

# SMALL MICRO ENTERPRISE DEVELOPMENT STRATEGY IN GORONTALO CITY

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## SMALL MICRO ENTERPRISE DEVELOPMENT STRATEGY IN GORONTALO CITY

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### ABSTRACT

This type of qualitative research through the phenomenological approach, the results of the research shows the strong SME constitution in the event of synergy between all components namely, stakeholders and elements of good of elements government, society, entrepreneurs, the world of education all parties who intend to support the institutional strengthening of , equipment and marketing support for business people who are still not exist is needed.

**Keywords :** Institutional, SME, equalization, strategy, component

### CHAPTER I. INTRODUCTION

Micro, small, and medium enterprises are business activities that are able to expand employment and provide broad economic services to the community, and can play a role in the process of equalization and increase in community income, encourage economic growth, and play a role in realizing national stability. In addition, micro, small and medium enterprises are one of the main pillars of the national economy that must acquire the main opportunity, support, protection and development of widest as a form of strict alignments to the people's economic business group, without ignoring the role of the big business and state-owned enterprises. Although micro, small, and medium enterprises have demonstrated its role in the national economy, but still face various obstacles and obstacles, both internal and external, in terms of production and processing, marketing, human resources, design and technology, capital, and business climate. To increase the opportunity, capability, and protection of micro, small, and medium enterprises, there has been a range of policies on business backups, funding, and development but not optimal. This is because the policy not been able to provide protection, certainty of effort, and adequate facilities for empowering micro, small, and medium enterprises. In connection with that micro, small, and medium enterprises need to be empowered by:

- a. Business climate, especially in terms of institutional small and medium enterprises need to be fixed and facilitated
- b. Improving the development of mentoring and coaching towards micro, small, and medium enterprises.
- c. Simplify access to funding and access to information technology

In an effort to improve the capability and institutional role of micro, small, and medium enterprises in the national economy, the empowerment needs to be implemented by the

government, local governments, the business world, and the society thoroughly, synergistically, and continuously. As stipulated in the MSMES LAW No 20 years 2008 article 1 paragraph 9 SD paragraph 13 as follows:

- The business climate is the condition sought by the government and local governments to empower micro, small, and medium enterprises synergistically through the determination of various legislation and policies in various aspects of economic life so that micro, small, and medium enterprises acquire the outsourcing, certainty, opportunity, protection, and support of the widest.
- Development is an effort made by the government, local governments, the business world, and the community to empower micro, small, and medium enterprises through the provision of facilities, guidance, mentoring, and assistance to cultivate and improve the ability and competitiveness of micro, small, and medium enterprises.
- Financing is the provision of funds by the government, local governments, the business world, and communities through banks, cooperatives, and non-bank financial institutions, to develop and strengthen the capital of micro, small, and medium enterprises.
- Guarantee is the provision of loan guarantees of micro, small, and medium enterprises by credit guarantors as support to increase the chance of obtaining loans in order to strengthen its capital.
- Partnerships are cooperation in relation to business, direct or indirect, on the principle of mutual need, trust, strengthen, and benefit involving micro, small and medium enterprises with big business.

In Gorontalo Province the number of SMES data as the report of the 2017 BPS which is sourced from the Department of Cooperatives, SMES, Gorontalo Province, as seen in the table below:

**Table 1.**

**Number of companies, labour, investments, and value of small industrial production by Regency/city in Gorontalo province, 2017**

Regency/City	Number of Companies	Labor	Investments (million Rupiah)	Product value (million Rupiah)
Boalemo	874	2 639	18 883.43	159 792.49
Gorontalo	3 442	9 549	76 189.23	217 035.92
Pohuwato	1 989	4 332	21 835.34	53 845.45
Bone Bolango	2 664	6 459	10 603.56	24 689.65
North Gorontalo	2 493	5 965	17 030.85	88 953.68
City of Gorontalo	2 926	6 582	48 095.54	35 982.9
<b>TOTAL</b>	<b>14 388</b>	<b>526 35</b>	<b>192 637.95</b>	<b>300.09 580</b>

Source: Department of Cooperatives, MSMES, industrial and trade Gorontalo province

The Data above shows the number of large enough to reach 14,388 MSME data, this indicates a considerable potential if all of the SMES have the ability to contribute economic

development in Gorontalo Province. With the uptake of the workforce as much as 35,526 people showed that, SMES in Gorontalo province Little help in terms of employment in the sense of being able to contribute to the unemployment rate although not yet significant. Similarly, the value of investment, when seen the value of investments that exist, has not been able to provide the expected value when compared with existing MSMES.

The phenomenon that occurred as my observation, that SMES in Gorontalo province is only large in number, but low in terms of productivity. During this time, MSMES in Gorontalo Province have not seen its development and impressed the road in place. It is still a problem for the improvement and development of SMES in the future. Another contribution in the development of SMES, especially in Gorontalo province is until now, the role of SMES is still very weak, so that it has not been able to contribute greatly to the development of the local economy. This is due to a pattern or program of development strategy that is still partial and separate.

The handling of MSME development is still done separately by some OPD and banking institutions such as Bank Indonesai partially, so the development is not maximal and currently still the way in place. The development that is done is relying on the pattern of education and training that is not accompanied by a pattern of approach based information technology and mentoring. SMES perpetrators are allowed to walk alone and have their own competition without IT mentoring, resulting in failure. Development of the classifications of SMES based on information technology is expected to overcome the above problems.

#### A. Formula problems

Based on the background above, then the problems adopted in this study are :

1. How is the condition and conditions of SMES in Gorontalo province
2. How is the SME development strategy and its implementation in Gorontalo Province

## CHAPTER 2. LITERATURE REVIEW

### A. Development strategy

Strategy is the fundamental pattern of the present and planned goals, deployment of resources, and interactions of organizations with markets, competitors and other environmental factors. Strategi comes from the Greek strategeos, which means the general, therefore literally "the art of the generals", this word refers to what is the main concern of the Organization's top, while the strategy is the invention of the company's mission, organizational goal setting by remembering external and internal strengths to achieve organizational objectives. According to Alfred Chandler as quoted by James C. Craig and Robert M. Grant, the ADALAH strategy of establishing a company's long-term goals and objectives and the direction of the actions and allocation of resources required to achieve specific goals and objectives. According to Chandler Strategy is a tool to achieve the company's objectives in relation to long-term objectives, follow-up programs, as well as resource allocation priorities. Meanwhile, according to Porter, strategy is a very important tool to achieve competitive advantage. So it can be concluded that the strategy is a way to achieve a planned goal, by explaining what to accomplish, where to focus, and how which resources and activities will be allocated to each market product in fulfilling environmental opportunities and challenges as well as for achieving competitive advantage.



### 23 The following strategy concepts:

a. Distinctive Competence A company that has a power that is not easily imitated by a competitor company is seen as a company that has "Distinctive Competence". This concept describes the specific capabilities of an organization. According to Day and Wensley, identification of distinctive competence in an organisation covers: manpower skills and power-over capability. The two factors cause the company to be superior compared to its competitors. The high human resource expertise arises from the ability to form special functions more effectively than competitors. For example, producing better quality products compared to competitors' products by understanding the details of consumers' wishes, as well as creating better marketing programmes than competitor programs.

b. Competitive Advantage advantages are competing due to the choice of strategies that companies do to seize great opportunities. According to Porter, there are three strategies that the company can do to gain competitive advantage, namely: cost leadership, differentiation and focus. The company can acquire a higher competitive advantage compared to its competitors if it can provide a cheaper price than the price given by its competitors with the same value or quality of productivity. Lower selling price can be achieved by the company because it utilizes economic scale, production efficiency, use of technology, ease of access with raw materials, and so on. The company can also conduct differentiation strategies by creating a perception of the specific value of its consumers. For example, perception of product performance excellence, product innovation, better service, and superior brand image. In addition, a focus strategy can also be applied to gain competitive advantage in accordance with the segmentation and expected target market.

Development in common sense means growth, gradual change (evolution) and incremental change. 7 in the general Dictionary of Bahasa Indonesia by Wjs Peorwadarminta in the book Learning Media Development by Sukiman, Development is an act of increasing, change perfectly. Development activities include three stages of planning, implementation and evaluation followed by improvement activities so that the form is considered adequate. 8 so it can be interpreted that development is a process or effort to make a change either slowly or gradually by deepening and expanding existing knowledge through the process of planning, implementation and evaluation. According to the Republik act of Indonesia No. 18-year 2002, development is a science and technology activity that aims to utilize the rules and theories of science that have been proven to improve the function, benefits and applications of existing science and technology, or to unwrap new technology.

Pursuant to article 16 of LAW No. 20 of 2008 about MSMES, which serves as SME development is: 1. Governments and local governments as parties facilitate business in the field of: A. Production and management. B. Marketing. C. Human resources, and D. Design and technology. 2. The business world and the community participate actively in the development as intended in paragraph (1). Pursuant to article 17 of LAW No. 20 of 2008 about MSMES, development in production and management as intended in article 16 paragraph (1) A is done by:

1. To improve production and management techniques for SMES.
2. To provide easy procurement of production and processing facilities, raw materials, and packaging for SMES products.
3. Improving the ability to design and engineering for Medium enterprises.

While the development of SMES HUMAN resources as referred to article 19 UU No. 20 year 2008 about MSMES, development in human resources as intended in article 16 paragraph (1) Letter C is done by: 1. Socialize and empowering entrepreneurship. 2. Improve technical skills and to be meninial. 3. Establish and develop educational and training institutions to conduct education, training, counseling, motivation and business creativity, and the creation of new entrepreneurial.

#### A. Klasterization of SMES

In simple clusters (clusters) means groups, but not all industrial groups can be referred to as clusters. The main characteristic of the cluster according to Schmitz and Nadvi in Hartarto (2014) is the sectoral and spatial concentration of firms, or the concentration of similar businesses at a specific location. The importance of clusters for development and growth of small industries began to be a topic of scientific discussion after the emergence of the thesis Flexible Specialization (Piore and Sabel, 2000) based on the successful experiences of the small and medium industries in northern Italy (Third Italy) and the fall of mass production systems in the United States in the 1970's and 1980's. Northern and central Italy have several indusris, such as shoes, weaving , furniture, ceramics, musical instruments, and food processing. Porter (2000) in his book *The Competitive Advantages of Nations* then introduced the term cluster to grouping the same industry. Clusters are defined as centraling similar industries within a geographic area equipped with core industries and supporting institutions. These clusters can grow fast and thrive and serve export markets and open new employment opportunities. (Humphrey & Schmitz, 2015).

The cluster definition develops from a narrow (simple) definition to a broad and complex definition. This definition develops with the development of research on clusters and the development of the cluster life itself. The definition of a cluster is simply a collection of sectoral and spatial companies dominated by a single sector. This definition is widely used by cluster researchers who do research in developing countries (Schmitz and Nadvi, 2000).

Furthermore the definition of cluster develops, Porter (2018) states that a group of companies in the cluster will be connected because of mutual and complementary. The proximity of the products of the companies in this cluster will initially spur the competition, but will further encourage the occurrence of specialization and quality improvement as well as encouraging innovation to meet market differentiation (Sukuromoto and Hartarto, 2014).

Dengan definisi tersebut, suatu klaster industri dapat termasuk pemasok bahan baku dan input yang spesifik, sampai ke hilir (pasar atau para eksportir), termasuk juga lembaga pemerintah, asosiasi bisnis, penyedia jasa, dan lembaga lain (universitas, *think thank*, *training provider*, *standards-setting agencies*, *trade association*) yang mendukung perusahaan-perusahaan dalam klaster.

There is actually no definite limit on the geographical proximity between business units in a cluster. Clusters can be a specific region, a city to a wider area. A cluster can also be a cross-country area, such as Southern Germany with the Swiss region. The geographic criteria in question actually lie more on whether the economic efficiency of the physical distance is present and in a variety of profitable business activities or not. (Porter, 2000).

Porter's defined clusters depict the most advanced cluster forms and are mostly found in developed countries. Developed country clusters differ from clusters in developing countries that can be found in shoe clusters in Brazil, India, and Mexico; Surgical equipment in Pakistan; Garments in Peru, and furniture in Indonesia (Schmitz and Nadvi, 1999). Based on the theory of Scmitz, clusters in developing countries are more dominated by small businesses often referred to as centers (JICA, 2004).

**B. <sup>13</sup>SME Information Technology**

The use of information technology in running a business or often known as ecommerce terms for small companies can provide flexibility in production, enabling faster delivery to customers for software products, delivering and accepting offers quickly and sparingly, and supporting fast paperless transactions. In addition, according to Bido A. Budiman from www.ifc.org, the use of the Internet as an information technology media in support of SMES can be described into several points such as the following:

1. Communication: The Internet is used as a communication medium with various parties. For example here between SMES and suppliers.
2. Promotion: The Internet is used as a means of promotion of services or products offered by SMES. SMES can promote their services through the website also through a mailing list.
3. Research: SMES can utilize the Internet for research to know how far the product excellence is compared to other similar products.

The research function here can also be used to find new formulas/reinforce the quality of the product or service and to know what the competitors are doing with similar products. According to Samuel (2010), the implementation of e-commerce in Indonesia for SMES are still required to take a long and winding road. The various barriers that exist in the implementation can be technical and non-technical which all require a complete cooperation between the Government, developers of e-commerce, businessmen and consumers of the utilization. Like other information technology products as well as egovernment, e-commerce still takes a long time to be known and accepted in Indonesia.

**Such barriers can be classified as follows:**

1. Support Government government support that is still unclear coupled with the absence of policy policies that support the development of this e-commerce issued, has not explained the deregulation of information technology systems especially the Internet which is one of the backbone of the development of e-commerce, improvement of the system of Pembinaan and deregulation in the import export of goods.
2. Slow infrastructure development. Slow infrastructure development. One of the main obstacles is still the lack of the existing insfrastruktur and not yet evenly in Indonesia. It takes the seriousness of the government to gradually build a good and programmatic infrastructure so that gradually, the people of Indonesia began to be introduced to the Internet as one of the results of the development of information technology with cheap and affordable cost.
3. Lack of human resources. Lack of human resources. Lack of HR transactions using other currencies, especially in the amount of small value as well as the absence of a third party as a guarantor online transaction that is actually located in Indonesia. Indonesia that truly mastered this e-commerce system thoroughly, which not only technically mastered also non-technical such as banking system, trade traffic to the prevailing legal system. One of the main reasons is still lack of information availability, ranging from reference books, journals, magazines/tabloids that discuss ecommerce as well as educational facilities, seminars, workshops to development centers built between the <sup>30</sup>government, education centers and experts in the field of e-commerce. <sup>30</sup>
4. Support from financial institutions such as banks and insurance. Support from financial institutions such as banks and insurance. Not many banks have built their system ' electronic banking ' well, other than that Indonesian banking is also still difficult to do.

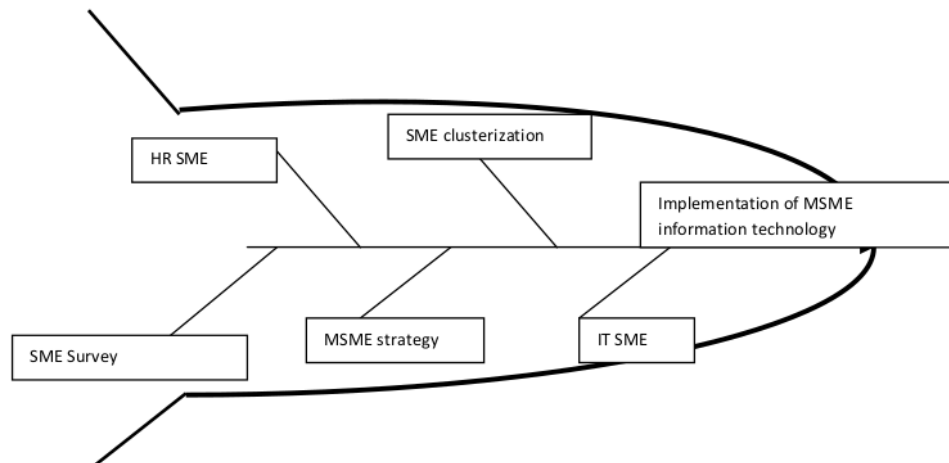


As it is known together that one of the factors that inhibit the MSME sector is a problem in the use of information technology. To overcome these obstacles, there are several efforts aimed at the development and empowerment of SMES, including:

- A. Network development;
- B. Utilization and development of Intellectual Capital of Technology (ICT);
- C. Capacity Building/cooperative development;
- D. Development of technology and business incubator, including revitalization and utilization of central/regional government R & D facilities and through public partnerships, private, and community;
- E. Development of MSME Center to become a dynamic MSME cluster;
- F. Provision of infrastructure by utilizing appropriate technology in the craftsmen and production centers that are potentially developed into an industrial cluster.

### C. Fish Frame

From the study theory above, the researcher tried to describe the research theme that would be a research reference in Fish Frame under.



Pictures1.1

*Fish Frame Research*

## CHAPTER III. RESEARCH METHODS

### A. Research methods

Methods used in this research through various stages of research through action research approach and Method survey ATL, (1) Identifiaksi and mapping MSMEs in Gorontalo province, (2) the formulation of the direction of development strategy of SMEs based on information technology, (3) the formulation and implementation of SMEs classifications development strategy through the use of applications, (4) evaluation The application of the development strategy.



## CHAPTER IV. RESULTS OF RESEARCH AND DISCUSSION

Data classifications of MSMES in Gorontalo province for 3 years, are as follows:

Table 1.

Micro and small industrial production growth year 2017 quarter IV Gorontalo province

No	Code KBLI	Types of industrial manufacturing micro, small, and medium	Production Growth Production year 2017 (percent)
1	10	Food	17,45
2	11	Drinks	-40,40
3	13	Textile	-5,54
4	14	Apparel	4,64
5	16	Wood, wood goods, wood goods and Cork (excluding furniture) and goods Woven of bamboo, rattan and the like.	-17,76
6	18	Printing and reproduction of recording Media	162,88
7	23	Non-metallic quarrying	43,15
8	25	Metal goods, not machinery and equipment	-22,50
9	30	Other transport tools	-25,85
10	31	Furniture	-5,58
11	32	Other processing	13,27
Micro and small industrial growth			21,54

Table 2.

Micro and small Industrial production growth year 2018 quarter IV Gorontalo Province

No	Code KBLI	Types of industrial manufacturing micro, small, and medium	Production Growth Year 2018 (percent)
1	10	Food	50,88
2	11	Drink	29,31
3	13	Textile	19,78
4	14	Apparel	-16,55

5	16	Wood, wood goods, wood goods and Cork (excluding furniture) and goods Woven of bamboo, rattan and the like.	-32,69
6	18	Printing and reproduction of recording Media	280,86
7	20	Bahan Kimia dan Barang dari Bahan Kimia	-38,38
8	23	Non-metallic quarrying	28,16
9	25	Metal goods, not machinery and Equipment	-25,77
10	30	Other transport tools	-61,84
11	31	Furniture	98,98
12	32	Other processing	45,59
Micro and small industrial growth			47,21

Table 3.

Pertumbuhan Produksi Industri Mikro dan Kecil Tahun 2019 Triwulan IV Provinsi Gorontalo

No	Code KBLI	Types of industrial manufacturing micro, small, and , medium	Production Growth Year 2019 (percent)
1	10	Food	14,37
2	11	Drink	-4,59
3	12	Tobacco processing	-
4	13	Textile	24,79
5	14	Apparel	12,87
6	16	Wood, wood goods, wood goods and Cork (excluding furniture) and goods Woven of bamboo, rattan and the like.	16,88
7	18	Printing and reproduction of recording Media	-51,48
8	20	Chemicals and goods from chemicals	-
9	23	Non-metallic quarrying	34,06
10	25	Barang Logam, Bukan Mesin dan Peralatannya	30,29
11	30	Other transport tools	-24,34
12	31	Furniture	34,84
13	32	Other processing	-7,14
14	26	Repair and installation service of machinery and Equipment	17,87
Micro and small industrial growth			22,61

The following describes the growth of SMES in Gorontalo Province in 3 years. Based on statistical data above, it can be noted that the growth percentage of propulsion in the year 2017 Gorontalo province of the food industry at 17.45%, 4.65% clothing, printing industry and reproduction of recording media at 162.88%, non-metallic goods, 43.15%, beverage-40.40%, industrial bed-5.54%, wood, wood goods, wood and cork goods (excluding furniture) and woven goods of bamboo, rattan and the like-17.76% , Metal goods, not machinery and equipment-22.50%, other transport equipment-25.85%, furniture-5.58%, and other processing of 13.27%. The highest production growth is in the printing and reproduction sectors of recording media. While the lowest is in the beverage sector.

In 2018 the growth of industrial production of micro and small quarter IV of Gorontalo Province experienced a very significant increase of 47.21% compared with the previous year and also added one industrial sector. In the year 2018 there are some sectors of small micro industry that have increased food, beverage, textile, printing and reproduction of recording media, non-metallic goods, furniture, and other processing. But there are also some sectors that have decreased, namely in the apparel sector, timber, goods of wood, rattan and the like, chemicals, metal goods are not machinery and equipment, and transportation equipment. The highest production growth is in the printing and reproduction sector of the record media of 280.68%, while the lowest one is in the other transport sector-61.84. The percentage shown in table 2.

Meanwhile, in the year 2019 the growth of production of micro and small quarter IV industry in Gorontalo province decreased compared with the FOURTH quarter of 2018 and also increased one industry sector. Where there are several types of industries that experience a drastic decline in production that is in the beverage industry, printing and reproduction of recording media, other transport equipment and other processing. The highest production growth contained in the furniture sector amounted to 34.84%.

Thus, the conclusion is the highest production growth of 3 years is found in 2018, which increases by 47.21% and the industry sector the last two years (2017-2018) is found in the printing and reproduction sector of recording Media. While the lowest production growth was in 2017. Sector

Recording Media printing and reproduction industry is the lowest production in 3 years.

### Conditions and condition of SMES in Gorontalo province

**Table 4.1**  
**Total MSME Data in Gorontalo Province**

Kabupaten/Kota	Banyaknya Perusahaan	Tenaga Kerja	Investasi (Juta Rupiah)	Nilai Produksi (Juta Rupiah)
Boalemo	874	2 639	18 883.43	159 792.49
Gorontalo	3 442	9 549	76 189.23	217 035.92
Pohuwato	1 989	4 332	21 835.34	53 845.45
Bone Bolango	2 664	6 459	10 603.56	24 689.65
North Gorontalo	2 493	5 965	17 030.85	88 953.68
City of Gorontalo	2 926	6 582	48 095.54	35 982.9
<b>TOTAL</b>	<b>14 388</b>	<b>35 526</b>	<b>192 637.95</b>	<b>580 300.09</b>

Source: Department of Cooperatives, MSMEs, industrial and trade Gorontalo province

### Factors that support SMES progress in Gorontalo Province.

Nowadays, small and medium enterprises (MSMES) sectors play important roles that are very central and strategic in national development, both in terms of ability to increase the income of small people with a limited level of education and capital and in terms of labor absorption, in the distribution of development outcomes. In the era of globalization and economic liberalization, SMES play a huge role for the development of the national economy. With the SME condition that only develops in terms of quantity but in terms of quality is not yet developed, causing the competitiveness that SMES have is still very low. Not only that, the trend of financial problems is considered as the main obstacle of SMES to grow.

There are three main factors to advance SMES in Gorontalo Province,

1. Good institutional structure
2. Quality of human resource availability and
3. Application of Information technology

Institutional according to Douglass C North (1996) can simply be understood as a set of rules governing the relationship between actors and organizations in a context, such as the context of local governments, the context of financial institutions including the context of this SME. This institutional view is currently carried by new institutional economic owners or New Institutional Economics, which assumes that institutional indicates are the cause of retardation..

In institutional economic view, SMES are considered to be strongly institutional if at least meet the principles of:

1. The role of the game that regulates the development process of SMES can make a positive contribution to the development of SMES.
2. Right of ownership or property right that is articulated in the form of business licensing and copyright generated by SMES can be easily obtained SMES.
3. Information accessed by SMEs is approaching perfect or does not occur security information so that it can easily access the information that is in the form of government regulations and internal information in the management of SMEs. Fourth
4. Transaction cost or transactions fee which must be issued by SMES in the licensing and management of small production and sales so that SMES can develop without having to be strengthened by transaction costs.

Assumptions affecting the institutional change are;

1. Ongoing interactions between institutional and organizational in limited economic situations, therefore, competition is the key to institutional change; Secondly, competition encourages organizations to continuously invest in skills and knowledge to endure. A wide variety of skills and individual knowledge and organization will develop a perception of opportunities, and therefore options that will add change to the organization; Thirdly, the institutional framework will provide maximum incentives to those with skill and knowledge; Fourth, the perception is formed from individual mental behaviors; Fifth, the economic sphere, which complements each other in establishing cooperation with other institutions is expected to make institutional changes mutually beneficial and interdependent.

So The truth is not closed it is likely to create a strong SME institutional if we see the five assumptions above. So that nowadays needed by SMES, stakeholders and all parties who intend to support the institutional strengthening of SMES are; Firstly, encouraging SMES to actively interact with the rules surrounding SME management in Indonesia, criticize, input and change and renewal of regulatory policy on SMES. Secondly, helping to improve the knowledge of SMES and the competition faced by SMES should be utilized as well as possible to encourage the birth of strong SME Instusi. Thirdly, SMES will be strong if it enforces a basic professionalism in



particular in terms of incentives so that SMES are more serious in developing SMES. Fourth, helping SMES build mental entrepreneurship and mental courage to fight for the fate of SMES into a strong and independent business organization in Indonesia. Fifth, help SMES to build more serious cooperation in the form of associations and network of work that can provide the interests of SMES in the fight for regulations that favor the SME in the future.

**DATA CLASSIFICATIONS OF MSMES IN GORONTALO PROVINCE FOR 3 YEARS, ARE AS FOLLOWS:**

Table 1.

Micro and small industrial production growth year 2017 quarter IV Gorontalo province

No	Code KBLI	Types of industrial manufacturing micro, small, and medium	Production growth Year 2017 (percent)
1	10	Food	17,45
2	11	Drink	-40,40
3	13	Textile	-5,54
4	14	Apparel	4,64
5	16	Wood, wood goods, wood goods and Cork (excluding furniture) and goods Woven of bamboo, rattan and the like.	-17,76
6	18	Printing and reproduction of recording Media	162,88
7	23	Non-metallic quarrying	43,15
8	25	Metal goods, not machinery and equipment	-22,50
9	30	Other transport tools	-25,85
10	31	Furniture	-5,58
11	32	Other processing	13,27
Micro and small industrial growth			21,54

Table 2.

Micro and small Industrial production growth year 2018 quarter IV Gorontalo Province

No	Code KBLI	Types of industrial manufacturing micro, small, and medium	Production growth Year 2018 (percent)
1	10	Food	50,88
2	11	Drinks	29,31
3	13	Textile	19,78
4	14	Apparel	-16,55
5	16	Wood, wood goods, wood goods and cork (excluding furniture) and Woven goods of bamboo, rattan and Like.	-32,69
6	18	Printing and reproduction of recording Media	280,86
7	20	Chemicals and goods from chemicals	-38,38
8	23	Non-metallic quarrying	28,16
9	25	Metal goods, not machinery and Equipment	-25,77
10	30	Other transport tools	-61,84
11	31	Furniture	98,98
12	32	Other processing	45,59
Micro and small industrial growth			47,21

Table 3.

Growth of micro and small industrial production year 2019 quarter IV  
Gorontalo Province.

No	Code KBLI	Types of industrial manufacturing micro, small, and medium	Production growth Year 2018 (percent)
1	10	Food	14,37
2	11	Drinks	-4,59
3	12	Tobacco processing	-
4	13	Textile	24,79
5	14	Apparel	12,87
6	16	Wood, wood goods, wood goods and Cork (excluding furniture) and goods Woven of bamboo, rattan and the like.	16,88
7	18	Printing and reproduction of recording Media	-51,48
8	20	Chemicals and goods from chemicals	-
9	23	Non-metallic quarrying	34,06
10	25	Metal goods, not machinery and equipment	30,29
11	30	Other transport tools	-24,34
12	31	Furniture	34,84
13	32	Other processing	-7,14
14	33	Repair and installation service of machinery and Equipment	17,87
Micro and small industrial growth			22,61

The following describes the growth of SMES in Gorontalo Province in 3 years. Based on statistical data above, it can be noted that the growth percentage of propulsion in the year 2017 Gorontalo province of the food industry at 17.45%, 4.65% clothing, printing industry and reproduction of recording media at 162.88%, non-metallic goods, 43.15%, beverage-40.40%, industrial bed-5.54%, wood, wood goods, wood and cork goods (excluding furniture) and woven goods of bamboo, rattan and the like-17.76% , Metal goods, not machinery and equipment-22.50%, other transport equipment-25.85%, furniture-5.58%, and other processing of 13.27%. The highest production growth is in the printing and reproduction sectors of recording media. While the lowest is in the beverage sector.

In 2018 the growth of industrial production of micro and small quarter IV of Gorontalo Province experienced a very significant increase of 47.21% compared with the previous year and also added one industrial sector. In the year 2018 there are some sectors of small micro industry that have increased food, beverage, textile, printing and reproduction of recording media, non-metallic goods, furniture, and other processing. But there are also some sectors that have decreased, namely in the apparel sector, timber, goods of wood, rattan and the like, chemicals, metal goods are not machinery and equipment, and transportation equipment. The highest production growth is in the printing and reproduction sector of the record media of 280.68%, while the lowest one is in the other transport sector-61.84. The percentage shown in table 2.

Meanwhile, in the year 2019 the growth of production of micro and small quarter IV industry in Gorontalo province decreased compared with the FOURTH quarter of 2018 and also increased one industry sector. Where there are several types of industries that experience a drastic decline in production that is in the beverage industry, printing and reproduction of recording media, other transport equipment and other processing. The highest production growth was in the furniture sector by 34.84%. Thus, the conclusion is the highest production growth of 3 years is found in 2018, which increases by 47.21% and the industry sector the last two years (2017-2018) is found in the printing and reproduction sector of recording Media. While the lowest production growth was in 2017.

Recording Media printing and reproduction industry is the lowest production in 3 years.

## **Classic SMES Development Strategy**

### **A. SWOT Analysis.**

**1. Strength** is the internal situation of the organization that is the organization/kapability/Resources owned by the organisation, which can be used as an alternative to dealing and threats. The classifications of SMES with the power of IT have been identified, namely:

- a) availability of raw materials
- b) Clear and potentially market
- c) have adequate human resources
- d) Adequate IT infrastructure
- e) Government support

**2) Weakness (Weakness)** is the internal situation of the Organization in which the organization/capability/resource organizations are difficult to use to handle opportunities and threats.

**Here identification of the existing weaknesses:**

- a) The number of MSMES implementing IT is still slight.
- b) Qualified human resources
- c) Low ability to access IT especially in terms of IT infrastructure availability
- d) Government support for the development of technology for SMES is still lacking.



**3. Opportunity (Opportunity) is an external situation of potentially dissimilar organization. Organisations within a single industry will generally feel benefited when faced with such external conditions. Identify the opportunities that have an IT-based SME**

- a. Very wide open market access.
- b. Easy funding access, as the service management system, marketing and IT-based finance are more transparent.
- c. have strong competitiveness.
- d. Potential to produce quality products.

**4) Threats are an external state that has the potential to cause difficulties. Organisations located in the same industry will generally feel harmed/threatened when faced with such external conditions. " Identification of existing threats in MSMEs IT cluster includes:**

- a) competition that will follow the trail and will apply the same IT or even better.
- b) The emergence of substitution products from modern industry.
- c) Lack of availability of human resources in the labour market, especially in the region of Gorontalo province.
- d) The emergence of technological era that requires SMES to implement primarily in terms of financial management. The increasingly popular non-cash payment systems such as OVO, QRIS etc. which are smoothing of SMES conform to these conditions.

#### **B. SWOT Matrix.**

##### **1) SO strategy**

is a strategy set by SMES based on IT <sup>17</sup> by utilizing all the power to seize and take advantage of the maximum opportunities. This strategy is known in terms of aggressive but well-planned strategies. In the application of this strategy need to pay attention to the data Readiness program or activities to be implemented, when and where implemented, so that the business objectives will be achieved in a planned and measurable. The implementation of this strategy can be

- Improving the quality of products that are diprises by using IT  
The improvement of product quality is a classical strategy that SMES actors should have, considering the competition against the similar products in a very high and dynamic market. The application of technology in producing products both in the form of services and manufacturing is an opportunity for SMES to seize the market by producing quality products.

##### **• Increase Promotion**

IT is the power of SMES to promote the products produced. The opportunity to squeak a wider market is very open, considering the current community of 95 percent in SEHARI2 life has been using IT both for consumption purposes etc.

##### **2) WO Strategy**

<sup>18</sup> This strategy is a strategy that takes advantage of existing opportunities by minimizing weaknesses. Opportunities in the external environment should be utilized immediately with the internal weaknesses in mind owned by SMES. This means that before taking advantage of existing opportunities, SMES need to minimize internal weaknesses in SMES. Implementing this strategy through:

- Increase SME Business scale

By increasing the business scale, at least to minimize the weakness and open the opportunities of SMES in capturing existing markets or increase the market area, the increase in business will add to the market segments that SMES will reach.

- Diversification of Business

These strategies can increase the chances of capturing the market and promoting competitive. The more varied business of SMES can reach consumers who are wider, so that it can cover the weakness with the implementation of IT.

- Local government support is also an opportunity that can be used by MSME actors. Partnering with the government can assist SMES in terms of education and training, promotion, forecasting, so as to be able to show weaknesses, both weaknesses in access to funding, markets, finance and which are mainly the Constitution (business Licensing).

### 3. ST Strategy

ST strategy is a strategy applied by MSME based on the strength that has to overcome existing threats. This strategy is known for its enduring strategy by utilizing the power of its own. SMES that have implemented IT have a power capable of detecting threats that will be faced from the external environment of SMES. The application of this strategy can be done by:

A. Improving services in the effort to maintain customer satisfaction.

B. Increasing the use of IT to reach consumers and have consumers.

C. maintain IT existence by improving the quality of human resources.

### 3) WT Strategy

This WT strategy is a strategy implemented by SMES that are defensive began trying to minimize existing weaknesses and avoid threats. Threats that are sourced from external environment by SMES need to be identified intensity and impact on business activities, at least this step can minimize the weakness of SMES in facing the threat. These strategy analyses include:

- Foster and maintain partnerships with Governments and financial institutions.
- To build cooperation between SMES and those that have not implemented IT.
- To standardized the knowledge of the economic condition globally, so as to identify various threats either directly or indirectly.

### Conclusion

Micro and medium enterprises are assets as well as economic strength that can withstand when there is a crisis, for that it is necessary to get attention from various aspects of both the social, economic, etc., in addition to support in the form of work capital assistance is needed especially for small micro actors who need attention in furthering its business.

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