

## **COMPARISON OF DEVELOPMENT PATTERN MODELS AND LAKE SIOMBAK'S MSME PARTNERSHIP STRATEGY**

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### **ABSTRACT**

Siombak Lake is one of the areas that has quite a lot of MSMEs. This MSME was founded by individuals or households, but does not yet have competitiveness, it is necessary to develop strategic cooperation between MSMEs, one way of development is by developing forms of cooperation and partnership strategies so that it can be a transformation of MSME development that can be competitive. This study used a descriptive-explanatory method. With 30 respondents selected based on purposive random sampling. The 7 (seven) criteria measured in determining the partnership strategy of MSMEs in Lake Siombak are the criteria for effectiveness, professionalism, coaching, supervision, capital, development, and bureaucracy. The method of data collection is carried out using closed and open questionnaires. The results of this study are known that the current Siombak Lake partnership pattern generally uses consignment and agency, so the proposed partnership model should focus on developing partnerships between SOEs / Financial Institutions in a professional and independent manner. However, the application of this pattern must be supported by good stakeholders and management with a top down and top up pattern (mutualism relationship) with the government that functions as a supervisor so that this partnership pattern can increase the competitiveness of MSMEs in Lake Siombak.

**Keywords:** MSMEs, Lake Siombak, Partnership Pattern Strategy

### **INTRODUCTION**

As a business that is mostly driven by the lower middle class population, the distribution of the number of MSEs also follows the distribution of the population. The island of Java with a population of almost half of Indonesia's population is still a concentration of MSEs. The number of MSEs on this island reaches more than 60 percent. The provinces of East Java, West Java, and Central Java are the three provinces with the highest number of MSEs in Indonesia. While other provinces outside Java with a large number of MSEs are North Sumatra and South Sulawesi. In every region in Indonesia, MSEs are their own force in the movement of the regional economy. This can be seen from the dominance of the number of activities / businesses, almost in each region the percentage is more than 98%. Although it has many advantages, MSMEs have many limitations. This limitation makes it difficult for MSMEs to develop and have competitiveness. LPPI and BI (2015) stated that these limitations include the lack of banking access, the ability and knowledge of human resources that are still low so that they are managed in a simple way, limited use of technology and have not been able to keep up with changes in consumer tastes, especially those that are export-oriented. Tambunan (2009) gave the opinion that the majority of MSMEs are not integrated so that they do not have access to taxes or government programs, currently the development of MSMEs is entering industry 4.0 for this reason, a readiness of MSME actors is needed. Medan Marelan District, precisely in Lake Siombak, is located in Paya Pasir Village with an area of 10 km<sup>2</sup>, and a population of 13,937 people, has 9 neighborhoods including Environment Seven (Siombak) which are mostly self-employed, fishermen and farming.

The location of the Siombak Lake Area is located (Environment Seven) on the Primary Arterial Road, namely on Jalan Titi Pahlawan which is predicted by visitors from various parts of Medan City, from the north of Medan City from Medan Belawan, from the east of Medan Deli District and Medan Labuhan District. In this environment, there are also several MSMEs that are established by individuals or households, but do not yet have competitiveness, it is necessary to develop strategic cooperation between MSMEs. Based on this statement, conclusions can be drawn if MSMEs in the Siombak Lake environment are developed with a pattern of developing forms of cooperation and partnership strategies properly, it can be the best solution in transforming the development of MSMEs that can be competitive.

## METHODS

This study used descriptive-explative methods. By identifying various factors that affect the form of strategic cooperation between MSMEs, and *supply chain management* and looking at problems and forms of cooperation that can affect the pattern of development of MSME partnerships in Lake Siombak. There are 7 (seven) variables that will be variables in the partnership pattern of MSMEs in Lake Siombak, namely the criteria for effectiveness, professionalism, coaching, supervision, capital, development, and bureaucracy.

The data collection method carried out using a closed and open questionnaire is to ask questions that have been limited in the form of predetermined choices and followed by *depth interviews* of selected respondents. The data that has been collected is in the form of primary data and secondary data. Primary data were obtained directly using a questionnaire tool to selected respondents based on *purposive random sampling* with the aim that the samples taken could really provide appropriate data information in accordance with the research objectives. The sample from this study is as follows:

1. 10 MSME entrepreneurs who have carried out forms and patterns of cooperation (HIPPI)
2. 10 MSMEs that have not yet formed and patterned cooperation (Investment and One-Stop Integrated Services Office / Industry Office)
3. 10 large companies that are usually MSME partners classified by the amount of capital (large retail, and small retail)

## Problems of MSMEs in Lake Siombak

### 1. Capital

In terms of capital in MSMEs, it is not an absolute requirement. However, to some extent the development of business capital in the form of money remains a very decisive factor. So far, in terms of capital, MSMEs in Lake Siombak have only been given equipment, there is no separate body that can manage MSME funding. MSMEs also have not dared to take credit from banks due to large interest rates on loans and the obligation to collateral first.

### 2. Overseas Market Access

Another problem faced by MSMEs, especially for processed food products, is the bureaucratic problem of managing PIRT / MD permits. Even though Lake Siombak MSMEs really need a business license (IUMK) and an Industrial Business License (IUI)

### 3. Business Agreement Formalities

Form a formality of a business agreement between the parties associated with a small business. In some cases, the possibility of ability in technical matters related to the legal aspects of making business agreements, such as limited knowledge of export filling procedures to take care of permits related to L /C, Original Certificates (SKA), export permits, insurance certificates, and packaging or other documents. In this case, permits are usually the most avoided thing by MSMEs because of the non-transparency of the

process, costs, and usefulness of the permit. Because of the confusion, the tendency of permits is ignored, unless MSMEs will use them for certain purposes, such as borrowing money and banks

#### **4. Human Resources (Labor)**

There are some MSMEs that only meet production if at the time of ordering, this is due to the lack of manpower during the production process. For this reason, sometimes MSMEs cannot produce in large quantities

### **Supply Chain Management Analysis of MSMEs in Lake Siombak**

Here are 5 interested parties in the supply chain system implemented by MSMEs. Each chain determines the quality and price of a product.

#### **1. Suppliers**

Sebahai is a provider of materials for production, both main raw materials, auxiliary materials, as well as providers of machinery and machine parts. This party plays a very big role in providing quality materials, and prices that are affordable for MSMEs. It is very likely that the status of this supplier is also an MSME.

#### **2. Manufacturer**

It is the party that makes the product, both the maker of the finished product and the semi-finished product. The manufacturer should have a highergaining compared to the supplier because it is the manufacturer who determines the type of raw materials used at prices that are adjusted to their capabilities, but still prioritizes a hygienic production process and makes quality products.

#### **3. Distributors**

It is the party responsible for sending goods, both in the form of raw materials from suppliers to manufacturers and finished products from manufacturers to warehouses outside the area. Reliability in delivery determines product quality.

#### **4. Wholeseller**

It is a party who buys a large amount of product from the *manufacturer* to be sold to retailers or directly to consumers. Usually the biggest price *mark up* is in this chain, capital owners prefer to be *wholesellers* instead of being *manufacturers* because of *margins* more promising profit.

#### **5. Consumers**

It is the final buyer, namely product users From the results of interviews with MSME representatives, it is known that the supply chain system used is still in the form of non-partnerships with *suppliers*. This is due to the difficulty of information about the supply chain system, lack of capital and others, even though if it has a supply partner, it will reduce costs and be more efficient, and can make it easier for MSMEs to maintain the quality of the products produced. Non-partnerships in taking raw materials are carried out by *means of online orders* and *traditional buyers* in producing MSME products. In promoting their products, MSMEs are usually also assisted by associations

### **Strategy**

There are several strategies proposed by researchers in supporting the Lake Siombak MSME Partnership Pattern from the criteria of effectiveness, professionalism, coaching, supervision, capital, development, and bureaucracy. Starting from the current pattern of partnership relations and proposals that become strategies in developing MSME partnership patterns in Lake Siombak.

**Table 1. Proposed Strategy for Developing MSME Partnership Patterns in Lake Siombak**

<b>PARTNERSHIP RELATIONSHIP PATTERNS</b>					
<b>NO</b>	<b>CRITERION</b>	<b>NOW</b>		<b>PROPOSAL</b>	
<b>1</b>	<b>Effectiveness</b>	<b>Government - State-Owned Financial Institutions</b>	Policies created less effective (HR and KEU)	Supervisor – Agency Fund Managers of SOEs/Financial Institutions	More effective policies (recruitment, training, development)
		<b>Government - MSMEs</b>	Technical and non-technical consultations have been provided	Supervisory-MSME	Communication & Information Production, Supplier Search Effectiveness and Marketing
		<b>Government-Big Business</b>	Policies created less effective (HR and KEU)	Supervisors – Big Business	More effective policies (recruitment, training, development)
		<b>BUMN/Financial Institutions - MSMEs</b>	SOEs do not provide funds only as providers of promotional infrastructure-MSMEs as promotion implementers	Fund Management Agency BUMN/Financial Institutions -MSMEs	BUMN / Financial Institutions as funders, MSMEs as recipients of funds (business capital)
		<b>Large Enterprises-MSMEs</b>	Policies made less effective (Revenue Sharing, Goods Turnover), Less Informative	Large Enterprises-MSMEs	More effective policies (Revenue Sharing, Goods Turnover), Less Information
		<b>MSME-Association</b>	Association as a provider of partner information	Associations - MSMEs	Association as an intermediary for the interweaving of sustainable partners
<b>2</b>	<b>Professionalism</b>	<b>Government - State-Owned Financial Institutions</b>	Just running a program	Supervisor – Agency Fund Managers of SOEs/Financial Institutions	Partnership policy makers and implementers

		<b>Government - MSMEs</b>	Just creating a program	Supervisor – MSMEs	Technology Development for Product Design
		<b>Government-Big Business</b>	Just running a program	Superintende nt-Big Business	Partnership policy makers and implementers
		<b>BUMN/Financial Institutions - MSMEs</b>	No relationship that Professional	Fund Management Agency BUMN/Financial Institutions -MSMEs	Improving relationships:technology marketing, capitalization
		<b>Large Enterprises-MSMEs</b>	Just running a program	Large Enterprises-MSMEs	Improving product quality and selling
		<b>MSME-Association</b>	Just running a program	MSME-Association	Improve marketing
<b>3</b>	<b>Coaching</b>	<b>Government-BUMN/Financial Institutions</b>	Just to carry out the Government's appeal	Supervisor – Agency Fund Managers of SOEs/Financial Institutions	Report periodically for Superintendents and Associations
		<b>Government-MSMEs</b>	The existence of MSME coaching	MsME-Supervision	Regularly Assisted MSME Supervisory
		<b>Government-Big Business</b>	Just to carry out the Government's appeal	Superintende nt-Big Business	Reports periodically for supervisors
		<b>BUMN /Financial Institutions-MSMEs</b>	The existence of MSME coaching	Fund Management Agency BUMN/Financial Institution - IKM	The existence of a synergistic relationship between customers and suppliers
		<b>Large Enterprises-MSMEs</b>	Lack of coaching	Large Enterprises-MSMEs	The existence of regular coaching of partner MSMEs
		<b>MSME-Association</b>	The Existence of MSME Development	MSME-Association	The existence of sustainable development of partner MSMEs
<b>4</b>	<b>Supervision</b>	<b>Government-BUMN/Financial Institutions</b>	Less holding oversight Periodic	Supervisor – Agency SOE Fund Manager	Supervision, Providing Input on the Company's Planning Patterns is strategic
		<b>Government - MSMEs</b>	Lack of regular oversight	Supervisor – MSMEs	The existence of regular monitoring and reports of

					MSMEs
		<b>Government-BIG BUSINESS</b>	Lack of regular supervision	Superintende nt-Big Business	There is monitoring of supervision of cooperation between MSMEs and large businesses
		<b>BUMN/Financial institutions-MSMEs</b>	Lack of fund supervision and capital management	BUMN-UMKM Fund Management Agency	Regular supervision of funds and evaluation of MSME capital management
		<b>Association - MSMEs</b>	Regular supervision	MSME-Association	Further improve the auditing system
<b>5</b>	<b>Capital</b>	<b>Government-BUMN/Financial Institutions</b>	Development patterns business (short term)	Supervisor – Agency Fund Managers of SOEs/Financial Institutions	Improving entrepreneurial patterns (long-term)
		<b>Government - MSMEs</b>	Frequent traffic jams in credit returns	Supervisor – MSMEs	Improving the pattern of returning bad debts Accounting training to MSMEs
		<b>Government-BIG BUSINESS</b>	Development patterns business (short term)	Superintende nt- Big Business	Improving entrepreneurial patterns (long term)
		<b>BUMN/Financial Institutions-MSMEs</b>	There are many bad debt arrears	Supervisors - MSMEs	Simplify the credit loan process and its repayment
		<b>Association - MSMEs</b>	No assistance in capital acquisition	MSME-Association	The existence of guarantees in applying for business capital loans
<b>6</b>	<b>Development</b>	<b>Government-BUMN/Financial Institutions</b>	SOEs implement government policy	Supervisor – Agency Fund Managers of SOEs/Financial Institutions	Shortening communication lines between SOEs/Financial Institutions and MSMEs
		<b>Government - MSMEs</b>	Lack of communication development of business information	Supervisor – MSMEs	Patterned communication both technical and non-technical
		<b>Government-BIG</b>	SOEs implement	Supervisors – Big Business	Shortening communication

		<b>BUSINESS</b>	government policy		channels between Large Enterprises and MSMEs
		<b>BUMN/Financial Institutions - MSMEs</b>	No development yet dynamic towards MSMEs	Fund Management Agency BUMN/Financial Institutions -MSMEs	Find market opportunities by participating and regional and national exhibitions
		<b>Association - MSMEs</b>	There is a dynamic development of MSMEs	MSME-Association	Increase market opportunities and take part in regional, national and international exhibitions
7	<b>Bureaucracy</b>	<b>Government - MSMEs</b>	The length of the chain bureaucracy	Supervisor – MSMEs	Increased monitoring frequency
		<b>BUMN/Financial Institutions - MSMEs</b>	Length of process disbursement of funds	Fund Management Agency SOE -UMKM	Building synergistic relationships in the smoothness of the penyes.

### CONCLUSIONS

1. The current partnership pattern of Lake Siombak is generally using consignment and agency.
2. There are seven aspects that affect the work factors between large businesses and small and medium enterprises including: effectiveness, professionalism, coaching, supervision, capital, development and bureaucracy.
3. The recommended partnership proposal model for the Lake Siombak MSME partnership pattern is to make the government a supervisor with the task of providing policies and information, to SOEs / Financial Institutions and Large Enterprises that act as business capital providers and partnership liaisons.
4. The partnership proposal model should focus on developing partnerships between SOEs/Financial Institutions in a professional and independent manner. The current partnership pattern should be changed with a proposed model to support the progress of msMEs together (*win-win solution*).
5. The application of this pattern must be supported by *good stakeholders* and *management* with a pattern of *top down* and *top up* (mutualism relationship) with the government that functions as a supervisor.

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