

Model of Strategy Enhanced Competitiveness for Small Medium Enterprises in Poverty Area and Prone Natural Disasters Central Java

Agus Utomo* Anwar Hamdani Riyanto

Economic High School "Adi Unggul Bhirawa", Mr. Sartono Street 46 Solo Indonesia

*E-mail or corresponding author: agu_tomo@yahoo.co.id

Abstract

In general, the research aims to: develop a strategy model enhanced competitiveness of Small and Medium Enterprises (SMEs) to Enter the Global Market and Poverty in Natural Disaster prone Regions of Central Java Province. In particular, the study aims to: (1) examine the determinants of SMEs competitiveness, (2) identification of various government policies in favor of increasing the competitiveness of SMEs, (3) develop strategies for improving the SMEs competitiveness to enter global markets, (4) create a strategic marketing plan of SME products. Research object SMEs household industry generally in poor condition. Plan of study sites in the villages along the banks of the Bengawan Solo river, in Surakarta. Steps initiated research survey and need assessment for SMEs household industries, preparation of the module strategy increasing the competitiveness of SMEs, media execution model, action evaluation. This study resulted in an alternative model: First. Increasing the competitiveness of SMEs model to enter the global market is obtained through the SMEs empowerment alternatives: 1) Improve standard product. 2). Improving access financially. 3). Increase the capacity of human resources and business plans. By doing business management training and entrepreneurship training to SMEs in a sustainable manner, it is expected gradually to be no improvement in the management of SMEs so they can grow and develop into a medium-sized business which in turn is able to compete in the market and the welfare of the surrounding communities of SMEs and increasing. Second. Addressing poverty in areas prone to natural disasters. The results of this study offer an alternative model to overcome poverty through: 1). Training or courses, 2). Community empowerment, and 3). Funding.

Keywords: Strategy for enhancing competitiveness; SMEs.

1. Introduction

Sangkrah, Semanggi, Sapangan and surrounding areas located in the eastern city of Solo, is a center for small and medium enterprises in the domestic industry. The site is an area or areas prone to natural disasters (particularly floods) because the village is located on the banks or the banks of the Bengawan Solo. Characteristic of the village found many workers batik home industry is generally very poor condition.

Due to the influence of the global markets and frequent natural disasters flood many small business in the village out skirts Solo bankrupt or insolvent. This will impact on poverty due to the breakup of workers working. They need attention in order not to become a burden on society and government. It is therefore necessary to devise a model of human empowerment that can turn into a burden of productive people. The purpose of this study was to improve the knowledge, skills and build positive attitudes SMEs, and in particular create a model strategies for improving the competitiveness of small and medium enterprises to enter the global market and alleviate poverty in areas prone to natural disasters.

Looking at the government's development program in the development of a democratic economic system, the direction of economic policy, point 11 of the Guide lines of 2004 has mandated that a democratic economic system that is developed should be based on the fair market mechanism with the principles of fair competition and pay attention to economic growth, the values of justice, social interests and eradicate poverty, quality of life, sustainable development and environmentally sound to guarantee business opportunities, work, and the protection of consumer rights common to the public.

With reduced government protection, both cooperative national companies, state enterprises, and private, are expected to demonstrate the performance is no less than the foreign companies and multinationals. Increased ability to compete we need to realize, that in the era of globalization needs to be pursued jointly by the various parties. The government has a strategic role to create national economic climate that is conducive to foster the ability of businesses to compete nationally.

Development of an integrated human resources, either through education or training is needed to build a reliable quality of human resources. Companies are required to implement a modern management in order to be able to increase their competitive ability. Indonesian Employers must be able to formulate a reliable strategy to become a major actor in the race for the domestic and world market share. Attitudes and actions should be able to create a competitive advantage in the global market-oriented, not just oriented towards the domestic market

potential is still classified. The fact the domestic market is still attractive, but Indonesia can not turn a blind eye to the flow of products from other countries. SMEs are required to compete to capture market share in the country without the protection of the government. Government as policy maker, has demonstrated its commitment by issuing Law No. 5 of 2004 concerning Prohibition of Monopolistic Practices and Unfair Business Competition, environment be expected to create a conducive and competitive for businesses and the economy in Indonesia, including SMEs.

Small entrepreneurs as agents of the national economy which is expected to be the region's economic actors, politically and economically naturally arise. Therefore we need political commitment and transparent public scrutiny given the many problems faced by small entrepreneurs, especially those relating to capital, technological capability, management, marketing. It should look for a solution, so that the problem does not spread to other areas.

Anonymous (2005), to prepare small businesses in Indonesia to be able to perform well as national economic actors in a free competition, it is necessary to consider the following: (1) small business must have a good management system, it can be trained and mentored and nurtured. (2) The small business must have a high level of productivity. High productivity can be achieved if all system management and operation of the company has been functioning well. All functions have been implemented with efficient management, (3) small business standard quality.

Looking at the issues that have been describe above, then to solve or the solution will be tested how the empowerment model Competitiveness Strategy to Increase Small and Medium Enterprises (SMEs) to Enter the Global Market and Poverty in Natural Disaster-Prone Regions of Central Java Province, particularly in the periphery villages Bengawan Solo river banks which often flood disasters struck. Then we propose research objectives. *First.* Assessing the determinants of competitiveness improvement efforts to enter global markets and overcoming poverty in disaster-prone areas. *Second.* Identification of various government policies in favor of increasing the competitiveness of small businesses to enter global markets and overcoming poverty in disaster-prone areas. *Third.* Develop a strategy for increasing the competitiveness of small and medium enterprises and the poor in disaster-prone areas. *Fourth.* Creating a strategic plan for the SME products enter the global market and the poor in disaster-prone areas.

2. The Research Method

This type of research is carried out Research and Development, is the approach taken; the first year of survey research, action and evaluation of the second year, using quantitative and qualitative data analysis approach of positivism philosophy. The object of research is the Business person: small and medium entrepreneurs, workers, practitioners in the field of SMEs, research and community location. Government officials (Department of Cooperatives, Department of Industry and Trade, Chamber of Commerce) relating to the field of SMEs. Higher education institutions and various non-governmental organizations and associations that deal with SMEs. As an input also invited experts who are competent in their field as a resource. The research location is in the city of Surakarta, especially in the area of Kampung Sangkrah, Semanggi, Sampangan and surrounding suburbs of Solo river flood plains. This region was chosen based on preliminary studies found many SMEs who closed his business and many impoverished workers. The study sample is three (3) villages (Sangkrah, Semanggi and Sampangan) in Pasarkliwon, Surakarta. Respondents of this study determined 16 SMEs and Society in the poor category. There are several types of data collected in the research model year 1, and at the same time collecting data safe procedure as follows: Data networking, identification, and need assessment of SMEs on the outskirts of Solo river was obtained by circulating a questionnaire survey, observation, and interviews. Data simulations for instructor materials prepared by means of a model workshop with relevant Government Department, a team of experts, community leaders, and researchers. Data on the design of an operational model obtained through interviews and observation. Data collection instruments, among others; Guide interviews and observations, to carry identification and need assessment of SMEs in choosing the model increased competitiveness strategy. A set of questionnaires for survey or networking of SMEs, as research subjects. A set of questionnaires to uncover the ability of SMEs to follow the model simulations. This study is testing the development of the model, therefore the data collected simultaneously analyzed by quantitative and qualitative descriptive, qualitative data were analyzed using an interactive model.

3. Results and Discussion

Kampung Sangkrah, Semanggi, Sampangan and surrounding areas located in the eastern city of Solo, is a center for small and medium enterprises in the field of home industry batik and date. The site is an area or areas prone to natural disasters (particularly floods) because the village is located on the banks or the banks of the Bengawan Solo. Characteristic of the village found many workers batik home industry is generally very poor condition. Due to the influence of the global markets and frequent natural disasters flood many small businesses in the village outskirts Solo bankrupt or insolvent.

This study offers an alternative model of empowering SMEs that are relevant to the community in the outskirts of the village Solo by considering aspects: the potential of domestic industry (SMEs), the potential of human resources in the community, educational background, social organization, socialization programs, poverty itself and the policy poverty reduction to be developed in the direction of productive efforts, so it will be able to determine the position of the quality of the business, the quality of public or social welfare state that success is measured through a decent standard of living. SMEs as a major driver as part of the target communities are empowered through the centers of activity with assistance strategies, entrepreneurial skills education and microfinance institutions. Village level up to the city government, businesses, and educational institutions (universities) to empower the prime mover and provides support through the centers of the development activities that are expected to resolve the problem of poverty. Thus, the model strategy of increasing the competitiveness of SMEs and overcome poverty programs in disaster-prone areas are arranged as needed by the community, it means that the programming model of strategies for improving the competitiveness of SMEs and the poor prioritization is done based on the size of the interest rate so that the implementation of the program will be implemented effectively, efficiently and sustainably. Through empowerment, the community will be able to assess the socio-economic environment and be able to identify areas that need to be repaired. Stage on wards of empowerment is to create small businesses and self-sustainable communities. Currently tendency ability of SMEs to contribute significantly to the economic development of a country is not only happening in Indonesia and developing countries but also in developed countries at the moment the economic build country on the progress to date. It is intended in terms of encouraging developing countries to pay more attention to the empowerment of SMEs by providing a variety of stimulants and facilitation.

In order to empower SMEs, the involvement of relevant agencies, both government and private sector critical to its success. So far the agency's involvement in SMEs, include government agencies, educational institutions, NGOs, cooperatives, banks and business associations. There are currently progressing in accordance with the development of perspective and government policies towards SMEs, include; Training, coaching, community service, business mentoring and multiple partnerships. But the learning needs of today's SMEs related with increased risk courage, creativity enhancement. try and increase ductility improvement initiatives have not done optimally, so that it feared would weaken the position of SMEs in the face of Asean free market. Improving the competitiveness of SMEs in the current free market and high competition requires SMEs to be able toward global challenges, through increased risk courage, creativity enhancement, trying to increase stamina and increase initiatives, product innovation and marketing strategy. This needs to be done to increase their competitiveness in the global market and able to participate in employment and encourage overcoming poverty.

The main disaster-prone areas of Kampung Sangkrah, Semanggi and Sampangan located in the eastern city of Solo, is an area or areas prone to natural disasters (particularly floods) because the village is located on the banks or the banks of the Bengawan Solo. Characteristic of the village found many workers batik home industry is generally very poor condition. Efforts to overcome poverty reached by way of: social assistance to targeted household poverty; Empowerment of the poor and the poor economic empowerment efforts. Response of Higher Education, empowerment of rural community, State Owned Enterprises and the Regions, as well as the Department of Industry, Cooperatives and SMEs, the response of the various elements are expected to be able to provide opportunities to poor people to overcome poverty themselves.

3.1 Increasing the competitiveness of Small and Medium Enterprises (SMEs) to enter the global market

The research was conducted in the area of Surakarta, especially in the area of Kampung Sangkrah, Semanggi, Sapangan the outskirts of the village on the banks of the Bengawan Solo river. This region was chosen based on preliminary studies found many SMEs who closed his business and many impoverished workers, based on the results obtained information that the greatest obstacle faced by the respondents are; still lack a source of capital that can be used for business, the lack of obtaining specific business management training, lack of access to financial institutions. The bulk of the respondents (10 of 16 respondents) have the status of residence by renting. In terms of assets or capital 9 of 16 respondents had working capital of less than IDR 2 million and have a tendency to no separation characteristics of venture capital to the personal needs and impress a family owned business. Respondents generally use relatively simple technology. Lack of access to capital in financial institutions it is apparent from the findings that of aspects of their venture capital sources the bulk (9) using source financing from money lenders, 5 people use their own capital and only 2 respondents use source financing from banking institutions. The respondents stated that the source of financing with a loan from rentenir tend to easily and quickly even with high interest against them.

In terms of profit per month, an average of about 12 respondent have less than IDR 1 million business profits, and the rest have an advantage over IDR 1 million it leaves them under developed, despite the current conditions in general never received assistance from the government, but eventually eroded to consumption. In terms of training the training effort, a small proportion had attended a business training, but in practice the

training less effective because they require adequate resources, while their condition is limited to the codes. In general, respondents are lessor never used a media campaign in the form of advertising, especially the use of information technology in the business. Services run business that respondent generally they lack an understanding of the business strategy, while the development of venture capital in 13 respondents felt the constraints of the difficulty of obtaining capital.

In terms of business management most respondents did not understand either, consequently they are relatively difficult to obtain capital relief, developing quality products, less good in managing promotional nor business book keeping techniques. Relating to the products and specialty packaging products do not use a large part of the packaging is good and does not have the distinctiveness of the products they produce.

In terms of new business alternative, the respondents did not have an alternative in part, due to the limited resources they have, especially with the limited personnel or employee-owned, because they are running a business is run by its own handled. From the description above, it can be arranged models of strategies for improving the competitiveness of small businesses to enter global markets and to overcome poverty in disaster-prone areas in the city of Surakarta, among others, through business management training to enhance the capacity of SMEs, training, access to information to support the strengthening of market access and use of information technology and business community empowerment through micro-credit cooperatives. Alternative models of increasing competitiveness strategy model small businesses to enter global markets are visually presented as follows:

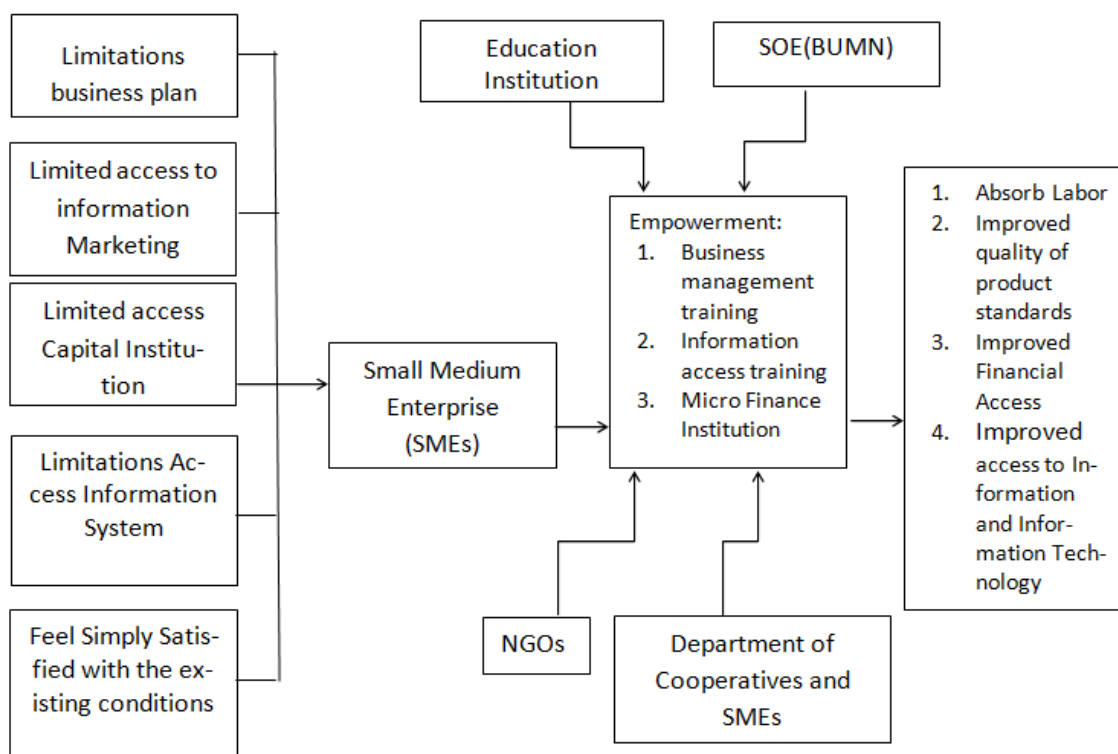


Figure 1. Alternative models Empowerment in Small and Medium Enterprises

3.1.1 Empowering Small and Medium Enterprises through Business Training.

The role of SMEs need in case of existence, because it proved able to survive and become a economy driver, but on the other hand SMEs also face many obstacles, namely the lack of capital, limited access to information, and lack of mastery of technology. Another problem is the linkage with the SME business management is less clear and well-planned. This occurs because the general lack of business management training have the opportunity, including other weaknesses that SMEs can be characterized as a family-owned business, uses a technology that is still relatively modest, have less access to capital, and no separation of venture capital to the needs of family life. Further results in the readiness of SMEs in a more free competition and open, unpreparedness resulting product quality less price competitive, unpreparedness understand methods and marketing information, so weak market for their products as well as the lack of clear positioning map export product so weakened competition. This is a constraint in terms of marketing the products of SMEs, due to the limited access to market information which resulted in low market orientation and lack of competitiveness at the global level. Weak information about the market information, the SMEs can not be clearly directing resources and focus effort, progress has been slow as a result.

Efforts awareness becomes crucial stage that empowerment must come from themselves. Stage of capacity building efforts, this phase aims to enable SMEs so that they have the skills to manage the opportunities that will be provided. This stage is done by providing management training, workshop and similar activities that aim to improve the life skills of SMEs. At this stage also introduced and opened access to information as a key resource that is outside wider. In addition to increasing the capacity of individuals and groups of SMEs, is also related to the process of increasing the capacity of the organization. Increasing the capacity of the organization through an Organization changed the thinking of the family into the business organization, associated with the bureaucracy that will be used in managing the business and take advantage of business opportunities.

The focus of business management training aimed at encouraging SMEs to compete in the global market, which is characterized by; characteristics of highly dynamic market conditions, become increasingly global competition; forms of business organizations tend to form a network or network; products driven by innovation or knowledge; supported by the latest digital technology; source of competition lies in innovation, quality aspects, dimensions of time and cost. The focus of the training is directed to give SMEs the ability to 1). Improve the standard product. 2). Improving access financially. 3). Increase the capacity of human resources and business plans. By doing business management training and entrepreneurship training to SMEs in a sustainable manner, it is expected gradually to be no improvement in the management of SMEs so they can grow and develop into a medium-sized business which in turn is able to compete in the market and the welfare of the surrounding communities of SMEs and increasing.

3.1.2 Small and Medium Enterprises Empowerment through access to training information.

We are aware of the general ability of SMEs to innovate weak and feel quite satisfied with what they have found to be a factor which makes the ability to keep power products are not strong enough, would result in SMEs to compete with an increasingly competitive market. These barriers should encourage SMEs to develop themselves to be more advanced in the business of innovation, either product or product model. The focus of training is very important in information access efforts, access and technology transfer to SMEs is still a challenge faced in Indonesia. The role of higher education institutions, Non Governmental Organizations (NGOs), state or local enterprises and related agencies, and cooperation between research institutes and universities and the business world to the transfer of technology should be encouraged. Collaboration or partnership between large companies and SMEs, should be encouraged to transfer of technology from large corporations to SMEs, because the model will occur through the transfer of technology to and among SMEs.

The most important part after the production process is a matter of the market. No matter how good the quality of a product produced, if the public or the market does not know, then the product will be difficult to market. Therefore, the provision of information and the promotion of SMEs in particular should be improved. Promotional products, can be done through the medium of the Internet or take part in the exhibition. In the promotion should also be noted the readiness of SMEs in the supply of the product to be marketed. Should be avoided invites SMEs for the promotion, but they are not ready for the strength of the product to be marketed. In this regard, not only the quality and design of products that must be considered, but also on the quantity of their products. Training model of information access can be done through Universities Tri Dharma and CSR by providing the internet to access information. Access to information is expected to provide facilities for: 1). Strengthen and improve access and technology transfer to SMEs for the development of innovative SMEs; 2) facilitating SMEs access to information and promotion related.

3.1.3 Small and Medium Enterprises Empowerment through Microfinance Institutions.

Limitations on access to capital institutions, became one of the triggers for difficult growing SMEs, microfinance institutions have the most obvious advantages, the procedure is simple, without collateral, to do the liquid (personal relationship), and the re-payment period is flexible. Policies to provide better access to capital through loans may be a pretty good method to empower communities. However, it should be realized very well that this is not the only strategy of empowering the most good. To achieve optimal results in empowering the community, the use of a single approach clearly can not be justified. In this case, other approaches need to be developed to formulate a more comprehensive policy. Establishment of Microfinance Institutions (MFIs) must be supported by the local government through the Department of Cooperatives and SMEs, as well as the business (banking and state/local enterprises) that the financing needs of small and medium enterprise development.

During this small micro enterprises in meeting the needs of more funds to move and come into contact with the banking system that has a bureaucratic regulation that access to sources of financing from banks becomes difficult. The need for a mechanism revolving fund created through the container / community-owned financial institution called micro-credit cooperatives. This will be the Cooperative institutions managing funds created by a group of small and micro businesses need help from others eg from banks, state and Department of Cooperatives and SMEs in capital accumulation that might be expected to develop

into an alternative community-owned financial institution that grew from the community itself which can be loaned to members and to the public. Definition of a revolving fund is basically that these funds should remain and be used for local economic activities of rural communities in a sustainable manner. In other words, aid for economic activities that are lending to the public it must be returned with its loan services which are then rolled back to the community. Implicitly there is a kind of mission that aid should be viewed as a stimulant (capital) to finance productive economic activities that can grow (creating) and increase (generating) economic activity in a sustainable manner. During its development, microfinance institutions is more striking among SMEs because it is more flexible, for example in terms of the requirements and the amount of loans that are not as restrictive as banking requirements and flexibility in loan disbursement. This is one indicator that the microfinance institutions in accordance with the needs of SMEs, which generally require financing appropriate to the scale and nature of the small business. Given the importance of the economic sphere which is central in the life of society, the economic development in disaster-prone areas (Sangkrah, Semanggi, Sampangan Surakarta) is necessary to revitalize the institution, especially in the economic field in order to maximize the existing resources in the community in meeting their needs. Financial institutions that emerged from the community initiative, managed by the community, and the results are enjoyed by the people themselves would be expected relatively easy to be preserved and cultivated in line with the dynamics of SMEs concerned.

3.2 Addressing poverty in areas prone to natural disasters

Regarding the educational background of the respondents can be seen that most of the respondents have primary education, while the small part completed the study at the high school level. It should be understood that education is a prerequisite for human development to expand choice and the realization of human potential. Education is also an important resource for reducing human vulnerability, the lower the education, the public is increasingly vulnerable to social impact. Due to the low education of the population vulnerable to disasters due unaware that the area occupied by a dangerous area. This may be due to lack of knowledge and information. They abide by the terms lacking the location, shape, and strength building in disaster-prone areas.

With the number of family members between 4 to 10 people, have an impact on the ability to meet family members, because a large part (56%) of their monthly income between IDR 600 thousand to IDR 1 million. While the number of their expenses, sometimes in excess of their income. In general, people in disaster-prone areas have the education, knowledge, and skills are relatively low, then this condition has further weakened the position of their social life.

In terms of home ownership status, the majority of the conditions of hire, while having its own permanently, legally does not have a certificate of property including land used in part for the rent, because they occupy a large part of the levees in Solo. These conditions resulted in limitations on the infrastructure and means of communication, transportation, clean water, health, education, and other services in the community that led to the disaster-prone areas have difficulties to perform economic activity, health, and social, it can be seen in the observation that the majority did not have transportation, if any, placement from loans. From the dimensions of access to public services, 6 of the 9 respondents looked public service workers find it difficult and less, whereas other professions (rickshaw pullers, odd jobs and business park guards) most convenient and nice looking.

From the aspect of family member involvement in economic activities have a tendency that a large part of the brand family are not engaged in economic activity / making a living, making the situation more difficult for them to make ends meet. While aspects of the activity, the respondents work between 8 to 10 hours per day. When asked hopes at the interview they wish in a critical condition requiring venture capital, high-rise apartments occupy an opportunity, being able to buy groceries and other. Furthermore, from observations and interviews can be seen that the causes of poverty in the poor-risk areas include the following: Natural constraints: the poverty caused by the natural problems; for example, their living conditions are on the riverbank / Solo River levees that are not friendly to any settlements, causing uncertainty community can not perform the activity comfortably, from the risk of flooding or evicted. Economic pressures: For the poor, because of economic pressures that are very heavy in family life, have very few options to choose or stay in a safe area, away from sources of sufficient economic potential. Due to the limitations of the economic position of access to resources (transportation, communication, etc.), so that the poor tend to be resigned to, the impact of these economic pressures will lead to social unrest and of violence in their environment.

Difficulty accessing employment: Because of economic limitations, it will have an impact on the quality of education, so that the resources they have become weak, and in turn have no sufficient skills. Difficulty accessing information: Due to the poor difficulty accessing education and information, so they lack the knowledge to environment recognize also a good social manner, lack of information related to various national and local government policies, access to social assistance, it is difficult to lead them out of the circle poverty due to limited access to information.

Based on the characteristics of the factors that cause poverty in poor families as described above, it can

be formulated alternative models of poverty alleviation for the people of disaster prone areas as follows:

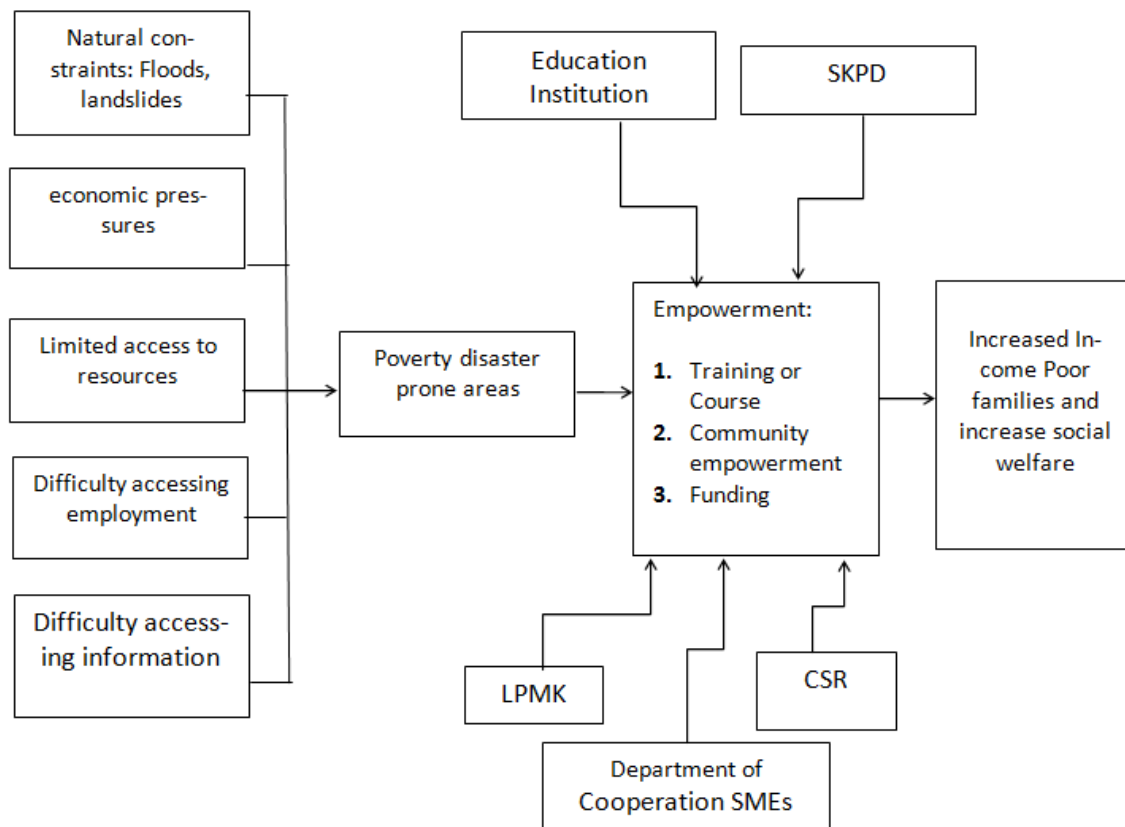


Figure 2. Alternative Models Poverty Disaster Prone Areas

3.2.1 Training or Course

Lack of jobs available today often causes them forced to do high risk work with exchange inadequate and there is no certainty of sustainability. The limited access of poor families to formal education should be overcome by the provision of non-formal education / or course that serves as both a transition from school to the workplace or as a form of education for life and is directed primarily to improve life skills, therefore the access, quality and format of training need to be developed to be able to provide quality education services for the poor.

The poor must be given the opportunity to receive training (knowledge and skills) is relevant and practice through work. In the short term, the main priority is to educate and train family members, especially those not working. Those who do not work should be invited to think and observe about any job opportunities around them. In the short term, women who have not engaged in economic activity can be given knowledge about entrepreneurship. For children who are old enough and have not engaged in economic activity, they need to be encouraged to think and observe around them employment opportunities anything interesting and do able. Efforts to increase the potential that must be done actively by laborers, rickshaw, parking and srabutan workers and their families. The involvement of external parties (NGOs or universities) merely as a motivator and facilitator. Increased potential which include improvement in the quality of work / service and the value of bargaining (wages competitive) advantage. This can be done by all competent and concerned about the increase in income / welfare of poor families by providing incentives (extension) to the laborers, rickshaw, parking and 'srabutan' workers to work in a professional, honest, and friendly so that customers are satisfied with the ministry and willing to give greater rewards. To support training a broad sense to the poor, needs to be built center on access to information and support center and library skills wards. Training centers, centers of access to information (internet) and the library of course, should be owned by the village and its contents are tailored to their individual needs. With open access to the poor on a variety of information about the economic and financial, they (through funding from the local Government Unit (on education), CSR with the assistance of NGOs and universities can open their eyes to the world economic and financial wider. With training centers can improve their skills to develop professional skills, with their access to the vast information will provide inspiration for their access to the information type of business is more attractive than their efforts now, the poor moved to try business development.

3.2.2 Community Empowerment

Forms of poverty in Indonesia is not only felt by the parents, and even children who are still minors else they should not have to think about problems in a nation's economy just would not want to contribute to intervene in the matter. One example is that many small children who are still minors must earn a living on the streets by way of singing or begging and so forth to be able to add to their family's needs, so as too often they do to the extent that the streets they must be willing to lose his future a way to stop going to school because of the economic situation that is so difficult to deal with. The poor are the one most at risk in a disaster. In this group, the role of community development needs to be improved, Institute for Community Rural Empowerment Presence (LPMK) expected to be a driving force empowering people to escape poverty. Poor people in the village Sangkrah, Semanggi, Sampangan the outskirts of the village on the banks of the Bengawan Solo river, LPMKs role is expected to bring the interests of the people's aspirations. As we know that planning in the village accommodated through Musrenbangkel conducted each year. Musrenbangkel is the highest decision in terms of development planning because it involves all stakeholders in a village area of Surakarta. Public participation is a determining factor as well as an indicator of the success of regional development, because the bottom-up based planning will be able to answer the needs of the community, because the community is aware of their own needs, not just an assumption, in itself a measure of success of development of the role of active participation in the community development planning. Proposal on the implementation of the program delivered Musrenbangkel directed to answer the needs of the substance of the citizens, to the need for communication or discussion at both RT and RW, so that the formulation of Musrenbangkel really become part of society's aspirations. Suppose the Village Development Fund sourced from local revenues realized in the form of a revolving fund for businesses, construction of infrastructure slum (MCK), in turn will put pressure on the limited business facilities and public facilities for the poor.

3.3 Funding

To conduct awareness and educational activities, which is based on the role of universities and NGOs as facilitators, required substantial funds and is cultivated in the medium term. In the short term, the funds necessary for the process of awareness is cultivated through regular meetings of the poor with universities and NGOs, and also with the Department of Industry and cooperatives as well as the employers through CSR (Corporate Social Responsibility). This awareness process can be completed within 2 months of its formal basis and continue to be made in the relevant opportunities for mentoring. After two months of awareness, continued with training in the field of entrepreneurship. Within 2-3 years need to be cultivated and loan funds among the poor. This can be done through mentoring that help them form a group with a simple organizational structure. This can be done after the income surplus because they managed to suppress extravagant lifestyle and get a result of optimizing the utilization of poor families in economic activity. Once they are able to manage the funds of their own savings, cultivated new revolving fund that can be cultivated from CSR and / or Government

4. Conclusions and Recommendations

In this chapter outlined the conclusions and recommendations relating to the purpose of the study, which describes the condition of Small and Medium Enterprises (SMEs) and the behavior of the poor, as well as alternative models that could be considered for policy making in order to increase the competitiveness of SMEs to enter global markets and overcome poverty in areas prone to natural disasters. On location Kampung Sangkrah research, Semanggi and surrounding Sampangan

Located in the eastern city of Solo, is the center of Small and Medium Enterprises in the field of home industry batik and date. The site is an area or areas prone to natural disasters (particularly floods) because the village is located on the banks or the banks of the Bengawan Solo. Characteristic of the village found many workers batik home industry is generally very poor condition. Due to the influence of the global markets and frequent natural disasters flood many small businesses in the village outskirts Solo bankrupt or insolvent.

This study offers an alternative model of empowering SMEs that are relevant to the community in the outskirts of the village Solo by considering aspects: the potential of domestic industry (SMEs), the potential of human resources in the community, educational background, social organization, socialization programs, poverty itself and the policy poverty reduction to be developed in the direction of productive efforts, so it will be able to determine the position of the quality of the business, the quality of public or social welfare state that success is measured through a decent standard of living. SMEs as a major driver as part of the target communities are empowered through the centers of activity with assistance strategies, entrepreneurial skills education and microfinance institutions. Village level up to the city government, businesses, and educational institutions (universities) to empower the prime mover and provides support through the centers of the development activities that are expected to resolve the problem of poverty.

The first object in this study were grouped SMEs in the field of food and non-food business. Based on the results of research in the field is informed that the biggest obstacle faced by the respondents are; still lack a

source of capital that can be used for business, the lack of obtaining specific business management training, lack of access to financial institutions. The bulk of the respondents (10 of 16 respondents) have the status of residence by renting. In terms of assets or capital 9 of 16 respondents had working capital of less than 2 million and have a tendency to no separation characteristics of venture capital to the personal needs and impress a family owned business, respondents generally use relatively simple technology, and lack of access to capital in financial institutions it is apparent from the findings that of aspects of their venture capital sources the bulk (9) using source financing from money lenders, 5 people use their own capital and only 2 respondents use source financing from banking institutions, respondents expressed that the source of financing moneylender loans tend to easily and quickly even the interest against them. In terms of profit per month, an average of about 12 respondents have less than 1 million business profits, and the rest have an advantage over IDR 1 million it leaves them underdeveloped, despite the current conditions in general never received assistance from the government, but eventually eroded to consumption. In terms of business training, a small proportion had attended a business training, but in practice the training less effective because they require adequate resources more adequately, while their condition is limited to the codes. In general, respondents are less or never used a media campaign in the form of advertising, especially the use of information technology in the business. Services run business that respondents generally they lack an understanding of the business strategy, while the development of venture capital in 13 respondents felt the constraints of the difficulty of obtaining capital. In terms of business management most respondents did not understand either, consequently they are relatively difficult to obtain capital relief, developing quality products, less good in managing promotional nor business bookkeeping techniques. Relating to the products and specialty packaging products do not use a large part of the packaging is good and does not have the distinctiveness of the products they produce. In terms of new business alternative, the respondents did not have an alternative in part, due to the limited resources they have, especially with the limited personnel or employee-owned, because they are running a business is run by its own handled. In this study offered an alternative empowerment of SMEs through: 1). Improve the standard product. 2). Improving access financially. 3). Increase the capacity of human resources and business plans. By doing business management training and entrepreneurship training to SMEs in a sustainable manner, it is expected gradually to be no improvement in the management of SMEs so they can grow and develop into a medium-sized business which in turn is able to compete in the market and the welfare of the surrounding communities of SMEs and increasing

The second object of this research is poor in Kampung Sangkrah, Semanggi, Sampangan the outskirts of the village banks of the Bengawan Solo grouped on the basis of background areas of work, namely: Labour, Pedicab Puller, Business odd and parking attendants. The living conditions in the study area depicted descriptively through: education level, family size, monthly income, monthly expenses, home ownership status, ownership of the means of transportation, access to public services, family involvement in economic activities, hours of work, consumption habits and expectations of respondents. Regarding the educational background of the respondents can be seen that most of the respondents have primary education, while the small part completed the study at the high school level. It should be understood that education is a prerequisite for human development to expand choice and the realization of human potential. Education is also an important resource for reducing human vulnerability, the lower the education, the public is increasingly vulnerable to social impact. Due to the low education of the population vulnerable to disasters due unaware that the area occupied by a dangerous area. This may be due to lack of knowledge and information. They abide by the terms lacking the location, shape and strength building in disaster-prone areas. With the number of family members between 4 to 10 people, have an impact on the ability to meet family members, because a large part (56%) of their monthly income between IDR 600 thousand to IDR 1 million. While the number of their expenses, sometimes in excess of their income. In general, people in disaster-prone areas have the education, knowledge, and skills are relatively low, then this condition has further weakened the position of their social life. In terms of home ownership status, the majority of the conditions of hire, while having its own permanently, legally does not have a certificate of property including land used in part for the rent, because they occupy a large part of the banks / levees Solo. These conditions resulted in limitations on the infrastructure and means of communication, transportation, clean water, health, education, and other services in the community that led to the disaster-prone area have difficulties to perform economic activity, health, and social, it can be seen in the observation that the majority did not have transportation, if any, perolehnya from loans. From the dimensions of access to public services, 6 of the 9 respondents looked public-service workers find it difficult and less, whereas other professions (rickshaw pullers, odd jobs and business park guards) most convenient and nice looking. From the aspect of family member involvement in economic activities have a tendency that a large part of the brand family are not engaged in economic activity /making a living, making the situation more difficult for them to make ends meet. While aspects of the activity, the respondents work between 8 to 10 hours per day. When asked hopes at the interview they wish in a critical condition requiring venture capital, high-rise apartments occupy an opportunity, being able to buy groceries and other. From the interviews at the sites can be obtained picture of poverty, among others; Natural constraints, economic pressures, limitations of access to resources and access to

difficulty information.

Based on respondent characteristics include: level of education, family size, monthly income, monthly expenses, home ownership status, ownership of the means of transportation, access to public services, family involvement in economic activities, hours of work, consumption habits and expectations of respondents. In this study offered an alternative to overcome poverty through: 1). Training or courses, 2). Community empowerment, and 3) Funding. With the training through vocational training centers they are able to improve the skills to develop professional, with their access to the vast information will provide inspiration for their access to the information type of business is more attractive than their efforts now, the poor moved to try business development, efforts to increase the potential that must be done actively by laborers, rickshaw, parking and 'srabutan' workers and their families. The involvement of external parties (NGOs or universities) merely as a motivator and facilitator. Increased potential which include improvement in the quality of work / service and the value of bargaining (wages competitive) advantage. This can be done by all competent and concerned about the increase in income / welfare of poor families by providing incentives (extension) to the laborers, rickshaw, parking and 'srabutan' workers to working a professional, honest, and friendly so that customers are satisfied with the ministry and willing to give greater rewards. Community empowerment through community participation in utilizing LPMK forums, participation is a determining factor as well as an indicator of the success of regional development, because the bottom-up-based planning will be able to answer the needs of the community, because that will determine the requirement is for the people themselves, instead of just assuming, by itself benchmark measuring the success of the development of an active role for public participation in planning. Proposal on the implementation of the program delivered Musrenbangkel directed to answer the needs of the substance of the citizens, to the need for communication or discussion at both RT and RW, so that the formulation of Musrenbangkel really become part of society's aspirations. Suppose the Village Development Fund sourced from local revenues realized in the form of a revolving fund for businesses, construction of infrastructure slum (MCK), in turn will put pressure on the limited business facilities and public facilities for the poor. To conduct awareness and educational activities, which is based on the role of universities and NGOs as facilitators, required substantial funds and is cultivated in the medium term. In the short term, the funds necessary for the process of awareness is cultivated through regular meetings of the poor with universities and NGOs, and also with the Department of Industry and cooperatives as well as the employers through CSR (Corporate Social Responsibility). This awareness process can be completed within 2 months of its formal based and continue to be made in the relevant opportunities for mentoring.

References

- Anwar Hamdani (2006). *Model pengembangan pengusaha kecil menengah dalam usaha meningkatkan perekonomian daerah dan percepatan penanggulangan kemiskinan di perkotaan*, Surakarta: STIE AUB
- Agustinus Sri Wahyudi (2009). *Manajemen strategik*, Jakarta: Binarupa Aksara.
- Anonymous, (2005). *Undang-undang Republik Indonesia Nomor 9 tahun 2005 Tentang Usaha Kecil Departemen Koperasi dan Pembinaan Pengusaha Kecil*. Ditjen Pembinaan Koperasi Perkotaan. Jakarta.
- Anonymous, (2006). *Kajian Manfaat Program Perkuatan terhadap Keberhasilan Usaha UMKM*. Deputi Bidang Pengkajian Sumberdaya UMKM, Kementerian Negara UMKM. Jakarta.
- Badan Koordinasi Penanaman Modal Daerah Prop Jateng (2009). *Hasil kegiatan tim koordinasi pelaksanaan investasi di daerah*, Yogyakarta: Badan Koordinasi Penanaman Modal Daerah Jateng.
- Farhan Ahcmad. (2006). *Metamorfosis Kehidupan usaha Mikro Kecil dan Mengah yang tidak berjalan mulus*. Harian Republika tanggal 23 Maret tahun 2006.
- Hitt, Michael A, Ireland, R. Duane, Hosjisson, Robert, Robert E, (2001). *Manajemen Strategis: Daya Saing dan Globalisasi Konsep*. Edisi Keempat, SouthWestern College Publishing, Singapura, 2001.
- Japan International Cooperation Agency (2007). *The second phase of the follow-up study on the development of supporting industries in the Republic of Indonesia export promotion (Summary)*. Tokyo: Sanwa Research Institute and Consulting Cooperation.
- Kerjasama BPS KPKM dan LPM Lemlit STIE AUB, (2008). *Penyiapan unit pelayanan teknis (UPT) sebagai penunjang peningkatan usaha kop erasi dan pengusaha kecil menengah*, Surakarta: Lemlit STIE AUB Surakarta.
- Kantor Menteri Negara Urusan Koperasi dan Usaha Kecil dan Menengah Republik Indonesia (2006). *Rencana strategi pembangunan koperasi, pengusaha kecil dan menengah*,
- Menegkop dan UKM (2007). *Pemberdayaan bisnis KUKM di bidang pemasaran dan jaringan usaha tahun 2006*, Jakarta: Menegkop dan UKM.
- (2005). *Rencana strategi pembangunan koperasi, pengusaha kecil dan menengah*, Jakarta: Menegkop dan UKM.
- Mc Intyre, T. (2005). *The behavior management hanbook: Setting up effective behavior management systems*. Boston: Allyn & Bacon.

Nasution Muslimin, (2007). *Mencari Bentuk Pemberdayaan yang sesuai dengan Karakter UMKM*. Departemen Kehutanan RI. Jakarta.

Nasution, M., (2008). *KOPERASI: Pemikiran dan Peluang Pembangunan Masa Depan*. Departemen Kehutanan dan Perkebunan. Jakarta.

Sutrisno Iwantoro (TT). *The role of SMEs in global economy*. Deputy Minister for Marketing & Business Networking The State Ministry of Coops and SMEs.

Syarif, (2006). *Tolok Ukur Keberhasilan Program-program Perkuatan UMKM: Deputi Bidang Pengkajian Sumberdaya UKMK Kementerian Negara UMKM*. Jakarta.

Surya Dharma Ali, (2007). *Langkah Nyata UMKM Dalam Menanggulangi Kemiskinan dan Pengangguran*. Kementerian Negara Koperasi dan UKM. Jakarta.

Thee Kian Wie (2006) *Toward Guidelines for Lower-Cost Impact Assessment Methodologies for Microenterprise Programs*. Discussion Paper for the Second Virtual Meeting of the CGAP Working Group on Impact Assessment Methodologies Juni 1998. Washington, D. C. USAID AIMS.

Wayan Suardja. AR, (2007). *Kebijakan Pengembangan UMKM dalam Rangka Meningkatkan Perekonomian Daerah dan Percepatan Penanggulangan Kemiskinan*. Deputi Bidang Pengkajian Sumberdaya UKMK Kementerian Negara UMKM. Jakarta.

The IISTE is a pioneer in the Open-Access hosting service and academic event management. The aim of the firm is Accelerating Global Knowledge Sharing.

More information about the firm can be found on the homepage:

<http://www.iiste.org>

CALL FOR JOURNAL PAPERS

There are more than 30 peer-reviewed academic journals hosted under the hosting platform.

Prospective authors of journals can find the submission instruction on the following page: <http://www.iiste.org/journals/> All the journals articles are available online to the readers all over the world without financial, legal, or technical barriers other than those inseparable from gaining access to the internet itself. Paper version of the journals is also available upon request of readers and authors.

MORE RESOURCES

Book publication information: <http://www.iiste.org/book/>

Academic conference: <http://www.iiste.org/conference/upcoming-conferences-call-for-paper/>

IISTE Knowledge Sharing Partners

EBSCO, Index Copernicus, Ulrich's Periodicals Directory, JournalTOCS, PKP Open Archives Harvester, Bielefeld Academic Search Engine, Elektronische Zeitschriftenbibliothek EZB, Open J-Gate, OCLC WorldCat, Universe Digital Library, NewJour, Google Scholar

