Small, and Medium Enterprises are one of the main pillars of the national economy that must obtain the main opportunity, support, protection, and development to the broadest possible extent as the materialization of the express siding with business groups of people's economies.

Small Enterprises shall be productive economic businesses standing alone, done by individual persons or business entities not constituting subsidiaries or not constituting company branches owned, controlled, or becoming direct or indirect portions of Medium or Large Enterprises with a net asset of more than Rp.50,000,000 up to a maximum amount of Rp.500,000,000 and an annual sales proceeds of more than Rp.300,000,000.00 (three hundred million Rupiah) up to a maximum amount of Rp.2,500,000,000 (Law No. 20 of 2008 on MSMEs).

Although small and medium enterprises have demonstrated their role in the national economy, they still face various obstacles and constraints both internal and external, for example in the aspects of production and processing, marketing and business climate (Ministry of Industry and Trade of the Republic of Indonesia, 2002:1).

Jafar (2004:41-43) explains that the problems faced by small micro businesses in Indonesia, in general, include: 1. internal problems (including a. lack of capital, b. limited human resources (HR), c. weak business network and market penetration capability and 2. external problems (including a. business climate that is not fully conducive, b. limited business facilities and infrastructure, c. implications of regional autonomy, d. implications of free trade, e. properties of short lifetime products, and f. limited market access).

The internal and external problems faced by the small business actors show that small business actors have not been able to overcome their problems. Therefore, a program is necessary to create self-reliance for the business actors to be able to solve their internal problems and external problems.

III.METHOD

Based on the priority problems, the used approach methods are described as follows:

A. Training

The training on business management included market and marketing analysis, production management,

management and organization, human resource (HR) management, and accounting (financial report writing), and financial management.

B. Technical Assistance

The technical assistance method was aimed at enabling business actors to implement the results of the training. In this case, technical assistance was done on business management. The partner was accompanied by a team/assistant to make sure that the partners can apply the training materials by being guided and directed by the team. This technical assistance was done at the partners' business location.

C. Facilitation of Capacity Building for Business Actors

In this method, the team facilitated the improvement of equipment and machines needed by the partners, i.e. increasing the capacity of the button, buttonhole, and over lock machines.

D. Mediation of Exhibition (Expo) between Business Actors and Government

This mediation was conducted in assisting the two partners to get access and facilities to participate in the exhibition (expo) from the government, both West Java Province and the City of Bandung. This exhibition (expo) mediation was aimed to make the partner's products increasingly known and the sales increase.

IV. DISCUSSION

A. Discussion on the Creating the Self-Reliance of Business Actors in the City of Bandung

1. Procedure for Activities and Solution Steps in Creating the Self-Reliance of Business Actors

a. Activity Procedure

To realize the program for the business actors, it is necessary to prepare the action plan steps. The phases of the activity plan are explained as follows:

b. Program Preparation

1. Making an operational agenda plan.
2. Arranging a coordination meeting.
3. Setting up the partners, trainers, and assistants in the program implementation.
4. Arranging a schedule timeline for the program activities.

c. Implementation of Facilitation

After the training and technical assistance phase, the next stage was the facilitation stage. The capacity building included: a) improving the capacity of buttoning and buttonhole machines, overlock machine, promotional devices, business cards, and jacket product catalogs.

d. Implementation of Training

The training was held in a room or classroom at the Unpas campus. The training employed practical methods adjusted to the partners' problems and needs. The training on the screen-printing business management included market (determining market opportunities) and marketing management, production management, management and organization, human resources (HR) management, financial statement (accounting) and financial management.

e. Implementation of Technical Assistance

In this technical assistance stage, the team and assistants performed assistance directly at the partners'

business location and, at the same time, evaluated the results of business management technical assistance which included market (determining market opportunities) and marketing management, production management, management and organization, human resources (HR) management, financial statement (accounting) and financial management.

f. Implementation of Exhibition (Expo) with Government

In this stage, the team identified the exhibition (expo) program held by the government, both Bandung City and West Java governments, especially to the related governmental offices such as Office of Cooperatives and SMEs and Office of Industry and Trade. The next step was identifying the venue of the exhibition (expo). Usually, the government holds an expo twice a year by taking place at Graha Mandala Siliwangi and Gasibu in front of the West Java Provincial Government Office. After that, the team came to the government to make coordination with them. Once there was an agreement, the team then coordinated with the partners to prepare all exhibition (expo) equipment and assisted (controlled) the partners during the exhibition (expo).

g. Evaluation and Reporting

1. Evaluation is an assessment of the implementation of program activities, including all implemented methods. It is necessary to evaluate the program to prepare recommendations to be followed-up by the team.
2. This program report is based on the results of the program implementation. The stages of making a report include filling in the log book, writing the progress report, and making the final report.

1. Description of the Transfer of Science and Technology in Creating the Self-Reliance of Small Business Actors in Bandung city

- a. Science and technology transfer 1: Business Management covering the aspects of marketing, production, management and organization, human resource, and accounting and finance.
- b. Science and technology transfer 2: Facilitation of improving the production machine capacity, i.e. buttoning, buttonhole, and over lock machines, name cards, and product catalogs.

2. Solutions and Output Targets for the Program Implementation

- a. The Solutions and the Achieved Output Targets for the

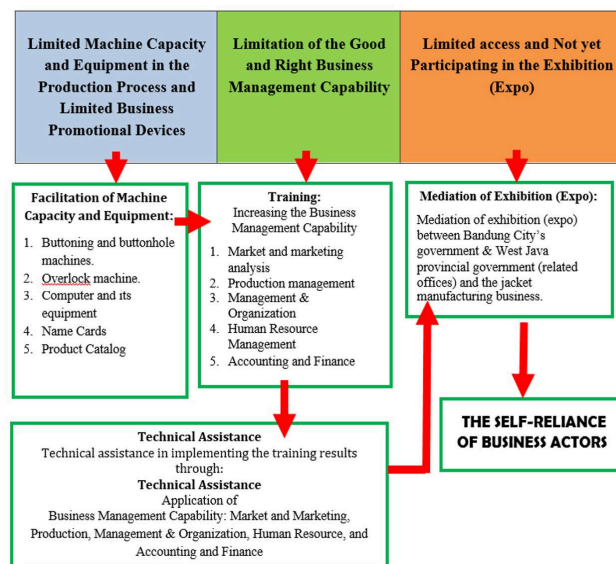
Table 1 The Solution and the Achieved Output Targets for the Improvement of Marketing Management Aspect

Solution to Problem 1	Achieved Output Targets
Improving the management capacity on the marketing aspect	1. Having marketing knowledge and skills
	2. Able to set target markets and market share
	3. Knowing and understanding the number, the demand, and the type of

B. Steps to Solve the Business Actors' Priority Problems

The solution steps to the priority problems that have been set in the solutions and output targets in creating the Self-Reliance of Small Business Actors in Bandung City can be seen in Figure 1.

**Figure 1
Solution Steps to Create the Self-Reliance of Business Actors The Problem Of The Priority Of Business Activities**



- c. Science and technology transfer 3: Mediation of promotional exhibitions (expo)/ steps for facilitating and mediating partnerships.
- d. Identification of promotion program of the Bandung City's government & West Java provincial government (related offices).
- e. Coordination between Bandung City's government & West Java provincial government (related offices).
- f. Coordination of the exhibition (expo) program with the partner group.
- g. Implementation of the exhibition (expo).

Improvement on the right business management, including market and marketing, production, HR and organization, and financial and accounting aspects.

4. competition
4. Able to set the sales target
5. Able to set the selling price
6. Able to set marketing strategies\ determine the product position
7. Able to set the right type of promotion

Table 2 The Solution and the Achieved Output Targets for the Improvement of Production Management Aspect

Solution to Problem 2	Achieved Output Targets
Improving the management capacity on the production aspect	<ol style="list-style-type: none"> 1. Understanding the mechanism and controlling the procurement of raw and additional materials as well as equipment 2. Making product models or design 3. Controlling production activities following predetermined quantity and quality 4. Using and controlling the existing technology and equipment 5. Waste handling

Table 3 The Solution and the Achieved Output Targets for the Improvement of Management and Organization Aspects

Solution to Problem 3	Achieved Output Targets
Improving the organization and management capacity	<ol style="list-style-type: none"> 1. Establishing and implementing organizational structures 2. The division of tasks and authority 3. Designing business plans 4. Business legality/licensing 5. Regulation and salary

Table 4 The Solution and the Achieved Output Targets for the Improvement of Human Resource Management Aspect

Solution to Problem 4	Achieved Output Targets
Improving the management capacity on the human resource aspect	<ol style="list-style-type: none"> 1. Specifying the requirements, criteria, and the number of workers 2. Describing or specifying work 3. Motivating employees 4. Increased entrepreneurial spirit 5. Specifying the amount of salary

Table 5 The Solution and the Achieved Output Targets for the Improvement of Accounting and Financial

The evaluation of the implementation of creating the self-reliance of small business actors in Bandung city shows the following results:

Management Aspect

Solution to Problem 5	Achieved Output Targets
Improving the management capacity on the accounting and financial aspect	<ol style="list-style-type: none"> 1. Having transaction proofs 2. Arranging or understanding and having a ledger 3. Having a balance sheet, profit and loss, and cash flow 4. Analyzing financial statements 5. Capital sources 6. Planning for capital use 7. Investment capital and working capital 8. Capital cultivation

C. The Achievement of Solutions and Output Targets for the Improvement in the Production Machines used by Business Actors in Bandung City

Table 6 The Solution and the Achieved Output Targets for the Improvement of Production Machine Capacity

Solution to Problem 6	Achieved Output Targets
Increasing the production capacity	<ol style="list-style-type: none"> 1. Increased assets 2. Having adequate machines that greatly support business activities, i.e. buttoning, buttonhole, and overlock machines 3. Smoother production process 4. Setting production schedules and production targets according to consumer demands 5. Getting trust from consumers for having an adequate machine for the business operations

D. The Achievement of Solutions and Output Targets for the Improvement of the Partner's Promotional Capacity in the City of Bandung

Table 7 The Solution and the Achieved Output Targets for the Improvement of Promotional Capacity

Solution to Problem 7	Achieved Output Targets
Increasing the promotional capacity	<ol style="list-style-type: none"> 1. Able to make online promotion by having promotional equipment and a computer set. 2. Able to attend exhibitions (Expo) so that the jacket products are increasingly recognized and the sales increase. 3. Having business cards, so that they are better known and the sales increase. 4. Having product catalogs for their jackets so that they are better known and make it easier for consumers to order.

1. The program of Creating the Self-Reliance of small business actors in Bandung City can be implemented according to the plans by employing various

approaches, including training, technical assistance, facilitation, and mediation.

- The evaluation results show that there is still an obstacle in the program implementation of Creating the Self-Reliance of small business actors in Bandung City, i.e. the program implementation timeline is not in line with the target timeline due to the different timeline between the partners and the team so it is rather difficult to synergize the program schedule.

IV. CONCLUSION

The program implementation of creating the self-reliance of small business actors in Bandung city has brought positive impacts on the self-reliance of the small business actors. This can be seen from the implementation of science and technology through training, technical assistance, facilitation, and mediation to solve problems by providing the achieved solutions as follows: improving business management which includes increased marketing management aspects, production management, management and organization, human resource management, and accounting and financial aspects, increased production machine capacity, and promotional capability (expo).

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