

Marketing as a Government Program Priority in Optimizing the Regional Superior Product

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Abstract—This study aims to analyze the urgent needs of the SMEs in Tanjung Balai, focuses on the business of seashell craft. This SMEs as a producer of their superior product. The main objective of this study was to empirically analyze the best kind of Government support program to make this SMEs more profitable. The needs analyzed from the craftsmen perspective. This need will be guidance for government to make their priority support program. This study is a qualitative type that using a triangulation technique. Comparing data collected and take a conclusion. This study found many problems existed among the craftsmen. Most of its leads to the main problem, there is a marketing aspect. The government must support their superior product producer about this aspect. This aspect is urgency needs that must fix. This study implies the need for academics and policies to involved in discussions to create a best R&D marketing support.

Keywords—business, government support, marketing, SMEs.

I. INTRODUCTION

The regional superior product is all of the most potential goods and services from one city/village. This concept is popular in Indonesia. The product is produced by Small & Medium-scale Enterprises (SMEs). Therefore, the sustainability of the product depends on the SMEs. Developing SMEs means to optimize the superior product.

Small & Medium-Scale Enterprises (SMEs) as the larger source of many developing countries employment and income [1]. The SMEs plays an important role to increase employment, income, rural economic development, and non-oil and gas exports [2]. Now, they are 99% of all businesses in developed Western economies and as an important phenomenon which has to be engaged with by government [3].

The responsibility of developing SMEs in not only taken by the government [4]. But they have to be helped by related government. SMEs who receive aid from the government will be bigger, more profitable, and less likely to go bankrupt than without unaided [5]. There were many kinds of supports could be used that found in the literature. For example, is financial support. Most of the last decade witnessed the provision of financial services for SMEs[1].

In Indonesia, SMEs play a role in the economic crisis of the past. Economic recovery in seven years shows that their endurance is better than bigger scale businesses [6]. Indonesian government aware of this. They take the role with issuing Regulation of the Minister of Internal Affairs No.9 of

2014th on the Guidance of Developing the Regional Superior Product. This regulation mention that regional superior product expected to be a main economic source of society and regional income. The Government has a responsibility in developing their superior product. The responsibilities are planning, organizing, financing, promoting, controlling, and evaluating their support program [7].

Tanjung Balai is one of the cities in Indonesia. This City's nickname is "The Shellfish City". The nickname implies that shellfish as a bigger natural resource for them. That automatically cause they have so many wastes too. On 2016th the government of this city announces six regional superior products through Mayor Decree [8]. One of them is seashell handicraft product. This product is produced by related SMEs and used the waste as raw material.

As a superior product, this business is expected to be the main income of the community. Unfortunately, the low sales turnover make the craftsmen get less profit. Instead, this business cannot be used as their income source. Even though the government has given some support for them like financial assistance. This thing indicates there is some problem with this business. Maybe the problem comes from internal or external factors. However, it becomes more interesting to discuss external factors, the government.

The government has a responsibility to develop their regional superior product. Some rules, regulation, and assistance has done, but seashell handicraft business is not growing either. Researcher suspect there is something wrong with the support given by the government. Maybe the support that isn't right on target. The logic, before creates an R&D program support, the government have to know what the craftsmen need. Analyze the need to provide alternative ways and choose the best one after finding some problems that arise when the define stage is done [9].

In fact, the government cannot analyze the needs of the people independently, in case the craftsmen. This study tries to found and recommend the best kind of government support from the craftsmen perspective. Then, the advice will be used to optimize their regional superior product.

The rest of this paper is organized as follow: Section II describes the proposed method. Section III presents the obtained results and following by discussion. Finally, Section IV concludes this work.

II. PROPOSED METHOD

As mentioned in the Introduction, this study attempts to give advice to the government, what should they do. This study assumes that the government doesn't know how to analyze the craftsmen needs. Thus, the study will be focused on the urgent need of the craftsmen. This can be addressed by the following research questions. And the important one is "What the craftsmen urgent needs?".

The population of this study is the craftsmen of seashell crafting business. There are sixty craftsmen in one location and readily identifiable. In a large-scale survey, a sample drawn will be base for the research [10]. But this study use total population.

This study used a survey method for gathering information. The survey is an activity to elicit equivalent information from the population and the most commonly used the descriptive method in educational research [11]. A survey is very suitable for researching large population. This study has less than a hundred person population. Therefore, the study will use the survey method for gathering all the information needed.

The survey collecting data information involves one or more of the following techniques, there are a questionnaire, interview, and attitude scales [12]. This study will use a semi-open questionnaire and semi-structured interviews to collect data. The questionnaire will be given to all respondents and followed by interviews. This combination will form as a triangulation of different method.

Like modus operandi approach used by a detective, triangulation is used in this study. Its function is to confirm and fixing data collected [13]. This study uses two kinds of triangulation methods, there are a data source and method [14]. Relate different sorts of data will strengthen counter the all possible threats to the validity of the analysis [15]. This technique as a cross-validation of the study, assessing the sufficiency and source of data[16]. After all of the data was collected, then it will be analyzed using 4 stages, there are: 1) Data Collection; 2)Data Reduction; 3) Presentation of Data; 4) Conclusions[13].

III. RESULTS AND DISCUSSION

This section presents the obtained results and following by discussion.

A. Results

Data collected from questionnaire shows that most of the craftsmen need marketing assistance from government. From sixty persons, 66,7% mentioned marketing assistance; 18,33% mentioned financial assistance; and 15% mentioned skill (training) assistance. There is a big gap between marketing, financing, and skill assistance that needed. Then, this founding will be recheck using interview technique. Based on the data, the researcher concludes that marketing assistance is the most urgent things that should be done by the government.

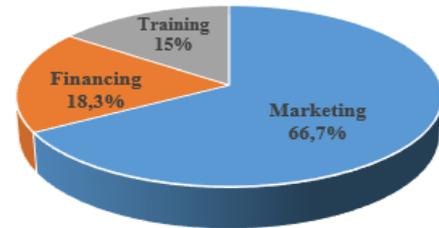


Fig. 1. Diagram of the craftsmen need

Based on Figure 1, the gap between the needs mentioned is interested to discuss. If that be adapted to Maslow's Hierarchy of Needs, then the pyramid of the needs are like:



Fig. 2. The hierarchy of the needs. The most important is marketing, then financial, and the last is skill or training assistance.

Based on Figure 2, marketing like a basic need that should be supported by government. Of course there is a reason to mentioned it. The reasons will be explained in the discussion of this study.

B. Discussions

This section presents the discussion used

a. Why marketing assistance be an important needs ?

Data collected from interview has confirmed this needs. They have problem to promote their product. They do not know how and to whom the product shared. This problem causes their sales turnover is too low and automatically make their revenue low. The existence of their products is not visible. The shopping centers do not sell their products. Production agitation looks quiet and only by order. The craftsmen are afraid to mass produce due to low demand.

Marketing is general and widely. One of aspect is sales performance. sales performance has a positive relation with sales turnover [17]. Although has a positive value, a study in marketing attention less [18]. Reasonable if the craftsmen need marketing assistant from government. There is a study mentioned that consumer interest affected by sales tactics [19]. Furthermore, manufacturers can attract customer interest through promotion technique [20]. The statement indicates that customer interest is very important.

Product promotion is very important to notice. The final stage of the business process is selling the product. Promotion as one aspect of marketing takes the important role in this situation. The high or low sales turnover determined by promotion technique and performance.

b. Marketing assistance is not given by government

At the beginning of the discussion, researchers have emphasized that the focus of research is to find the most priority aspect for government to make their support program. The researcher focused on three aspects: the training assistance program (skill), the financial assistance program, and the marketing assistance program. In addition, the researcher also focuses on the responses of craftsmen to the government working system related to shell craft business. The process of analysis is done by triangulation of data obtained from the government and the craftsmen.

Data found that the government has provided skill training assistance for the craftsmen. This assistance is done by providing a coaching class on craft processing techniques. The craftsmen are taught how to make some products. This training is often provided by the government. And unique, the government made this assistance as their priority. This fact is contradictory with data obtained from the questionnaire. Only 15% of the craftsmen mentioned that they need the support.

The government has provided financial assistance too. So many program has done. This support has also been given frequently. Whereas there are only 18% who need this. Based on interview, the craftsmen are not really needed this support. In fact, finance alone does not automatically lead to the desired development effect of promoting entrepreneurs [21].

Unfortunately, marketing assistance has not been given to the craftsmen, whereas most of them need this support. There are 66,6% persons who mentioned this thing as their urgent need. This fact strengthened the study's finding. This fact indicates the government did not know what is the craftsmen need. The need is reasonably mentioned by them. They hope the government takes a role to support them in promoting their products. And this need must be handled by the government.

c. The product is innovative

In the process, researcher's attention is also focused on the innovation of their product. Innovation is very important in the development of SMEs [22]. There is a presumption that the product is not innovative. This presumption is an important thing to be proofed. If the presumption proofed, the urgency of marketing aid automatically will be rejected.

Observation result has countered the presumption. The types of products produced vary widely. The function of the resulting product also varies. Not only as an accessory, but some products can also be used in everyday activities such as tissue box, "tepak", lamp, and others. This fact has been able to argue that product innovation is not caused their low sales turnover.

The craftsmen look shrewd in making their products. Tidiness is also noticed. The products produced have good tidiness. In the absence of glue that spills on the product, good packaging, and good results is enough to prove that the products produced by craftsmen are neat.

Researchers are also given attention to the raw material. Resources have a contribution to the competitiveness of SMEs [23]. Based on this theory can be concluded that the availability of rare raw materials will inhibit the production

and competitiveness of shell craftsmen. But again the presumption of this aspect is countered by the data obtained through interviews and observations of researchers. The town of Tanjung Balai is a clam-producing city. Craft competitor business is also not found in Tanjung Balai City. This means that craftsmen are very easy to get raw materials of shell. They also have no competitors, so they should be able to master the market for the type of product produced.

d. Marketing is a government priority attention

This study found that marketing as the main assistance needed of the craftsmen. This fact confirmed by data analyzed. Most of them need this support from the government. The finding is supported by a statement "The reason for low revenue is the inconsistency between the marketing benefited party and the responsible party"[24]. The marketing assistance should be the responsibility of the government. Like in Vietnam, Promotion of SMEs has been a central tenet in policy statements [25]. European Government support their SMEs by increasing market entry and innovation [3].

Reasonable this study mentioned that marketing should be a priority for government attention. The reasons are: first, this need have mentioned by most of the craftsmen. There are about 40 persons who said that marketing aspect is their urgent problem. Second, the government never give this assistance to them. In contrast to others, the results of the study found that the government has not provided marketing assistance programs, e.g. to promote their product or to buy it. All the craftsmen who interviewed provided answers that supported this finding. Not only from them but the government also claimed they have not provided the assistance to the craftsmen. This confirms the study findings.

Third, the craftsmen's response against two other assistances is contradictory with the government expectation. They said that they do not really need financial and skill (training) assistance. It would be funny if the government seemed to know what the craftsmen needed without asking them. This is because only craftsmen know what they really need.

Based on the three, the marketing assistance should be a priority for the government attention. Create a marketing support program, and reduce support for skills training and financing. Therefore, the government can optimize their regional superior product. Making the craftsmen bigger and more profitable will give a good impact on the government's income. If all products of the craftsmen give a good impact, it will be a really superior product to their region.

e. What kind of marketing assistance could be done ?

There is so many marketing assistances that could be used. Marketing talking about product, price, promotion, place, and people. Based on the phenomenon analyzed, the researcher recommends some kind of marketing could be used. There are about That is about promotion, place, and policy. First, promotion. Promotion means all effort to promote their product. the government can create a promotional program such as a bazaar or exhibition of regional potential that displays these products.

Second, place. Places are also defined as infrastructure. This one talking about how the government create an

infrastructure that mediated the craftsmen selling their product. This one will be like a shopping center. This shopping center is devoted to selling products from craftsmen. This place will give them a big market share. Accommodate all of the product in one place is a way to promote it. Logical reasoning is if there is one shopping center, then the consumer will be interested to visit. The recommendation is reasonable. That caused this city does not have a unit of sales of local products that are able to accommodate the superior products of craftsmen in this city. This statement confirmed by observation and interview process. Based on interviews with the government delegation, they said the same thing such as observation findings.

Moreover, this recommendation has mentioned by the craftsmen. They want to be given a potential place to sell their product. In addition to being provided for seashell craftsmen, this shopping center can also be devoted to producers of other superior products. Maybe the market's name is "Regional Product Shopping Center". The name is not seriously to discuss, but it is the presence of the shopping center that is very important. Third, policy. The policy is talking about all of Mayor Decree specially to optimize their superior product. For e.g. Mayor of Tanjung Balai through his decree mention that all medium modern-store should selling, collecting, and to mediate all of the superior product minimum 20% of their total item. Or the Mayor Decree mention that all government unit or official should prioritize the usage of all superior product. For e.g., use the products to be office supplies.

By issuing the decree, automatically the product's demand will be increased. Furthermore, the increase will influence the craftsmen sales turnover. Finally, it makes the craftsman income is high. This recommendation has important advantages in optimizing their superior and product, moreover in the regional economic growth. The advantage is talking about employment, government income and others. Here the conceptual framework is depicted in Figure 3:

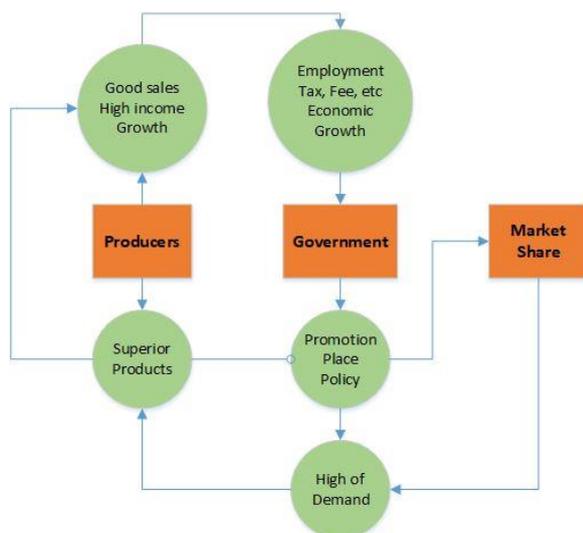


Fig. 3. Framework for the benefits of government assistance

The craftsmen have a superior product and government have a decree. This two is a good symbiosis. It will be a mutualism symbiosis for both of them. Through the product marketing that aided by the government assistance (promotion, place, and policy), it will give an influence on market share. The influences are a high of the demand for the superior products. There is an increase in the demand, it automatically increases the craftsmen sales turnover. Moreover, they will get more income and revenue.

The high of demand, increases in sales turnover, income and revenue will make this business bigger and more profitable. The high of demand, increases in sales turnover, income and revenue will make this business bigger and more profitable. If the business gets more profit, it will positive in its growth. The increase in demand requires additional production. It will be talking about resources, and the important one is human resources. Production increase absorbs more employee.

The government gets more benefit from the business growth. The need for more employee will reduce unemployment. The government gets more benefit from the business growth. The need for more employee will reduce unemployment. The decrease in unemployment will influence the economic growth for this city. Furthermore, the government will get tax income and other fees income from this business. The increase of government revenue is a good thing. The government could create more support program to assist other SMEs. This symbiosis flow will continue and make this city have a good economic growth. A good and interesting framework.

f. Other Finding

This study also found other important information. At least there are two additional pieces of information. That all is about internal of government. This study will not discuss too deep. The first one is disintegrative on government units. The absence of integration between the government units in making and doing the work program make a bad noted for this governmental. They make a work program without communicating it with another unit. It causes there is a bad condition. They work out of the job desk. There is so many support program that makes by some units. For e.g. is a skill training. The training is given by the Social Department and Financial Department. Whereas the Financial Government has not a job desk for this. It being funnies. Moreover, Then, the disintegration has mentioned by the craftsmen in an interview. They said that the training and capital assistance is given came from several departments. They also say that the assistance provided is monotonous and does not based on their needs. This is a craftsmen's statement, "we continue to be given training and capital support, but we are not supported to sell our goods".

The same support program of several departments indicates there is no integrity between them. A craftsman said, "I am always given training. I want if the Social Department provides training, the Financial Department provides a financial support, and others to accommodate our products ". They also said that the government departments do not cooperate to make a support program.

The absence of integration between departments is confirmed through interviews with some related government officials. The result is each department works independently in preparing support program. Not only between departments but also the disintegration between government and the craftsmen.

The statement that the government created a work program that does not meet the needs of the community can be validated through the results of this interview. The craftsmen do not need training aid and need little capital help. All of their need is marketing assistance for the resulting product. They want the government to create a sales unit that can accommodate the products produced. They think that with the sales units of government-run products, the products they produce will be closer to the consumers and find their market share. If it is so, then they can mass produce and no longer an order production.

The second is all of government support program did not evaluated. This phenomenon confirmed the findings of the study which mentioned that government SMEs development programs were never structured evaluated [26]. In management theory, a program will no value if not evaluated. Evaluation is done to determine whether the program has been run well, whether it should be continued or stopped [27]. There are many types of program evaluations that can be done. Especially for SME development programs, such as Stake Evaluation Models. This model is done by comparing the achievements of the program with the standards that have been made in advance.

IV. CONCLUSION

This study has presented an analysis the urgent needs of the SMEs which focuses on the business of seashell craft. It takes place in Tanjung Balai, Indonesia where SMEs play roles as a producer of their superior product. This study has also empirically analyze the best kind of Government support program to make this SMEs more profitable. The obtained results recommend the best kind of government support from the craftsmen perspective. Furthermore, the advice will be used to optimize their regional superior product.

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