

DETERMINING PARTNERSHIP MODELS ACCORDING TO THE EXPECTATIONS OF CULINARY SMES ENTREPRENEURS

Wa Ode Zusnita Muizu (Lecturer at Faculty of Economics and Business, Universitas Padjadjaran – Indonesia)

Umi Kaltum (Lecturer at Faculty of Economics and Business, Universitas Padjadjaran – Indonesia)

Email: waode.zusnita@unpad.ac.id

Abstract—The object of this research is the culinary SMEs studied. The population of the culinary SMEs in the city of Bandung consists of the Bandung area, Bogor, Cirebon, Sukabumi, and Sumedang. The data used in this study are primary data and secondary data. The source of primary data derived from the results of observations and interviews using questionnaires and media Focus Group Discussion (FGD). Information on secondary data is needed to determine the profile of the culinary SMEs and its community. Secondary data surveys were conducted on creative industries and / or creative communities, as well as Local Government Work Units (SKPD) in Bandung City, namely the UMKM, Cooperative & Trade Service, Bappeda. Primary data was obtained through indept interviews to SKPD representatives in the city of Bandung, Bogor, Cirebon, Sukabumi, and Sumedang. The purpose of this study is to determine the partnership model that is in line with the expectations of culinary SMEs entrepreneurs. The results of this study indicate that subcontracting patterns are considered suitable to be applied in culinary SMEs in Bandung, Bogor, Cirebon, Sukabumi, and Sumedang because they can reduce the potential losses experienced by relatively small culinary SMEs entrepreneurs.

Keyword—*Culinary SMEs, Government, Partnership*

I. INTRODUCTION

The term creative economy has begun to be widely discussed in Indonesia. A new awareness began to emerge towards the potential of the creative industries that are able to survive amid the economic recession, which has experienced dynamic development in the community in the form of Small and Medium Enterprises (SMEs), but not yet integrated as one of the creative economy potentials. The Minister of Trade Mari Elka Pangestu said that the creative economic contribution was of around 4.75% of GDP in 2006 (around IDR 170 trillion) and 7% of total exports in 2006. He stated that the role of the creative economy industry could not be underestimated. During 2002-2006, Indonesia's creative industries contributed Rp 104.6 trillion or 6.3 percent of gross domestic product (GDP); and contribute 10.6 percent of total exports or

Rp 81.4 trillion. This figure is quite promising for the culinary SMEs as a solution to the problem of unemployment in the midst of the world economic crisis, especially for developing countries such Indonesia, which is always hit by financial problems when this country tries to develop a conventional industry. The government also began to realize that the culinary SMEs was able to contribute greatly to the Indonesian economy, especially for the city of Bandung. The launching of the city of Bandung as an example of the creative industries city in Indonesia shows that Bandung has great potential in the development of the culinary SMEs. Many supporting aspects are involved, starting from formal institutions, educational institutions, agents, studios, shops to the existence of various communities and institutions that often carry out research and development activities to gather various knowledge and information related to design development and the culinary SMEs in general. This diversity which causes and encourages the development of creative industries in Bandung, certainly will affect the revenue of the city of Bandung.

In an effort to increase maximum added value, industrial development must be carried out with the development of various interrelated aspects. Partnerships basically combine the activities of several business entities, therefore it is very necessary for an organization that can overshadow the business. Business partnerships in value chain management are important for business continuity, increasing partner group resources, and increasing business scale, in order to grow and improve the ability of partner groups independently. However, this development seems to be totally untouched by various policies developed by the government. The role of the government as a promoter, communicator, stimulator, and facilitator of the development of the culinary SMEs, is felt to be not yet maximally implemented.

II. LITERATURE REVIEW

Creative industries have existed since ancient times. England as a country that is very active in managing its culinary SMEs, defines the culinary SMEs as an industry that starts from the creativity and ability of individuals who have the opportunity to create jobs and

provide added value through exploration of intellectual property and rights. In this definition, creativity and individual abilities are the main focus, by adhering to that creativity, it can appear to anyone regardless of age or class. With this principle, it is very important to make various efforts to be able to capture and foster a variety of creativity that is owned by the community (Simon, 2008).

The development of this culinary SMEs turned out to have provided a significant economic contribution. In addition, the culinary SMEs creates a positive business climate and builds the nation's image and identity. On the other hand, the culinary SMEs is based on renewable resources, creates innovation and creativity which is a nation's competitive advantage and has a positive social impact. However, to drive the culinary SMEs several factors are needed, including; educative direction, giving awards to creative people, and creating a conducive business climate (Erica McWilliam, Et all, 2008). The condition of the culinary SMEs in the city of Bandung is currently growing rapidly. With the support of human resources and local cultural diversity, the future of this industry is predicted to grow. Although there is no exact data related to the dynamics of the development of the culinary SMEs, however, when it is viewed from the development of the service and trade sectors in the city of Bandung, this does not seem too difficult to prove.

The culinary SMEs, in which its development has emerged in a variety of goods and services and covers almost all sectors, is expected to be a driver of economic development in Bandung. The creative economy itself provides an overview of high competitive business situations. There are many challenges that must be faced to win this competition (Tatang, 2008), that is, relatively new and not yet recognized as a driver of development, no data on economic value and the development of creative industries, no policies that support the creative climate: licensing, investment, and copyright protection, creative activities are still in contact-box and there is no complete value chain study starting from creation, production and distribution activities, human resource development in universities does not empower creative industries, there is no unique career system formulation for creative workers, employment opportunities are not fully gender free in the process of recruitment, payroll, promotion, and recognition, there is no systematic handling to increase creative business opportunities in Bandung, Jakarta and cities abroad. Another challenge is the availability of creative human resources, namely those who create new ideas, new technologies, and new content.

To create inclusive growth, strengthening and maintaining cooperation in the culinary SMEs value chain is absolutely necessary. Through business partnerships, a cooperative relationship between creative business actors, companies and buyers can be

formed to be more specific and focus on volume, distribution, lead time and quality. The actors in the culinary SMEs business should be able to create an established and integrated partnership pattern and need each other while still paying attention to quality and continuity. The concept of Bandung Incorporated refers to the partiality of various parties to those who get difficulties or threats and the challenges of business competition from abroad. In the culinary SMEs sector, there are several supporting institutions that are very decisive in an effort to guarantee the creation of creative integration in realizing the goal of developing a strong and competitive culinary SMEs, (Pangestu, 2008), namely: Government / Local Government, Financing Institutions, Marketing and Distribution Institutions, Cooperatives, Formal and Informal Education Institutions, and Guarantor Institutions and Risk Insurers. In an effort to increase the added value as much as possible, industrial development must be carried out by developing linkages which mean all departments in the broadest manner with the principle conduct mutual benefit. The related relationships are: (a) the linkages between upstream or basic industries, downstream industry groups and small industry groups, (b) linkages between large, medium and small industries in the size of investment, (c) the linkages between various branches and / or types industry, and (c) linkages between industry and other economic sectors. There is no community / creative business actor who is able to maintain the viability of his business in facing global business by relying solely on his own strength, without full and strong support from all creative business personnel, suppliers, and business partners.

Partnership basically combines the activities of several business entities, therefore an organization is needed. With a system concept approach, it is known that organizations basically consist of a number of units or subunits that interact to one another. Bad Performance of one unit can cause losses to other units. Business partnerships in value chain management is important for business continuity, it will increase partner group resources, and increase business scale. Those business partnerships are meant to grow and improve the ability of partner groups independently. The existence of a business partnership is aimed at describing the agreement of one actor to take actions in which the agreement is considered having economic value to the other party. This agreement will reduce the occurrence of violations in the management system, even it will be able to improve coordination between levels. Therefore, business partnerships can be established well if there are mutually beneficial interdependencies. The existence of a business partnership in on-farm activities (contract farming) can build a specialization of work that will increase productivity and reduce transaction costs. The increasing productivity and reducing costs will increase

business efficiency, share risk, guarantee marketing results and bring closer access to government programs. Partnerships are vertical (between business scale), namely between small businesses with medium-sized businesses or large businesses, and some are horizontal on the same scale of business. However, what is generally meant by partnerships that this partnerships is held between businesses. Business partnerships are not one mastery over the other, especially large ones over small ones, but they guarantee the independence of the partners, because partnerships are not a process of mergers or acquisitions. The business partnership that we want is not a value-free partnership, but a partnership that is still based on moral responsibility and sound business ethics, which is in line with economic democracy. Partnerships can only take place effectively and sustainably if partnerships are implemented within the framework of economic development not merely a social concept based on motives of mercy or generosity. Partnerships based on motives of mercy tend to lead to inefficiencies so that they will not develop continuously.

As a strategy for developing small businesses, the partnership has proven to be successfully implemented in many countries, including in Japan and the four Asian tiger countries, namely South Korea, Taiwan, Hong Kong, and Singapore. In these countries partnerships are generally carried out through subcontracting patterns that give roles to small and medium industries as suppliers of large raw materials and industrial components. This process creates a link between strong businesses without having to do vertical integration or conglomeration. In order to realize the partnership as a manifestation of business linkages, it is organized through culinary SMEs partnership models (small businesses) that is in accordance with the nature and purpose of the business being partnered, namely:

A. Plasma Core Pattern

Is a partnership relationship between partner groups and partner companies where partner groups act as core plasma. In the plasma core pattern, Large Enterprises and Medium Enterprises act as the core of fostering and developing creative enterprises as plasma. The workings of plasma core chemicals will be regulated through an agreement between the nucleus and plasma. In this plasma core program seriousness and readiness are needed, both for small businesses as plasma parties who receive assistance in developing their businesses, as well as for large businesses or medium-sized businesses that have social responsibility to develop small businesses as business partners for the long term.

The Partner Company fosters Partner Groups in terms of: (i) Provision and preparation of creative business premises, (ii) Providing technical guidance on business management and production, (iii) Acquisition, mastery and improvement of technology, (iv) Financing, and (iv) Other assistance such as efficiency

and business productivity. In addition, as an effort to realize a business partnership with a plasma core pattern ~~that~~ is able to empower the people's economy, it is necessary to clarify the role of each party involved. The related parties included: (1) Big Entrepreneurs (Initiators), (2) Culinary SMEs Entrepreneurs (Business Partners) and (3) Government.

B. Subcontracting Pattern

Soewito (1992) explained that the subcontractor pattern is a system that describes the relationship between large businesses and small or medium enterprises, where large businesses as parent companies (parent firms) require small or medium enterprises as subcontractors to work on all or part of the work (components) with full responsibility for the parent company. It can also be said that in the subcontracting pattern, creative industries produce goods and or services that are components or parts of production of medium or large creative enterprises. As for the benefits that can be obtained in partnership with subcontracting patterns, for small companies, among others, can stabilize and increase sales, opportunities to work on part of production and / or components, guidance and technical capabilities of production or management, acquisition, research and technology improvement. Whereas for large companies, they can focus their attention on other parts, meet the lack of capacity, obtain sources of supply of goods at a lower price than the imports ones, while it is also increasing productivity and employment opportunities both for small companies and large companies.

C. General Trade Pattern

According to the explanation of Article 27 letter (c) Act Number. 9 of 1995, the General Trade Pattern is "a partner relationship between Small Businesses and Medium or Large Businesses. This Small Businesses supply the needs of Medium or Large Businesses and the role of Medium or Large Businesses is to market the product resulted from the Small Businesses". Thus, in the general trading pattern, medium-sized businesses or large businesses market products or receive supplies from small business partners to meet the needs of medium-sized businesses or large partners.

D. Agency Pattern

In agency patterns, medium-sized businesses and / or large businesses in marketing their products and services provide agency's rights only to small businesses. In this case the medium-sized business or large business provides agency goods and other services to small businesses that are able to implement it. Furthermore, according to Munir (1997), the agency pattern is a partnership relationship, where the principal produces or has something, while the other party (agent) acts as the party that runs the business and connects the product concerned directly with third parties. An agent acts for and on behalf of the principal, so that the principal is responsible for actions taken by an agent

against a third party, and has a permanent relationship with the employer.

E. Franchise Pattern

According to the explanation of Article 27 Letter (d) of Law Number. 9 of 1995, the Franchise Pattern is a partnership relationship, in which the franchisor grants the right to use the license, trademark, and distribution channels of the company to the franchisee with the assistance of management guidance. Based on the provisions as mentioned above, in the franchise pattern the franchisor gives the right to use intellectual property rights or discoveries or characteristics of the business to the franchisee. Thus, with this franchise pattern, medium-sized businesses and / or large businesses that act as franchisees provide guarantees and / or become credit guarantors submitted by small businesses as franchise recipients to third parties.

F. Partnered Relationship

Business partnerships that are built by culinary SMEs entrepreneurs with suppliers, and also show business partnerships built by creative efforts with their customers.

G. Strategic Alliance

Business partnerships are built by culinary SMEs businesses with their business partners to provide value to their customers.

H. Employee empowerment

An embodiment of strategy focused through the development of business partnerships between management and employees.

III. RESEARCH METHOD

This study was designed using descriptive analysis, namely a method of collecting, compiling, and designing research that aims to obtain the decryption of an object, which is then interpreted. Descriptive understanding is to describe various aspects related to this study and then the findings will be used as a basis for the steps to be taken in the future. According to Travers (1978), this method aims to describe the nature of something that is going on at the time of the study and examine the causes of a particular symptom. The study technique uses 2 (two) approaches, namely (1) Library study (Desk Study); and (3) Survey (interview, FGD and observation). The implementation of this activity uses several stages, starting from the preparation stage of study design, preparation of instruments, sampling (technic sampling), field data collection, data tabulation, data selection and sorting, data analysis, and data interpretation.

The culinary SMEs under study is a population of creative industries in the city of Bandung which consists of the Gedebage, Karees, Bojonegara, Cibeunying, Tegalega, Ujungberung mapping areas. The data used in this study are primary data and secondary data. The primary data used is sourced from the results of

observations and interviews using questionnaires and media Focus Group Discussion (FGD). Information on secondary data is needed to determine the profile of the culinary SMEs and its community. Secondary data surveys were conducted on creative industries and / or creative communities, as well as Local Government Work Units (SKPD) in Bandung City, namely the UMKM, Cooperative & Trade Service, Bappeda. Primary data is obtained through indept interviews to SKPD representatives in the city of Bandung.

IV. RESULTS AND DISCUSSION

The position of the leading creative industries and the mainstay culinary SMEs entrepreneurs can be used as the basis for determining the priority of culinary SMEs development. The wedding fashion and photographer industry in the Bojonegara region shows that the reliability of creative industrial entrepreneurs and the excellence of culinary SMEs entrepreneurs are high, so that they have great potential to be developed and become a coach for entrepreneurs and other creative industries in a sustainable manner. The coaching strategy for entrepreneurs and culinary SMEs businesses is by providing technical assistance and training on market access, because generally, many creative industries in this quadrant are based on the uniqueness of their resources.

Based on the results of mapping in the Cibeunying region, entrepreneurs and the angklong culinary SMEs business show that the reliability of creative industrial entrepreneurs and the excellence of culinary SMEs entrepreneurs are high, so they have great potential to be developed and become a coach for entrepreneurs and other creative industries. creative in accordance with their respective fields so that they can achieve better business opportunities.

Based on the mapping results in the Tegalega region, entrepreneurs and businesses in the fashion industry have the potential to be developed and become coaches for entrepreneurs and other creative industries in a sustainable manner. For entrepreneurs and businesses in the creative craft and printing industries, they are fostered and developed by providing training to culinary SMEs entrepreneurs in accordance with their respective fields so that they can achieve better business opportunities.

The existence of entrepreneurs and culinary SMEs businesses in the Karees region, which is based on superior efforts and reliable entrepreneurs owned by the culinary SMEs, and can be the basis of priority for the development of the culinary SMEs. Entrepreneurs and the creative book dealer and handy craft industries show that the reliability of creative industrial entrepreneurs and the excellence of culinary SMEs entrepreneurs are high, so that they have great potential to be developed and become a coach for entrepreneurs and other culinary SMEs businesses on an ongoing basis.

Entrepreneurs and creative industries among others are in Ujungberung and Gedebage. The specialties in Ujungberung are Fashion and Publisher newspapers or book dealers, and the specialties in Gedebage are the bag and shoes culinary SMEs and publisher books, they show that the reliability of creative industrial entrepreneurs and the excellence of culinary SMEs entrepreneurs are high, so they have the potential to be developed coaches for entrepreneurs and other culinary SMEs businesses on an ongoing basis. The existing entrepreneurs and creative industries need to be fostered and developed by providing training to culinary SMEs entrepreneurs in accordance with their respective fields so that they can achieve better business opportunities.

A joint effort is needed to create an atmosphere of harmonious relations between elements through partnerships. The developing culinary SMEs requires harmonious relationships and mutual development between creative elements with producers as well as distribution elements. Strengthening associations and intensive contacts between associations can be used as the entrance for harmonization. This partnership is needed to encourage the government to issue regulations that strengthen the existence of culinary SMEs elements. This culinary SMEs partnership pattern is built on the expectations of culinary SMEs entrepreneurs and the performance of its partner companies. The partnership model that was built according to the expectations of culinary SMEs entrepreneurs is the sub-contract pattern. Culinary SMEs entrepreneurs can produce great synergies with their partners through a sub-contract pattern. This is possible because the potential losses that may be experienced by culinary SMEs entrepreneurs are relatively small, because all the goods they produce are generally orders sub-contracted by their partner companies. Thus, culinary SMEs entrepreneurs can stabilize and increase sales of creative products. Whereas for partner companies, the sub-contract pattern will make partner companies more focused on their core business and can empower culinary SMEs entrepreneurs, the majority of which are small companies that are newly developing, which of course

still need a lot of learning to develop their business activities, both in terms of market access, capital, and improvement in the quality of production.

CONCLUSION

The partnership model that was built according to the expectations of culinary SMEs entrepreneurs is the sub-contract pattern. Culinary SMEs entrepreneurs can produce great synergies with their partners through a sub-contract pattern. This is possible because the potential losses that may be experienced by culinary SMEs entrepreneurs are relatively small, because all the goods they produce are generally orders sub-contracted by their partner companies.

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